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

**Machiavelli in The Prince**

## Empirical Knowledge Needed for Job Creation

Every government faces challenges. Job creation is perhaps the most prominent of them all. In the face of declining agriculture opportunities, tough industrial competition, rising protectionism and reshoring - the inevitable realities of artificial intelligence, digitalisation and automation keep the productivity clock ticking. The trade-off is that some of these technologies will replace some mental tasks, some physical ones and some both. We are on the cusp of decision-making about providing meaningful and sustainable jobs to millions of India's youth.

The pressure is enormous. There is enough evidence now to show that decades of jobless growth have become a norm.

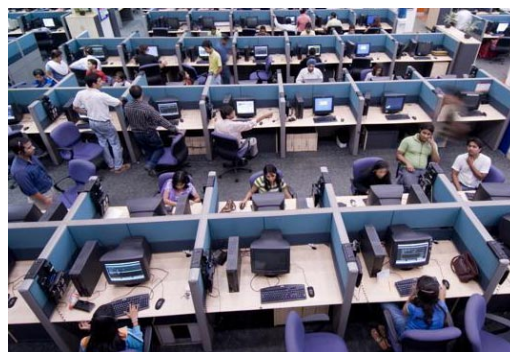
Anurag Behar of Azim Premji University writes in his foreword to the State of Working India report that industries have for years minimised the labour component, not so much because of draconian labour laws or shortage of trained labour, but simply because of better quality, productivity, and safety of automated systems. So, how to ensure growth with jobs when the complexities have increased manifold?

One would need to spur the growth of means of generating income with labour, and then ensure that other social benefits also accrue to the worker. Ideally, such vocational avenues should also allow workers to learn and earn more.

The hard part is how to get this done for millions of people with low and medium skills who form the 'majority' of job hunters. A job that does not provide adequate spending power is mostly meaningless for only a pittance gets recycled back into the economy. Such jobs also limit the development of human capability as workers are in continuous survival mode.

It is clear that 'good' jobs are needed for a healthy economy. This means dignified work leads to higher incomes and family welfare. Low and medium skilled manufacturing may hold one part of the answer while services may hold the other. The key may be in clustering small enterprises and ensuring that we have the right policies for cluster development and concomitant facilities. For services, clustering may need a different form.

As a first step, we need to assess what works and why, and what it is that makes enterprises value human resources. If we have an understanding of that, we may have some answers too, which can be best implemented with a whole-of-government approach.



*This cover story has been abridged from an article by Pradeep S Mehta and Abhishek Kumar published in Mint on October 29, 2018.*



### Incomprehensible Policies

Even as regulators push tech giants, such as Facebook and Google to rehaul their data privacy policies, consumers remain poorly informed about such policies, shown by a new National Institute of Public Finance and Policy study.

The study finds that while data privacy policies are disclosed to consumers, these are often poorly drafted, ambiguous, and incomprehensible. Policy documents of Uber and Google score particularly low in terms of ease of reading.

Respondents were also unable to understand terms such as 'third-party', 'affiliate', and 'business partner'. *(Mint, 27.12.18)*

### 2<sup>nd</sup> Most Spammed Globally

Indian mobile phone users received the second highest number of spam calls around the world in 2018 according to Truecaller's Insight Special report. Over six percent of the overall calls received by India users were spam, the report mentioned, without revealing the number of calls.

An average Indian phone user received 22.3 spam calls a month in 2018, the second-highest in the world. Brazil topped the list, with its users receiving an average 37.5 unsolicited calls a month.

Interestingly, telcos were found to be the top spammers in India, accounting for 91 percent of the spam calls. *(Tol, 19.12.18)*

### Plan to Tweak IT Rules

Proposed amendments to the intermediary guidelines under the Information Technology Act will likely deepen the rift between the Indian government and social media companies over removal of content and traceability of messages.

The government has justified the amendments by arguing that companies such as WhatsApp have been declining requests to trace the origin of messages that may spark communal tension or lead to violence such as lynching.

However, end-to-end encrypted platforms such as WhatsApp can still refuse to build technology that will trace messages, leading to a 'prolonged tussle' with the government.

Australia passed a bill that mandates firms such as WhatsApp and Signal to decrypt messages to curb fake news and terrorism. *(ET, 26.12.18)*

### Featuring on Local Cable

Reliance Industries made a strong pitch to the thousands of local cable operators associated with cable feed providers Den Networks and Hathway Cable and Datacom as it

announced its purchase of the two companies.

Reliance will spend ₹2,290 crore for a 66 percent stake in Den Networks, and ₹2,940 crore for a 51.3 percent stake in Hathway Cable and Datacom.

Rajan Raheja Group, the current promoters of Hathway, will continue to be a promoter in the new entity.

The move is looked at with tremendous anticipation and interest because it will be the first large-scale attempt to introduce consolidation in India's notoriously fragmented cable TV sector. *(ultranews.com, 17.10.18)*

### Apple Flouts Price Theory

When the first iPhone was released 11 years ago, the starting price was US\$499. At the time, the price was mocked by Apple's competitors as being unrealistically high.

Apple's most recent phones are its most expensive ever, starting at US\$1,000, before one add in sales tax, protection coverage, and anything else one might need to use your new phone.

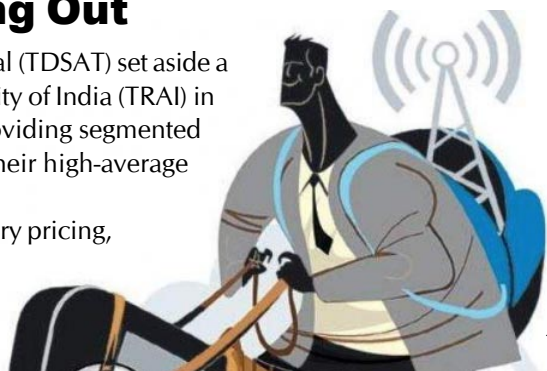
Recently, iPhones have dramatically increased in price, with the average cost of a phone the company sells now sitting at around US\$800, up from US\$650 just a couple years ago. Even after adjusting for inflation, no iPhone comes close to being as cheap in price as the 2007 original. *(Quartz, 05.11.18)*

## TRAI's Predatory Pricing Out

The Telecom Disputes Settlement and Appellate Tribunal (TDSAT) set aside a regulation brought by the Telecom Regulatory Authority of India (TRAI) in February which prohibited incumbent operators from providing segmented offers (discounts which are not part of tariff package) to their high-average revenue per user (ARPU) subscribers.

The Tribunal also struck down the definition of predatory pricing, which the regulator had brought through the same regulation which prevented operators having 30 percent or more subscriber and revenue market share from providing below-cost tariffs but newer operators were free to offer such tariffs till they reached the threshold mark.

On segmented offers, the Tribunal cited past regulatory orders of TRAI to prove that they were always in force and could not be clubbed with regular tariff schemes which need to be reported to the regulator. *(IE, 13.12.18)*



New Indian Express



### Infrastructure Projects Stuck

As many as 435 infrastructure and highway projects are stuck across the country on account of various factors, including delay in land acquisition and regulatory clearances.

About 435 numbers of infrastructure and road projects are stuck and pending for completion and delayed mainly due to land acquisition, utility shifting, non-availability of soil/aggregate, poor performance of contracts, environment/forest/wildlife clearances.

Other factors behind delay of projects include road over bridges and under bridges issues with railways, public agitation for additional facilities, arbitration/contractual disputes with contractors. These projects are likely to be completed by October 2020.

(ET, 13.12.18)

### Parking Charges 18-fold

Car buyers will have to pay higher one-time parking charges in 2019 as the Delhi Transport Department has approved a recommendation for a hike by three municipal corporations of the city. According to the order, the charges will now range between ₹6,000 to ₹75,000.

An order issued by outgoing Transport Commissioner Varsha Joshi said that the new parking charges will be applicable from January 01, 2019.

The hike, which will boost finances of the civic bodies, may hit the transport department as it is likely that the sale of vehicles may shift to the neighbouring states because there will be a huge variation of rates in Delhi and other parts of the country.

(ndtv.com, 23.12.18)

### Train 18 to take Speed

The state-of-the-art Train 18 will run between Delhi and Varanasi. It will be the fastest train from the railways' stable with the ability to cruise at a speed of 180 kmph.

It has contemporary passenger amenities like on-board infotainment

## Multi-modal Terminal on Ganges

Prime Minister Narendra Modi dedicated India's first Multi-Modal Terminal on river Ganga (on National Waterway I) to the nation.

This terminal will provide seamless linkage between road-rail-river transportation for movement of cargo. This is the first of the three multi-modal terminals and two inter-modal terminals being constructed on the river Ganga.

The multi-modal terminals are being built as part of the Government of India's Jal Marg Vikas project that aims to develop the stretch of River Ganga between

Varanasi to Haldia for navigation of large vessels up to 1500-2000 tonnes weight, by maintaining a draught of 2-3 metres in this stretch of the river and setting up other systems required for safe navigation.

(urbantransportnews.com, 12.11.18)



Deccan Chronicle

and GPS based passenger information system, CCTV, automatic sliding doors with retractable coach footsteps and zero discharge vacuum-based bio-toilets, among others.

Train 18, which was on a trial run between Delhi and Agra, was pelted with stones by miscreants, resulting in damage to one of its window panes.

(IT, 22.12.18)

### SOPs for Transport-related Issues

As a major step the Ministry of Road Transport & Highways (MoRTH) has issued Standard Operating Procedure (SOPs).

The aim is to ensure that vehicle owners may be allowed to present their documents like certificate of registration, insurance, fitness, and permit, driving license, certificate for pollution under check and any other relevant documents, etc. in electronic format.

