

PolicyWatch



Covering developments
on policy responses,
policy implementation
and policy distortions
on a quarterly basis.
Comments are welcome.

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"The reformer has enemies in all those who profit by the old order and only lukewarm defenders in all those who would profit by the new".

Machiavelli in *The Prince*

Trade in an Increasingly Protectionist World

The rhetoric against globalisation is disturbingly shifting away from strengthening domestic industry through necessary economic reforms to shielding it from global competition. This is not a good sign.

In its latest Union Budget, the Government of India has proposed to almost double its import duties on *inter alia* labour-intensive sectors like watches, toys, beauty aids, among others, to 20 percent. The move came as a surprise as India has been progressively reducing tariffs from an average of almost 81 percent in 1990 to 13 percent till recently.

The suggestion that India needs protection in these entry-level industries after 25 years of domestic reforms does not inspire confidence in a country staking its claim at the global high table and wanting to double its economy to US\$5tn in the near future.

The role of high tariffs in promoting domestic industries is not impressive and can have several unintended consequences. For instance, a report by the World Bank (WB), entitled, "Automotive In South Asia: From Fringe To Global" argues that high tariff and non-tariff barriers in the automotive sector in India and Pakistan might be reducing international competitiveness and slowing down the spread of world-class good practices in the value chain.

The local original equipment makers (OEMs) in both countries do not face adequate competition due to high import tariffs of 60 percent and 80 percent on completely built units of passenger cars. This makes imports of cars prohibitively expensive, thus encouraging local OEMs to focus on the domestic market at the expense of exports.

This is remarkable since both countries have excess plant capacity (by 30-40 percent) and no explicit barriers to exporting. Consequently, despite being the world's sixth largest auto producer by volume, India has less than 1 percent of global export markets compared with more than three percent for China. Not surprisingly, productivity levels in India are one-third the levels in China. Exports now comprise more than 40 percent of production, imports have grown, and firms are able to trade with mature end-markets in global value chains (GVCs).

To tackle the global challenge of increasingly protectionist tendencies and design right policies for promoting domestic industries, there should be convergence between trade and industrial policy. This can be achieved by introducing process reforms in the formulation of trade and industrial policies through a whole-of-government approach. Capacity building and administrative reforms within the government should be high priority.



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Decline in Levies Sought

Telecom operators have made a pitch for a reduction in levies payable to the government and a long-term policy for spectrum auctions, said Telecom Regulatory Authority of India (TRAI) Chairman R S Sharma.

Telecom operators pay around three-five percent and eight percent of their adjusted gross revenue as spectrum usage charges and licence fees, respectively, to the government. In addition, telecom services also attract 18 percent Goods and Services Tax (GST). TRAI has in the past recommended that the telecom department cut licence fees and spectrum usage charges, given the debt burden on telecom operators.

(HT, 24.01.18)

Highlighting 5G Readiness

With one of the largest delegations at the Mobile World Congress, India plans to highlight its readiness for 5G services and technology leadership including its *numero uno* position globally in terms of mobile data usage.

Indian government has set up a high-level committee to work on 5G technology roadmap for India including participation in global standards, test facilities, etc. Telecom Secretary Aruna Sundararajan said

that most of the user cases being showcased for 5G services are largely for developing advanced economies and official delegation will focus on spreading the message that digital inclusion needs to be at the heart of all product technology services solutions. *(ToI, 25.02.18)*

(ToI, 25.02.18)

Curbing Call Drops

The Department of Telecommunications (DoT) has asked telcos to meet their commitments towards setting up towers, small cells and other infrastructure for dealing with the issue of call-drops by end of March 2018. Telecom services providers have committed to invest over ₹74,000 crore to upgrade and expand their infrastructure to address the issue.

Telecom operators raised three key issues comprising: 1) While they were able to acquire approvals for cellular sites, the reality on ground differed, and mostly sites were unavailable; 2) Problem pertaining to mobile handsets usage, without necessary certifications; and 3) Issue related to illegal repeaters, which end up interfering with networks of telecom service providers. *(IE, 30.01.18)*

(IE, 30.01.18)

Review of Licence Fee

Emphasising that the present method of calculating licence fee and spectrum usage charge (SUC) is

around 20 years old, TRAI has suggested a review and rationalisation of both the levies in the new telecom policy.

The regulator recommended that the National Telecom Policy 2018 should review gross revenue and adjusted gross revenue. DoT had asked TRAI for its suggestions on the new policy. TRAI said that due to layering of service providers in the value chain – infrastructure, networks, services, and applications, it is essential to review the positions to avoid cascading of levies.

(IE, 02.02.18)

Urge for IBS Sharing

The TRAI has reiterated to government that telcos and tower companies should be mandated to share in-building solutions (IBS) inside residential, commercial complexes and large public places, to pre-empt any exclusive contracts, boost quality of indoor mobile coverage and minimise call drops.

The DoT, in a back reference, dated November 22, 2017, had asked TRAI to reconsider its call for IBS sharing between telcos and tower firms, indicating that such a move could give rise to litigations, especially as present licensing framework does not envisage micro-managing the affairs of telcos and tower operators with landlords and right of way (RoW) providers.

(ET, 10.03.18)

Linking GPs with Optic Fibre

The government has completed the first phase of the BharatNet programme, having connected one lakh *gram panchayats* (GPs) with optic fibre, said Telecom Minister Manoj Sinha. He also hoped that the second phase to connect to 1.5 lakh more GPs will be completed before time i.e. by December 2018.

Some 2.55 lakh km of optic fibre cable (OFC) has been laid so far, according to the DoT, as a part of scalable network infrastructure accessible on a non-discriminatory basis to offer on demand Internet services to rural India. The second phase is slated to connect the remaining 1.5 lakh village blocks by March 2019. *(ET, 09.01.18)*

Rise in Smartphone Users

The number of smartphone users is expected to touch ₹65 crore in 2019, up from ₹40 crore in 2017, according to the Ministry of Electronics and Information Technology (MeitY). It was found that there are around ₹117.82 crore mobile connections in India, out of which ₹102.57 crore connections are active, stated the Visitor Location Register.

Among the ₹40 crore smartphone users in the country, 94 percent users access Internet on their phones. India is emerging as a major mobile manufacturing hub with 82 new mobile and component manufacturing units established across the country, revealed the Ministry. *(DNA, 13.03.18)*



<https://inmarketingland.com>



Bridging the Fare Gap

Indian Railways has been losing out passengers to airlines in past five years as travel by air becomes more beneficial in every possible sense, reveals data of the 2017-18 Economic Survey.

Railway passenger growth dropped by an average 0.26 percent every year in five years ended 2016-17, according to the Survey. During same period the numbers of domestic air passengers have been increasing 10 percent per year, according Aviation industry's regulatory body Directorate General of Civil Aviation (DGCA).

One of the key reasons for this is the narrowing fare gap between Railways and Airlines. Railways, however, have been increasing fares to boost passenger revenue growth.

(ET, 31.01.18)

Dispute Redress System

Firms running cargo terminals at major port trusts have balked at the centre's decision to set up an 'affordable' dispute redress mechanism as part of the new model concession agreement cleared by Cabinet in January 2018 for upcoming public-private-partnership (PPP) projects.

Recently, the government notified rules for existing PPP operators to opt for the dispute redress mechanism named the Society for Affordable Redress of Disputes – Ports (SAROD-Ports). SAROD-Ports seeks to resolve existing/future disputes 'faster' in a "just and fair manner" at 'affordable cost' by enriching the mechanism with the association of technical experts, according to the Shipping Ministry.

(BL, 06.02.18)

Helping Highway Users

A call centre in Noida was launched by Road Transport Highways and Shipping Minister, Nitin Gadkari to answer queries of National Highway users and seek feedback from them. The call centre will have common number – 1033.

The National Highway Authority of India (NHAI) also launched an app

New Financing Framework for HAM

A changed financing framework for hybrid-annuity model (HAM) projects in the Highway sector is creating better margins for construction companies and resulting in improved execution of projects.

The Union government pumps in 40 percent of the equity portion in HAM contracts. The construction cost for developers has gone down with projects being completed within the timeframe.

Land acquisition and other issues like clearances have been addressed to a large extent through changes in pre-project systems. Financing risks have also come down substantially. Essentially, disbursement of funds from the government is done within a stipulated timeframe.

(BS, 26.02.18)



www.business-standard.com

to alert National Highway users one km in advance about the location of a toll plaza and also the exact toll charges. This will curb over-charging of customers. *Sukhad yatra* app has options allowing users to know their Highway, rate their experience and also post photos and videos on various issues.

(BL, 07.03.18)

Mix of Fuel Sources

The NITI Aayog said India's transportation architecture should comprise a mix of fuel sources, in what could provide relief to automobile manufacturers, under the pump with the government's push for an all-electric fleet of vehicles by 2030.

NITI Aayog member VK Saraswat said transforming the entire vehicle fleet to electric power was not viable due to reasons, such as cost, high investment in manufacturing, and non-availability of raw material for manufacturing lithium-ion batteries. Saraswat has been assigned to trace India's alternative fuel road map, and explore options to run vehicles on fuels like ethanol and methanol.

(Mint, 06.01.18)

Rivers for Inland Waterway

A total of 3,000 km along 11 rivers of Karnataka have been identified for development as inland waterways (IWs). This is part of the 106 new

National Waterways identified by the Centre. The development of waterways along the *Kali, Sharavati and Netravati* rivers will help connect villages in the Western Ghats and coastal areas of Uttara Kannada district of Karnataka.

The centre is keen on utilising rivers, dams and big lakes for IW transport for reducing costs. The 11 rivers identified in Karnataka will help connect interior parts of the state and also neighbouring states like Maharashtra, Telangana, Andhra Pradesh and Tamil Nadu to transport cargo and passengers.

(IE, 29.01.18)

High-Speed Railway Corridors

Indian Railways would soon announce a ₹10 lakh-crore high-speed train corridors construction plan to connect all major cities in the country, covering almost 10,000 km, along the lines of the government's Bharatmala Highways Development Programme.

Trains would be able to run at 200 km per hour on the new rail lines that would come elevated atop the existing or upcoming National Highways or on rail land that runs parallel to existing rail routes, an official stated. The government is currently constructing a 534 km-long bullet train corridor between Mumbai and Ahmedabad at a cost of over ₹1 lakh crore.

(ET, 05.03.18)



National Biofuels Policy

In a major move on sustainable development, the government is to soon bring out a National Biofuels Policy for a sector poised to become an economy worth ₹1 lakh crore, Petroleum Minister Dharmendra Pradhan said.

