Will a New Vice Chairman Mean a New NITI Aayog?

Two and a half years ago, the NITI Aayog replaced the Planning Commission in what could be called a vengeful manner. In the same period, the think tank’s Vice Chairman (VC) has now been replaced. NITI Aayog will continue to be watched closely not just by policy observers but also by the Prime Minister (PM) as its success depends on the credibility of his decision to create this new body as a better substitute to the Planning Commission.

Therefore, the VC designate of the NITI Aayog, Rajiv Kumar has also much to establish for the reputation of the Commission as a body that is truly engaged in constructive policy advisory focussing on implementation rather than a body that acts like a mouthpiece of the government.

Kumar’s real test will lie in how skilled a ‘funambulist’ he will be as he balances the expectations from the PM’s Office, work with other members of the think tank, manage complex interest of states and deal with pressures from the swadeshi lobby while pursuing reforms and transformatory ideas for India.

His thinking on creating jobs vs. tom-tomming growth as a matter of national economic priority could well be the winning card. It is surely not an either/or situation but the thrust on job creation is central to poverty eradication agenda, particularly to cater to a rising youth population.

Kumar in the past has rightly advocated that the government should focus on job creation and let us add, creating job creators. He can set this goal as an ultimate indicator of inclusive and sustainable growth and start to rekindle life in the charter of NITI Aayog to meet this goal. He should realign focus on health and education, which are keys to economic growth and job creation.

By appointing Vinod Paul as a new member of the think tank, government has indeed shown its seriousness about health outcomes though late. His appointment relates to the composition of the NITI Aayog. Its VC and four other expert members are tasked of liaisoning with 29 states and seven UTs across a huge bandwidth.

With a change of guard, there is also an opportunity to revisit the performance of NITI Aayog vis-à-vis its functions. One of the envisaged goals of the think tank was also to formulate credible plans at the village-level and aggregate these progressively at the higher-level.

Besides, NITI Aayog should also carry out innovative improvements in policies based on feedback received from monitoring. This actually empowers the Aayog to disagree with policy designs, which might have acquired prior endorsements from powerful government lobbies.
**Inclusive NTP Policy**

India will soon unveil a new National Telecom Policy (NTP) that promises to be more ‘inclusive’ and the one that will have every stakeholder responsible for each decision and would be accountable to a central authority. The new policy should address the current problems of the telecom industry.

Current process involves the Telecom Ministry raising an issue and all Ministries concerned providing their views. Analysts feel that this would help the industry get clarity and will attract telecom companies to India.

The move is also aimed at improving the ‘Ease of Doing Business’ in India and making the country an attractive investment destination. *(IE, 12.09.17)*

**Consultation on 5G Sales**

The Telecom Regulatory Authority of India (TRAI) has started consultation process for the next round of spectrum auction that includes radio waves for 5G services and frequencies, such as the prized 700 MHz that had no takers in the previous auction.

While the Department of Telecom (DoT) has proposed to hold auction in 2017, TRAI has sought opinion on when the next round of auction should be held and whether it should be done in a ‘phased manner’, given the financial stress on telecom operators. Cellular Operators Association of India (COAI) has mentioned that appetite for spectrum is likely to be felt only by late 2018 or early 2019. *(HT, 30.08.17)*

**Optic Fibre Connectivity**

Around 1.5 lakh gram panchayats (village councils) will be connected via optical fibre under the national optical fibre network programme of the Centre by mid-2018, the Union Minister for Electronics and IT, and Law and Justice, Ravi Shankar Prasad said.

The targeted 2.5 lakh gram panchayats are to be connected under this programme, now called ‘BharatNet’, and around one lakh have already been connected.

In three years, it has covered 210,000 km as compared to just 358 km being covered since it was announced in 2011. The scheme would see the launch of telemedicine, education and skills training through digital technology in connected villages. *(BL, 18.07.17)*

**Better Handset Technology**

There are issues related to internet speed in 4G smartphones with dual SIM slots, and handset makers have been asked to improve the technology and address the issue, said the Minister of State for Law and Information Technology, P P Chaudhary.

The degradation of internet speed has hit the telecom industry in the last few months. In March 2017, industry body COAI had alleged that there has been a ‘massive influx of untested and uncertified smartphones’ affecting network quality and responsible for high call drops in the country. The extent of degradation can also be brought down with improvements in algorithms provided by chip manufacturers. *(ET, 20.07.17)*

**Regulating Cloud Services**

TRAI has advocated a light touch approach to regulate cloud services and urged the DoT to lay out a broad framework for registration of an industry association of cloud service providers (CSPs). Such terms and conditions would include the eligibility criteria, entry fees, period of registration and the governance structure of the proposed CSP industry body.

TRAI has also suggested that proposed industry body of CSPs to prescribe the code of conduct for its functioning, which would have to be adhered to by all members, and regulating CSPs through their proposed industry body would be the ‘most appropriate framework’. *(ET, 17.08.17)*

**No Need for Floor Price**

TRAI said that the telecom industry has reached a consensus that there is no need for a floor price for telecom services as of now. TRAI Chairman R S Sharma arrived at a consensus that fixing the floor price ‘is not a workable idea’.

TRAI met operators after a section of incumbent telecom companies demanded fixation of a minimum floor price for data and voice calls. If a minimum floor price had been set, it could have meant an end to freebies in the market. *(ToI, 22.07.17)*

**High Penalties for Call Drops**

Telecom operators will now have to pay hefty penalties for call drops. TRAI has issued stringent guidelines with a penalty of up to ₹10 lakh on companies if they fail to meet the benchmark for three consecutive quarters. The penalty amount will be increased 1.5 times and in the third consecutive month will be doubled.

“We have proposed a financial disincentive in the range of ₹1 lakh to ₹5 lakh. It is a graded penalty system, depending on the performance of a network”, said R S Sharma. According to the amendments of the Quality of Service regulations, the drop call rate will now be assessed on a percentile basis. *(BL, 18.08.17)*
Highways with Green Cover

The National Green Tribunal (NGT) has directed the National Highway Authority of India (NHAI) to maintain the mandatory green cover along national and state highways in order to maintain ecological balance.

The aim of the policy is to promote greening of highway corridors with participation of the community, farmers, private sector, non-government organisations (NGOs) and government institutions.

The NHAI assured the tribunal that it would follow the Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy, 2015 in true spirit and substance. The National Capital Territory Delhi, Haryana and Rajasthan are directed to ensure due plantation on government land, which are adjacent national/state highways.

Plan for Concrete Roads

Union Transport Minister Nitin Gadkari said, “All the roads in the country would be converted into cement concrete ones to ensure their durability. I guarantee that they will last for 200 years”.

“In Mumbai, the cement concrete roads built 20 years ago are still in a good shape. But some bureaucrats and contractors do not wish that such roads should be constructed in Mumbai”, Gadkari clarified in the backdrop of public outcry over the poor state of roads in Mumbai and its suburbs.

Solar Powered Train

In a drive towards making the Indian Railways environment-friendly – India’s first solar-powered diesel electric multiple unit coach commenced its operations at Safdarjung railway station in New Delhi.

The country’s first 1,600-horse power diesel electric multiple unit (DEMU) coach has a solar-powered hotel load system, installed and commissioned by Jakson Engineers.

According to the official statement, the solar rooftop system will generate 7,200 KW per system per year, and it will be used for powering internal lights, fans, and other electrical systems of the coach. Besides, the project will help offset carbon emission by nine tonne per coach per year.

Death Traps on Roads

Waterlogged streets with boats plying on them are a lesser evil compared to potholes and open manholes, which are death traps set by civic authorities. It is a yearly phenomenon across India flying in the face of state governments’ claims of monsoon preparedness.

About 3,500 people had died in 2015 due to potholes, according to the Road Transport Ministry, with Maharashtra witnessing a seven-fold increase in such deaths that year.

Moreover, it is easy to pass the buck by citing the reason of multiplicity of authorities in cities, but the real cause is corruption as road laying is a lucrative deal for contractors and concerned persons.

Worst Fear of Railways

A blueprint prepared by the Railways has recently confirmed its worst fear i.e. within the following three years, domestic airlines will overtake it as India’s most preferred mode of long-distance travel for upper-class passengers.

While speed has traditionally provided the edge for airlines, ‘price’ has also given them a complementary advantage, states the blueprint, which warns that these two factors need to be taken up on an urgent basis. This should serve as a ‘wake up call’, and requires clear cut strategies on pricing and capacity augmentation, the blueprint mentions.

ITS Policy Framework

NITI Aayog said that it has signed an agreement with the Geneva-based International Road Federation for designing a policy framework for intelligent transportation systems (ITS) in the country.

The policy would aim at addressing issues like road safety, traffic congestion, security of passenger and goods traffic and parking management, among others.

The objective of statement of intent (SoI) is to create a national platform involving all relevant government stakeholders, Indian and foreign companies active in the sector, and relevant technical experts for the purpose of developing a national ITS policy.
### HPCL’s New Investment

Hindustan Petroleum Corporation Limited (HPCL) Plans to invest ₹61,000 crore in five years ending 2022 to scale up its refining and marketing operations. The state-run oil marketing company plans to invest ₹7,110 crore in current fiscal against ₹5,860 crore in FY17. In 2016-17, HPCL’s refiners’ throughput was 17.8 million tonne while it sold 35.2 million tonne.

“HPCL is focussing on enhancing the refinery base to increase self-sufficiency, diversify into the profitable segment of petrochemicals, expand core business of refining and marketing. It also aims to create presence in the business line of natural gas for achieving growth and superior financial performance”, said Mukesh Surana, Chairman, HPCL.

*(ET, 18.09.17)*

### New Biofuel Policy

The government will soon bring out a new policy on biofuel to incentivise the use of the cleaner fuel, said Oil Minister Dharmendra Pradhan. To cut India’s dependence on imported crude oil, the government has been promoting the use of biofuel but with less success.