People can produce the documents or other information either through the DigiLocker app or the mParivahan app.

(urbantransportnews.com, 19.12.18)

### Aviation Needs ₹35k cr Equity

In a mid-yearly analysis, the credit rating agency said the domestic aviation industry will need approximately ₹35,000 crore of equity

infusion through turbulent times ahead.

Kinjal Shah, Vice-President and Co-Head, Corporate Sector Ratings, ICRA, "Listed airlines like SpiceJet, Jet Airways and Indigo have reported a combined net loss of ₹3,640 crore in H1 FY2019 and together have lost ₹20 crore per day during H1 FY2019."

In order to contain further losses, the domestic airlines have resorted to several measures, which include among others, rationalisation of non-fuel costs, network review, routes, and manpower.

(BL, 29.11.18)

### 1<sup>st</sup> Train Flagged off at Bogibeel

Modi inaugurated the Bogibeel Bridge, which spans the River Brahmaputra between Dibrugarh and Dhemaji districts of Assam.

It is of immense economic and strategic significance for the nation. At a massive public meeting in Kareng Chapori, on the northern bank of the Brahmaputra, the Prime Minister also flagged off the first passenger train passing through the bridge.

The Prime Minister said that for the last four and a half years, the Union Government has pursued the objective of good governance. He said the dedication of the historic Bogibeel rail-cum-road bridge, is a symbol of this objective.

(urbantransportnews.com, 25.12.18)





• OIL & GAS •

### World's Largest Refinery

Billionaire Mukesh Ambani-owned Reliance Industries Ltd. is considering a plan to boost its oil-refining capacity by about half. The proposed plant, to come up at the world's biggest refining complex in Jamnagar, will be able to process as much as 30 million tonnes of crude a year.

The expansion plan is still under discussion and has not been finalised. A feasibility report is likely to be prepared by the end of 2019, once the recently-expanded petrochemicals capacities stabilise. Reliance is expected to make the final investment decision with an aim to start work in 2020. *(BL, 19.11.18)*

### India to Buy Iranian Crude

India, China and Japan are among eight countries temporarily allowed to continue buying Iranian oil as they showed "significant reduction" in oil purchase from the Persian Gulf country after the US re-imposed crippling sanctions on Tehran, Secretary of State Mike Pompeo said.

Pompeo said that they have decided to issue temporary allotments to a handful of countries responsible to specific circumstances and to ensure a well-supplied oil market. The US will be granting these exemptions to China,

India, Italy, Greece, Japan, South Korea, Taiwan and Turkey.

In May 2018, President Donald Trump pulled the US out of the 2015 landmark Joint Comprehensive Plan of Action terming it as disastrous. Under the Obama-era deal, involving five permanent members of the UN Security Council and Germany, Iran agreed to stop its nuclear programme in exchange of relief from economic sanctions. *(DNA, 06.11.18)*

### Crude Prices to Remain High

Indian consumers may have to wait till 2019, when a new government takes charge, for any tinkering in the auto fuel retail pricing mechanism to make it more transparent.

At present, the governments, both at the Centre and states, seem to be in no hurry to part with the benefits of softening global oil prices at the retail end stating that they would rather wait and watch the market.

The price at which Indian refiners buy their crude oil has fluctuated from US\$73.09 a barrel on November 01, 2018 to US\$60.38/barrel on November 23, 2018. Though the retail prices are changed daily, it is calculated taking the previous 15 days' average. *(BL, 26.11.18)*

### NITI Aayog Pushes for Methanol

To promote clean energy, NITI Aayog is pushing for the use of methanol as cooking fuel in

households as well as transport fuel.

The Aayog is in talks with the states of Uttar Pradesh and Assam over distribution of 20,000 and 50,000 gas stoves, respectively, powered by methanol, NITI Aayog Member V K Saraswat said.

"We expect by 2022, we will have indigenous coal-based methanol production in the country. Currently, we need imported methanol and the process of seeking tender from the outside world has started," Saraswat said. "We will require 10 million tonnes of methanol by 2022," he added.

The Aayog has drawn out a comprehensive plan to replace 20 percent of crude imports with methanol alone. *(ET, 16.12.18)*

### Need for Oil Hedging Policy

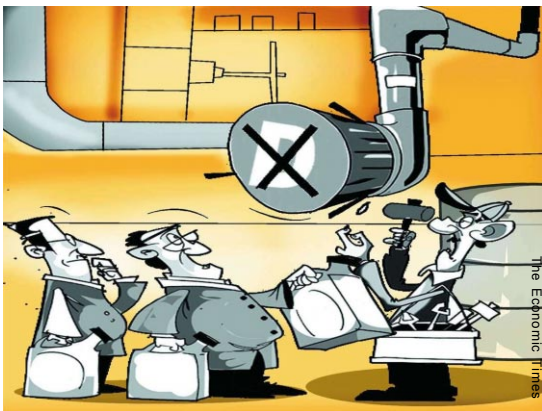
With geo-political factors impacting crude prices, India needs to have a good oil hedging policy as the volatility will continue to rise, former Reserve Bank of India (RBI) Governor, Raghuram Rajan said.

Rajan said the issue has been discussed in the past and it began with a strategic petroleum reserve, but beyond that there is a need to think about hedging oil prices especially when it comes to levels such as now.

"There is a very strong need for an oil hedging mechanism for a country like ours which is so dependent on oil," Rajan said. *(Mint, 12.12.18)*

## Majority using Piped Gas

Reiterating his commitment to developing a gas-based economy, Modi said that in the next two-three years, 70 percent of the country's population will be connected with the city gas distribution (CGD) network.



The CGD projects flagged off by Modi are spread across 65 geographical areas (GAs) in 129 districts. These were awarded under the ninth bidding round. During the event, the Prime Minister also launched

the 10<sup>th</sup> CGD Bidding Round in 50 GAs spread over 124 districts in 14 States covering 24 percent of the country's population. *(BL, 22.11.18)*

### Large-scale Solar Project

India's first large-scale floating solar project is on its way with Shapoorji Pallonji winning the first block in Solar Energy Corporation of India's auction of 150 MW of such projects on the Rihand Dam, along the Uttar Pradesh-Madhya Pradesh border.

"This is the country's first floating solar project at such a scale," said a Solar Energy Corporation of India (SECI) official. There are a few others but they are in kilowatts.

Shapoorji Pallonji won the reverse auction for 50 MW quoting a tariff of ₹3.29 per unit, officials said. *(ET, 28.11.18)*

### India's CO2 Emissions Rising

Aggressive push for renewable energy and other low-carbon technologies notwithstanding, India's carbon dioxide emissions are projected to rise by as much as 6.3 percent in 2018. The 2018 Global Carbon Project report attributes this increase to strong economic growth of around 8 percent per year.

The government will need to step up its climate policy if it is to slowdown growth in emissions while maintaining economic growth.

Global carbon dioxide emissions, according to the report, are on track to rise by more than two percent in 2018 on the back of renewed use of coal and continued growth in oil and gas use. (ET, 07.12.18)

### India Losing Wind Power

The warming of the Indian Ocean due to global climate change may be causing a slow decline in India's wind power potential, according to a study.

India, the third largest emitter of greenhouse gases behind China and the US, is investing billions in wind power and has set the ambitious goal to double its capacity in the next five years, said researchers from the Harvard John A Paulson School of Engineering and Applied Sciences.

The study, published in the journal *Science Advances*, found that the Indian monsoon is weakening as a result of warming waters in the Indian Ocean, leading to a steady decline in wind-generated power.

The researchers aim to explore what will happen to wind power potential in India in the future, using projections from climate models.

(DNA, 07.12.18)

### Get Ready for Power Cuts

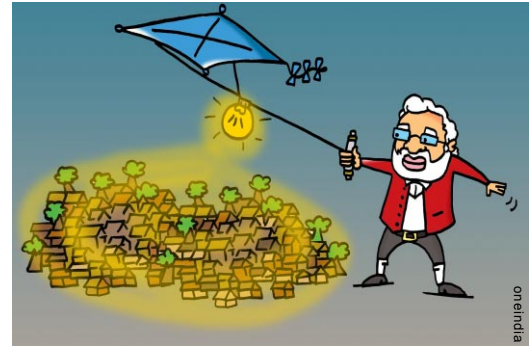
The nation will have to brace itself for more power cuts in the coming months thanks to ever increasing coal shortfall, dip in hydro-power generation due to deficient rainfall and increased demand due to October heat and the upcoming festive season.

The aggressive buying of power on exchanges, especially by poll-bound Madhya Pradesh, Rajasthan, Chhattisgarh and Telangana, have

## Every Household to be Electrified

The government's focus is on providing electricity connection to every household in the country under the *Saubhagya* scheme instead of achieving a set of numbers, Power Minister R K Singh said. He asserted that the target of 100 percent electrification would be achieved by December 31, 2018.

Addressing media persons at the states' review and performance meet, Singh also dismissed contentions that household electrification has led to an increase in aggregate, technical and commercial (AT&C) losses of power distribution utilities. (ET, 07.12.18)



added to a surge in prices and pot of worries.

The states that will heat up the most due to this power crisis are Maharashtra, Gujarat, Karnataka, Andhra Pradesh, Uttar Pradesh, Chhattisgarh, West Bengal, Bihar and Jammu & Kashmir.

The reduction in coal supplies is a matter of grave concern. This will impact exigency plan chalked out for building up stocks at plants.

(DNA, 11.10.18)

### Power Sector Distortions

What could be the total economic cost imposed by distortions in the power sector on the Indian economy annually? The figure was a staggering US\$86.1bn, or roughly 4.13 percent of gross domestic product (GDP) in financial year 2015-16, according to the World Bank.