Noting that biofuels in India are currently 'only made from molasses', Pradhan pointed out that Budget 2018-19 had announced incentives for 'waste-to-wealth economy'.

As a measure of incentivising, state-run oil marketing companies (OMCs) have already agreed on long-term offtake of 2G ethanol by assuring suppliers of 15-year off take contracts, Pradhan stated.

(ET, 07.03.18)

New PNG Target Lowered

The Petroleum Ministry has lowered the target for providing new piped natural gas (PNG) connections and setting up gas dispensing outlets, after missing current year's target by almost 75 percent until December 2017.

The progress has been slow due to lack of focussed efforts at the field level, low paying power in smaller

towns for installation and low visibility across the country.

The roadmap for the future has also been altered, with the annual targets being revised to 20 lakh PNG connections in 2018-19, and 40 lakh in 2019-20, keeping 10 percent slack.

(IE, 30.01.18)

Small O&G Field Auction

The Union Cabinet has approved the second round of the Discovered Small Field Policy, paving the way for 60 small oilfields to be put up for auction. These discovered small and unmonetised discoveries host an estimated 194.65-million tonne of crude oil or crude oil equivalent natural gas.

Meanwhile, a study of the Union Budget 2018/19, placed before the Parliament on February 01, 2018 shows that Indian government-owned oil exploration and production companies will invest a combined US\$13.9bn in the next financial year, half of which will go into exploration and production projects.

(Mining Weekly, 13.02.18)

Seeking Infra Status

The Oil and Gas (O&G) industry has sought infrastructure status for the exploration and production sector as also lowering of taxes on locally

produced oil to boost domestic output and cut import dependence. It also wants inclusion of natural gas in the GST regime at the earliest to boost the use of environment-friendly fuel and help transition to a gas-based economy.

Great Eastern Energy Corporation Ltd. (GEECL) Managing Director and CEO Prashant Modi said a long standing demand of O&G industry has been the grant of infrastructure status to the exploration and production sector to boost exploration activity in the country. (ET, 25.01.18)

KG-D5 Output Delay

Oil and Natural Gas Corporation (ONGC) said that it might miss the June 2019 target for starting production from its *Krishna Godavari* basin KG-D5 block due to new policies like Goods and Services Tax (GST) and local purchase preference rules, including the one that mandates state-owned firms to source domestic iron and steel for infrastructure project.

"The new policies concerning oil and mining sector, as referred in the reply of ONGC to National Stock Exchange and Bombay Stock Exchange, were pertaining to policies like purchase preference policy, steel policy, GST policy, etc. and not regulatory policy", ONGC mentioned.

(ToI, 26.02.18)

Reducing Crude Oil Import

India has set an ambitious plan to reduce crude oil import by 10 percent by 2022 to ensure energy security and achieve self-sufficiency by enhancing indigenous production of petroleum products. Crude oil import currently accounts for 70-75 percent of India's total crude oil consumption.



https://elengtoday.com

D N Misra, Joint Secretary, Ministry of Petroleum and Natural Gas, Government of India, said, "Efforts are on by the country to reduce import dependency gradually. Central

government is also consciously tapping other sources of energy, such as solar energy to make the nation self-dependent".

(Telengana Today, 22.03.18)

Shale Gas Exploration Policy

The Directorate General Hydrocarbon (DGH) will formulate a policy for shale gas exploration from coal bed methane (CBM) blocks by March 2018 to promote green energy in India. This could well be a game changer for the eastern part of the country.

Deputy Director General Hydrocarbon, Mahendra Pratap said that DGH will carry out a study on shale gas reserve soon and asked all the CBM operators to apply for shale gas exploration by the end of March 2018. The Deputy DGH said that the estimated shale gas reserve in the region is up to 96 trillion cubic feet.

(ToI, 06.03.18)

Amending Electricity Act

To promote the uptake of electric vehicles (EVs) in the country, the government is ready to amend the Electricity Act, 2003. Citing the Electricity Act as an 'enabler' for implementing E-mobility, Power Minister R K Singh said, "the technical aspects (for the new EV regulation) are to be taken up by the Central Electricity Authority while the Power Ministry will look after the policy side".

The government will soon address issues like whether to categorise EV charging stations as a service or a licence. According to the World Energy Outlook 2017, the electric car fleet in the country by 2040, will be third largest in the world.

(IE, 25.01.18)

Production and Mining Efficiency

The move to allow the private sector to commercially mine coal will boost both production and mining efficiency. Substitution of imported non-coking coal with domestic production could save roughly ₹30,000 crore of coal imports, global analytical company CRISIL estimates.

The Cabinet Committee on Economic Affairs (CCEA) recently approved the methodology for auction of coal mines/blocks for sale of coal. Under this, the highest bidder will be given mining rights and there are no restrictions on end-use.

Currently, about 94 percent of the mining is being done by government-owned entities like Coal India Ltd. and Singareni Collieries Company Ltd.

(BL, 06.03.18)

Solar Cells Safeguard Duties

In a preliminary finding, the Directorate General of Safeguards Customs and Central Excise has recommended a 70 percent safeguard duty on solar cells imported from China and Malaysia for a period of 200 days. The recommendation comes in the heels of a petition filed by the Indian Solar Manufacturers Association (ISMA).

The petition was initially filed on December 05, 2017 by ISMA on behalf

Largest Wind Turbine Generator

The Suzlon Group has announced it has installed largest wind turbine generator ever manufactured in India with rotor diameter of 128 metre. This has the country's largest single rotor blade measuring 63 metre and reduced levelised cost of energy.

J P Chalasani, Group CEO, Suzlon Group said, "The S128 wind turbine is going to be a revolutionary product. It has been our continuous effort to reduce the levelised cost of energy (LCoE) and we continue to invest in research and development (R & D) with an aim to develop technologically advanced and innovative products".

(BL 13.03.18)



of domestic manufacturers including Mundra Solar PV Limited, Indosolar Limited, Jupiter Solar Power Ltd., Websol Energy Systems Ltd., and Helios Photo Voltaic Ltd. The companies claimed that they collectively manufacture more than 50 percent of all manufactured Indian solar cells.

(ET, 15.01.18)

SPV for Stressed Plants

The Power Ministry has proposed that state-run lenders Power Finance Corporation and Rural Electrification Corporation long with National Thermal Power Corporation (NTPC) form a special purpose vehicle (SPV) to run stressed power plants.

The idea is that these plants are run by the SPV without any change in their current ownership, for a reasonable period, within which their value could improve as demand picks up.

The proposed SPV would have to get power purchase agreements (PPAs) signed for the plants which do not have them. The private power industry is sceptical about the new proposal as it does not address the underlying stress causes.

(IE, 27.03.18)

Battling Coal Scarcity

Battling coal scarcity in around 50 thermal power plants across the country, the Ministry of Power has decided that new plants, except

extension units of the existing ones, would now be set up only within 500 km of a coal field.

The central government has been facing the coal scarcity issues for last few months. According to a senior government official, the central government is currently working out the modalities with other Ministries on the topic of auctioning coal mines to private sector entities for commercial mining.

(IE, 11.02.18)

Generating 175 GW Electricity

India stepped up efforts at positioning itself as a global climate leader at the first conference of the International Solar Alliance (ISA), with Prime Minister Narendra Modi pledging to generate 175 GW of electricity from renewable energy sources by 2022, including 100 GW from solar and 60 GW from wind.

Elaborating on India's target, Modi said, "Of the target for solar energy generation, we have already achieved 20 GW installed solar power". He also announced that 500 training slots will be created for member countries and a solar technology mission launched to lead research and development in the sector.

(IE, 11.03.18)

Ombudsman Scheme for NBFCs

The Reserve Bank of India (RBI) has launched 'Ombudsman Scheme' for non-banking financial companies (NBFCs) for redressal of complaints against them.

The scheme will provide a cost-free and expeditious complaint redressal mechanism relating to deficiency in the services by NBFCs covered under the Scheme. The offices of the NBFC ombudsmen will function at Chennai, Kolkata, Mumbai and New Delhi.

They will handle complaints of customers in the respective zones. "To begin with, the scheme will cover all deposit-taking NBFCs. Based on the experience gained, the RBI would extend the scheme to cover NBFCs having asset size of ₹100 crore, and above with customer interface", said RBI.

(ET, 23.02.18)

Govt. to have Few PSBs

The President of Federation of Indian Chambers of Commerce and Industry (FICCI) Rashesh Shah and his team have suggested to Indian Finance Minister stating, The government should have a few Public Sector Banks (PSBs), because they are an arm of implementing social programmes.

But our suggestion to the government is to keep four or five large public sector undertaking PSBs and merge the rest into them, or privatisate them". Shah said, "We do believe that this (Punjab National Bank or PNB fraud) kind of things should not happen as they are a big

drag on the PSBs and the public exchequer.

(BL, 26.02.18)

in cash conversion cycle to 44 days in FY17, said EY.

(BL, 08.03.18)

Plan to Merge PSGICs

The government's plan to merge the three unlisted public sector general insurance companies (PSGICs) – National Insurance Company, United India Insurance Company and Oriental Insurance Company – will create a giant much bigger than New India Assurance Company, India's largest general insurer, going by the insurance regulator's data for FY2017.

The three PSGICs, which along with New India Assurance received Cabinet approval in January 2017 to get listed on the stock exchanges, had initiated the process of tapping the capital markets. New India Assurance, which is also the largest PSGIC, got listed in November 2017. (BL, 01.02.18)

Working Capital Worsens

India Inc has nearly ₹1.8 lakh crore of cash trapped in its balance sheet as working capital situation worsens on account of increase in inventory levels, a report by consultancy firm EY has found.

In addition, the report found that the cash conversion cycle has deteriorated by four percent from FY 16. There are many sectors, such as Engineering, chemical and pharma have the longest cash conversion cycle.

Besides, the working capital situation has worsened mainly on account of increase in inventory levels, which resulted in an increase

Over ₹75,000 Crore Payments

Payments made by the government into people's bank accounts through Direct Benefit Transfer (DBT) have crossed ₹1 lakh crore in the current FY. The government is expected to announce soon that it has saved almost ₹75,000 crore through DBT since 2014.

DBT pay-out figure stood at ₹1,00,144 crore, which is up from ₹74,707 crore in 2016-17 and ₹7,367 crore in 2013-14, when the United Progressive Alliance (UPA) government was in power.