Over the years, the official mandate to oil companies to blend ethanol and biodiesel in certain proportion in petrol and diesel respectively has been only partly implemented.

The potential for the biofuel industry in India is around ₹1-1.5 lakh crore. About US$2bn is being invested by the government companies on second generation biofuel refineries across the country. *(ET, 10.08.17)*

### India-Kazakhstan Ties

In 2016, Kazakhstan’s Energy Minister urged Indian investors, particularly in the hydrocarbon sector. The Ministry is finalising a policy that envisages offering control to private players in many producing fields that were given to ONGC in the past without an auction.

Players promising higher production will get majority interest in the nomination fields while ONGC will retain minority interest. Nomination fields accounting for about 85 percent of the ONGC’s crude output, are already being supervised by the Directorate General of Hydrocarbons. *(ET, 19.09.17)*

### Setting Oil Refinery

Indian Oil Corporation (IOC) said its board has given approval to setting up of a ₹27,460 crore refinery by its subsidiary, Chennai Petroleum Corp Ltd. (CPCL). The Board of Directors of CPCL had earlier recommended setting up a new 9 million tonne a year refinery at an estimated cost of ₹27,460 crore (with an accuracy of plus-30 percent).

HPCL is focussing on enhancing the refinery footprint to increase self-sufficiency, diversify into the profitable segment of petrochemicals, strengthen and expand core business of refining and marketing for achieving growth and superior financial presence. *(ET, 25.09.17)*

### Boosting LPG Base

French oil and gas company, Total S.A. plans to invest in expanding Liquefied Petroleum Gas (LPG) infrastructure in India, including boosting storage capacity, import terminals and distribution network.

The firm sells lubricants and LPG in India and in 1998 commissioned a fully integrated LPG import terminal at Mangalore. It also has a minority stake in Liquefied Natural Gas (LNG) import terminal at Hazira (Gujarat).

Besides 5 million tonne a year Hazira import facility, Petronet LNG Ltd. operates a 15 MT terminal at Dahej and Gujarat State Petroleum Corporation is also building a 5 MT terminal at Mundra in the state. *(ET, 01.09.17)*

### Creating Trading Hub

India’s natural gas sector will see more market-friendly reforms, which will help create a trading hub in the country, said Dharmendra Pradhan.

“We are in the process of reforming the gas market in India where gas can be sold through a gas trading hub”, he stated.

India is the 4th biggest LNG importer in the world, sourcing nearly half of its gas requirements from overseas countries. An electronic trading platform is expected to be ready by early 2018, which will allow only physical trading, according to sources. *(ET, 12.07.17)*
Free Electricity Plan

Modi has launched a ₹16,000-crore scheme, Pradhan Mantri Sahaj Bijli Har Ghar Yojana or Saubhagya that will deliver free electricity connections across the country by December 2018. Modi also pointed out that a large number of people lacked electricity connections more than a century after the invention of the incandescent bulb.

Earlier, it was already ensured by the government that all household in the country will be electrified before August 15, 2022.

Moreover, May 2018 was announced as the deadline for the electrification of the villages and there are stringent plans to achieve the target. (ToI, 26.09.17 & IE, 10.08.17)

Rapid Pace of RE

India’s renewable energy (RE) programme is proceeding at such a rapid pace that its contribution to total power generation will equal that of coal in 2026 and surpass it the following year, according to projections made in the second volume of the Economic Survey released in August 2016.

Presently, India’s installed power capacity is 327 GW of which thermal power from coal comprises 192.16 GW or 55 percent of the total, while RE capacity is 57.26 MW or 18 percent of the total. India has set itself the goal of 175 GW of renewable power capacity by 2022 and 275 GW by 2027. (ET, 12.08.17)

Steep Fall in Coal Boom

Over the past two years, India’s coal use has increased by an average of just 2.2 percent a sharp fall from the previous 10 years when average annual growth was over 6 percent. These findings of Greenpeace’s Energydesk, are significant because India – the world’s third largest carbon dioxide emitter after China and the US, is seen as the next big coal frontier.

India has committed to produce 40 percent of its electricity from non-fossil sources of energy by 2030 under the Paris Climate Accord. It, therefore, has planned to scale up targets for RE capacity from 30GW by 2016-17 to 175 GW by 2021-22. (ToI, 03.08.17)

New Solar Norms

India has recently announced new norms to improve bankability of solar power projects and boost investments without raising tariff, even as the International Renewable Energy Agency (IRENA) said the country can raise RE use to meet a quarter of its demand by 2030.

The solar guidelines, laid down by the Renewable Energy Ministry prevent discoms from unilaterally amending or terminating power purchase agreements (PPAs) – a recent trend among states, which threatened the bankability of projects. The norms prescribe tariff-based bidding method for purchasing solar power by discoms, with at least a 25-year PPA tenure to keep tariffs low. (ToI, 22.08.17)

Impact of Low Tariffs

Record low tariffs might cast a shadow on solar projects as low bids mean little financial buffer in case of hurdles, such as cost overruns or implementation delays. Over-aggressive bids in the recent past might risk derailing of solar energy projects in future.

According to India Ratings & Research report, there are counter party and grid challenges, too, affecting solar space. Weak counter parties in the power sector pose a risk to renewable projects. Low tariffs in recent bids do not have the headroom to absorb revenue loss due to grid curtailment, added the report. (DNA, 18.08.17)

Companies to Sell RE Assets

Around 3,000 MW of wind energy capacity is up for sale in India as the central government has either reduced the quantum of financial benefits or completely ceased in some cases.

Thus, companies which invested in setting up wind energy projects with the purpose of reaping tax benefits and generating additional revenue are looking to sell these assets.

Wind energy developers used to get two incentives – accelerated depreciation and generation-based incentive – which played a critical role in the wind energy growth and making it the largest contributor in the RE sector. (cleantechnica.com, 25.08.17)

Frequent Wind Auctions

The government is set to auction wind power projects more frequently and is willing to abandon separate purchase obligation for different sources of clean energy for state utilities. Energy Minister Piyush Goyal said that wind power bids should be brought out every month for the inefficient industry players to face competition.

“I welcome the churning happening in the industry and look forward to healthy competition and affordable power for all through increase in scale”, said Power Ministry statement during power purchase agreement for 1050 MW between winning bidders in the first wind power auction held in February 2017 and PTC India Ltd. (Mint, 22.07.17)
Invisible Money Funding

Emphasising the need to bring in more transparency and accountability in political funding, Arun Jaitley said that Indian democracy has been funded by ‘invisible money’ for the last 70 years and different institutions have failed to check it.

In addition, Jaitley also said that government is ‘actively working’ on the electoral bond mechanism, which he announced in the previous budget — but no party came forward with suggestions on how to make political funding cleaner. Jaitley also announced the introduction of electoral bonds for ensuring transparency in political funding.

(Mint, 23.07.17)

MCX to Disgorge Money

The Securities and Exchange Board of India (SEBI) has directed 13 officials of the Multi Commodity Exchange (MCX) and 63 officials of Moons Technologies, formerly Financial Technologies India (FTIL), to return a total of ₹124 crore (including annual interest of 12 percent) made unlawfully.

Among those so directed are Paras Ajmera (₹72 crore), Harirahan Vaidyalingam (₹46 crore), Manish Shah (₹2 crore), Shreekant Javalgekar (₹1.1 crore), Joseph Massey (₹87 lakh) and Anjani Sinha (₹12 lakh). All were either Directors or held key positions in FTIL or MCX.

(BS, 02.08.17)

Banks Need Haircut

Banks are likely to take a haircut of ₹2.4 lakh crore, or nearly 60 percent, to resolve 50 large stressed accounts, states Crisil report. These 50 companies are from the metals, construction and power sectors, and account for half of the ₹8 lakh crore NPAs in the banking system as on March 31, 2017.

Banks might have to take a haircut of 60 percent, worth ₹2.4 lakh crore, to settle 50 large stressed assets with debt of ₹4 lakh crore. The haircuts have been classified into four categories – marginal (less than 25 percent); moderate (25-50 percent); aggressive (50-75 percent); and deep (more than 75 percent).

(IE, 19.07.17)

Cash No More the King

State Bank of India (SBI) said in a research report that card payments on point-of-sale (PoS) terminals have hit a record monthly amount of ₹70,000 crore, a level that would have taken three years to reach had demonetisation not taken place.

“We have analysed that demonetisation has brought the nation at least three years ahead in digital payments”, stated the report. If demonetisation had not happened, it would have taken three years more for credit and debit cards transactions on PoS terminals to reach the current level of ₹700bn – assuming a yearly growth rate of 25 percent the report revealed.

(Mint, 14.07.17)
Telecom Sector to Stabilise in Four to Six Months: Manoj Sinha

Union Minister of State for Communications, Manoj Sinha has grand plans for the telecom sector. Having initiated a host of reforms in the sector, he states that the sector will stabilise in the following four-six months

Why do you think the Telecom sector is in distress?
This condition often comes up whenever a new entrant comes in. Back in 2003 as well, there was a disruption on the entry of a new player, but the market stabilised within a year. It is true that for the last few quarters, there has been a revenue loss. The government has constituted an inter-ministerial group (IMG). The group will figure out ways to resolve the issues. The telecom sector will be back on track.

After the entry of Reliance Jio, others are losing ground. Are you saying that the government will resolve the issue through a holistic approach?
We do not talk about any individual player; we look at the telecom sector, as a whole. Prior to our government, this sector used to be in headlines for all the wrong reasons. We have been able to remove the trust deficit in this sector. The fundamental decisions like trading, sharing, harmonisation of spectrum, etc., taken by the government have benefitted the sector. Besides, we have allowed sharing of active infrastructure and towers. So, all our efforts have instilled confidence among the sector and among the Indian and foreign investors.