The economic cost of distortions was one order of magnitude higher than the fiscal cost of subsidies to distribution utilities which was worth US\$8.8bn (0.42 percent of GDP) in 2015-16.

The excessive health cost borne by the population and external costs due to excessive emissions of global warming gases are estimated at US\$35.4bn a year. (ET, 17.12.18)

### Power Sector Woes to Continue

Power sector woes are expected to continue for some time as coal shortage continues, leading to a dip in the generation. Rising demand for electricity and fall in hydropower production due to a dry spell in certain

parts of the country is compounding the problem.

Generation companies are struggling to line up uninterrupted coal supply while distribution companies have to resort to power procurement at a higher price or shed load. Association of Power Producers Director General Ashok Khurana said the power demand has shown an increase of six-seven percent in 2018.

In states like Maharashtra, Gujarat, Gujarat and Tamil Nadu, the demand has increased significantly due to the ongoing festive season, increased agricultural activity, coupled with a dry spell.

(DNA, 11.10.18)

### Coal Shortage Shut Power Plants

As much as 8,580 MW of coal-based power generation capacity is under outage due to shortage of fuel across the country.

According to the latest report of the Central Electricity Authority's (CEA) operation performance monitoring division, 1,740 MW capacity was offline in West Bengal, followed by 1,700 MW in Gujarat and 1,640 MW in Andhra Pradesh.

The situation arises even as production by Coal India and Singareni Collieries Company – the two state-owned commercial coal producers of the country – increased by 12.7 percent year-on-year to 196.4 metric tonnes in the April-July period.

Power Minister RK Singh said the coal shortage is expected to remain for about three years with rise in power demand. (IE, 17.10.18)

### Worst of NPA Crisis is Over

Indicating that the banking sector is on course to a recovery, the Reserve Bank of India (RBI) said stress tests suggest further improvement in banks' asset quality would be made in the new year.

In the baseline scenario, the gross non-performing asset (NPA) ratio may decline from 10.8 percent in September 2018 to 10.3 percent in March 2019 and 10.2 percent in September 2019, RBI said in its biannual Financial Stability Report.

In his foreword to the report, new RBI Governor Shaktikanta Das wrote that after a prolonged period of stress, the load of impaired assets was receding, with banks reporting their first half-yearly decline in the gross NPA ratio since September 2015.

RBI has also conducted a contagion analysis to assess whether the PCA framework has helped in reducing the systemic footprint of PCA banks. *(Mint, 01.01.19)*

### Steep No. of Foreign Investors

Easier regulations, clamp down on offshore derivative instruments, and Indian equities outperforming other markets in the last few years have boosted foreign investors' interest in the country, leading to a spurt in the number of foreign portfolio investors (FPI) in 2018.

Over 600 new FPIs registered with Securities and Exchange Board of India (SEBI) in 2018 – the steepest rise in FPI count since 2014, when the

market regulator overhauled rules for offshore investors and introduced the FPI regime. There are now 9,246 FPIs active in the country.

Experts opine that a series of regulatory easing has helped improve offshore funds' sentiment about the Indian markets in recent times. SEBI has reduced compliance burden, introduced single application form for FPI registration, and eased broad-basing norms, among other measures. *(ET, 28.12.18)*

### SFIO to Check Defaulters

To rein in wilful defaulters and prevent high-profile economic offenders like Nirav Modi and Vijay Mallya from leaving the country, the Centre has allowed the Serious Fraud Investigation Office (SFIO) powers to request look-out circulars against loan defaulters.

The move comes in the wake of defaulters such as Mallya, Modi, Mehul Choksi and Jatin Mehta fleeing the country after obtaining foreign citizenship.

The SFIO recently initiated a probe into the Infrastructure Leasing & Financial Services Limited that is faced with a consolidated debt of ₹91,000 crore and is saddled with a severe liquidity crunch. *(IE, 27.11.18)*

### NITI's GDP Data Revision

With eyebrows being raised over the involvement of the NITI Aayog in releasing revised gross domestic product (GDP) data for the UPA era,

some in the government feel the controversy could have been totally avoided by keeping the think tank out of the announcement.

The new numbers show India's economic growth rate averaged 6.7 percent during the Congress-led UPA regime as compared to 7.3 percent under the present government. Previous numbers had put the average growth rate during the 10-year UPA rule at 7.75 percent.

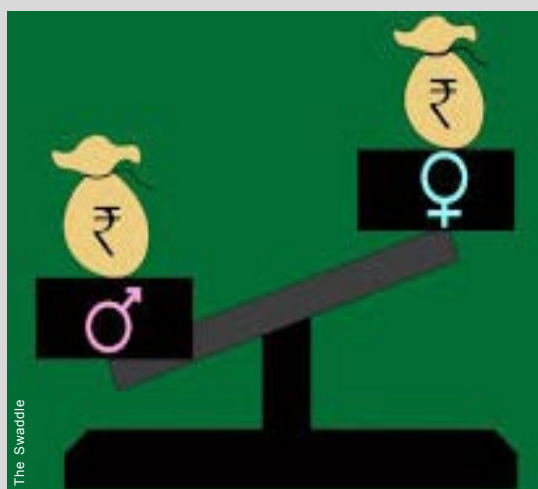
Former Finance Minister P Chidambaram called the revision a 'hatchet job' by the NITI Aayog, while former chief statistician Pronab Sen questioned the involvement of the Aayog. *(ET, 29.11.18)*

### 3.5 Million Laid off

Traders as well as micro, small and medium enterprises (MSMEs) cut workforce by 3.5 million in the past four-and-a-half years, according to a survey by the All India Manufacturers' Organisation.

It has identified the ban on high-value currency notes in 2016 and the roll-out of the goods and services tax in 2017 as the main reasons for retrenchment.

According to the survey, job loss for the trader segment was 43 percent, for micro was 32 percent, for small enterprises it was 35 percent, and for medium businesses it was 24 percent. About 34,000 traders and MSMEs from across India participated in the survey. *(rediff.com, 24.12.18)*



### India's Alarming Wage Gap

India fared poorly, ranking 147 out of 157 countries, in terms of its commitment to reducing inequality, while Denmark topped the list, a report said.

According to the Commitment to Reducing Inequality Index developed by Oxfam and Development Finance International, Nigeria, Singapore, India and Argentina are among a group of governments that are fueling inequality.

India has performed much worse than nations such as Republic of Korea, Indonesia and Georgia who are enforcing positive reforms to bridge the gap between rich and poor.

India is placed 151<sup>st</sup> on the index for public spending for healthcare, education and social protection, 141<sup>st</sup> for labour rights and wages, and 50<sup>th</sup> on taxation policies, the report added. *(DNA, 28.12.18)*



## Does Arvind Subramanian Believe India's GDP and Fiscal Deficit Data?

GDP series is a very technical subject and only technical experts should opine on it, he added. Asked to comment on NITI Aayog's assertion that the think tank had the necessary technical expertise to create GDP back-series, Subramanian said that it was "an excessive claim". Subramanian also added the revenue collection targets for the goods and services tax, outlined in the budget, were 'unreasonable'.

Let us talk about the GDP data. We are a data-starved country. And now we have four series. We have one new current series and three versions of the old series. Which one do you believe?

I just do not know enough about the methodology to speak about it. I will say one thing very important. As an economist, this new series that has been created, I have to be frank and say, that it raises a lot of questions. When you look at other indicators in that period and compare, you see a big differential and yet the growth numbers are the same. It demands explanation and rationalisation. This is a very technical subject and we should only have technical experts opining. It has become not just a matter of credibility of the series but also of the data-generating process and institutions in India.

But they all say they are technical. The NITI Aayog says they have the technical expertise...

That's an excessive claim, I think.

Financial journalists have been grappling with LIC bailing out IDBI Bank and then ONGC buying HPCL and more recently PFC buying REC and all these incestuous activities in the PSU space. Then there's talk of National Social Security Fund (NSSF) being used to fund Air India. Should we believe the fiscal deficit number at all?

I think that this is another case where the numbers should not just be right, but also should be seen to be right. With the deficit, all governments have flexibility, because you know, you have deficit targets, but if you finance it (Air India) by the NSSF, it shows up in the debt but not the deficit. The deficit math is very complicated, and I think, very opaque and non-transparent.

We should have something like an independent fiscal council that many countries do as the Fiscal Responsibility and Budget Management Committee recommended and it was one of the recommendations that I was fully supportive of.

Goods and Services Tax (GST) will take two-three years to settle in. The concern is about GST revenue and the compliance rates. We're still below 70 percent and the numbers don't add up the government's targets for this fiscal year.

All this compliance that is not happening, I think we need to follow up on that. I hope it is something that the technology will allow us to do, that I do not know much about. I think, absolutely we must do that.

But on the revenue, there is an important point that I would like to make, that to judge the GST with the budget demands is unreasonable, because frankly, the budget has made unreasonable demands from GST. It is asked for 16-17 percent. What you should ask the GST is: If the economy is growing at 11-12 percent, are GST revenues giving you 12-13 percent or not. You have to measure it relative to how much is the economy growing, what did we do to tax rates, and combine the two to see do we get enough or not.



*India's new GDP data series raises a lot of questions, and demands an explanation, said former Chief Economic Adviser Arvind Subramanian. "If you look at other indicators in the earlier period and during this period, you see a big differential and yet the growth numbers are the same," Subramanian said in an interaction with BloombergQuint at the Delhi launch of his new book 'Of Counsel: The Challenges of the Modi-Jaitley Economy'.*

\* Excerpts from an interview appeared in the BloombergQuint December 10, 2018.

# Making India Open Defecation Free

Jack Sim\*



*Many people view toilets as impure and refrain from installing them within their household premises*

defecate in the open as it is something they have grown accustomed to since their childhood.