Moreover, over 63 crore people have received DBT payments for programmes including rural jobs and subsidised cooking gas in this FY, against 35 crore last year. (ET, 08.02.18)

Avoiding PNB-type Fraud

Fintech experts said that, if blockchain technology was used for transactions and accounting, the fraud at state-owned PNB could have been prevented or at least detected earlier. Moreover, the government should understand the need to implement block chain technology in the Indian banking system.

This is because frauds are on the rise, especially in PSBs. According to the RBI report, sourced by Reuters through an RTI, state-run banks have reported as many as 8,670 'loan fraud' cases totalling ₹61,260 crore over the last five financial years up to March 31, 2017.

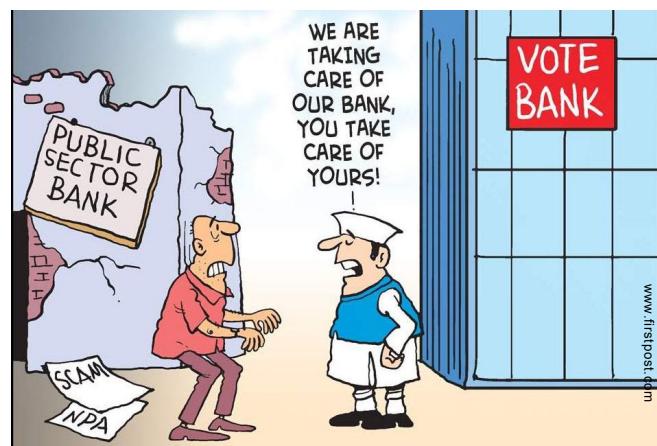
(ET, 23.02.18)

Breakdown of Banking Control

Chief Economic Adviser Arvind Subramanian said that there had been a breakdown of internal controls and external regulatory systems in PSBs in the light of the ₹11,500-crore PNB fraud.

"The problem has been festering for a long time and it is not just the PNB alone – there are issues with the Bank of Baroda and State Bank of India, too. In addition, Subramanian also said that we have to look at how to improve internal controls and consider whether it has anything to do with the ownership".

(TH, 19.02.18)



I am Hopeful of the Daily Highway Construction Reaching Close to 40 Km a Day by Next Year: Gadkari

Nitin Jairam Gadkari is Cabinet Minister in charge of transport through roads, inland waterways, shipping and also in charge of rejuvenating river Ganga. He talks to Dipak Dash about his plans for India's infrastructure in an exclusive interview



What is your target for 2018-19 in the Highways sector?

We have pushed both award and construction of highways. I am hopeful of the daily highway construction reaching close to 30 km by the end of March. By 2019, I am hopeful of taking it close to 40 km a day, which I had set as target. Undoubtedly, it is an ambitious target. But high target was set to achieve maximum progress.

You had also set a high target for award. Don't you think government should focus more on building high quality roads rather than tendering projects?

We have a high target for award of works. I agree that much of stress on award does not help if we do not make adequate land available for carrying out works. We are unable to give appointment date (official start of work) for many projects because of non-availability of land. We need a lot of support from the state governments to acquire land.

Every state you visit, you announce big investment in Highway sector. Do you keep track and what are the funding sources?

All announcements made for Highway development are part of the plan already prepared by my Ministry. We have enough sources to get funds for undertaking works. National Highways Authority of India (NHAI) has about ₹10,000 crore as annual revenue from toll collection. Budgetary allocation for Highway construction has increased substantially in the past three years. I am expecting an increase of ₹25,000 crore during 2018-19.

The government has given us permission to raise ₹70,000 crore through bonds. We will issue more bonds to fund projects. We will also auction completed projects for fixed years to private players under Toll Operate and Transfer (TOT) model. The operators will pay us upfront and recover the amount by collecting toll. They will have to maintain the road and charge toll as decided by the government. We can get up to ₹1 lakh crore by bidding out over a hundred completed stretches.

Private investment in Highways has witnessed sharp decline. What are your Ministry and NHAI doing to revive it?

We came out with a Hybrid Annuity Model (HAM) which de-risks private investment in the sector. The TOT projects I talked about will get investment from private sector and big global firms are keen in these projects. We are confident of bidding out the first tranche of projects completed in February 2018.

What is your priority in the Shipping Ministry?

Our focus is on promoting water transport; how to shift more cargo and passenger movement to waterways from roads and rail. We are working hard to complete the work to make National Waterway-1 (Haldia to Varanasi stretch of Ganga) navigable round the year. This project costs approximately ₹6,000 crore.

How much is the system responsible for delays?

There are obstacles in every field. To give an example, we built a multi-level car parking at Transport Bhawan to address parking issues. It took us one-and-a-half years to get approvals and clearances from different agencies. One can imagine how many obstacles common people face in getting things done.

You believe the one field where success is insignificant is road safety. What is the way ahead?

We are losing more than 1.5 lakh people every year and another 5 lakh are left injured in road accidents. These are not just numbers, but people and their families. We need to have a robust law and proper enforcement. We have introduced the Motor Vehicles Amendment Bill in the Parliament with adequate provisions. Passage of the law will set the ground. But what remains crucial is objective enforcement of the laws by states and police. The fear of getting caught every time for violating traffic and transport rules will bring the change.

— Edited excerpts of an exclusive interview taken from The Interviews Blog, Times of India published on January 22, 2018

Telecom Policy must Focus on Quality

Rahul Singh*



With the country's Internet penetration rate standing at 33 percent, with only 16 percent in rural India, and economic activities relying on information and communication technology (ICT) more than ever, the scope for telecom sector's contribution is colossal

The Indian telecom sector serves the world's second largest telephone and Internet subscriber base and had contributed 6.5 percent to India's Gross Development Product (GDP) in 2015. Since the last decade, India's telecom market has witnessed technology transitions, such as fixed-line to mobile, 2G to 3G, and 3G to 4G networks, with a roadmap for 5G in the pipeline.

Today, close to 95 percent subscribers accessing wireless Internet with an average monthly data consumption of approximately 1.6 GB, up from just nearly 240 MB in 2016, show Telecom Regulatory Authority of India (TRAI) reports.

Reforming the sector

Considering these aspects, TRAI and DoT are spearheading the transformation of the telecom sector through the National Telecom Policy (NTP) 2018, which is under consultation and many reforms are envisaged. The NTP 2018 aims to provide various ICT connectivity and accessibility targets to ensure that India breaks into the top 50 nations by 2022. However, the NTP seem to be vague and inadequate for ensuring high performance and quality services.

Has the lower price and increased Internet speed resulted in reduction for consumer grievances or enhancement of consumer satisfactions? This is debatable as both Quality of Service (QoS) and Quality of Experience (QoE) have remained the major pain-points for Indian telecom users even today.

In fact, both QoS and QoE have suffered over the years due to multiple challenges, such as tariff-oriented competition, dated definition of minimum broadband speed (currently at 512 kbps), spectrum capacity and sub-optimal utilisation, incompatible devices and equipment, barriers in deployment of telecom equipment and towers, India's diverse topography, etc.

Checking costs

Further, the sector is burdened with various fiscal obligations, such as spectrum high cost and usage charges, licensing, *Universal Service Obligation Fund (USOF)* contribution, etc. Intense and irrational tariff wars have further dented the telecom sector's fiscal performance, leading to consolidation and

lower revenues. With only four pan-India operators left in the market, it is now imperative to streamline the sector towards national interest.

The TRAI and DoT must frame the NTP as a perfect example of monitoring the sector with light-touch regulations. The NTP 2018 targets must be incentivised by linking them to QoS+QoE, so that operators make consistent efforts to improve service performance.

These incentives might be in the form of reduced interference, relaxed regulations and/or fiscal obligations, so that operators feel light and are able to grow and contribute in constant sector evolution with much-needed verve and zest. A regular check on anti-competitive practices and adequate fund allocation from USOF for promoting PPP models are other cross-cutting incentives that would hugely benefit the sector, often associated to other common utility services.

Change parameters

The existing monitoring mechanism of QoS and QoE parameters needs an urgent revamp so that performance testing is conducted under standard conditions and harmonised results are obtained at any point of time.

This would also require a rigorous exercise of creating standards and methodologies for testing network performance so as to suit the present and future mechanisms. This is achievable if operators are encouraged to disclose their actual network-testing and performance-related information in the public domain. The developer community might access this to build appropriate APIs to support the operators' and regulator's efforts in this endeavour.

CUTS' initiative on labelling broadband services also advocates for information disclosure through standard tool that users might use to make informed decisions and also compare existing broadband services on various parameters and benchmarks. Such a tool might also help operators to become more quality conscious.

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This was published in The Hindu Business Line on March 19, 2018

India's Sunny Energy Future – the Rooftop Solar Power

Gagan Vermani*

In the last few years, sunshine has been favourably falling upon the Indian solar power industry, buoyed by a conducive environment policy and falling costs.

Present scenario

Solar power solutions providers across the country are racing with each other to install greater solar power capacity, and 12.87 GW of it has been added in just the last three and a half years. Indian solar installations grew by 123 percent to reach a record 9.6 GW in 2017, more than double the 4.3 GW installed in 2016.

Renewable energy (RE) sources now account for 32.2 percent of the total installed capacity in the country, with the installed capacity growing in 2017 for the first time, faster than fossil and conventional sources. This is a promising initial first step towards the ambitious target of 100 GW solar power capacity in 2022 set by the Prime Minister Narendra Modi.

For India's RE dreams to be achieved, it must engage more meaningfully with the country's potential to translate its geographical position to its advantage. It must also develop a positive, retail lead ecosystem and ease the process that helps speed up adoption, especially in rooftop solar, which is most crucial sub-sector to achieve the critical mass required to replace fossil-fuel based power generation, making solar the household name.

The solar power potential

Lying between 8 and 37.6 degrees north latitude, most of India's landmass falls squarely in the tropical region giving it peak solar radiation, particularly in the summer months. A relatively predictable climate for the country accords it 300 days of peak sunlight every year, making 'India (have) among the best conditions in the world to capture and use solar energy', according to the World Bank.

For India's renewable energy dreams to be achieved, it must engage more meaningfully with the country's potential to translate its geographical position to its advantage



The National Institute of Solar Energy's study indicated that the country has the potential to generate 748.98 GW of solar power. The government's proactive support was an important factor in spurring the sector to undergo a growth spurt of sorts in the last three years, increasing installed solar power capacity by 370 percent, according to Minister of State for RE, Piyush Goyal.