Telecom players are offering free voice, charging instead for the data. Do you think it is a financially viable model?
There is one player which is doing so. The market is switching from voice to data and the data consumption of the country has multiplied six folds in the past one year. We have surpassed America and China in data consumption. We will take care of the big market in our policy and we will ensure that the success story of the sector continues.

What is your vision for the telecom sector?
We are focussing on two major aspects. First, we have to take mobile connectivity or tele-density, which is currently over 93 percent to 100 percent by 2020. Second is to remove the divide between urban and rural India. Every citizen must get the facility of Internet connectivity.

Do you think private operators can play a big role in fulfilling Prime Minister’s dream of Digital India?
Certainly the government and the private sector can collectively make this dream come true. This can bring a revolutionary change and the Prime Minister has brought in the ‘Digital India’ movement at the right time. For example, in November 2016, which I think is a historical date of this country, the day when demonetisation came in. Many people had reservations, but apart from some difficulties, I believe it was done successfully.

In a highly competitive era, what is the role of BSNL and how has it been performing? BSNL has taken many new initiatives as well.
BSNL went into a loss in 2006-07 and this was the time when private players were investing in technology while Bharat Sanchar Nigam Limited (BSNL) was struggling with a financial crisis. After Prime Minister Modi came into power, there has been a shift in the work culture of BSNL. In 2016, BSNL pegged operating profit of ₹3880 crore, and I hope this time we will have an operating profit of over ₹4000 crore.

What about the challenges that the MTNL faces?
There are a few challenges with spectrum. There is increased financial burden on Mahanagar Telephone Nigam Limited (MTNL) but we are working seriously on how to revive MTNL. We have appointed a consultant who has already given his report and we will take some decisions soon. MTNL is also installing base transceiver station (BTS) in Delhi and Mumbai with the capital of 170 crore so as to provide better facility.

Any plans for auction in the near future?
Last year, there was sufficient spectrum on the table during the auction and there was a sale of 965 MHz spectrum. We will take decision on the right time when industry feels the need of it and the government finds it appropriate.

Editor’s Note
Edited excerpts of an exclusive interview of Manoj Sinha with Suman K Jha, associated with BusinessWorld. This was published on September 01, 2017
Reforms in Last Three Years Boosted Railway Loading and Earnings

Could you specify some of the tariff and other reforms and what has been their impact on revenue and traffic growth this financial year?

We have recently decided to provide freight concessions for double stack containers, liberalised automatic freight rebate scheme in empty flow directions, rationalised distance slabs above 1,500 km and up to 3,500 km withdrawn port congestion charges. We have offered short-lead concessions and discount for loading of bagged consignment in open and flat wagons, concessional station-to-station rates. Besides, we have rationalised classification of commodities, and permitted all rail routes in place of rail-cum-sea routes, among other things.

These freight tariff rationalisation schemes have yielded significant results in terms of freight loading and earning during April-August 2017 as compared to the corresponding period of last year.

In which areas have these measures resulted in a significant jump in loading for the Indian Railways?

Various initiatives taken over the past three years have helped in not only reversing the trend of falling loading and net tonne kilometres (NTKMs) but have also facilitated high growth rates in some commodities. During the period between April and August 2017, incremental loading of almost 22 million tonne (4.8 percent growth over the past year) has been achieved, while the NTKMs have grown by 4 percent.

With the growth in traffic, what are the major plans for augmenting Railway capacity?

The Indian Railways has been grappling with capacity constraints due to years of underinvestment. These acute capacity constraints have adversely impacted both passenger and freight business. Recognising the need for capacity augmentation to regain market share, we have accorded priority to significantly improving capacity on the existing high-density networks, gauge conversions, doubling, tripling, and electrification.

Infusion of capital to the tune of ₹8.56 lakh crore has already been tied up for the Indian Railways during 2015-19. Furthermore, in 2017-18, we have further stepped up the capital expenditure to ₹1.31 lakh crore with the focus remaining on the most remunerative capacity expansion works.

The Railways is targeting massive capacity augmentation by way of two dedicated freight corridors (DFCs) by 2019 and is planning three new DFCs. In addition, enhanced rolling stock procurement is also planned by the Railways through public sector units as well as the private sector.

Terminals have been an area of concern. What has been done to promote private freight terminals and capacity of existing terminals?

As a conscious strategy, the Indian Railways has decided to encourage private investment in terminals and sidings to bring about improvement in freight terminals. The liberalised siding policy was issued in August 2016. The policy is targeted towards making the process of setting up of private siding industry-friendly, minimising delays by fixing timelines, ensuring transparency and objectivity, and sharing of costs and burdens.

The Private Freight Terminal (PFT) policy was revised in 2015, making it more attractive and industry-friendly, and 103 proposals have been received for development of PFTs at different locations. Out of these, 49 PFTs have been commissioned and are functioning with an investment of approximately ₹1,200 crore. In principle approval has been given by the zonal railways for 40 proposals and the remaining proposals are under examination.
Earlier this year, when India decided to end government-owned Coal India’s four-decade grip on the sector by opening it up to private companies, it revived the perennial debate about state monopolies and the need for introducing competition wherever they have been inefficient.

While there is no doubt the private sector has acquired a much bigger presence in the Indian economy in the past 70 years, there are still many areas within the government domain that can be freed up. Topping the list are transport, railways, power distribution and defence, which are still very closely held by the government.

The public sector business model evolved under Jawaharlal Nehru is readily derided by many in the current administration. But for all their aggressive rhetoric, they are not ready to usher in reforms and privatise the Indian Railways – the very symbol of the State mired in business.

Though the private sector has acquired a much bigger presence in the Indian economy in the past 70 years, there are still many areas within the government domain that can be freed up

The energy sector is a tougher nut to crack, according to experts. Power distribution is the weakest link in the value chain, impacting financial health of power generation companies and in dire need of competition.

“The power sector is more difficult as element of subsidy is very high”, said CARE Ratings chief economist Madan Sabnnavis. “Moreover, prices are fixed by the state and are lower than procurement prices”, added Sabnnavis.

The difficulty is greater in rural areas where power is highly subsidised for agriculture or even free. This is also an election issue. So, it might not be financially feasible for the private sector to venture there”, Sabnnavis elucidated. Furthermore, Rajeev Kher, member of erstwhile Competition Appellate Tribunal, said gas and coal are areas where more can be done.

How long can coal be a state monopoly? In July 2017, the draft national energy policy of government think tank NITI Aayog talked of moving away from the opaque coal economy. It suggested that the government corporatise the seven subsidiaries of Coal India into independent companies and allow them to compete against one another in an open market.

Fresh production from new private sector mines would improve efficiency and reduce prices through competition, Coal India mentioned. However, it cautioned that market-determined coal supply might adversely impact electricity prices for vulnerable customers.

The Indian Railways is a huge entity that offers employment to a little over 1 million people who live off government fat without accountability. The system strongly opposes competition and tries to vigorously perpetuate itself.

Its killer trains are unsafe – at any speed – and the tracks, compartments and railway platforms are hardly fit for use. Everything seems creaking, ancient, rickety and broken. Fixing footbridges is akin to applying a band-aid to a life threatening wound.

* Journalist with The Economic Times

This has been adapted from an article published on August 15, 2017
**Tools to Revive Growth**

The Indian economy has seen an across-the-board deceleration in economic activity that requires policymakers to come out with all possible tools to revise growth, Chief Economic Advisor Arvind Subramanian said.

Growth in FY18 is likely to be towards the lower end of the 6.75-7.5 percent band suggested in January-end due to factors like appreciation of the rupee, farm loan waivers and transition challenges from implementing GST. “We are not changing the growth forecast, but because of all these risks it is less likely that we will see outcomes towards the upper end of the forecast,” Subramanian added.

**(DNA, 12.08.17)**

**Changes in Factories Act**

The Centre’s move to amend the Factories Act 1948 is set to be opposed by all trade unions. Bharatiya Mazdoor Sangh (BMS) stated that the proposed amendments would take the country back to the ‘feudal age’ and help ‘erring big companies’, while accusing the Centre of ‘bypassing’ the Parliamentary Standing Committee and empowering bureaucracy.

BMS also picked holes in the Centre’s attempts to ‘Ease of Doing Business’ on the grounds that allowing online applications for licences and web-enabled random inspections might lead to mushrooming of illegal units everywhere. *(BL, 16.08.17)*

**Law Imposing Heavy Fine**

The government can legislate a proposed law, which imposes heavy fines on polluting units in Uttar Pradesh or elsewhere. The proposed legislation is meant to amend the existing Environment Protection Act and the National Green Tribunal (NGT) Act, and provides for an increase in the existing penalty from ₹1 lakh to a minimum ₹5 crore, and imprisonment up to seven years for causing ‘substantial’ environmental damage.

The proposal drew a lot of flak from environmentalists who criticised the ‘pollute and pay’ principle, but to have such a law is strengthened by NITI Aayog, which argued that the present mechanism under the existing law might often lead to ‘drastic action or no action’ against the violators. *(ToI, 29.08.17)*

**Mixed Facts in Economy**

The second part of the economic survey for 2016-17 by economist Arvind Subramanian flagged lurking risks to growth while asserting that there is scope for slashing interest rates (against the backdrop of declining inflation) to enable the economy to achieve its full potential.

Stressed farm revenues, loan waivers and the fiscal tightening that it might entail and declining profitability in the power and telecom sectors raised concerns. “There are financial stability benefits from cutting policy rates, as reducing the cost of funds without a commensurate decline in lending rates will help restore banks’ profitability”, stated the survey.