No matter how many toilets the government builds, the country will never be able to become open defecation free until people start using them. So, how can this problem be overcome?

For most of us, going to the toilet is as simple and natural as breathing. For many, it is a daily nightmare. About 2.3 billion people in the world do not have access to clean, safe and reliable toilets. They have to walk for miles every day to reach a safe spot where they can relieve themselves in the open. Inadequate sanitation is estimated to cause 2,80,000 deaths worldwide, annually.

In India, about 732 million people do not have access to proper toilets. As much as 90 percent of the river water is contaminated by faeces. People drink water from the same rivers, bathe and wash their clothes and utensils there, and even cook food with the contaminated water. Pathogens and worms from the faeces spread life-threatening diseases like diarrhea, cholera, typhoid, schistosomiasis and trachoma.

The risks associated with open defecation in India are not just restricted to diseases. Rapes occur when women and young girls are on their way to fields to defecate at night. Each day, they have to suffer humiliation while squatting near gutters or bushes. Most girls drop out of schools at an early age because of the lack of toilets.

India's sanitation crisis has, however, started to improve drastically ever since the launch of Prime Minister Narendra Modi's 'Swachh Bharat Abhiyan'. The campaign vowed to combat the sanitation crisis within five

years by setting a target of building 110 million toilets nationwide—the largest toilet-building programme in the history of mankind. More than 83 million household toilets have already been built in India, and the Indian government must be congratulated for this remarkable feat.

The campaign is similar to the one launched in Singapore post-independence, when open defecation was common in the 1950s-60s. Even sophisticated urban areas had primitive toilet systems where human waste was collected manually in buckets and disposed directly into nearby waterways.

Lee Kuan Yew, Singapore's first Prime Minister understood the power of sanitation. He invested in toilet hygiene and clean water as a preventive health strategy, which was much cheaper and far more effective. By focussing on providing clean water and sanitation, Singapore created a healthy and productive workforce, ready for international business and commerce by the 2000s.

India can replicate Singapore's success story. Apart from building more toilets, India needs to address the challenges that prevent it from achieving 100 percent open defecation free status. The major challenges of sanitation in India arise from puritan religious beliefs. Many people in India view toilets as impure and refrain from installing them within their household premises. Most

In order to make India 100 percent open defecation free, it is essential to launch a comprehensive behavioural change strategy similar to Singapore that focuses on changing the mindset of people and eradicating the open defecation habit.

Toilets need to be repositioned as a status symbol that is desired by all. School textbooks should include chapters on sanitation. Both children and adults should be shown films and TV programmes on the subject to help them understand the importance of defecating in toilets. Toilets need to be projected as a trend that people can follow, rather than forcing them as a prescription.

In rural areas, focus needs to be laid upon *panchayati raj institutions*, which can be used as a platform to promote sustainable sanitation practices and creation of public-supported frameworks of organic disposal and utilisation of human waste.

There is a lot that India can learn from the Singapore sanitation model. We see a need to draw inspirational strategies that can contribute towards the successful completion of *Swachh Bharat Abhiyan*.

After all, it is only through a holistic sanitation model that we can break the open-defecation-disease-expenditure-poverty cycle and make India a progressive and productive nation.

\* Founder of World Toilet Organization. Abridged from an article appeared in the Mint on October 17, 2018.



# Will Future Megacities Be a Marvel or a Mess? Look at New Delhi

Jill Ward\*

**T**raffic jams are part of the daily routine and slums abound in New Delhi's luxury hotels and private mansions, testifying to a growing wealth divide and chronic housing shortage.

And every day, the problem gets bigger. More than 27 million people live in and around Delhi with about 700,000 more joining them each year, according to research firm Demographia. The United Nations forecasts that by 2028 the population could outstrip Tokyo's to make Delhi the world's biggest megacity.

"Between now and 2030, we need to build something like 700 to 900 million square metres of urban space every year, which means one Chicago every year," Hardeep Singh Puri, India's Minister for Housing and Urban Affairs, said.

**I**ndia has the world's fastest-expanding major economy, which has helped lift millions out of poverty in the past decade. But inequality is growing. Many are above the official urban poverty line of 47 rupees (64 cents) a day but are not quite middle class and are vulnerable to shocks, according to Sumila Gulyani, Program Leader for Infrastructure and Sustainable Development in India at the World Bank.

"Housing has not kept pace and environmental issues have lagged," Gulyani said. "The inability to manage this massive influx, to keep pace with needs for infrastructure, services and housing, and sustain the environment, has reduced the kind of economic returns that you would expect to see from this massive urban population growth."

**G**overnment efforts to remedy the housing problems have been beset by difficulties over land acquisition, relocation, infrastructure and environmental concerns. One of Delhi's flagship smart city projects show some of the obstacles that can make urban regeneration a slow and painful process in India.

The project, begun in 2014, will replace 2,444 old low-rise homes with 4,608 apartments in modern 14-story towers, together with car parking and retail space. Scheduled to be completed by June, the 87-acre project is touted as a



poster child for new government housing, with solar panels, on-site waste management and rainwater harvesting.

But the project has angered many locals, with lawsuits filed over traffic and environmental concerns, and compensation for existing residents. Almost 2,000 trees were cut down, and while some new ones are being planted, critics say a 10,000-space basement parking garage will restrict the replanting of large trees on the site and could threaten groundwater supplies.

At least 20 Indian cities, including New Delhi, are set to run out of groundwater as early as 2020 if measures are not taken, according to government think-tank NITI Aayog.

**U**rban planner and architect Ranjit Sabikhi says that type of geographical segregation of the poor can create serious social stresses in cities.

In India, much of the migration to cities is "hidden," with the urbanisation rate probably closer to 55 percent, rather than the official estimate in the 2011 census of around 32 percent, according to Gulyani at the World Bank.

Gulyani said that the key to improving the efficiency of cities is to empower local authorities who are better-placed to deal with the challenges of urbanisation.

Still, Shimla has a population of about 200,000, while Delhi is more than 100 times the size, with national, provincial and city administrations all having a say in how the capital is run. And while those who can afford it may visit Shimla to enjoy the mountain air, there's no escape from Delhi's smog for most of its inhabitants.

"It's totally haphazard, mad growth of population with no regard" for the effects on the environment and health, said Arvind Kumar, a surgeon at New Delhi's Sir Ganga Ram Hospital, who has seen a surge of lung-cancer cases among non-smokers due to pollution in recent years. "There was just massive growth, growth, growth."

*The effects of unbridled urbanisation are inescapable in India's capital city. Smog blankets landmarks like India Gate in winter, delaying flights at the airport due to poor visibility.*

\* Reporter at Bloomberg. Abridged from an article appeared in BloombergQuint on November 03, 2018.

## FII's Abandon India

The year 2018 has been a brutal one for emerging markets (EMs), including India, with investor portfolios sinking deeper into the red. Amid stock market volatility, foreign institutional investors (FIIs) fled India and equity markets saw a net outflow of US\$4.58bn, the steepest sell-off in a decade.

FIIs dumped domestic stocks in the midst of the rupee weakening against the dollar, high crude oil prices, increase in US treasury yields and stronger economic growth in the US, according to analysts.

“Rising crude, anticipation of tightening by Federal Reserve, dollar strength against emerging markets currencies triggered a sell-off and flight to safe havens,” said Ajit Menon, chief executive of DHFL Pramerica Asset Managers Pvt. Ltd.

(Mint, 28.12.18)

## No Change in FDI Policy

To change the existing FDI policy in the multi-brand retail trading sector, DIPP Ramesh Abhishek said that there is no such proposal to change this.

Replying to a question whether the government is looking at increasing FDI cap to 100 percent in the sector, a politically sensitive segment at CII's conference on ‘MNCs and India: Creating Mutual Value’, Abhishek said “You know the

multi-brand retail policy that exists today. There is no proposal for change.”

Speaking on the occasion, Abhishek said that the US\$650bn retail sector is growing fast and that it holds huge potential for businesses.

(ET, 13.12.18)

## Will Agri Export Policy Help?

With an aim to double farmers' income by 2022, Government of India has recently come up with the Agriculture Export Policy, 2018. It targets to double the value of exports to US\$60bn (about ₹4.3 lakh crore) in the period. This, however, may prove to be a steep task, given the depressed international market for foodgrain, sugar, cooking oil as well as dairy and meat products.

The Union Cabinet also approved the setting up of a monitoring framework. While the Ministry of Commerce will act as the nodal department, other departments, agencies as well as state governments will be represented there.

A stable agricultural import and export policy has been a long-standing demand. So, will the new policy help? Experts are sceptical.

(DTE, 10.12.18)

## Average GST Rate Soon at 15%

NITI Aayog Vice-Chairman Rajiv Kumar said that the average rate of

Goods and Services Tax (GST) will soon be 15 percent.

The statement comes a days after PM Narendra Modi's announcement about bringing 99 percent of the items under the sub-18 percent GST slab.

As of now, 1,211 goods categories have been synthesised into six rates – 0.25 percent (un-worked diamond), 3 percent (mainly gold and silver), 5 percent, 12 percent, 18 percent, and 28 percent. Earlier, 200 categories goods were under the 28 percent slab, now it has been reduced to 39 items, including motor cars, ACs, large TVs, and others.

(BL, 19.12.18)

## India 3<sup>rd</sup> Largest Economy

The Union government will shortly unveil a development plan to make India the world's third-largest economy after the US and China by 2047, when the country celebrates its 100<sup>th</sup> year of Independence.

“We are coming out with a new strategy document, ‘New India at 75’. It starts off by saying that India must aim for and can become the third-largest economy by 2047 and then we go on to break it down to steps to achieve this goal,” Rajiv Kumar, Vice Chairman of Federal Policy Think Tank NITI Aayog said.