The government introduced strong subsidies and incentives for solar power projects. Equally important was a well-timed drop in the cost of solar panels and other components for creating solar power, which saw the tariff reduce from about ₹7.8/kWh to ₹2.44/kWh.

Challenges for rooftop solar

Legacy systems and bureaucratic red tape have hobbled the process of receiving approvals for solar power projects. Authorities like the Chief Electrical Inspector to Government (CEIG) and distribution companies (DISCOMs) are often slow to respond to the concerns and requests of the industry and to deliver the requisite approvals. This must, in part, be due to skewed incentives – the more urban residents take to rooftop solar power plants, the less revenue the DISCOMS will make. For now, there is no incentive to the DISCOM, to allow this transition. Further, RE developers face 5-28 percent GST on input equipment, but with no GST on power sales, they cannot avail any offset.

However, what is really holding back residential solar is the lack of familiarity with the process and the fear of red tape. People are still largely unaware of the financial incentives and attractive return on investment that taking up rooftop solar power solutions can achieve. When Greenpeace conducted a survey, nearly 55 percent of respondents indicated an interest in using the technology.

Nevertheless many people perceived it to be an enterprise that requires large upfront capital investment. Today, solar is still seen as a way to contribute to the environment rather than a sweet investment that can actually deliver returns in the range of 20-25 percent.

The future of rooftop solar power

Bridging the information asymmetry will be a key factor in whether or not the sector reaches its 2022 targets and begins the process of effectively replacing fossil fuels in Indian society and industry.

The private sector is attempting to bridge these gaps through tools that scientifically estimate the gains of switching to solar power for users, and provide multiple financing options to reduce the initial capital outlay.

The regulatory framework also needs a swift overhaul to incentivise DISCOMs to act promptly, clear up GST confusion and streamline subsidy delivery to customers and credit delivery to private solar power developers.

* Founder and Chief Executive Officer at MYSUN (Eastern Light & Power Pvt. Ltd.)

This has been abridged from Social Story posted in at <https://yourstory.com> on March 01, 2018

Inadequate Job Creation

Amid criticism of the government for not creating enough jobs in the country, Minister of State for Civil Aviation, Jayant Sinha said that there has been an increase in job creation in last four years in new sectors, but that is not been captured in various economic data.

“Ola and Uber employs close of 10 lakh drivers and none of the data is picking that up”, Sinha mentioned. Debating Sinha’s claim, former Union Minister Sachin Pilot said that new industries are not creating as many jobs as they project. He pointed out that currently a vast majority of educated young people are either under-employment or unemployed.

(FE, 09.03.18)

Export Policy on Cards

The Commerce Ministry is planning to come out with an agricultural export policy soon, according to Union Commerce Minister Suresh Prabhu.

He said the policy draft is ready and will be uploaded on the website soon after which the policy will be formulated.

Prabhu said that the farmers, who are usually affected by imports, should get a chance to export also. “We are in the process of identifying each agricultural commodity as a separate problem. We are working out a package for each of their problems”, he informed.

(BL, 21.01.18)

Net Producer of Knowledge

Stressing that India should gradually become a net producer of knowledge from being a net consumer as it emerges as one of the world’s largest economies, the Economic Survey 2017-18 suggested setting up of national missions in areas where the country has the potential to excel.

Among the focus areas proposed was a mix of basic and applied science streams. Suggested missions are in the fields of agriculture, energy storage, genomics, mathematics, cyber physical systems and dark matter – a mysterious matter which is believed to fill much of the universe.

(BL, 29.01.18)

Steel Export Slides

India’s export of finished steel shrank by over 30 percent to 0.616 million tonne during January 2018, according to the government’s Joint Plant Committee (JPC). The country had exported 0.890 MT of finished steel during the same month a year ago.

Exports should account for 6-7 percent of India’s total steel production in the next few years, up from the 1.5 percent at present, Union Steel Minister Chaudhary Birender Singh had earlier said. The import of finished steel too fell by 44.5 percent to 0.335 million tonne in January 2018 from 0.604 million tonne during January 2017.

(ET, 18.02.18)

New Gold Policy

The centre is set to announce a new gold policy by end of March 2018 or first half of April 2018 to institutionalise and bring in more transparency in the trade. It also is in the process of setting up policy framework for launching spot gold exchange and a Gold Board that would eventually be considered to regulate the spot exchange.

Manoj Dwivedi, Joint Secretary, Ministry of Commerce and Industry said the process of collecting suggestions from the industry players is almost done. He also said a task force would be formed to identify measures that can be implemented in a time-bound manner.

(BL, 15.03.18)

National Mineral Policy

The central government issued the draft National Mineral Policy (NMP), 2018, wherein it stated that a “long term export policy for the mineral sector” is the need of the hour as it will provide ‘stability’ and ‘incentive’ for bringing investments in “large scale commercial mining” activities.

The draft NMP also stated: “dedicated mineral corridors shall be planned to facilitate transport of minerals for mining areas in hinterland”. It also focussed on the issue of evacuation of minerals from small and scattered deposits, where the small scale sub-optimal mining leads to ecological disturbances.

(IE, 11.01.18)

Promoting Service Sectors



www.timesofindia.indiatimes.com/

The government is working on a strategy to boost share of services, which will grow faster than merchandise exports raising the total exports from the country, said Commerce and Industry Minister Suresh Prabhu.

“We are targeting to ensure that exports are not only traditional products, but new products are also added to the basket. Focussing on services we have identified 12 services as *Champion Services* and the government has already approved ₹5,000 crore to promote 12 *Champion Services* sectors.

Services sector will play a significant role in pushing the country’s economic growth, and the industry must focus on delivering services of global standards, Prabhu added.

(Tol, 22.03.18)

With its 'People Wealth', India 'could be the Most Powerful Economic Entity'

Vidya Ram*



Between 2015 and 2035 just the increase in India's working age population will be bigger than the combined working population of the four largest EU countries...if that translates into people actually having jobs and they boost

productivity...in my judgment India could easily repeat in the next 20 years at least what China has done in the past thirty years and grow by double digits, states British Economist Jim O'Neill

India has the potential to be the most powerful driver of global economic growth in the remainder of the first half of this century, Jim O'Neill, Member of the House of Lords. The economist, who coined the acronym 'BRIC' for Brazil, Russia, India and China, pointed to the potential for a far higher growth rate given India's favourable demographics.

India could "in principle for the remainder of the first half of this century...be the single most powerful marginal economic entity", if a few things came down the road, he said at an event organised by the Confederation of Indian Industry (CII) and the Indo-British All Party Parliamentary Group, on the contribution of Indian companies in Britain and the launch of the Manchester India Partnership.

"India could do so much better", he said, arguing that given demographic trends India could be growing at 12.5 percent.

"Between 2015 and 2035 just the increase in India's working age population will be bigger than the combined working population of the four largest European Union (EU) countries...if that translates into people actually having jobs and they

boost productivity...in my judgment India could easily repeat in the next 20 years at least what China has done in the past thirty years and grow by double digits...they need to do more stuff in order to achieve this", he said.

He added that this made it more essential for regions, such as the North of England to focus on growing links with India which presented "as big if not bigger an opportunity than China", given the demographic trend. "If we have this event in another 15 years' time, I will be saying "guess what? India creates another New Zealand every three months...we are not at that stage but that is coming down the road", he added.

Baron O'Neill, Former Chairman of Goldman Sachs Asset Management, and former member of the British government, first coined the phrase 'BRIC' in 2001, in a paper for the investment bank. He grew up in the Greater Manchester area and remains a strong advocate of the Northern Powerhouse Partnership.

Earlier in the event India's High Commissioner to the UK, Y K Sinha, had criticised the British press for their focus on negative stories about India. "Where is India's success story? Why is everyone queuing up to assiduously woo India: there must



<https://fotolia.com>

be a reason? There is something right happening in India and I am afraid that story is not being well publicised", he said.

Despite India being set to grow 7.1 percent this year and 7.8 percent next year, India was still being criticised for not growing fast enough, said Sinha. "India is the story of today and it will be the story of tomorrow...Engaging India is extremely important".

The High Commissioner said that while India and Britain's long history could be seen as an advantage, it also could be a disadvantage. "People here feel they know India well but I am afraid they do not", he said.

The High Commissioner also highlighted Prime Minister Narendra Modi's forthcoming visit to Britain – which will combine the Commonwealth Heads of Government Meeting in London in April and a bilateral visit. The Commonwealth had until recently suffered from 'benign neglect', he said.

As Britain prepared to leave the European Union it was time for the country and others to look towards the Commonwealth not just as "an old boy's club to talk about shared legacies of the past...we have to be forward looking", Sinha said.

* London Correspondent at The Hindu Business Line.
This has been abridged from an article published on February 02, 2018

133rd Rank in Happiness

India has been ranked 133rd in a global list of the happiest countries, according to UN-based report. The World Happiness Index 2018, which measures 156 countries in terms of happiness, has placed India at the 133rd position, a drop of 11 places from last year's 122nd rank.



www.deccanchronicle.com

India's ranking was far behind from other neighbouring countries, such as Pakistan, Nepal and China to name a few. Among the South Asian Association for Regional Cooperation (SAARC) countries, Pakistan was ranked 75th; Nepal at 101st place; Bhutan stood at 97th rank; and Sri Lanka held 116th position.

(DC, 15.03.18)

Rising Income Inequality

The richest one percent in India cornered 73 percent of the wealth generated in the country last year, as per a survey released by Oxfam, presenting a worrying picture of rising income inequality.

Last year's survey had showed that India's richest one percent held a huge 58 percent of the country's total wealth – higher than the global figure of about 50 percent. Oxfam India urged the Indian government to ensure that the country's economy works for everyone and not just the fortunate few.

(DNA, 23.01.18)

PM 3rd Most Popular Leader

Prime Minister Narendra Modi has pipped the likes of Chinese President Xi Jinping, Russian President Vladimir Putin, Israeli Prime Minister Benjamin Netanyahu, and US President Donald Trump to emerge as the third most popular leader in the prestigious Gallup International's annual survey 'Opinion of Global Leaders'.

The two heads of states that are above Prime Minister Narendra Modi in the ranking are German Chancellor

Angela Merkel, and the new French President Emmanuel Macron. The survey could bring rich dividends for the party in the Assembly polls lined up in 2018.

(DNA, 12.01.18)

Underrepresented Women

Even though women make up almost half of India's population, they continue to be underrepresented at all levels of government. Of the 4,118 members of legislative assemblies (MLAs) across the country, only nine percent are women.