*(ToI, 02.08.17)*

**Setting up 50 New SEZs**

As many as 50 new special economic zones (SEZs) have been set up in the country during the last three years. The then, Commerce and Industry Minister Nirmala Sitharaman said that in 2016-17, exports from overall SEZs increased by 12 percent year-on-year to ₹5.23 lakh crore.

Sitharaman also said it was not feasible for the government to ascertain the exact volume of export opportunities lost due to non-trade barriers. She also mentioned that the government has approved three Foreign Direct Investment (FDI) proposals – from Amazon Retail, Supermarket Grocery Supplies and Grofers India. *(IE, 02.08.17)*

**Framing Forest Fire Policy**

Coming down hard on the government for failing to prevent forest fires, the NGT has asked the Ministry of Environment, Forests and Climate Change to formulate a national policy to prevent such incidents along with the states, within three months.

Besides directing the government to ensure manpower and resource availability for the Forest Department both at the State and district/division level, NGT has asked the government to make adequate use of technology to prevent incidents of forest fire.

*(BL, 03.08.17)*

**Distressing Dilly-Dallying**

There is more to the government’s stalling of Chinese conglomerate Fosun’s US$1.3bn bid to buy Hyderabad-based Gland Pharma than meets the eye.

The twin Ministries of Health and Pharmaceuticals had reservations about the deal as it did not offer much, while a section of the industry considered the rejection was mostly due to geo-political reasons, and not because Gland Pharma owns ‘proprietary and niche technology’.

Though delays (in approvals) are usual, this case does seem a bit complex and could have been kept in abeyance. India, has been trying to establish a drug regulatory office in China – a request, which has been ignored by the Chinese.

*(ToI, 03.08.17)*
A flurry of estimates regarding Indian inequality have captured public interest recently. Whether one believes the wealth inequality numbers by Credit Suisse (financial services company) or the distributional income accounts by renowned economists – Lucas Chancel and Thomas Piketty, evidence seems to state that India has high economic disparities. But inequality is to be expected in a developing economy with a largely informal labour force, turbulent capital markets and unequal access to education.

In order to fully understand the direction of wealth and income concentration, we need to assess long-run trends and contextualise them with social structures and economic growth. The question is not just the magnitude of inequality but also whether it has increased or decreased. Moreover, we must not conflate income and wealth inequality.

Income disparity represents inequality of flows like wages and returns to capital and is closely related to employment, mobility and education. Wealth concentration at the top is an entirely different concept that cumulates past prosperity and disparity through inheritance, income and monopoly rents. By its very nature, wealth tends to be more concentrated than income. Computing wealth inequality in India is much harder because of the absence of similar tax-return data.

For centuries, India has been home to extreme poverty and some of the richest people on the planet. In 1937, the nizam of Hyderabad was declared the world’s wealthiest person by Time magazine. His wealth was estimated to be equal to around 30 percent of India’s Gross Domestic Product (GDP). The prevalent social structures meant that he was joined at the top of the wealth hierarchy by other princes and a handful of industrial tycoons.

After independence, India faced tremendous pressure for social emancipation. The inherited structures from the colonial era were incompatible with its aims for equity in a new democratic society. Old royal wealth was eliminated through the abolition of princely titles and annexation of private land into national wealth as part of Indian unification. A combination of Nehruvian socialism, Indira Gandhi’s nationalisation and hyper-progressive tax policies led to a large decline in the wealth of the elite for the period 1950-80. By my calculations, in 1966, the wealthiest 200,000 families (top 0.1 percent) had enough wealth to finance 16-17 percent of India’s GDP.

In 1985, the wealthiest 0.1 percent had a net worth of less than 4-5 percent of GDP. There was also a change in the social composition of the elite. Old wealth came to be replaced by more dynamic and financially savvy industrial wealth. New wealth is closely linked to economic dynamism. As India began to embrace the market, private capital adapted to more modern investments, and combined with market reforms, it made a select few enormously wealthy. This is why, when rich lists are compared over decades, it is the captains of industry that now dominate the top wealth rankings in India. In 1985, it took thousands of personal estates to constitute wealth equal to even 2-3 percent of GDP. Between 1996-2000 the (less than 100) members of the Forbes Rich List themselves could reconstitute this fraction.

In 2007, the pace of stock market capitalisation led Mukesh Ambani, Chairman of Reliance Industries Ltd., to become the world’s wealthiest man temporarily. India’s billionaire club could now claim a stock of wealth equivalent to almost 20 percent of GDP. Tools, such as taxes on inheritance, wealth and capital transactions were key to the initial decline of the rich and these measures were the first to be diluted or even abolished to set the stage for market reforms.

In the industrialised world, on the eve of World War I, wealth inequality was extremely high but the political and economic events of the period 1914-45 led to a sharp decline of top shares until a resurgence in the 1970s that continues to the present. But what distinguishes India is the pace of decline and resurgence of wealth concentration. The decline of income and wealth inequality between 1950-80 does not imply diffusion of prosperity in India. But the effort to democratise economic resources is an indispensable component of equitable growth.

The return of wealth concentration in India and the dominance of the rich threatens supposedly high rates of income (GDP) growth. India could grow its incomes but growth cannot be equitable if the super-rich are able to accumulate wealth at even higher rates.

* Assistant Professor of Economics at California State University (USA)
This has been adapted from an article published in Mint on September 21, 2017
Bridging Sex-ratio Gap

North Sikkim is on top and Kolkata is the worst in the list of 161 districts evaluated for child-sex ratio, said Women and Child Welfare Minister Maneka Gandhi, sharing details of districts selected under the Beti Bachao, Beti Padhao (BBBP) programme. West Bengal is the only state in India, which has completely refused to implement (BBBP) scheme.

Gandhi said out of the 161 districts where BBBP has been implemented, 104 districts have shown an increasing trend in sex ratio at birth. This really is dependent on the enthusiasm of the state government and the district head.

(Tol, 29.07.17)

India: Most Populous by 2050

The population of India is estimated to increase 26 percent, from 1.35 billion in 2017 to 1.7 billion in 2050, according to projections by the Population Reference Bureau, a global non-profit organisation.

Over the coming 33 years, India will add 323 million people, equivalent to almost the current population of the US, or more than the current populations of Uttar Pradesh and Bihar combined.

India, which currently has one of the world’s youngest populations, will age by 2050, with the proportion of young people falling to 17 percent.

(BS, 17.08.17)

132nd in War on Inequality

India has been ranked 132 out of 152 countries in an index that rates countries by their commitment to reducing inequality.

The index was put together by the international NGO Oxfam and Development Finance International to measure the efforts of governments that had pledged to reduce inequality as part of the sustainable development goals.

A recent study of 13 developing countries that had reduced their overall inequality level found that 69 percent of the reduction was because of public services.

(Tol, 22.07.17)

Pep Pills for Growth Pains

The Economic Survey by economist Subramanian has flagged multiple new risks and deflationary impulses that could hinder the country achieving the higher end of the projected growth band of 6.75 percent to 7.5 percent for current fiscal year.

A structural reform push to growth will come from implementation of GST, privatising Air India and steps to address the twin balance-sheet problem. The survey said there is considerable scope for monetary easing and the sooner it is done, the quicker the economy can reach its full potential.

(ET, 12.08.17)

Rising Pay TV Channels

The number of pay TV channels in the country increased to 295 in January-March 2017 quarter as against 287 in the previous quarter.

“The 295 pay channels include 212 standard-definition pay TV channels and 83 HD pay TV channels”, said TRAI. TRAI noted that since its introduction in 2003, Indian Direct To Home (DTH) service has displayed a phenomenal growth.

TRAI also said that apart from the radio stations operated by All India Radio, there are 293 operational private FM radio stations and 84 existing cities with operational FM radio channels.

(BL, 14.07.17)

Optimistic on Economy

A whopping 88 percent of 131 Indian Chief Executive Officers (CEOs) in the third annual India CEO Outlook 2017 report exuded confidence about the Indian economy (both in the short and medium terms) over the following three years, according consulting firm KPMG’s survey. Optimism about India’s growth is higher than that for the global economy.

As much as 85 percent are looking at high investment towards data analytics tools. Physical infrastructure (82 percent), digital infrastructure (82 percent), innovation (69 percent, including new products/services), regulatory compliance (69 percent), emerging technologies (63 percent) are other high investments areas for CEOs.

(HT, 25.07.17)

FDI Inflows to Triple

Asia’s striving tiger cubs – India, Indonesia, Malaysia, Thailand, Philippines and Vietnam, are well placed to emerge as destination for Foreign Direct Investment (FDI) flows, said analysts with Institute of Capital Markets Research Nomura.

Sectors that will benefit India: those in need of growth capital like infrastructure, banks, e-commerce, hospitals; and sectors with strong long-term growth prospects – retail, automobile, pharma and diagnostics.

Capital goods will also benefit. Pull factors for India and Association of Southeast Nations (ASEAN)-5 include: large, growing domestic markets; focus on reforms; liberal FDI regimes; sound economic management; political stability etc.

(DNA, 04.08.17)
India Third Largest Terror Target after Iraq and Afghanistan: US Report

Neeraj Chauhan*

India has displaced Pakistan on a list of countries facing terror attacks in 2016, with higher fatalities and injuries than its restless neighbour, according to data compiled by the US state department.

A report by the US state department states that India is the third largest terror target in 2016. Iraq with 2965 terrorist attacks and Afghanistan with 1340 terrorist attacks were ranked first and second, while Pakistan slipped to the fourth position. The data, analysed by a national consortium for the study of terrorism and responses to terrorism, contracted with the US state department, reveals that India is third after Iraq and Afghanistan in terms of terror attacks. Earlier, Pakistan had held the position.