Although the goal is set for 2047, Kumar said the government will strive to reach the landmark much ahead of the timeline.

(Mint, 05.10.18)

## E-commerce Policy Tightened



Plugging some of the loopholes in the Foreign Direct Investment (FDI) norms on e-commerce, the Centre has come up with a review policy explicitly stating who can sell on an e-commerce platform, and the distance that e-tailers have to maintain with their vendors. The norms will come into effect from February 01, 2019.

Online marketplace players, including Flipkart and Amazon, are now barred from selling the products of companies in which they hold stakes, said a press note issued by the Department of Industrial Policy & Promotion (DIPP).

Norms have also been tightened around ownership and control over inventory by an e-commerce entity providing a marketplace service.

(BL, 26.12.18)

# World Steps Up to Study India's Cash Ban While Modi Looks Away

Jeanette Rodrigues\*

Prime Minister Narendra Modi's administration has not assessed the impact of one of history's most sweeping changes in currency policy.

The decision to look away from demonetisation may be an attempt to distance authorities from what's since been termed 'a total failure' and a 'draconian' act. However, economists all over the world have dug through the rich trove of data, and here's what they found about the monetary shock that still lingers over India's economy, politics, society and markets:



*Customers wait to exchange Indian five hundred and one thousand rupee banknotes at a bank in India on November 15, 2016*

## Growth Hit

Gabriel Chodorow-Reich, Economics Professor at Harvard University and his colleague Gita Gopinath, now Chief Economist of the International Monetary Fund, wrote in a paper along with Goldman Sachs Group Inc.'s Chief India Economist Prachi Mishra and the Reserve Bank of India's Abhinav Narayanan:

- It was comparable to a two percentage point tightening in the key policy rate and reduced economic activity by at least three percentage points in the months immediately after.
- They called for deeper evaluations of the long-term consequences of demonetisation.

## Policy Errors

Frederick Betz, Timothy R. Anderson and Aurobindh Kalathil Puthanpura at Portland State University used the exercise to test the validity of monetary theory:

- The move supported the Chartalist School, which holds that there are crucial differences between currencies in an economy.
- The withdrawal of so-called Fiat Money, which is currency issued by a government, reduced the availability of Commodity Money, which is used in trade and commerce.
- The gap could not be filled by Managed Money, the term used for organised finance, because a large portion of the population lacked bank accounts and the government was slow in replacing currency bills.
- It is clear policymakers did not consider how money interacts in India.

## Voters' Response

Rikhil R. Bhavnani and Mark Copelovitch, Associate Professors of Political Science at the University of

Wisconsin–Madison, say:

- The economic impact was felt most acutely in relatively "unbanked" and cash-dependent areas.
- Still in elections held soon after, Modi's BJP was penalised the least in relatively unbanked districts.
- If Modi had not framed demonetisation as a fight against corruption, there might have been a loss of support to the BJP.

## Missed Targets

Dharmika Dharmapala and Vikramaditya S. Khanna, Law

Professors at the Universities of Chicago and Michigan, assessed the stock market:

- The markets always knew that demonetisation would have only a "modest at best" impact on curbing corruption.
- There is little evidence that sectors thought to be associated with greater tax evasion or corruption experienced significantly different returns.
- However, banks gained as investors penciled in the prospect of bigger deposits and state-owned firms also rose. The latter may be due to perceptions of future corruption at government-backed firms that are seen as particularly prone to graft.

## Less is More

Economists from Cambridge, Harvard and Stanford on communication:

- Implementation of the policy was marked by chaos and confusion as policymakers announced and revised decisions daily.
- When there is common knowledge about how information is delivered providing more people with information deters their willingness to ask questions and can actually reduce knowledge.

## Unexplored Consequences

Psychiatrists Arun Enara and Mahesh R. Gowda delved into the stresses:

- India has the largest growing middle class in the world, which was largely isolated from the last major economic crisis in 1991. But demonetisation directly hit their lives.
- The people who were affected are seemingly not directly linked to black money.

\* Correspondent, Bloomberg. Abridged from an article appeared in the Bloomberg on December 24, 2018



### Forest Fires Increased

The latest report of Ministry of Forests, Environment and Climate Change (MoFECC) has noted that up to 1,41,747 forest fires were detected in 20 districts of India over a span of 13 years, between 2003 and 2016.

The report, co-authored by World Bank, seeks to understand how forest fires are deterring India's efforts to meet its climate change goals.

The report says that Central India and North-eastern states are the ones severely affected by forest fires. While states in the Northeast account for the greatest share of fire detections, the largest area affected by fire is in the Central region, the report adds. *(BL, 09.11.18)*

### 384 Tigers Killed in Last 10 Years

As many as 384 tigers have been killed by poachers in India in the last 10 years, according to the reply to a question under the Right to Information.

Between 2008 and 2018 (till November), 961 persons have been

arrested for allegedly poaching tigers.

The information was given by the Wildlife Crime Control Bureau (WCCB) in response to a question filed by Ranjan Tomar, a Noida advocate and RTI activist. Tomar asked the WCCB for the number of tigers killed by poachers in the last 10 years and the people arrested and convicted. *(TH, 09.12.18)*

### Deaths Attributed to Air Pollution

One out of every eight deaths in India can be attributed to air pollution, a study conducted by the Indian Council of Medical Research and the Union Health Ministry says. In 2017, 12.4 lakh people died due to air pollution, accounting for 12.5 percent of total deaths in the country.

The study entitled 'The impact of air pollution on deaths, disease burden and life expectancy across the States of India' is the culmination of the work of 76 experts from various institutes of repute who came together to produce evidence corroborating

the fact that air pollution kills. The findings have been published in The Lancet. *(BL, 06.12.18)*

### World's Fastest Growing Cities

When it comes to the top 10 cities for economic growth, India is set to dominate over the next two decades, according to Oxford Economics.

Surat, a diamond processing and trading center in the western state of Gujarat, will see the fastest expansion through 2035, averaging more than 9 percent, Richard Holt, Oxford's head of global cities research, wrote in a report. All of the 10 fastest over that period will be in India.

While economic output in many of those Indian cities will remain rather small in comparison to the world's biggest metropolises, aggregated GDP of all Asian cities will exceed that of all North American and European urban centers combined in 2027. By 2035, it will be 17 percent higher, with the largest contribution coming from Chinese cities. *(BL, 09.12.18)*

## India Jumps 23 Notches

India has moved up 23 rungs to grab the 77<sup>th</sup> spot among 190 countries in the World Bank's Ease of Doing Business global index.

This is the second successive year that the country has vaulted up the keenly watched ranking. In 2017, it had shot up 30 positions to make it into the league of the top 100 countries.



"India has been recognised among the top ten improvers for the second consecutive year," said Ramesh Abhishek, Secretary, DIPP, while giving a presentation on the World Bank's Doing Business report for 2019. India is now the highest-ranked country in South Asia. *(BL, 31.10.18)*

### Losses due to Natural Disasters

With global environmental organisations constantly warning dire consequences of climate change, a study released by the UN Office for Disaster Risk Reduction has revealed that disaster-related economic losses globally stood at about US\$3tn in the last two decades. India has been among the top five countries with absolute economic losses of about US\$79.5bn between 1998 to 2017.

The US topped the list with US\$945bn of disaster-related economic losses during the period, followed by China (US\$492bn), Japan (US\$376bn) and India (US\$79.5bn).

At least 91 percent of all major disasters recorded from 1998 to 2017 were climate-related, recording 7,255 events during the period, showed the report titled as 'Economic Losses, Poverty and Disasters 1998-2017', which evaluated total disaster-related economic losses and fatalities in last two decades. *(FE, 11.10.18)*

# GDP is No Longer an Accurate Measure of Economic Progress. Here's why

Pushpam Kumar\*

*It is critically important we monitor societal progress and design responsive policies to 21<sup>st</sup> century challenges, such as climate change, the marginalisation of more than a billion people, resource depletion and emerging pollution-driven health crises. We need reliable metrics to know how we are performing on the yardsticks of our economy, sustainability and social harmony. Unfortunately, our radar to track progress is far from satisfactory. Countries still use a 20th century metric to measure wellbeing: GDP.*

GDP provides measurements of output, income and expenditure quite well, and these are needed to understand and devise fiscal and monetary policies. But this measure flatly fails when it comes to wellbeing. Its founder, Simon Kuznets, cautioned half a century ago that it is useful mainly in tracking income. More recently, other economists suggest knowing change in per capita wealth of all types is key to monitoring sustainability.

Hence growing international interest in a tool that still captures financial and produced capital, but also the skills in our workforce (human capital), the cohesion in our society (social capital) and the value of our environment (natural capital).

Work has advanced on some of these elements. The UN Environment Programme-led Inclusive Wealth Index shows the aggregation through accounting and shadow pricing of produced capital, natural capital and human capital for 140 countries. The global growth rate of wealth tracked by this index is much lower than growth in GDP. In fact, the 2018 data suggests natural capital declined for 140 countries for the period of 1992 to 2014.

Interestingly, many countries record GDP growth while they lose natural capital. One can see the trade-off among various types of capital, but the report clearly conveys that mixing income with wealth is bad economics and dangerous for sustainability measurement.

The Index's findings include strong recommendations to help reach global sustainability targets, including the UN Sustainable Development Goals. Closely tracking countries' productive bases is key, as a declining asset base implies a non-sustainable trajectory. Many of the assets critical for maintaining productive bases are either not priced or are priced at much lower levels than they should be. This is especially true for natural capital and human capital assets.

Natural capital assets such as forests and water bodies have only been valued for the products they provide for

the market, such as timber and fish. However, these ecosystems offer a much larger suite of services, such as water purification, water regulation and habitat provisioning for species, among many others. These are clearly valuable services.