According to a report 'Women in Politics 2017' by the Inter-Parliamentary Union and UN Women, the Lok Sabha had 64 (11.8 percent of 542 MPs) and the Rajya Sabha 27 (11 percent of 245 women members of parliament (MPs)). The report ranks India 148 out of 227 countries in terms of representation of women in executive government and Parliament.

(Mint, 30.01.18)

BJP Rule in 21 States

Having handed the Communist Party of India a crushing defeat in Tripura and being likely to continue

in government in Nagaland, the Bhartiya Janata Party (BJP) is set to increase the number of states it rules – either by itself or as part of an alliance – to 21.

Going by data from Census 2011, the cumulative population of National Democratic Alliance (NDA)-ruled states is 849,825,030 (70.18 percent of India's population), which is over nine times that of the states ruled by the Congress and its allies (91,183,794, or 7.53 percent excluding Meghalaya). (IE, 05.03.18)

62nd in Emerging Economies

India was ranked 62nd among emerging economies on an Inclusive Development Index, much below China's 26th position and Pakistan's 47th. Norway remains the world's most inclusive advanced economy, the World Economic Forum (WEF) stated.

The index takes into account the "living standards, environmental sustainability and protection of future generations from further indebtedness", the WEF said.

It urged world leaders to urgently move to a new model of inclusive growth and development, saying reliance on GDP as a measure of economic achievement is fuelling short termism and inequality.

(Mint, 23.01.18)

Striking Investment Place

India moved up a notch to overtake Japan as the fifth most attractive investment destination in a survey of global Chief Executive Officers (CEOs). India still trailed US, China, Germany and the UK as an investment destination.

Aided by opening up of several key sectors over the last few years, foreign direct investment (FDI) in India surged 17 percent to over US\$25bn during the first half of the current FY, even as private investment has remained muted due to excess capacity and high financial stress. It had for the first time topped US\$60bn in 2016-17, but remains less than half of China's US\$137bn in 2017.

(ToI, 23.01.18)

Growing Gender Imbalance a Stiff Challenge for *Beti Bachao* Scheme

Ajai Sreevatsan*

When Prime Minister Narendra Modi chose Jhunjhunu district in Rajasthan to announce the nationwide expansion of the government's flagship *Beti Bachao* scheme, the choice held a lot of symbolic import.

The Government of India introduced the *Beti Bachao*, *Beti Padhao* (BBBP) scheme for survival, protection and education of the girl child. It aims to address the issue of declining Child Sex Ratio (CSR) through a mass campaign across the country targeted at changing societal mindsets and creating awareness about the criticality of the issue in 2014. The Scheme initially focussed on intervention and multi-sectoral action in 100 districts with low CSR.

Jhunjhunu, part of the initial 100 districts chosen for a targeted launch of the scheme in early 2015, has catapulted from being the district with the worst sex ratio indicators in Rajasthan to one of the best, government officials claim. The 2011 Census had pegged the district's CSR at 837 girls per 1,000 boys. By December 2017, the ratio among newborns had improved to 955 girls per 1,000 boys, according to government figures.

The catch is that these figures are based on the government's birth registration system, which is often unreliable in a country where most births are not registered. Only the upcoming census in 2021 will give a more definitive measure of the improvements since 2015, if any. But in a country where the trend for the last 50 years, has been a steady decline in the ratio of girl children, even a marginal improvement from the *status quo* is significant.

Apart from the census, the other major source for evaluating social perceptions about girl children is the Sample Registration Survey, which has also shown over the past few cycles that India's sex ratio at birth is worsening. Rajasthan's fell from an already low 893 girls per 1,000 boys in 2012-14 to 861 in 2013-15.

Since the ideal sex ratio at birth is 960 female live births per 1,000 male live births, a sex ratio of 861 essentially means 99 girl children are potentially being aborted. This gap of 99 fewer females for every 1,000 males would then remain through adulthood.



It is because of this prevalent reality that researchers are rather sceptical of any sudden success stories attributed to the *Beti Bachao* scheme. "I am suspicious of any good stories from one district", said Mary E John of Delhi-based Centre for Women's Development Studies.

"What has happened in that district to make girls more wanted? The question to ask is — are female-child only families a genuinely possible way of imagining a family? Is it financially viable to have such a family? We have adopted an economic growth path where female workforce participation is low and women cannot find viable employment. This is the single most important factor that separates India from Bangladesh or China", she added.

Steady Decline in Sex Ratio

Even the recently released Economic Survey pointed towards this troubling trend, where families with girls keep having children till they have a male. The survey called them 'unwanted' girls and pegged the number at 21 million. A further 63 million 'missing' women did not even get the chance to be born. This is the enormity of the challenge that the *Beti Bachao* programme faces.

As Srinivas Goli, an Assistant Professor at Jawaharlal Nehru University, New Delhi, believes that improving education levels and affluence alone have had no impact. In fact, due to the gender-excluded nature of India's growth, they have worsened the situation. "The prevailing sex ratio among wealthy urbanites is worse than poor rural dwellers", he added.

* Investigative Data Reporter

This has been adapted from an article published in Mint on March 09, 2018

CSR Spends of Firms Warrant Audit: P P Chaudhary

Gireesh Chandra Prasad*



www.livemint.com

Minister of State P P Chaudhary said the government was in the process of improving procedures relating to CSR spending outlined in the Companies Act of 2013

“The Companies Act provision on CSR spending was kept *recommendatory* along with disclosure requirement as the perception of the firm among stakeholders and the public will be encouragement enough to ensure that businesses comply with it. It is desirable that it continues that way”, said Ved Jain, former President of the Institute of Chartered Accountants of India (ICAI).

Chaudhary said inclusive growth is an avowed objective of the government which calls for ‘intensive collaboration’ between the authorities and the corporate sector. He said this would improve the quality of life in rural and urban areas and offers an opportunity to all firms to meaningfully contribute to policy objectives.

“Once the rural economy is sound, then the entire economy will be on a better footing”, the Minister stated, adding that the government and businesses collectively share the onus of making the society inclusive, compassionate and responsive.

Chaudhary also noted that the role of corporates in CSR and delivery of Sustainable Development Goals was important as the amount spent by them on CSR activity was much higher than government spending on development. This is borne out by CSR data captured in the National CSR portal which disseminates CSR-related data and information filed by the companies registered with it.

The Minister said cleanliness, health and education are among the areas where CSR spending would make a lot of difference. Chaudhary had informed the Parliament in a written statement on February 09, 2018 that companies spent ₹13,828 crore on CSR in 2015-16.

Corporate Social Responsibility (CSR) spending by businesses warrants auditing as their total spend of about ₹15,000 crore a year has the potential to transform the rural economy by complementing government efforts, said P P Chaudhary, Minister of State for Law and Justice and Corporate Affairs.

Good corporate governance was not just a means of enhancing long-term value for companies but also to provide lasting benefits to consumers and other stakeholders. Corporates, therefore, need to look beyond the four walls of their companies and strive to match the drive to become responsible and accountable entities with the benevolent impact of their actions on the environment and society, he said. Chaudhary said the government was in the process of improving procedures relating to CSR spending outlined in the Companies Act of 2013.

The law mandates that firms with a net worth of at least ₹500 crore or revenue of ₹1,000 crore or net profit of ₹5 crore should spend at least two percent of net profit on CSR. It also mandates that any failure in this regard should be explained in the annual financial statement. The disclosure requirement was meant to ensure firms do their best in CSR initiatives.

“We are now in the process of improving it. In the coming years, we would also like to see it audited. No doubt that as on today, companies are taking full care and are personally visiting projects to ensure proper spending, but certainly, the government will also like to take steps in this direction”, the Minister indicated.

On the sidelines of the conclave, the Minister said the government is contemplating auditing CSR spending. “It is under deliberation. Why not (audit)? It is an yearly spending of ₹15,000 crore. Auditing of firms should include everything”, he said.

The idea is that the funds businesses spend on CSR should complement efforts of the government in boosting the rural economy, which will not only bring development, but also stimulate the country’s US\$2.5tn economy.

Experts, however, say the provision in the law mandating spending of two percent of net profit on CSR initiatives is only *recommendatory* and not a statutory obligation as there is no penalty provision for failing to meet this requirement. Bringing CSR spending under the purview of audits could give it the nature of a tax, they add.

* Journalist with Mint
This was published on March 07, 2018

Budget to Ensure 'Ease of Doing Business' and 'Ease of Living': Modi

Prime Minister Narendra Modi praised the Union Budget for its focus on rural poor, lower middle class and farmers. He congratulated Finance Minister for presenting a Budget that would not only ensure 'Ease of doing Business', but also 'Ease of Living'.

"More savings for the middle class, new generation infrastructure for 21st Century India and better health assurance – all are concrete steps towards Ease of Living", Modi stated.

Calling the Budget 'development friendly', Modi said that "This Budget will live up to the expectation of every Indian citizen. The Budget has ensured the following – remunerative price of the crop to the farmer, upliftment of the poor with the welfare schemes, respecting the honesty of the tax paying citizen, support to the spirit of entrepreneurs with a right tax structure and hailing the contribution of senior citizens for the country".

"Several steps have been proposed in this Budget to give a boost to the farmers and enhancing their income. A record allocation of ₹14.5 lakh crore has been made for rural development and agriculture. *Dalits*, oppressed and disadvantaged sections of the society will be benefited with out of 51 lakh new homes, more than 3 lakh km of roads, about 2 crore toilets, electricity connections in 1.75 crore households. These initiatives will create new opportunities, especially in the rural areas", Modi said.

He praised Jaitley's decision to provide for one and a half times remunerative price for the cost incurred by the farmers for their produce and said that the Centre would put in place a sound system in consultation with the states to ensure that the farmers can avail full benefits from this decision.

Modi said that the government will now adopt agriculture cluster

Calling the Budget 'development friendly', Modi said it had something for everyone from farmers to common man to businessman and is expected to give a boost to hopes and aspirations of 125 crore people of the country

approach in different districts across the country to ensure better marketability and prices for agricultural produce. He also welcomed the decision to keep 'Farmer Producer Organisation (FPO)' out of the ambit of taxation as they function on the same lines as cooperatives.

He mentioned farmers would now be able to access loans for allied activities through *Kisan Credit Card*. He said to increase earnings and employment opportunities emphasis has been laid on modernisation of infrastructure of 22000 rural business centres across the country. He also expressed satisfaction at the success of *Ujjwala Yojana* and the increase in its target in the new Budget from five to six crore families. "This Budget provides for allocation of about ₹1 lakh crore for the welfare of scheduled castes and scheduled tribes", Modi added.