According to the report, out of 11,072 terror attacks in 2016 across the world, India bore the brunt of 927, 16 percent more than 2015 (798). The number of deaths in India also rose 17 percent from 289 in 2015 to 337 last year while the number of injured increased from 500 in 2015 to 636 last year. On the other hand, the number of terror attacks in Pakistan reduced by 27 percent to 734 in 2016 from 1,010 in 2015, which has primarily to do with the type of threat these countries faced.

However, a crucial difference needs to be noted while comparing India and Pakistan and the incidence of terror. Pakistan is largely the victim of terrorist groups it has harboured and raised since the Soviet occupation of Afghanistan and its extremist seminaries attract terror recruits from around the world.

India, on the other hand, has to deal with terror groups operating from safe havens in Pakistan and a clear upsurge in attacks in Jammu & Kashmir directed from across the border in 2016.

Interestingly, the US analysis has labelled Naxals – the third most deadly terror organisation in the world after Islamic State (IS) and Taliban, even ahead of Boko Haram. The Communist Party of India (CPI) or Maoist was behind 336 terror attacks last year in which 174 people were killed and 141 were injured.

More than half of the terror attacks in India in 2016 took place in majorly four states – Jammu and Kashmir, Chhattisgarh, Manipur and Jharkhand. The geographical areas show that left-wing extremism led by Maoists also contributed to terror incidents in parts of east India.

The US data claim that Jammu and Kashmir saw a rise in terror attacks of at least 93 percent, which is almost two-fold of the number presented by the Indian Home Ministry’s annual report of 2016-17. The Home Ministry registered a 54 percent rise in terror incidents in Jammu and Kashmir.

The Modi government has taken a ‘tough line’ against terrorism. The government has decided not to seek a political outreach and concentrate on intensive security operations, going by the assessment that negotiations will signal weakness rather than accommodation.

According to the Study of Terrorism and the Responses to Terrorism (NCSTRT) data, total number of people kidnapped or taken hostage in terrorist attacks in India has, however, reduced 63 percent from 866 in 2015 to 317 in 2016.

On an average, terrorist attacks in India caused 0.4 total deaths per attack in 2016, compared to 2.4 deaths per attack worldwide. Nearly three quarters of attacks (73 percent) in India in 2016 were non-lethal.

The US report said that nearly two third of terror attacks in India were carried by Naxals. US mentions that compared to other countries that experienced most terror attacks in 2016, the diversity of perpetrator groups was much greater in India, with 52 active groups. There were 45 terror groups listed by US in its 2015 report. The US has identified 334 groups and organisations behind terror attacks in 2016 worldwide, while there were 288 such groups active in 2015.

It mentioned that number of total attacks worldwide in 2016 reduced by 9 percent (11,072) against 12,121 in 2015 and total deaths worldwide also reduced by 13 percent in 2016 (25,621) as compared to 2015 (29,424).

The report noted: “This was largely due to fewer attacks and deaths in Afghanistan, Syria, Nigeria, Pakistan and Yemen. Around 55 percent of all attacks took place in Iraq, Afghanistan, India, Pakistan and the Philippines out of 104 affected countries, while 75 percent of all deaths due to terror attacks occurred in Iraq, Afghanistan, Syria, Nigeria and Pakistan”.

This has been abridged from an article published on July 23, 2017
CORPORATE GOVERNANCE

Who is in Charge of Governance?

W ith institutional investors cobbling together a solution to the Infosys boardroom battle and anointing a new Chairman with the founder’s blessings, the key protagonists to this drama seem to be settling down to a good night’s sleep. The analyst community has promptly put out reports welcoming the ‘return of stability’.

Domestic institutions are happy that the stock price fall has been stemmed. The Founder has expressed confidence that the new Chairman will uphold the highest standards of governance. Moreover, Securities and Exchange Board of India (SEBI), which was ‘closely watching’ the stock, has probably turned its attention to other pressing matters.

But as the dust settles on the issue, it is remarkable how little information public shareholders still have on the governance issues that precipitated this face-off. This is unfortunate because, if the battle at Infosys is to have such an unsatisfactory ending for public investors, there is little hope that future conflicts at India Inc. will turn out any better.

Changing equations

The incidence of boardroom conflicts between promoters and managements will rise from here, is a given. A few years ago public shareholders in Indian companies relied mainly on the promoters’ skin-in-the-game to ensure their wealth was protected from dubious governance practices.

With promoters owning a clear majority, they called the shots on all key corporate decisions. But in recent years, SEBI has forced promoters to dilute their stakes in listed firms through a minimum public shareholding rule. The Companies Act of 2013 ushered in new provisions to help public shareholders strike down poor corporate decisions.

There has been a tectonic shift in India Inc’s ownership patterns too. For 1000 National Stock Exchange (NSE)-listed companies, aggregate promoter holdings have plummeted quite sharply. In contrast, the Foreign Institutional Investor (FII) stake has jumped and the domestic institutions’ stake is also up. This shift has given birth to a new breed of widely held companies that feature only minority stakes from their founders.

Objective voice

With promoters no longer representing the majority voice and public shareholders ill-equipped to decide, the onus is on institutional investors to take an objective view on governance matters, who seem unused to and even uncomfortable with this role.

For example, Infosys – where a key bone of contention was managerial remuneration. Public shareholders would have found it difficult to decide if Infosys did pay out excessive severance or CEO pay. But given that Infosys featured a sizeable holding by institutional investors, either the FIIs or domestic institutions, could have easily taken a considered view and made it public.

However, after rubber-stamping the pay packages when they were put to vote in earlier years, institutions have refrained from either agreeing with, or refuting the founder’s allegations during the recent face-off.

The Founders, having flagged serious governance issues, did not follow due process either. They could have invoked the Companies Act provision, suspecting mismanagement, which allows shareholders with 10 percent voting rights to call for a general meeting to remove the Directors. Instead, they fought their battles mainly through the media, precipitating the resignation of the Directors.

Moreover, bringing back a former founder into a top management role offers no lessons for governance conflicts because it is not a solution that will be available to every listed firm.

Fence-sitting

It is not just in the case of personality clashes between stakeholders that institutional investors are reluctant to take a public stance. They seem to prefer to be non-confrontational even when governance decisions are actually put to shareholder vote. A study of the voting decisions on 18,000 resolutions by the top five mutual fund (MF) houses until December 2016 found that these funds hardly ever voted against a resolution proposed by the management.

While MF participation in governance can at least be gauged from the mandatory public disclosures of their voting policies, Indian insurers, who are even larger stakeholders, are subject to no such disclosures.

Both, SEBI and the Corporate Affairs Ministry need to do far more than watch from the sidelines. India’s new water-tight laws on corporate governance need to be used to protect minority shareholders.

* Editorial Consultant for The Hindu Business Line

This has been abridged from an article published on August 31, 2017
Has Trust in Government Reached a Peak under Modi’s Leadership?

Roshan Kishore*

An OECD report suggests confidence in the Indian government has peaked under PM Narendra Modi whereas a closer look at the numbers suggest a different reality.

A recently published report by the Organisation for Economic Co-operation and Development (OECD) called ‘Governments at a Glance’ has attracted widespread attention in the country as it seems to suggest that people in India repose great trust in the Indian government.

While at first glance, the headline numbers seem to suggest that confidence in the Indian government has peaked under Narendra Modi’s leadership, a closer look at the numbers suggest a different reality.

The OECD rankings indeed show that India is ranked third (behind Switzerland and Indonesia) among OECD countries and other major economies in terms of trust in national governments in 2016. But this is not a new development. Both in 2007 and 2016, levels of trust in government in India were much higher than OECD averages.

In fact, the share of Indians who trust their government has fallen over the last 10 years, as the fact-checking website, Alt News, pointed out. The OECD report shows that 82 percent of Indians trusted their national government in 2007, much higher than the current figure of 73 percent, suggesting that the current levels of trust are not unprecedented.

The proportion of people in the country who trusted the government did fall sharply to 55 percent in 2013 but it has risen again since then, according to the previous reports and data of OECD.

It was also revealed that Indians had better assessments of education and judicial systems than an average citizen in an OECD country in both 2007 and 2016. Even on health services, Indians had the highest satisfaction levels when compared to their peers in countries, such as Russia, China, South Africa and Brazil.

As far as other data heads are concerned, confidence of citizens in Indian systems seems poor. Only a little over 60 percent of Indians were satisfied with the country’s health care system, while in countries like Switzerland and Belgium, levels of satisfaction reach up to 90 percent.

The citizen satisfaction with education and schools in India has dropped from 80 percent in 2007 to 75 percent in 2016. According to the World Justice Project statistics in the report, India scored 0.5 on index value for fundamental rights protection, fourth last after Turkey, China and Russia, while countries like Denmark scored over 0.9.

In addition, it hardly makes any difference whether India being ‘towards top’ in this ranking. Critical and unfinished agenda of health, education and governance are yet to be adequately addressed. But as far as governance is concerned, a sample size of 2000 respondents in a country of over 130 crore is would not give clear indication of perennial governance lacunae.

India’s courts are notorious for delays in administering justice. Educational outcomes in schools have worsened over the past decade in India. Out-of-pocket health expenditure is among the highest in India.

 Nevertheless, the changed and mostly improved governance can be seen and experienced for sure compared to United Progressive Alliance (UPA-II). One might disagree about the degree of improvement, but not the direction.

* Staff Writer at Mint
This has been adapted from an article appearing on July 18, 2017
Aadhaar Cards Deactivated

The Unique Identification Authority of India (UIDAI) has deactivated close to 81 lakh Aadhaar numbers till date, Minister of State for Electronics and Information Technology, P P Chaudhary. The Aadhaar numbers were deactivated for a number of reasons which are stated in Section 27 and 28 of Aadhaar (Enrolment and Update) Regulations, 2016. Prior to enactment of the Aadhaar Act, 2016, the deactivation (suspension) of Aadhaar numbers was done as per the Aadhaar Life Cycle Management (ALCM) guideline. The regional offices of UIDAI have authority to deactivate the Aadhaar numbers. (Tol, 16.08.17)

Tough Target for States

Unhappy over the progress of the Pradhan Mantri Awas Yojana (Urban) project to ensure housing for all by 2022 – Prime Minister Narendra Modi has asked states to ‘accord priority’ to its implementation and sends a detailed roadmap to PMO.