The Inclusive Wealth Index also helps policy-makers prepare to negotiate for reductions in greenhouse gases as well as for compensations accruing from climate change. Further, past reports have shown conclusively how countries can become unsustainable in absolute terms when population growth is factored into the computation. Understanding the impact population growth has on productive bases is a critical variable that leaders should factor into policy-making.

Canada's Comprehensive Wealth project adds one number for evaluation and policy-making on top of GDP: a per capita sum of the five elements of prosperity. It draws on data from Statistics Canada – one of the finest statistical organisations in the world – which measures many elements of prosperity separately, to varying degrees of depth.

The report raises several red flags, most notably that Canadians' comprehensive wealth only grew at an annual average rate of 0.2 percent from 1980 to 2015. In contrast, GDP grew at an annual average rate of 1.31 percent over the same period. In other words, the good GDP results of Canadians don't have a strong foundation reflecting growth in earning potential, sustainable natural stocks, and diversified financial and produced capital.

People deserve an accurate sense of how well their economies are performing, with a view to long-term sustainability. GDP has and always will have valuable short-term insights, but to respond to 21st-century pressures we need a modern economic measure. Canada can lead the world as the first nation to adopt comprehensive wealth, making a commitment to the knowledge that empowers meaningful action.



\* Chief, Ecosystem Services Economics Unit. Abridged from an article appeared in [www.weforum.org](http://www.weforum.org) on November 13, 2018.

# Corporate Governance in Start-ups

Ganesh Prasad and Arun Scaria\*

The concept of corporate governance often proves to be a stumbling block for start-ups, baffling even the brilliant, innovative minds that lead these start-ups. Good corporate governance practices in a company is an attractive asset to investors, who have the peace of mind of knowing that the company has its housekeeping in order. On the other side, lack of adequate governance practices in a company could be a matter of worry for global investors, whose statutory compliances and internal policies would require their portfolio companies to meet certain minimum standards.

The challenge that start-ups often face is in building an effective corporate governance game plan that corresponds with the stage of maturity of the start-up. Start-ups tend to adopt a “short term-long term” approach when it comes to drawing up their corporate governance game plan. However, we believe that it would be more efficient and effective to adopt a more evolutionary approach.

A start-up’s corporate governance practices and requirements need to organically evolve and grow as the startup evolves and grows. The underlying premise is that at each stage of its growth cycle, a start-up has different business requirements, different set of stakeholders, and varying legal compliances, that require differing corporate governance standards. The corporate governance requirements evolve with the growth of a startup, being influenced not just by the size of the company, but also by expectations of various stakeholders.

*Sometimes the evolution is just the by-product of the company’s growth and sometimes the progression is the outcome of a carefully tailored plan*



## Inception

Most start-ups have a tough, uncertain, and chaotic infancy. With more fatal concerns like pending invoices, wavering clients, and perennial cash flow issues to deal with, it may be a little premature for your start-up to focus extensively on corporate governance. At this stage, it may be enough to adopt a ‘check the box’ approach and just meet all mandatory legal, financial and accounting requirements.

## Early stage investments

This is when you partner with angel investors and venture capital investors and the standards of your corporate governance need to go beyond mere compliance. Sophisticated investors like venture capital would expect to put in place strong corporate governance practices, to protect their investments and ensure that the business achieves its maximum potential. With the presence of nominees of investors, the board becomes stronger and more seasoned, which can monitor the actions of the management.

## Private equity and strategic investments

Your valuation is swelling, and you have received the big bucks from a variety of investors including the global private equity players and a few strategic investors.

Corporate governance assumes utmost significance at this stage given the stakes involved. Institutional investors would have their own requirements including on being governed by, an approved business plan, and internal policies on prevention of money laundering and corruption. At this stage, the board should ideally include experts and independent directors. Matters of significance can be delegated to different expert committees like audit committee, investment committee and compensation committee, which will then be ratified by the board. The business would be managed by professionals and not entirely by the founders.

## Road to an initial public offering (IPO)

If the company proposes to go public, the importance of corporate governance goes without saying. Allegations of mis-management and loopholes in corporate governance could have a huge negative impact on the IPO prospects. The company would need to ensure that highest standards of governance is maintained at all levels. There has to be a dedicated team of experts formulating and implementing governance, management and ethics policies. Upon completion of listing, the company will anyway have to meet all legal requirements relating to governance and transparency, ensuring absolute protection of interests of public and retail shareholders.

\* Partner and Associate Partner at Khaitan & Co. respectively. Abridged from an article appeared in Mint on November 15, 2018.



# Court Vacations: Are They Justified?

Harish Narasappa\*

In 2018, the Supreme Court is working on 193 days, the High Courts are working (on an average) for 210 days and the subordinate courts (on an average) for 245 days. Courts are closed for considerable periods during the summer, Christmas, Diwali, Holi, Dussehra, and Pongal (depending on the state they are located in). It is important to note however that the criminal courts in the subordinate judiciary are open on most working days in the year and do not take the same vacation as other courts. As with any argument, there are many sides to this issue.

## The Argument Against Long Breaks

Those who oppose the practice of long court vacations (particularly in the summer) believe that this is a colonial practice and should be stopped as we no longer have English judges who need to visit their homeland for a long period.

While the legislature does take long breaks, it does not have a daily transactional role like the judiciary. Further, no other working set of people, including doctors who can be compared to judges and lawyers professionally, take such a long break in our country. Even if we look at this issue from a strict systemic perspective, a large number of non-working days cannot be justified when litigants have to wait for years together to get relief from the courts. The judiciary cannot view their holidays as an entitlement when the system has become dysfunctional.

## Why Some Favour Vacations

Those in favour of continuing with the vacations argue that judges are overburdened on a daily basis and work extremely long hours. In the absence of sufficient breaks, judges will suffer a burnout. They further point out that many judges use the long breaks to write judgments that are pending and also catch up on research, which is essential for judges to maintain the quality of justice. There is no doubt that judges work long hours.

## No Special Case for Long Break

Judges are no different from other professionals or working people when it comes to working hard. There is no special case to be made for a long break when compared to others in society who have an equally important role. Yes, the very nature of judicial work involves a lot of reading, research, writing, and rendering judgments. The system needs to ensure that judges have sufficient time to do their work in a proper fashion. Further, a judge who is responsible for deciding whether his fellow citizen goes to jail, cannot function under severe time and work pressure.



*How much of a vacation do our judges need? This question comes up fairly frequently these days, particularly when there is a conversation about the delays in deciding cases and the pending 3 crore cases in our courts. There are many who believe that our courts take too many days off in a year, thereby contributing to the delays.*

Taking these long breaks is clearly not helping the system in disposing cases. Whether it is helping judges' function better is an open question as we have no contrasting scenario to compare the present practice with.

As a society, we cannot have a dysfunctional judiciary. We need to do all we can to fix its working, including communicating with citizens that the institution cares for the interests of the citizens. Taking a long break when no other working institution does so does not give the message of an institution that is interested in reforming itself for the benefit of citizens. Rather, it indicates that the courts do not care for the citizens, but care for themselves.

We need to evolve a practice where the courts continue to function throughout the year, but individual judges get sufficient time off to ensure that they do not suffer a burnout. A likely solution is to ensure that vacations are taken in rotation so that a majority of judges are functioning at any given point during the year. This is also only possible if all the vacancies are filled regularly and promptly.

The need of the hour is an efficient judiciary that is not only committed to meet the needs and interests of the citizens, but also communicates this commitment by modifying their practices to suit the needs of the country.

\* Founding Partner of the Law Firm, Samvad Partners, in Bengaluru, and the Co-founder of Daksh Legal. Abridged from an article appeared in BloombergQuint on December 27, 2018.

## HP, Kerala Lead SDG Index

Himachal Pradesh, Kerala and Tamil Nadu have emerged as top performing states in NITI Aayog's Sustainable Development Goal (SDG) India index 2018, which evaluates progress in social, economic and environmental terms.

Assam, Bihar and Uttar Pradesh are the worst performing states in the government think tank's first of its kind India Index for SDG.

The Aayog has developed the SDG India Index which is a comprehensive Index to measure progress of states/UTs, through a single measurable index and the First Baseline Report for 2018 was prepared with the support of United Nations in India.

The Index took into account 13 out of 17 goals specified by United Nations as SDGs and left out four goals because of lack of data at the state level.

Under the Index, states will be monitored on real time basis across 62 of 306 national indicators outlined by the United Nations.

(BT, 21.12.18)

## Smart City Projects Still on Paper

Only 33 percent of the total 5,151 Smart City Mission projects have been completed or are under implementation, utilising 25 percent of the envisaged investment.

The creation of smart cities was a major promise by Prime Minister Narendra Modi in the run-up to the 2014 Lok Sabha elections. Projects worth ₹2,05,018 crore have been included by the selected 100 cities in their Smart City proposals.

According to data presented by the Ministry of Housing and Urban Affairs to the Lok Sabha, 2,342 projects (45 percent) worth ₹90,929 crores have been tendered, of which 1,675 projects (33 percent) worth ₹51,866 crores are under implementation or have been completed.

The Smart City projects are executed through the convergence of resources from Central/State governments/local bodies and external funds. Public-private partnerships are also expected to chip in with 20 percent of the funding.

(BL, 16.12.18)

## Faster Patents for Women

The government has proposed to fast-track patent applications from women and small businesses in its latest bid to encourage innovation from new category of innovators.

The DIPP has floated draft rules to amend the Patent Rules, 2003 and extend the facility to other groups, including Indian women as part of a policy to encourage innovation and entrepreneurship.