Calling the medical insurance scheme announced in the budget for 10 crore poor families – the world's largest health insurance plan. "Medical treatment and its cost has always been a cause of concern for the lower middle class and poor sections of the society", said the Prime Minister.

The new scheme *Ayushman Bharat*, presented in the budget, will address this serious concern. This scheme will provide coverage to 45-50 crore people. Under the scheme, these families will get free treatment up to ₹5 lakh per annum in the identified hospitals. The idea of setting up



1.5 lakh Health Wellness Centres spread over all the major *panchayats* of the country is commendable.

With small industry suffering post demonetisation, Modi said, "In a bold step in this Budget, the government has reduced the tax rate for Micro, Small and Medium Enterprises (MSME) by five percent and now they will have to pay 25 percent tax in place of 30 percent. Credit seeking facility from the banks and Non-Banking Financial Company (NBFCs) has been eased to ensure the required working capital for MSME industries. It will give a boost to the mission of *Make in India*.

Modi also said that the government would soon announce measures to resolve the problem of NPAs and stressed account in the MSME sector. The Prime Minister spoke about allocation of ₹6 lakh crore for 'Digital India' which he believed: "will enhance the employment opportunity manifold in the country".

To ensure social security to government employees, Modi said that the government will contribute 12 percent in the Employees' Provident Fund (EPF) Account of the new labourers for a period of three years while contribution from women employees had been reduced to eight percent to ensure better take-home salaries. The Prime Minister also appreciated steps taken in the Budget to improve savings by senior citizens through lowering of taxes on their savings.

* This feature has been abridged from news published in The Indian Express on February 02, 2018

Virtual ID Launched

In a bid to address privacy concerns, the Unique Identification Authority of India (UIDAI) has introduced a new concept of 'Virtual ID' which *Aadhaar*-card holder can generate from its web site and give for various purposes, including SIM verification, instead of sharing the actual 12-digit biometric ID. This would give the users the option of not sharing their *Aadhaar* number at the time of authentication.

The Virtual ID, which would be a random 16-digit number, together with biometrics of the user would give any authorised agency like a mobile company, limited details like name, address and photograph, which are enough for any verification.

(*TOI*, 10.01.18)

Digital Innovation Hot-spot

Prime Minister Narendra Modi said that India is the hot-spot of digital innovation across all sectors. Modi asserted that India is and will continue to remain the most tech-friendly population in the world. Currently, India is the hot-spot of digital innovation, across all sectors.

Besides, the country not only possesses growing number of innovative entrepreneurs, but also a growing market for technology innovation. Modi stated that technology has become a medium to create a seamless, integrated world. Technology has shortened the geographical distance between nations, which were a barrier for collaborating for a better future.

(*BS*, 19.02.18)

Higher Foreign Investment

India plans to allow higher foreign investments in niche defence technologies under the automatic route as the world's largest importer of arms and defence equipment looks to boost local manufacturing.

Narendra Modi's administration aims to increase the foreign direct investment (FDI) cap from the current 49 percent to 74 percent in such technologies, according to a draft Defence Production Policy 2018 released by the Ministry of Defence. As of now, anything over the existing limit is allowed on a case-to-case basis. The policy aims at reduced dependence on imports, and self-reliance in development and manufacturing of indigenous weapon systems.

(*Bloomberg*, 22.03.18)

Largest Cleanliness Study

The Indian government started the *Swachh Survekshan* survey, dubbed as the world's largest study on cleanliness. Surveyors will reach out to more than 200 urban local bodies on the first day and the entire exercise is expected to be completed by March 2018.

For the first time, the *Swachh Survekshan* survey will assess all the 4,041 towns in the country and cover a population of about 400 million people, said V K Jindal, Mission Director of *Swachh Bharat Mission* at the Ministry of Housing and Urban Affairs.

(*Mint*, 05.01.18)



ISRO's 'Administrative Laxity'

In an audit conducted by the Comptroller and Auditor General (CAG), it has been found that the project Navigation with Indian Constellation (NAVIC) that envisages the installation and use of a regional global positioning system (GPS) system for navigation and tracking is riddled with major deadline and cost overruns, lack of performance evaluation and 'sheer administrative laxity'.



The CAG noted that as of March 2017, ISRO had spent over ₹2,400 crore on NAVIC including an expenditure of ₹1,283.93 crore against the sanctioned ₹1,420 crore, an additional ₹1,162.21 crore for launching the seven satellites and maintaining the ground segment. (*TW*, 14.03.18)

Fund Diversion Noted

The CAG in its draft report has detected major irregularities and diversion of funds to the tune of ₹10.2mn by the Jute Commissioner's office and the National Jute Board between 2014 and 2018 to engage private lawyers as it had to face a number of legal cases as a regulatory authority.

CAG observed that the Jute Commissioner's office did not have the budget to make such engagements. The central auditor has devoted six of its major observations on the questionable ways of functioning of the Jute Commissioner's Office.

(*BS*, 03.03.18)

Illegally Mined Minerals

A whopping 98.87 lakh metric tonne of minerals like copper, lead, zinc, rock phosphate, soapstone, silica sand, limestone, marble and gypsum were illegally excavated in a period of five years in five Rajasthan districts, states a latest CAG report. The report highlights rampant unlawful mining and gross violations in the desert state, including flouting of Supreme Court orders pertaining to the Aravalli hills.

The report also claims that apex court directions regarding Aravalli hills were not followed by the state's Department of Mines as mining leases falling within the mountain range area were granted and renewed.

(*TOI*, 01.03.18)

Contract Farming Bill to also Cover Services and Marketing

T V Jayan*

Taking a step towards Agriculture sector reforms to ensure remunerative price of farm produce to farmers and protect them from price volatility and distress sales, the centre has come out with a Model Act on contract farming – an improved version of its earlier draft – which provides for sponsors to get into a contract with an individual or group of farmers not just for production but also for marketing of produce and farm services.

It transfers risk of post-harvest market unpredictability to sponsors (individual or company) who have to pay agreed prices to farmers under an advance agreement. Besides covering the market risk, the sponsor under the contract farming also agrees to professionally manage inputs, technology, extension education, pre and post-harvest infrastructure and services as per mutually agreed terms. As a result, small and marginal farmers get to enjoy additional benefits of operational efficiency.

The Agriculture Ministry has broadened the scope of the proposed Contract Farming Bill by bringing marketing and services into its ambit and cutting back on states' role in regulating the sector, paying heed to a multitude of responses that the planned piece of legislation elicited.

“On the basis of the great response it received from stakeholders, we have made many changes to the Bill. There is a substantive change between the first draft and this one. The most important change is the expansion of its scope. It has now become a Model Contract Farming and Services Act”, said Ashok Dalwai, Chief Executive Officer of the National Rainfed Agricultural Authority, who led the Committee that drafted the Bill. The Model Act also curtails the role of states. The state's role will be limited



The contract farming is a pre-production season agreement between farmers (either individually or collectively) and sponsors

to protecting the interests of farmers and others who enter into contract with sponsors. It also does not call for notification of commodities.

Parties can choose the commodity as per their interests, provided the contracted produce comes under insurance cover. The proposed legislation, however, gives power to states to de-notify any particular commodity in case of an emergency. “Contracted produce is to be covered under crop/livestock insurance in operation. Contract farming, services contract and such other contract under this Act to remain outside the ambit of respective Agricultural Produce Marketing Act of the states”, according to the statement on objects and reasons of proposed Model Act.

Moreover, it prohibits contract farming sponsor from raising permanent structure on contract farming producers' land and premises. “Keeping in mind the spectrum of agricultural activities that Indian farmers practice, the Model Act has been tailored comprehensively to include all categories of agronomic and horticultural crops, as also the diverse universe of livestock, dairy, poultry and fishery”, said the statement of objects and reasons of the State/Union Territory Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018.

“It is no longer calling for setting up of an authority, but only a board, as the role of the State is only a facilitating one. We want less bureaucracy in it and want to give more freedom to stakeholders to decide among themselves. The state's role will be limited to protecting the interests of farmers and others who enter into contract with sponsors”, Dalwai said. Similarly, the modified Bill does not call for notification of commodities for which farmers and contract sponsors can get into a contract as envisaged in the previous draft.

“There is no need to do that. Let farmers and other stakeholders decide what they want to do. We have, however, kept one provision that allows the government to de-notify any particular commodity in case of an emergency”, he said.

Among the major objectives of the Bill are: giving price protection to farmers, setting up a Board to promote contract farming at the State level and creating a mechanism at district and taluka levels to legally record all contracts. The Act needs to be passed by State Assemblies to become law in those States. The Bill also calls for at least two women members to be on the Board.

* Senior Deputy Editor, The Hindu Business Line

This has been abridged from an article published on February 27, 2018

No Cross-subsidy Charges

The government is planning to remove cross-subsidy charges levied on large power consumers, said Power Minister R K Singh, offering a major relief to industrial and commercial establishments.

The Minister said the government is planning to amend the national tariff policy, which provides for a maximum of 20 percent cross-subsidy charges. "Some states are charging as high as 100 percent.

We want to do away with the cross-subsidy charges. Rather the states should give direct benefit transfers to the targeted consumers", Singh said. Besides, the Union Power Ministry will consult the state governments on the removal of cross-subsidy charges. *(ET, 24.01.18)*

GDP Growth from Manufacturing

Commerce and Industry Minister Suresh Prabhu said the service industry had grown at the expense of manufacturing and agriculture and his government would look at increasing the share of manufacturing to 25 percent in an expanded GDP.

He added on by saying that the future of India's GDP growth should come from manufacturing. There is a need to get new manufacturing ideas into India and identify six-seven greenfield areas to focus on, so that the nation can leapfrog globally. The Ministry has initiated an exercise to identify these sectors", Prabhu added.

(FE, 13.11.17)

Need for Drastic Change in Food Sector



The food scenario in India needs to undergo a drastic change and efforts should be hastened to prevent food wastage, both at the household level and in the supply chain, according to business leader Vinita Bali, Ex-CEO of Britannia Industries and an Advisory Board Member of PwC India.

Stating that a major transformation in agricultural systems is the need of the hour, Bali was clear that the primary challenge lies in finding the point of equilibrium in the trade-off between economic development, environmental conservation, and in food supply and safety.

(BL, 11.01.18)

Holistic Relook Needed

India needs to have a comprehensive relook at its education sector to prepare its youth which comprise over 50 percent of the 1.3 billion population for the future, educationists and experts have suggested. The experts called for a shift in the policy to meet the challenges of the changing times.