Further, Modi fixed a tough target by asking states to ensure that all houses sanctioned for construction in years 2015-16 and 2016-17 are completed before the end of 2017-18. The Centre is providing money to implementing agencies and urban local bodies through states to build nearly 20 million affordable houses for the urban poor in 4,025 cities by 2022. (ET, 20.07.17)

‘New India – Manthan’

Prime Minister Narendra Modi addressed District Collectors across the country on the theme ‘New India – Manthan’ which aimed at catalysing the country and the people at the grassroot level. The programme was launched on the 75th anniversary of ‘Quit India Movement’.

The objective is that the Centre wants every individual, each family and organisation to set goals to be reached by 2022. Some districts have lagged in basic services like electricity, water, education and health.

It is believed that if the socio-economic conditions of 100 most backward districts improve, it would help in the overall development parameters of the country. (BL, 10.08 17)

Data Protection Law

Due to the rapid adoption of smartphones, digital payments, social media platforms and Aadhaar authentications, India is going to become data rich very quickly, but there is a need to strategically think about data in a way that people of the country benefit from it.

The Modi government has appointed a committee of experts led by former Supreme Court Judge, Justice B N Srikrishna, to identify ‘key data protection issues’ and recommend methods to address them. India’s technology community including Nandan Nilekani indicated the need for ‘Data Protection Law’ in the country. (TH, 16.08.17)

Wheat Stock Damaged

The Apex auditor Comptroller and Auditor General (CAG) has found that over ₹700 crore worth of wheat stock of Food Corporation of India (FCI) got ‘deteriorated’ in Punjab till March 2016 as the grain was stored in open areas due to lack of storage facility.

The damaged wheat stock could not be supplied through the ration shops, the CAG said. The CAG has audited implementation of the scheme Private Entrepreneur Guarantee (PEG) in Punjab to create storage capacity and the way the FCI managed its debt, labour and incentive payments during 2011-16. (TT, 03.08.17)

Understating Revenue

The CAG has reported that six private telecom operators, including Bharti Airtel, Vodafone India and Idea Cellular, have under reported revenues to the tune of more than ₹61,000 crore between FY11 and FY15. This understatement led to a short payment of revenue of ₹7,697.62 crore to the government, besides the operators also owe ₹4,531 crore as interest on this short payment.

“To sum up the verification of records of six telecom operators by audit indicated total understatement of adjusted gross revenue of ₹61,064.56 crore… and consequent short payment of revenue share to government of India to the tune of ₹7,697.62 crore. (IE, 22.07.17)

Flaws in RTE Act

The CAG has serious flaws related to financial management and implementation of the Right to Education Act (RTE), 2009. The Act was enacted to provide free and compulsory education to every child in the 6 to 12-year age group.

“It was noticed that there were lacunae in the financial management of the Act like mismatch of unspent balances at the end of the year with opening balances of succeeding years”, CAG stated. It also pointed that the state government were not utilising the funds meant for the implementation of the Act. (BS, 22.07.17)
Making Parliament Serve the People

When the Reserve Bank of India (RBI) Governor Urjit Patel appeared before the Parliamentary Standing Committee on finance in July 2017, he expressed his inability to apprise the Committee of the total value of old notes that have returned to the central bank after the massive currency swap exercise undertaken in 2016.

There was a great yearning among people in general, and not just the members of the Parliamentary Committee, to find out this information because almost everyone in the country was involved in the currency swap exercise. But the public could not watch the proceedings of Patel’s testimony before the Committee; one had to rely on source-based media reports.

In contrast, the testimony of James Comey, the former Federal Bureau of Investigation (FBI) Director, who was fired by the US President Donald Trump, before the Senate Intelligence Committee was watched live by people across the world, and some TV channels in India showcased portions of his testimony.

A few years ago, the grilling of media tycoon Rupert Murdoch and his son James Murdoch by a British Parliamentary Committee had an audience across the globe, including in India. Certainly, a much bigger audience was interested in Patel’s testimony before the Parliamentary Committee.

It is important, at this point, to make a distinction between regular deliberations of the Parliamentary Committees and Testimonies of important public officials before these committees. There is a reasonable argument against broadcasting, or even providing physical access to the public to regular meetings of the Committee.

Away from the gaze of the camera, the members can exchange their frank opinions without being tempted to indulge in public posturing. But there is a genuine case for mounting some cameras in the room for testimonial.

The process of taking evidence by the select Committees in the UK – from where India derives its Parliamentary system – is open to the public with very few exceptions.

Beyond the testimonials, there is enough room to push for more transparency even in regular committee meetings. The UK Parliament keeps some of its select committee meetings open to the public and publishes a calendar of such meetings in advance. The meetings of both the Senate and the House of Representatives in the US are open to public except in a few circumstances when the matter being discussed requires confidentiality owing to reasons of national security, prosecution of a criminal offence, trade secrets, etc.

In India, there have been rare examples of a few state legislatures throwing their committee meetings open to public as a one-off case. The Parliament can take the lead and allow for public participation in certain important committee meetings. This is, especially warranted in cases where public interest is extraordinarily high.

The decision on which meeting has to be made open can be vested with a high constitutional authority like the speaker. In other cases, the presence of cameras can indeed lead to greater histrionics and thus dampen the quality of proceedings.

Hence, the cause of transparency can be better served by releasing transcripts of the meetings after a stipulated period of time. But these reforms will not be successful in the prevailing political culture of the country.

In India, the political culture has been marred by the whip system of political parties, the anti-defection law and the lack of intra-party democracy. If individual legislators are unshackled from party lines, they will be encouraged to expend more effort in studying the matter to be discussed in committee meetings.

They will also be freer to honour the views of their respective constituents rather than be bulldozed by high command fiat. The voters, in turn, can follow and vote on their representative’s legislative performance – it remains an under-appreciated concern in India that so many voters choose their legislators on parameters of local development, which is essentially the responsibility of the executive.

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*This has been adapted from Opinion published in Mint on July 18, 2017*
EXPERT CORNER

Pvt. Sector Involvement

NIIT Aayog’s CEO Amitabh Kant said that government entities should exit from the operation and maintenance of infrastructure projects. They should even look at handing over jails, schools and colleges to the private sector.

Kant said that the government has done a lot of big projects but it is not good at operation and maintenance. Therefore, the government must start the process of reverse build, operate and transfer (BOT), must sell out projects and let the private sector handle it. Besides, national highways and dedicated freight corridors should be the first one to take up this challenge.

(HR) Drops Proposal

The Human Resource (HR) Ministry has dropped its proposal to set up the National Research Foundation (NRF), which was supposed to leverage resources from the industry to support 500 collaborative research projects between Indian institutions like IITs, NITs, etc. and reputable universities abroad.

The Department of Science and Technology opposed the plan on the ground that the HRD Ministry was encroaching on its territory. The Finance Ministry subsequently shot down the proposal citing duplication of work, as the Department of Science and Technology is already working on increasing the research output of the country.

Global Education Hub

Former World Bank chief economist Kaushik Basu said that India should strive to become a global hub for higher education and attract students from developed countries to gain ‘economically’ and start getting a soft power engagement with the world.

He feels that India can be a hub for higher education in the world. People will come not just from developing countries but from the US for education.

The American higher education market is extremely expensive. India with its advantage of the English language, very good engineering and finance education can do this, and this is possible.

Fixing Deemed Varsities

The HRD Ministry has asked University Grants Commission (UGC) to set up a committee to regulate the tuition fee for medical courses offered by self-financed deemed universities.

The proposed committee is being set up in compliance with Madras High Court’s order, which is currently hearing a Public Interest Litigation seeking to fix tuition fee charged by deemed universities offering medical courses.

Out of the 123 deemed universities across the country, only 30 offer medical courses. Among them are: Manipal University, SRM University in Tamil Nadu, NIMHANS in Bengaluru and Jamia Hamdard University in New Delhi.

Vision of New India

President of India, Ram Nath Kovind pitches for a partnership between citizens and the government to create a New India by 2022 that is a ‘compassionate society’ and includes the ‘humanist component integral to the nation’s DNA’.

Kovind recalled the role of leaders during the Independence struggle, including Jawaharlal Nehru and said there was a need to invoke the same spirit at present for building nation. Kovind said, “the vision of a New India is one where every Indian is equipped to fulfil his or her potential and do so in a manner that leaves each one of us content and happy”.

Winning without Ethics?

Barely ten days after the Election Commission used its special powers to reject votes cast by two rebel Congress member of Legislative Assembly (MLAs) in the high-stakes Rajya Sabha polls in Gujarat, Election Commissioner O P Rawat spoke out against the ‘creeping new normal of political morality’.

Rawat stated that democracy thrives when elections are free, fair and transparent. “However, it appears to a cynical common man that we have been scripting a narrative that places maximum premium on winning at all costs – to the exclusion of ethical considerations”, he added.

Global Innovation Index

On the sidelines of the Confederation of Indian Industry’s (CII’s) 13th India Innovation Summit, Kris Gopalakrishnan, co-founder Infosys, said that though GDP is not an inaccurate measure but the country’s future progress should be measured based on its position in the Global Innovation Index.

India, according to some estimates, ranks 66 in innovation, whereas China is positioned at 32. In addition, Gopalakrishnan also opined that while the ecosystem to support innovation is on the rise, a lot more needs to be done. “Converting it into a business opportunity is not happening enough”, he indicated.