The Economic Times

The move is part of the DIPP's efforts to significantly reduce time for examination and grant of patents.

The Indian Patent Office granted 13,045 patents in 2017-18, compared to 9,847

in the previous year- and Indian startups only accounted for 1,275 patents filed.

(ET, 26.12.18)

## Defence Reports not Available Online

The federal auditor's much awaited report on the ₹59,000 crore Rafale deal, when it comes, is unlikely to be available online as the auditor had instructed its officers in 2017 to desist from the normal practice of uploading defence reports on its website for public consumption.

Seven defence reports were submitted in Parliament since October 2017, but none of these are available on the auditor's website, unlike CAG reports on other subjects.

The unavailability of the online version will restrict their access. The CAG is yet to finalise its report on the Rafale deal, an inter-governmental agreement signed with France in 2016 to acquire 36 fighters in flyaway condition to boost India's defence against China and Pakistan.

(ET, 19.12.18)

## Needs Radical Thinking in Audit

Finance Minister Arun Jaitley said some 'radical thinking' is needed on the part of CAG while auditing books of accounts of state-owned companies as they are now expected to take quick decisions to compete with their private sector peers. He said the time has now come for the CAG, government and judiciary to appreciate the competitive environment, in which the PSUs now operate is entirely different from the pre-1991 regime.

Jaitley said while PSUs have to face audit by the CAG and follow a prescribed procedure for tenders and hiring employees, the private sector companies enjoy flexibility as there is no fear of such audit.

(ET, 11.10.18)

## Coal Block Allocation Matter

All hell seemed to have broken loose when the CAG released its audit report on the allocation of coal blocks made between 2004 and 2010. Vinod Rai was the CAG when the audit of coal block allocation was done.

Responding to some of the questions against the Report, in his book "Not Just an Accountant" he has raised certain pertinent questions: "What was CAG's folly in this entire saga? The decision to audit the Ministry of Coal? Or the decision to make the audit report public by placing it in Parliament.

The CAG was absolutely right on both these counts and in pointing out the flaws in the process of allocation of coal blocks that was termed as 'non-transparent' and 'discretionary'.

(ET, 20.12.18)

# Women still kept out of Indian legislatures

Archana Datta\*



Protagonists of women rights argue that women's participation in politics is a reinforcing factor in ushering in a level playing field for them. Now, how inclusive is India's political domain?

Sadly, India stands at the lower rung of the Inter-Parliamentary Union (IPU) 2018 rankings at 152 among 193 countries in women's representation in parliaments. A small island nation like Malta, with a population of only 4.6 lakhs, precedes India. Even neighbouring countries like Afghanistan, Bangladesh, Pakistan, China and Iraq stole a march over India.

The Election Commission of India (ECI) while analysing the outcome of the last fifteen Lok Sabha elections, expressed concern about the fact that women despite constituting 49 percent of the total electorates, could only share a single seat among ten in the parliament. Their success rate in the elections was also found to be better during the period.

West Bengal had the highest of nearly 13 per cent, while among the southern States, Tamil Nadu topped the list with 9.4 per cent of women MLAs, followed by Andhra with 8.8 per cent. Surprisingly, Kerala, with its more than 90 percent literacy rate at that time, had only about 5 per cent representation, and Karnataka was as low as 1.3 percent.

In the Hindi belt, Haryana had a better representation of 12.2 percent women MLAs. Some of the NE states like Arunachal Pradesh, Mizoram, Nagaland, Manipur and also Puducherry did not have a single woman MLA. It is an irony that the women's reservation bill is still languishing in political cold storage.

Now, what is the contemporary political scene? An IndiaSpend analysis revealed that there are just 62 women among the 678 members of legislative assembly (MLAs) elected in the 2018 state elections in the five states of Rajasthan, Madhya Pradesh (MP), Chhattisgarh, Telangana and Mizoram. They are home to 93 million women, but have only 9 percent MLAs as women, down from 11 percent from the previous assembly elections. Only Chhattisgarh witnessed an increase in the proportion of female MLAs. Mizoram continues to have zero female representation in the assembly.

In Karnataka, among the 222 successful candidates, only seven were women, one more than in the previous election in 2013. Tripura in spite of having better sex ratio and higher level of education among women, had only 24 women among 297 contestants, and only three of them were winners among the 59 winning candidates, which is just 5.02 percent of the total strength.

In Rajasthan, 187 women fought elections, about 8.22 per cent of the total number of 2274 contestants. Twenty-two women won elections with a success rate of 11.76 per cent, while it was 8.53 per cent for men.

The 2017-18 Indian Economic Survey attributed one among the many factors responsible for low representation of women in Indian politics as the persisting confidence deficit in mainline political parties about women as potential winners and their ability in garnering financial support to run electoral campaigns.

*India stands at the lower rung of the Inter-Parliamentary Union (IPU) 2018 rankings at 152 among 193 countries in women's representation in parliaments.*

But there is a ray of hope too. Women now comprise about 44.2 percent of total elected representatives in the *Panchayati Raj Institutions*, and 43 percent are *Sarpanches* in *Gram Panchayats*. A research study commented that women have been found 'not only capable of winning elections but also getting re-elected.' Thanks to the 73rd constitutional amendment!

Power sharing in the higher echelons of the polity still remains a far-off dream for women in India.

\* Former Indian Information Service Officer and Media Educationist. Abridged from an article appeared in The Statesman on December 28, 2018.



### Staring at Demographic Disaster

Congress MP Shashi Tharoor said India was staring at a 'demographic disaster' as a major section of the country's youth was not yet equipped to take advantage of the job opportunities that the current century has to offer.

He also made a pitch for policies to provide 'right kind of education', including skill development and vocational training, to youngsters to address the issue.

Tharoor said that 65 percent of our population is under the age of 35. The International Labour Organisation says in 2030 we will have 160 million people on the job (with the) starting age group of 19 to 23, whereas China will have only 92 million.

(ET, 25.10.18)

### Promoting Start-up Ecosystem

The government is working towards creating a suitable ecosystem for entrepreneurs, the Commerce Minister Suresh Prabhu said.

Prabhu said that startups help create jobs and boost economy and the ministry is taking steps to nurture the ecosystem across sectors, including agriculture.

The country's economy is expected to touch US\$5tn in the next seven years and US\$10tn by 2035, the Minister said. While US\$1tn will come from manufacturing, US\$3tn from services sector and US\$1tn from agriculture, there are huge opportunities, he added.

(BL, 19.11.18)

### India Perceived as Closed Economy

Klaus Schwab, Founder and Executive Chairman, World Economic Forum (WEF), said even though India has moved up the ease of doing business index, its image is still that of a "closed economy" which may not work in its favour.

According to the World Bank report on 'Doing Business 2019', India jumped 23 spots to rank 77 on Ease of Doing Business. According to World Economic Forum's 'Global Competitiveness report', India is now at position 58 and it has jumped to 5 places higher from 2017.

According to Schwab, who has been a keen watcher of the Indian economy for the past 40 years, "India has made a strong progress in easing the entry and functioning of foreign companies...If I were an investor I would make India a priority for my future strategy."

(BL, 13.12.18)

### NSQF Norms Mandatory

The government is planning to bring out a new policy, making it mandatory for all education systems to follow National Skills Qualifications Framework (NSQF) norms.

NSQF alignment is the need of the hour and the government is contemplating steps in this direction, said Anant Kumar Hegde, Minister of State for Skill Development & Entrepreneurship. He added, government's policy decision on District Skill Development Agency is likely to be implemented soon.

There is a need to get feedback from industrial houses on issues like usage of next generation functional language, precision farming, using microbial science and others for drafting policies as government cannot reach every nook and corner.

(BL, 02.11.18)

### School Education Quality Index

Government think tank NITI Aayog will soon come out with two more indices – School Education Quality Index and Digital Transformation Index – to highlight best practices of states.

The idea is to hand-hold states, selected through challenge method, towards improving their social sector indicators and providing technical support over three years.

Roadmaps for state transformation have been finalised with quarterly milestones for each initiative. The Aayog came up with a model concessionaire agreement in October 2018 along with guidelines for promoting public-private partnership in healthcare.

(ET, 14.11.18)

### No New Colleges from 2020

With more than half the engineering seats falling vacant every year, a government committee, headed by IIT-Hyderabad chairman B V R Mohan Reddy, has advised the All India Council for Technical Education (AICTE) to stop setting up new colleges from 2020 and review the creation of new capacity every two years after that.

AICTE Chairman Anil Sahasrabudhe said that the committee has submitted its report and that its suggestions are being considered by the technical education regulator.

The panel, in a 41-page report, has also suggested that no additional seats should be approved in traditional engineering areas and that institutes should be encouraged to convert current capacity in traditional disciplines to emerging new technologies.

(IE, 01.01.19)

## 17,590 Girls Back to Schools

"As many as 17,590 girls in the age group of 11 to 14 years have been mainstreamed back to school since April", said Minister of State for Women and Child Development Ministry Virendra Kumar.



"In 2018-19, as reported by states/UTs, 17,590 girls have been mainstreamed to schools," he said. In India, the education of the girl child is a big issue as there is rampant gender bias, child marriage, female infanticide etc. all of which propound the belief that girls are somehow lesser than boys and do not need to study as they are meant for house-related work and child-raising.

(IT, 17.12.18)

## Medical Council Bill Passed

The Indian Medical Council (Amendment) Bill, 2018 which seeks constitution of a Board of Governors that will exercise the powers of the Medical Council of India (MCI) was passed in the Lok Sabha.

The Central Government will constitute a Board of Governors, which will exercise the powers of the MCI. The Bill allows for eminent administrators to be selected on the Board. Further, the Bill provides for the Board of Governors to be assisted by a Secretary-General appointed by the Central government.