A relook at the Indian education sector is inevitable given that the current system was developed in the pre-independence era for just five percent of the population and that too for clerical roles, with no room for creativity or promoting social reorganisation", said Aditya Natraj, Founder Director of Kaivalya Education Foundation, a social change organisation.



Regulating Coaching Centres

The centre has ruled out any intervention in regulating private coaching institutes indicating they do not come under its purview. Minister of State for Human Resource Development Satyapal Singh, said that the government is not planning to make any law to regulate private coaching institutions.

Many of the private coaching institutes operate at the school-level and hence, are under the direct purview of the state governments," Singh said. "Accordingly, all state governments have been asked to take steps for effective regulation of such centres in interest of the students", Singh added.

(IE, 08.03.18)

Education Needs Innovation

Across the globe, education is undergoing a much-needed disruption. New-age learners from the millennial and post-millennial generations are challenging the education ecosystem to introduce new ways of learning. Exposed from an early age to technology and online social resources, they are always on the lookout for ways to use technology to shake up conventional structures, especially when it comes to education.

To keep pace with a global paradigm shift brought about by digitisation, our education system must adopt digital resources and methodologies to improve accessibility, quality, and scale.

(ET, 10.03.18)

Full Autonomy Granted

The University Grants Commission (UGC) has granted full autonomy to 62 higher educational institutions, including five central and 21 state universities, which maintained high standards, Human Resource Development Minister Prakash Javadekar said. The institutions granted full autonomy will be free to decide their admission procedure, fee structure and curriculum.

The UGC has approved full autonomy for 62 higher educational institutions, including JNU, BHU, AMU, TERI and University of Hyderabad, which have maintained high standards of excellence. Prakash Javadekar hailed this move as 'historic' as it will enable the selected institutes to function as autonomous institutes.

(ToI, 20.03.18)

'End of Life' Support

The Supreme Court stated, "an adult human being with the mental capacity to take an informed decision, has right to refuse medical treatment, including withdrawal from life-saving devices", opening the floodgates for many more discussions on 'end-of-life' support and care.

A person will now be able to write a 'living will' on the 'irreversible or irrecoverable' conditions under which they would not be put on life-support. This in turn entails that the patient's will would prevail even if doctors hold a different clinical opinion. Individuals might have several options available to them to take control of their life and death.

(BL, 09.03.18)

Healthcare Scheme Gets Nod

The Cabinet has approved the launch of the *Ayushman Bharat* – National Healthcare Protection Mission, the country's ambitious health insurance scheme announced in the Union Budget that aims to cover more than 10 crore underprivileged families.

The programme will subsume the two on-going centrally sponsored schemes – the *Rashtriya Bima Yojana* and the Senior Citizen Health Insurance Scheme. It aims to provide a benefit cover of ₹5 lakh per family ever year. Indians pay about 62 percent of the health expenditure out of their pocket, shows World Bank data.

(Bloomberg, 21.03.18)

New Pharma Policy

The government is looking to bring in a new pharma policy for implementing the proposed healthcare plan across the country in the following few months, Union Chemicals and Fertilisers Minister Ananth Kumar said.

We are eliciting opinions, we are having discussions and new dimension has been added in this budget of universal healthcare that also has to be co-opted into this pharma policy", Kumar said.

The healthcare initiative announced in the 2018-19 Budget seeks to cover 10 crore households requires many verticals – infrastructure, human resources and pharma and medical device products.

(IE, 15.02.18)

Syringes at High Prices

Needles and syringes are sold at prices far above their manufacturing costs in India owing to bloated trade margins, as per the National Pharmaceuticals Pricing Authority.

While the maximum trade margin in disposable syringes with needles varied from ₹332 to 1,251 percent, that on insulin pen needles and disposable hypodermic needles varied from 57 percent to 789 percent.

In the case of insulin syringes with needles, the average price to distributors was ₹2.68, with average MRP at ₹7.92 and maximum trade margin at 400 percent. "The reason for these mark-ups is that the market got distorted few years ago.

(Mint, 07.03.18)

Implementing NHPS

The government is likely to form a Council on the lines of the Global Standards for Sustainable Travel (GSTC) and work with states to roll out the National Health Protection Scheme (NHPS), announced in the Budget 2018. The plan also includes creation of a mission for focussed implementation of the scheme.

"The plan is to form a committee on the lines of the GST council to implement the Modicare scheme because a few states also have such a plan and a way needs to be found together to gel this scheme with states, where a similar scheme is already being offered", stated a senior government source.

(ET, 05.02.18)

Health Services on Track

Indian Railways may unveil primary healthcare centres along with *Jan Aushadhi* stores and sanitary pad vending machines at around 7,000 stations across the country as part of efforts to boost the NHPS.

The Railway Ministry proposed that its infrastructure be used for providing primary healthcare services at affordable prices. "We have got a robust network across the country including in villages that can be used by the Centre to take the preventive and primary healthcare to the last mile", said a senior Railways Ministry official.

The Railways Ministry is working with the Health and Family Welfare Ministry to chalk out details of the plan.

(ET, 16.02.18)

Largest Government Funded Scheme

The NHPS aims to offer health insurance up to ₹5 lakh per family per year, covering over 100 million vulnerable families – benefitting about 500 million people. Hence, both secondary and tertiary care hospitalisation will be covered.

"This will be the world's largest government-funded healthcare programme. Adequate funds will be provided for smooth implementation. The government progressing towards the goal of universal health coverage", stated Finance Minister Arun Jaitley. The new scheme comes even as a scheme from the last Union Budget to provide health cover up to ₹1 lakh per family is yet to be implemented.



(Mint, 02.02.18)

Is the National Health Protection Scheme Good Public Policy?

Shamika Ravi* and Neeraj Sood**

While not all insurance programmes are successful, there is sufficient evidence that if implemented well, insurance can save lives and improve financial well-being



India recently announced an ambitious plan called the National Health Protection Scheme (NHPS) to provide government-sponsored insurance to roughly 500 million people or nearly 40 percent of India's population. Since the announcement, there has been much debate about effectiveness and the design of NHPS. There are several reasons that will make NHPS effective.

First, India under-invests in the healthcare of its citizens which affects the health and financial well-being of Indians. Out-of-pocket payments for healthcare services, with about 70 percent, according to the National Sample Survey Office, 2014 are very high in our country, which causes impoverishment to nearly seven percent of our population. Health-financing policy directly affects the financial protection of people when direct payments that are made to obtain health services do not threaten their living standards.

Second, while not all insurance programmes are successful, there is sufficient evidence that if implemented well, insurance can save lives and improve financial well-being. For example, a study conducted a rigorous evaluation of the government health insurance scheme in Karnataka called *Vajpayee Arogyashree Scheme* (VAS) found that VAS lowered mortality for covered conditions for BPL families and erased rich-poor disparities in mortality rates. People covered by insurance were more likely to seek healthcare for their health issues and symptoms had better access to tertiary care hospitals, and had better post-operative outcomes.

Third, existing evidence shows that providing insurance is also 'cost-effective'. It provides good value for money

as the benefits of insurance far outweigh the costs. However, cost-effective health coverage must cover primary care. The biggest constraint to making this happen is an acute shortage of human resources. Most public healthcare facilities (primary, secondary and tertiary) have significant shortage of doctors, nurses and other health workers, often higher than 50 percent.

There is a need to streamline both the enrolment process and access to care once enrolled. The number of forms people face to enrol in NHPS must be minimised. Aadhaar makes it easy to verify eligibility and enrol. This would require continuous and active collaboration between Ministry of Health and Family Welfare and Unique Identification Authority of India (UIDAI). Once enrolled, access to care should be provided where people live. This is a challenge in rural India but can be addressed with innovative models.

Government sponsored insurance should only be provided to those who cannot afford insurance on their own. Existing coverage data shows that while private health insurance is largely concentrated among the urban richest quintile in India, public health insurance is more equitable, covering bottom quintiles of urban and rural population of the country.

Nearly 75 percent of out-patient department care and 55 percent of in-patient department care in India is exclusively from the private sector. Hence, private hospitals and clinics provide care to a large fraction of the population and they need to be part of NHPS.

Only hospitals that meet certain quality standards should be allowed to serve NHPS beneficiaries. Quality should be measured not only by the infrastructure available at the hospital, but also by actual patient outcomes achieved. NHPS doctors should review the medical records of NHPS beneficiaries to make sure that the surgery is medically warranted and meets evidence-based guidelines. NHPS might reimburse hospitals using 'bundled payment', so that the hospital receives a fixed amount per episode of care that covers all services provided by the hospital. This lowers incentives for the hospital to provide care just to make more money.

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This was published in Mint on March 12, 2018

CCI Imposes Fine on Google

India's antitrust regulator imposed a fine of ₹136 crore on Google Inc. for unfair business practices in the local market for online search. Passing the order on complaints filed in 2012, the Competition Commission of India (CCI) said the penalty is being imposed on Google for 'infringing anti-trust conduct'.

Globally, this is one of the rare cases where Google has been penalised for unfair business practices. It was alleged that Google indulged in abuse of its dominant position in online search through practices leading to search bias and manipulation, among others. The penalty translates to 5 percent of the firm's average total revenue generated from India.

(Mint, 09.02.18)

Bayer Confident of CCI Approval

German chemical and pharma major Bayer expressed confidence that it would secure CCI's approval by April or May, 2018 for the US\$66-billion acquisition of US-based biotech major Monsanto.

The deal cannot be closed globally unless CCI gives its approval as mandated by India's Competition Act. India is one of the 30 countries whose approval is needed for the merger to go through, out of which 14 have approved.

Earlier, the CCI launched a public consultation process to determine whether the merger will have an adverse impact on competition in India. The Bayer-Monsanto deal would create the world's largest seeds and pesticide firm. (BS, 16.01.18)

CCI and Jio Move SC

The CCI and Reliance Jio Infocomm have moved the Supreme Court against the Bombay High Court's order that quashed the investigation ordered by the CCI into charges of cartelisation against Airtel, Vodafone and Idea.

The CCI has also challenged quashing of the investigation ordered

by the fair trade regulator against telecom operator's industry body COAI for allowing its platform to be used by the top three incumbents to deny Reliance Jio points of interconnection.

The High Court stated that the CCI had 'no jurisdiction' to interpret contract, conditions or policies of the telecom sector governed by the Telecom Regulatory Authority of India Act. (FE, 25.01.18)

Flexibility in Hiring Professionals

The CCI has sought greater flexibility from the government to hire professionals to tide over its current shortfall in staff strength. CCI's Chairman Devender Kumar Sikri said the regulator is working with the government on the issue of hiring flexibility, and added that the government is sympathetic to the need for tweaking recruitment rules.