EDUCATION SECTOR

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**HEALTH SECTOR**

### Malaria Fight Plan

India has unveiled a plan to eliminate malaria by 2027 – an ambitious target given that the country reports 89 percent of malaria cases in South-east Asia. The plan broke down all the districts into four categories based on their annual parasite incidence (API).

Six states including Odisha (40 percent), Chhattisgarh (20 percent), Jharkhand (20 percent), Meghalaya, Arunachal Pradesh and Mizoram (5-7 percent) report most of the malaria cases in India. These states, along with tribal areas of Maharashtra and Madhya Pradesh, account for 90 percent of India’s malaria burden.

*(IE, 14.07.17)*

### Call for National Policy

The government needs to formulate a national policy on the integration of **Ayurveda** with allopathy, so that India can take its rightful place as the global leader in integrative medicine, said health experts.

In integrative health, all streams of health sciences come together to positively impact health outcomes. The government seems serious about promoting a model where migration of knowledge occurs between each stream.

The government is setting up a nationwide AYUSH grid connecting all hospitals to record case histories to generate huge amount of evidences through data analytics about the efficacy of Ayurveda.

*(NDTV, 09.08.17)*

### Low Health Expenditure

India’s public spending on health is ‘little over’ one percent of its GDP. Given India’s health policy, which aims to provide accessible, affordable and equitable quality healthcare to the marginalised and vulnerable sections, the public spending on healthcare is abysmally low.

While India has the fastest growing population and an ambitious growth aspiration, it has always had a disproportionately small health budget.

In 2015, this shrank further to 1.2 percent of the GDP, one of the stingiest in the world. The Indian public healthcare also lacks scale, funds, human resources, and training.

*(BW, 28.09.17)*

### Rise in Swine Flu Cases

Swine flu has infected 18,000 people and killed 871, a nine-fold rise over the 1,786 cases and 265 deaths reported in 2016. Seasonal flu vaccination is not part of India’s national vaccination policy, and a public database that could measure the magnitude, year-to-year variations, strains, risk factors, etc. of the virus has not been properly maintained.

According to Devendra Maurya, Director, National Institute of Virology, Pune, the rise in the number of cases reported is due to better national surveillance and better laboratory detection systems. Experts state another reason is that the immunity acquired during previous outbreaks has worn off.

*(IndiaSpend, 24.08 17)*

### New Pharma Policy

According to the newly proposed draft national pharmaceutical policy, the government plans to cap trade margins to make drugs cheaper, replace brand names with names of salts/generic drugs, clamp down on unfair marketing practices to boost local manufacturing.

As stated in the draft policy: “Institutions receiving supplies directly from manufacturers, distributors or retailers will also be covered under the trade margin reforms”.

To promote generic medicines, public procurement and dispensing of medicines will be of generic drugs in salt names. The key challenge to generics has always been that the quality varies, said pharmaceutical company Ranbaxy.

*(FP, 19.08.17)*

### Mental Health Awareness

Mental Health Issues remain a taboo in India, especially among the students. If the statistics are anything to go by, 7.3 percent Indian teenagers in the age group of 13-17 suffer from mental health issues.

As per the National Mental Health Survey, 2015 by World Health Organisation (WHO), the prevalence of mental disorders in the 13-17 age group was 7.3 percent.

While the National Health policy in India is a right step, there is a need for awareness to be created among school children to weed the problem out, at an earlier stage by incorporating mental well-being in the school curriculum.

*(NDTV, 25.08.17)*

### High Child Fatalities

Two children younger than five die every minute in India. Even by India’s easy acceptance of child mortality, death of 70 children within five days at a hospital in the Gorakhpur city of Uttar Pradesh was hard to accept. Moreover, Uttar Pradesh, home to about 200 million, sits at the bottom of the health rankings of India’s 36 provinces.

India’s infant mortality rate has fallen 76 percent over the past half-century, but it is still higher than 150 middle and low-income countries, many poorer than India, including its neighbour countries Nepal and Bangladesh.

*(NYT, 25.08.17)*
Good health is a part of “social contract” between the government and the people and it is vital for economic growth of the country. Since Independence, India’s health sector has received a fair share of success. Life expectancy has seen a sharp increase, infant mortality rate has reduced, maternal mortality ratio reduced, smallpox, polio and maternal and neonatal tetanus have been eradicated.

However, challenges still persist. Government spending on healthcare remains abysmally low; overall healthcare system is weak and public health facilities are understaffed. Even the poor are forced to opt for private healthcare, and, hence, pay from their own pockets. Resultantly, an estimated 63 million people fall into poverty due to health expenditure, annually. Inequities in the health sector exist due to many factors like geography, socio-economic status and income groups among others. No wonder, India lagged behind countries like Sri Lanka, Thailand and China, which started at almost similar levels.

Acknowledging these challenges, the government has launched many policies and health programmes. However, success has been partial at best. The National Health Policy (NHP) 2002 proposed to increase government spending on health by 2-3 percent of the GDP by 2010; and NHP 2012, proposed to raise public health expenditure to 1.87 percent. Fifteen years on, government spending is just 1.3 percent of GDP. The NHP 2017 has now proposed to take it to 2.5 percent of the GDP by 2025.

Analyses of government budgets in the country gloomily suggest that there will be rise in budget in future. Low absorption capacity is one such reason for not increasing funds. Further delay in transfer of funds leads to low utilisation of funds.

In this context, firstly recommendations of the NITI Aayog and the government of UP can provide great insights for planning and its implementation. Secondly, determinants for better health, such as improved drinking water supply and sanitation, health and education for women and girls, improved air quality and safer roads are increasingly being recognised with emerging challenges like anti-microbial resistance, air pollution, and non-communicable diseases (NCDs).

Thus arise a need for multi-sectoral planning, where planned coordination, transparency and timely monitoring and evaluation needs to be done by state departments and Ministries at the Centre.

Thirdly, while private sector healthcare providers play an important role in the overall delivery of health services, any engagement of government hospitals with private sector is seen with suspicion. Therefore, the process requires wider stakeholder engagement and deliberations and oversight from top leadership to promote Public Private Partnership (PPP).

Fourth, there is a need to reform and re-design institutions to broader health system goals to contribute achieve sustainable development goals. On similar lines, policy proposals, such as setting up of Indian Medical Service, establishing public health cadre as well as mid-level healthcare providers and exploring lateral entry of technical experts in academic and health policy institutions, including in the health Ministry should be deliberated and given due priority.

Finally, universal health coverage (UHC) is a widely accepted and agreed health goal at the global level and has been included in the broader Sustainable Development Goals (SDGs) agenda as well. In India, after initial enthusiasm on UHC and some discussion on national health assurance mission (NHAM) and universal health assurance (between year 2014-2016), the momentum seems to have been lost. The inclusion and articulation of core principles of UHC as central aim of NHP 2017, is a sign of hope.

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This has been abridged from an article published in The Pioneer on August 15, 2017
Nod to Mega Merger Deal

The mega merger deal between Idea Cellular Ltd. and Vodafone India Ltd. crossed a major hurdle with antitrust regulator Competition Commission of India (CCI) approving the proposal. The merger will create the world’s second largest and India’s largest telecom, overtaking Bharti Airtel Ltd.

This entity will have almost 400 million customers with 35 percent customer and 41 percent revenue market share. It will have a revenue of ₹81,600 crore and an operating profit of ₹24,400 crore.

Initially, Vodafone will be the dominant partner in the merged entity, with a 45.1 percent stake after transferring 4.9 percent to the Aditya Birla Group for ₹3,874 crore.

CCI Dismisses Charges

The CCI has dismissed allegations of unfair business practices made against carmaker Hyundai Motor India Ltd. (HMIL) with regard to the misuse of an export promotion policy. The informant had also complained against the Director General of Foreign Trade (DGFT).

It was alleged that HMIL had misused the Export Promotion Capital Goods policy, framed by the DGFT, to reduce cost of production compared to its competitors. While noting that no competition issue arises out of the information presented or is otherwise made out, said CCI, “the relief sought by the informant do not fall within the ambit of the Competition Act”. (IE, 17.08.17)

Seeking CCI’s Leniency

Individuals suspected to be involved in cartelisation cases can now seek leniency, including complete waiver of penalty, by making required disclosures before the Competition Commission which has put in place the CCI (Lesser Penalty) Amendment Regulations.

The applicants – both enterprises and individuals – seeking leniency have to also provide details about the estimated volume of business affected in India by the alleged cartelisation. Under the CCI norms, an applicant is eligible to get the penalty reduced up to 100 percent in cartelisation cases if the entity makes a vital disclosure about a cartel.

CCI Rules on Probe

The CCI has stated that it will not probe charges of cartelisation made by Bharti Airtel Ltd. and Vodafone India and Idea Cellular till August 07, 2017, the next date of hearing on a petition filed by Idea against investigation ordered by the anti-trust body earlier.

The CCI has also ordered a probe into the functioning of the Cellular Operators Association of India (COAI) indicating that the GSM industry body was prima facie found to be promoting interests of incumbents and allowing it to be used as a platform for preventing Jio’s smooth entry into the sector. (ET, 29.07.17)

CCI Orders Fresh Probe

The CCI has ordered a fresh investigation against public broadcaster Prasar Bharati on complaint of alleged abuse of dominance with regard to infrastructural facilities for FM radio broadcasting. It mentioned that such allegations are ‘substantially similar’ and are related with issues taken in its earlier probe, and therefore, the two cases could be clubbed.