The CCI has the power to recruit professionals, but the terms and service conditions are prescribed in rules administered by the government. The Commission wants the terms of service to be prescribed as part of regulations that it can administer. (Mint, 17.03.18)

CCI Penalty on CDAB

The CCI found the Chemists and Druggists Association of Baroda (CDAB) and Federation of Gujarat

State Chemists and Druggists Association (Gujarat Federation) to be in contravention of the provisions of the Competition Act.

One of the stockists based in Vadodara filed a complaint alleging that despite an earlier order of the Commission in the year 2012, CDAB, through its practices, has continued to limit and control the supply of drugs and medicines in the market by mandating 'No Objection Certificate', before appointing stockists and payment of 'Product Information Service' charges. (BS, 05.01.18)

'Hard Core Cartel' Fined

The CCI imposed a ₹135 crore penalty on three firms for rigging bids and forming 'hard core cartel' with respect to tenders floated by Maharashtra State Power Generation Company.

The complaint was filed back in 2013 wherein it was alleged that there was cartelisation in tenders related to coal liaisoning works for various thermal plants. A fine of ₹111.60 crore and ₹16.92 crore has been imposed on the respective parties.

Besides, the regulator has directed the three firms – Nair Coal Services, Karam Chand Thapar & Bros and Naresh Kumar & Co to 'cease and desist' from anti-competitive practices. (BS, 11.01.18)

Unfair Business Practices

The CCI imposed a total fine of more than ₹54 crore on Jet Airways, InterGlobe Aviation and SpiceJet for unfair business practices with respect to fixing fuel surcharge (FSC) on cargo transport.

Besides, the watchdog has directed the three airlines to 'cease and desist' from anti-competitive practices. A fine of ₹39.81 crore has been imposed on Jet Airways while the penalties on InterGlobe Aviation and SpiceJet are ₹9.45 crore and ₹5.10 crore, respectively. According to the regulator, the airlines acted in a concerted manner in fixing and revising the FSC rates in violation of competition norms.



<https://economictimes.indiatimes.com>

(Mint, 07.03.18)

Competition Commission Plans Study on Taxi and Auto Aggregators' Market



Amid auto and taxi-hailing apps gaining popularity and attracting more users, there are persisting concerns over possible anti-competitive practices with respect to tariffs charged at different points of time. Rapid growth of taxi-aggregators has disrupted the transport industry, especially in urban and semi-urban areas

The Chairman of the fair trade regulator Competition Commission of India (CCI) Devender Kumar Sikri said that the CCI plans to conduct a study on app-based auto-taxi booking sector.

According to Sikri, the study will examine various aspects like the working of the sector and if any regulations are required for it, so as to 'effectively' advise the state governments about the industry.

Speaking at the International Conference on Competition and Development, organised by CUTS International in New Delhi, on March 19, 2018 he said that 'surge pricing' will be one of the main focus areas of the study.

At his presentation 'Competition Policy – A critical link to inclusive growth', Sikri said the virtue of the competition law is in its intent on ensuring growth of the market through effective market practices. He also said that economic growth does not produce a 'trickle-down effect' that benefits those at the bottom of society. A robust competition regime ensures that the rules of 'game remain fair' for market players and ensures that entities do not enter into anti-competitive practices which distorts competition.

The antitrust agency's mandate is to enforce laws that level the playing field and enhance the quality (of goods and services), reducing costs by improving market efficiencies. On the issue of jurisdictional overlaps between market regulators, such as the CCI and specific sectoral regulators, such as TRAI, he pointed out that each are governed by distinct legal frameworks and those should be respected.

Amid auto and taxi-hailing apps gaining popularity and attracting more users, there are persisting concerns over possible anti-competitive practices with respect to tariffs

charged at different points of time. Rapid growth of taxi-aggregators has disrupted the transport industry, especially in urban and semi-urban areas.

This has spurred market competition in the sector and consequently, consumers have benefitted immensely through affordable and easily accessible rides. However, the rapid innovation-led disruption caused by taxi-aggregators has stimulated concerns with incumbent players regarding unfair competition.

Having said this, in such a rapidly evolving market landscape, ascertaining issues regarding unfair competition can become an increasingly challenging task and inherently depends upon the nature of market competition in a specific geography. While certain complaints of alleged unfair business practices against cab aggregators have been rejected by the CCI on earlier occasions, the regulator is looking to have a better understanding about this market.

Various aspects, including surge pricing, would be looked into, he said, adding that it also needs to be understood whether there is a need to have some kind of regulations in this regard. Surge pricing refers to price at a particular point of time when the demand is generally high compared to the availability of services.

"When we do advocacy with governments, (we) must be sure of the sectoral knowledge", Sikri said. The CCI Chief emphasised that competition law is a new dimension added for market and market practices. "But it cannot be a panacea for lack of good governance. It best can play a supplementary role", he noted. Elaborating, he said that once competition settles down in markets, for bearing is required in order to optimally regulate and *ex post* enforcement to regulate competition which requires an evidence-based approach.

– This has been abridged from news published in The Economic Times on March 19, 2018

A Bottom-up Approach to Achieve United Nations' SDGs

Arun Maira*

The United Nations' Sustainable Development Goals (SDGs) are inspiring many people around the world. They are referred to very often in business conferences. Civil society organisations recall them repeatedly. Government officials often cite them. It seems there is a consensus about the goals. Now the question is, how can the stakeholders work together more effectively to achieve them.

Problems, such as persistent poverty and inequality, poor health, and environmental degradation that the SDGs aim to solve are systemic issues. They have multiple interacting causes. They cannot be solved by any one actor. Nor are they amenable to silver bullet solutions. Strong institutions founded on principles of partnership, cooperation and universal justice, which the last two SDGs underline are essential.

All stakeholders recognise the need for effective partnerships. However, disagreements among stakeholders, as well as among diverse experts with divergent perspectives who must come together to address complex issues, make progress difficult. The default theory of effective management, of command and control, becomes very tempting to apply. Governments construct centralised, top-down programmes.

In addition, corporate social responsibility (CSR), as well as international non-government organisations (NGOs) programmes, are managed centrally to achieve scale and to improve efficiency by deploying best practices.

There are three problems with this approach. The first is that one size does not fit all. The second is that the many different capabilities that must be brought together to address systemic issues that are unable to collaborate with each other easily on the ground – when all of them, whether in government, an international NGO, or a global philanthropy, are reporting up' to their respective bosses at their centres. The third problem is that the people who must be the ultimate beneficiaries of the solutions, and who can contribute significantly to their design and implementation, have inadequate voices in the design and management of expert-driven, top-down programmes.

The Club of Rome warned in 1972 that humanity would face a “Tragedy of the Commons” if it persisted with its paradigm of economic growth. Its warnings were largely ignored. Since then, more reforms within the prevalent paradigm enabled long periods of economic growth around the world. The SDGs are a realisation that humanity



cannot postpone much longer the development of new strategies for the management of the commons.

Faster progress towards the SDGs will require new models of enterprises in which the people must have a much greater say in governance. The tragedy of the commons is caused by the clash of two sets of rights along with two fundamental principles of good governance. The fundamental principle driving democracy is human rights. Every individual, rich or poor, has a right to fundamental human needs, such as health and education, and also to equal political rights in the governance of their societies.

The fundamental principle driving the growth of capitalist economies is the right to private property – which is consonant with a concept in economics that human beings are self-interested agents who will take care of only what they own. These two principles lead to very different principles for the governance of enterprises. Whereas in democratic governance every human being, even if she owns nothing, must have equal voice, in capitalist enterprises, those who own more.

An innovation in enterprise design to reconcile this dilemma is the concept of ‘social enterprises’ promoted by Muhammad Yunus and others. The owners of social enterprise are the beneficiaries of its services and profits. Social enterprises stand in between the domains of for-profit corporations on one side (which extract and accumulate wealth from the commons) and charity, philanthropy, and CSR on the other side (which then *give back* to repair damage to the commons and *do good*).

The last two SDGs could be the keys to progress on the rest. More such innovations in the design of cooperative institutions – of the people, by the people, for the people are required to reconcile the democratic principle of equal human rights, with the capitalist principle of sacrosanct property rights.

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This has been abridged from an article published in Mint on January 08, 2018

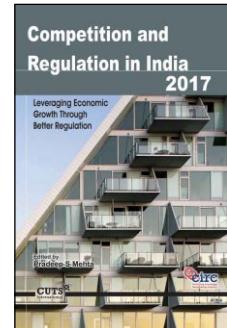


Competition and Regulation in India, 2017 Leveraging Economic Growth Through Better Regulation

The India Competition and Regulation Report, 2017 (ICRR, 2017) is a compendium of policy relevant research on the status of competition and regulation in India spanning across sectoral and institutional dimensions. This volume is the sixth in a series of biennial reports which endeavours to monitor people's perception of the state of competition and regulation in India, with an emphasis on certain selected sectors.

This publication serves to shed light on the role of competition policy and law as essential policy tools towards achieving sustainable and inclusive development. It provides a series of studies, which clearly reflect, from a pragmatic perspective, importance of effective implementation of competition policies and regulations for sustainable development. In addition, this volume has analysed specific competition and regulatory aspects of sectors, such as Agriculture (APMC reforms); GM Cotton seeds and issues pertaining to competition, price control and licensing, Standards Essential Patents along with issues related with its licensing on FRAND terms in ICT Sector and Digital Financial Services.

This publication can be accessed at: <http://www.cuts-ccier.org/icrr2017/pdf/Report-ICRR2017.pdf>



Digital Payments: Level the Playing Field to Leverage the Potential – Competing with cash in retail payments



The digital payments sector in India is facing tectonic shifts. Entities with divergent business models, subject to diverse regulations, are competing for a pie in the market share. This report takes a stock of the existing business models in the digital payments sector and reviews the applicable regulatory framework to such business models. The objective is to ascertain if level playing field exists for the market players in the sector to compete efficiently. The report takes a step further and analyses reasons for lack of level playing field in the sector, highlights adverse impacts of such situation on consumer welfare. The report concludes with providing specific recommendations to level the playing field for leveraging the potential of digital payments in the sector.

This publication can be accessed at: http://www.cuts-ccier.org/Payments-Infrastructure/pdf/Research_Report-Competition_assessment_of_payments_infra_in_India.pdf

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