The CCI, however, rejected similar complaints against the Ministry of Information and Broadcasting, indicating that it was a government department responsible for framing operation rules for FM radio broadcasters without any involvement in any economic activity so no case of contravention was established. (BS, 07.09.17)

CCI Rejects Complaint against RBI and PSBs

The CCI has dismissed allegations that RBI and 19 public sector banks (PSBs) were acting as a cartel with respect to providing safe deposit locker services to customers. The complaint mainly pertained to the aspect that an agreement between banks and customers hiring or leasing lockers, banks have no liability for the loss or damage to the articles placed in their lockers.

Furthermore, the CCI clarified that the mere common practice by all the market players emanating from their independent decision making at most simply indicates an industry practice and not collusion amongst them. (FE, 28.08.17)
After denying it earlier, Japanese Internet conglomerate SoftBank Group Corporation recently confirmed its intent to invest in Uber Technologies, Inc., the world’s foremost ride-hailing firm. SoftBank’s Founder and CEO Masayoshi Son publicly indicated his interest in the company, which is deadlocked in a fierce battle for market supremacy with another of its cab-hailing bets, Ola, in India.

Speculations are rife that not only will it make Ola and Uber, who have been at each other’s throats for years, awkward co-passengers, but also have far-reaching consequences for the homegrown taxi-hailing firm’s future.

Too little, too late?
Serial entrepreneur and investor K Ganesh stated Ola has little to worry since, even if a deal were to happen, it will be very late-stage funding for Uber. And such late-stage deals usually do not give the investor a strategic say in the company’s matters.

San Francisco-based Uber, valued at a whopping US$69bn, has so far raised over US$12bn, according to media reports. Therefore, even a potentially huge fund injection is unlikely to give SoftBank the power to call the shots.

Founders’ firewall
According to last year estimates, SoftBank held a 22.5 percent stake in Ola while Tiger Global had 20.5 percent. In May 2017, Ola rewrote the terms to restrict its investors, including SoftBank Group, from buying more company shares.

The move was aimed at safeguarding the founders against a hostile takeover. SoftBank and its affiliates will need the approval of Ola founders Bhavish Aggarwal and Ankit Bhati, and the company’s board to purchase additional shares from other stakeholders.

Reducing reliance on SoftBank?
Ola just raised US$32mn (₹231 crore) from New York-based hedge fund Tekne Capital Management, which had put in another US$50mn in the company in June 2017. Besides, it is reportedly in talks with China’s Tencent to raise US$400mn and tech giant Microsoft to mop up US$50-100mn in lieu of a minority stake.

Though it would be premature to conclude that Ola would take the battlefront without SoftBank’s backing, there are clear signs that it has been diversifying its investor base of late.

SoftBank’s all in on cab-hailing
Anup Jain, Managing Partner at Consumer and Retail Consultancy Redback Advisory Services, believes investing in Uber does not mean SoftBank will let the two rivals cannibalise each other in India.

“Uber is a global bet. Ola is only in India. If it was specifically investing in Uber’s India subsidiary, then it would have been a concern for Ola”, Jain mentioned. He also pointed out that SoftBank seems to have identified cab-aggregation as a key vertical where it wants to stay invested.

Close game
Operationally, too, Ola is no pushover. It continues to have a lead over Uber in terms of market share, even though the latter has been snapping at its heels. Both are, however, still burning huge amounts of cash, and neither seems to have figured out an organic strategy to win market share.

Ola saw its losses widen three-fold in the financial year through March 2016.
It posted a consolidated net loss of ₹2,311.7 crore for FY16 compared with 796 crore in FY15. Total expenditure surged more than three-fold to ₹3,078.19 crore from ₹899.7 crore the year before, indicating higher cash burn.

Uber India posted a 442 percent jump in FY16 revenues to ₹374 crore, up from ₹69 crore in the previous year, according to its filings with the Registrar of Companies (RoC). Uber also claimed that it was clocking double-digit growth in the country.

Monopoly concerns
Legal experts are divided over whether SoftBank will engineer consolidation as a merger between the two might attract the Competition Commission of India’s attention. “I do not see that (a merger) happening. Because the CCI might come into the picture to avoid a monopoly being created”, said Technopak’s firm’s Arvind Singhal.

However, Vaibhav Choukse, Partner, Competition Law at J Sagar Associates said that while competition analysis depended on a lot of factors, CCI might primarily look at their combined market share and the level of competition in each geography where they operate.

“Thus, the CCI can approve, block or give conditional approval to the deal. So far, the CCI has not blocked any deal”, stated Choukse.

* Special Correspondent at News Corp VCCircle
This has been abridged from an article published on August 11, 2017

July-September 2017 PolicyWatch
Seventy years ago, on this day, was our tryst with destiny. The hopes, articulated forcefully by Jawaharlal Nehru in that great speech, seemed reasonable and reachable for those of us who grew up in that era. How far have these hopes been met and how far belied?

The consolidation of parliamentary democracy was perhaps the most significant achievement of this era. The effectiveness of the political process in maintaining national unity was seen in the rapid integration of Princely States by Sardar Vallabh Bhai Patel and the management of the linguistic reorganisation of states by freedom fighter Gobind Ballabh Pant. The legislative achievements of this early phase of independence are substantial and unmatched, not just because of the formulation of the Constitution but also the large body of economic and social legislation that was passed.

We were fortunate that unlike many of our neighbours, a leader from the freedom movement, with mass appeal, remained at the helm for 17 years. But not just that. The collegiality of the political leadership, forged by their shared time together, in and out of jail, during the freedom struggle was a major asset in the difficult years immediately after independence.

Nehru was a great mass leader. But men like Sardar Patel, Dr B C Roy, Gobind Ballabh Pant, Maulana Azad and C Rajagopalachari did not think of themselves as his subordinates and dealt with him as equals. During this era, we were effectively a one-party polity and the checks and balances within the party were important for preventing one-party rule becoming a one-person rule. The loss of collegiality at the highest political level later led to precisely this and remains a threat even now.

The other element in the consolidation of democracy was the respect for parliamentary etiquette and for opposition stalwarts like Hiren Mukherjee, H V Kamath or Nath Pai that Nehru and his party showed. Once again the contrast with the present state of affairs is disheartening.

When it comes to social progress there are some positives like the advancement of women’s rights, the greater representation of middle and lower castes in positions of power, and the reforms in Hindu personal law. But the continuing violence against Dalits, the persistence of communal tensions, the worsening vigilante violence by gaurakshaks, and similar fanatics and the insecurities they create in the minds of Dalits and minorities are a complete negation of what independence promised.

The record on economic progress is perhaps less disappointing. The Nehru era was not quite the missed opportunity which today’s commentators suggest. A stagnant economy started to grow at a rate that was quite comparable with that of peers right up to 1964. There is a creditable record on institution building for science and technology, higher education, development capital, rural credit and community development and the growth of managerial and technical capacity at technology frontiers.

One has to admit that poverty, basic education and health needs much attention. The growth breakthrough comes when the entrepreneurial energies of people were released from the 1980s onwards. But eliminating poverty and ill-health remains an unfinished agenda.

As far back as July 1981, P N Haksar, Dr Raja Ramanna and Dr P M Bhargava, warned in A Statement on Scientific Temper: “…we are witnessing a phenomenal growth of superstitious beliefs and obscurantist practices. The influence of a variety of Godmen and miracle-makers is increasing alarmingly. The modern tools of propaganda and communication are being used to give an impression that there exist instant and magical solutions for the problems that confront our people… The ancient period of our history is interpreted to inculcate chauvinism, which is false pride; the medieval period is misinterpreted in a way that would fan communalism”. This concern resonates even more strongly today.

And so the question one must ask, 70 years after independence, is when will we step out ‘from the old to the new’? When will the promise of August 15, 1947 be redeemed? When will we mature into a democracy that gives everyone a voice, for a society that discards caste, community and religious prejudice, for an economy that lifts our masses out of poverty and places us on the frontiers of technology and for an enlightened mindset imbued with a scientific temper?

* Indian Economist

This has been abridged from an article published in Business Standard on August 15, 2017.
Discussion Papers

Is there a Bright Future Ahead for India’s Pharmaceutical Market?:
An Overhaul of Policies vs. a Mere Facelift

The Indian pharmaceutical market is a bright spot in making India ‘a developed country in one generation’. A healthy population and a thriving economy are core drivers of growth. Over the last decades, fierce policy reforms have lifted the industry out of its dependence on import and built domestic competence. India became a strong global competitor and conquered the international market as a low cost producer labelled as ‘the pharmacy of the world.’ This Paper analyses the underlying discourses in India’s on-going public policy reforms and debates in the pharmaceutical sector.

www.cuts-ccier.org/pdf/Is_there_a_Bright_Future_Ahead_for_Indias_Pharmaceutical_Market.pdf

Impact of GST Law on Mobile Phone Manufacturing in India

The ‘Make in India’ initiative was launched with the intention of fuelling manufacturing activity, increase local value addition and job creation, which will only be justified if the current schemes and incentives are continued for a longer duration. CUTS International, through this report, would like to advocate the need for fiscal incentives post the goods and services tax (GST) regime, so that mobile phone manufacturing ecosystem matures to build strong domestic capabilities and support creation of skilled workforce in India. The report provides an overview of current growth and value chain of mobile phone manufacturing activities in India, along with highlighting the employment status, government schemes and taxation incentives currently applied to the sector.


ReguLetter

The July-September 2017 issue of the newsletter carries cover story entitled ‘Why is Apple differentiating between India-China?’ as its cover story, which states that the latest flavour in the mobile industry is iPhone X. Its manufacturer, Apple, is leaving no stones unturned in ensuring the global success of its flashy new smartphone. It is safe to assume that Apple will devote equal attention to the world’s largest telecom markets: China and India. However, the company seems to be differentiating between two peas in a pod, when it comes to regulatory and policy compliance in these two countries. A special feature opines that banking the unbanked is crucial to any effort designed to result in shifting from informal to formal mechanisms.

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

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