The Committee recommended that the government should bring a new comprehensive Bill in the Parliament to restructure and revamp the regulatory system of medical education and medical practice and to reform the MCI.



### No Trade-offs in Healthcare

Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PM-JAY) is the most ambitious health sector scheme since Independence. If implemented well, PM-JAY could dramatically change the picture of the health sector and directly benefit more than 50 crore poor people.

Critiques of the scheme usually stem from the following five concerns. One, PM-JAY focuses on secondary and tertiary care. Two, in a supply-deficit environment, raising demand will not help. Three, the current package prices are too low to encourage private-sector hospitals to fully participate in the scheme.

Four, hospital insurance addresses only a small amount of out-of-pocket expenditures. Finally, there is scepticism that either the required budget will not be available or provided at the expense of other critical needs. (IE, 09.11.18)

### FSSAI Bans Plastic

The Food and Safety Standards Authority of India (FSSAI) has prohibited the use of recycled plastic or newspaper and magazine pages for packaging of food items, in a bid to crackdown on use of packaging material that poses a health risk.

FSSAI has framed new food packaging regulations that are in the process of being notified. The regulations will come into effect from July 01, 2019.

Acknowledging the importance of packaging in the food sector and its

impact on food safety, the packaging regulations have been separated from the labelling ones. The new regulations replace the Food Safety and Standards (Packaging and Labelling) Regulations, 2011.

(HT, 29.12.18)

### Healthcare to Consolidate

Healthcare sector may see further consolidation in 2019 with the tightening of regulatory environment set to make it difficult for small players to stay afloat in a highly competitive market.

Industry players also expect more partnerships in the new year between public and the private sector in the healthcare space, which they feel is 'under-invested'. Already, Malaysia's IHH Healthcare has scalped 31.1 per cent stake in Fortis for ₹4,000 crore after months of intense competition and is in process of taking another 26 percent stake.

Besides, KKR-backed hospital management firm Radiant Life Care has announced the acquisition of a majority stake in Max Healthcare through a merger to create a combined entity valued at ₹242 crore.

(ToI, 31.12.18)

### Nod to National Health Authority

The Union Cabinet cleared the constitution of a National Health Authority (NHA) through an executive order, thus taking the Pradhan Mantri Jan Arogya Yojana (PM-JAY) out of the ambit of the Ministry of Health. The Ministry's

role will now be limited to acting as the nodal ministry for NHA in parliamentary matters, like the presentation of annual reports.

The Cabinet also approved a proposal to upgrade the post of the NHA CEO to that of a Secretary to the Government of India with full financial powers. Till now, all funds released by the National Health Agency, which is implementing the PM-JAY, were done through the Ministry of Health.

The move was necessary for seamless implementation of the health programme that is being personally monitored by Prime Minister Narendra Modi. (IE, 03.01.19)

### e-Pharmacy Rules to be Notified

The Madras High Court banned the online sale of medicines till the Centre notifies rules regulating it. The high court thereby has refused to vacate an interim stay it granted in October 2018.

The court directed the Centre to notify rules regulating the online sale of medicines by January 31, 2019, and online pharmacies have been directed to comply with the notified rules thereafter.

The order was passed on a writ petition filed by the Tamil Nadu Chemists and Druggists Association, which sought a blanket ban on online portals that sell medicines until the Centre implements a set of rules permitting such sales. (DNA, 18.12.18)

## J&J Case is a Step in the Right Direction, finally

*India has definitely set a precedent by enhancing the compensation for victims of faulty hip implants*



Decades ago, on the intervening night of December 02-03 1984, a highly toxic chemical made its way into and around the small towns located near the Union Carbide India Ltd (UCIL) pesticide plant in Bhopal exposing more than 500,000 people to the deadly methyl isocyanate (MIC). In 1989, the Supreme Court ordered UCIL to cough up ₹750 crore for the tragedy touted as the 'world's worst industrial disaster'. That sum was to be distributed among the 105,000 people affected by the leakage of MIC gas, including 3,000 dead and 102,000 injured.

India made a big stride on compensation, a critical appraisal in terms of various aspects of human life. The government announced that the patients fitted with faulty hip implants supplied by pharmaceutical giant Johnson & Johnson Pvt. Ltd (J&J) be compensated between ₹30 lakh and ₹1.23 crore, along with an additional ₹10 lakh paid towards non-pecuniary damages. This is by far the highest ever compensation announced for a living human being in India.

It has not been an easy journey for the patients, though. It took eight long years for the patients to get what they wished for. The Acetabular Surface Replacement (ASR) hip implants were recalled globally in August 2010. The government swung into action in 2017 and formed a committee to look into the matter in 2017 under the chairmanship of former dean of Maulana Azad Medical College, Arun Agarwal. However, it was only in August 2018 after the media took over the case that the government took a stern stance, providing a big relief to the patients.

The compensation amount would set a precedent for future cases of medical negligence to be paid to patients in case of injury caused by "faulty" medical devices. The ministry approved the formula for determining quantum of compensation for patients who had received, prior to August 2010, ASR hip implants manufactured by DePuy International Ltd, a subsidiary of J&J. While a base compensation of ₹20 lakh was recommended by the expert committee formed in 2017, the compensation has been enhanced keeping in mind the percentage of disability and age of the patient. The lower the age and more the percentage of disability in the patient, the higher the compensation.

This is significant since under the existing law companies pay monetary benefits only in case something goes wrong during a clinical trial. The sum of ₹1.23 crore as compensation amount is, therefore, something that has never been heard of in India.

But a more heartening development is that the government is now contemplating changes in the Drugs and Cosmetics Act, 1940, to make pharmaceutical companies liable to pay compensation for injuries and damage caused to consumers by their products, including drugs and medical devices. The Central Drugs Standard Control Organization, the national regulatory body for Indian pharmaceutical and medical device makers, has proposed changes in the existing law to introduce a compensation provision for approved drugs and medical devices that have an adverse impact on a patient.

Once this becomes law, it would have large implications, not the least of which is that affected parties will not be given the runaround for the compensation as it would become mandatory for the company or entity concerned to make the payment.

Coming back to the instance of clinical trials: According to a non-profit organisation called Swasthya Adhikar Manch (SAM), thousands of Indians have died in unethical clinical trials over the past decade. To be precise, between January 2005 and November 2017, 4,967 people died during the course of drug trials and research and 20,000-odd people have suffered adverse reactions in such trials. SAM says companies involved have shied away from paying the aggrieved and relatives of the dead. And this was even where there was a law in place to pay victims of clinical trials.

The right of victim for compensation has suffered in India but with the J&J case, India has definitely set a new precedent.

— The news item appeared in the Mint, on December 03, 2018.



### Digital Cartel Detection

The Competition Commission of India (CCI) is working on a 'digital screen-based' system to detect possible cartelisation in public procurement tenders.

The CCI has been working on ways to curb anti-competitive practices across sectors in the marketplace, and public procurement is a key area as it accounts for around 20 percent of the country's GDP.

Sudhir Mital, Chairperson, CCI said the tool would have capabilities to scrutinise tenders based on several parameters and check for any anticompetitive aspect. (ET, 05.11.18)

### Film Chamber Found Guilty

The CCI penalised the Karnataka Film Chamber of Commerce, the Kannada Okkuta and various individuals – including Sa Ra Govinda and Vatal Nagraj, the presidents of both organisations – for engaging in anti-competitive conduct.

The informant stated that the defendants' actions of banning and suppressing the production and release of dubbed content constituted anti-competitive behaviour and violated Section 3 of the Competition Act.

The CCI held that the defendants and their affiliates must not prevent, obstruct, hinder or adversely affect the release of the dubbed film *Dheera*, directly or indirectly, in the state of Karnataka. (ILO, 29.11.18)

### Walmart-Flipkart Deal Approved

The CCI approved Walmart International Holding's acquisition of 51 to 77 percent of the outstanding shares in Flipkart Private Limited. The CCI noted that both parties were engaged in business-to-business (B2B) sales and that, as such, there was a horizontal overlap between them in the relevant market.

The CCI concluded that Flipkart and Walmart were "neither close competitors in the B2B sales nor have a combined market share that raises competition concern".

On account of regulatory restrictions, there was vertical overlap between Walmart's B2B business and Flipkart's online

marketplaces. As such, the CCI approved the acquisition.

(ILO, 06.12.18)

### Sugar Mills Penalised

The CCI penalised several sugar mills in the states of Uttar Pradesh, Gujarat and Andhra Pradesh and their trade associations: Indian Sugar Mills Association and the Ethanol Manufactures Association of India for indulging in cartelisation in contravention of Section 3(1) read with Section 3(3) of the Competition Act 2002.

The cartel concerned the supply of ethanol in response to the first joint tender issued by three oil marketing companies under the ambitious ethanol blending programme launched by the government and the Ministry of Petroleum and Natural Gas.

In accordance with Section 27 of the Act, the CCI imposed heavy fines on the sugar mills and their trade associations. (Lexology, 15.11.18)

### Terminal Collusion

The CCI has ordered a probe into alleged anti-competitive practices by Denmark's A.P. Moller-Maersk and Dubai's DP World at the terminals they operate at the country's largest container port in Mumbai.

The decision by the CCI to investigate follows a complaint by

Singapore's PSA International Pte Ltd, which alleged that Maersk and DP World created entry barriers to hinder the growth of PSA's terminal by colluding on certain charges they levy at the state-owned Jawaharlal Nehru Port Trust.

The CCI said its preliminary probe found that Maersk and DP World had coordinated their efforts to prevent PSA from operating effectively at the Mumbai port. (Mint, 20.11.18)

### Allegations against Ola, Uber

The CCI rejected allegations of price fixing against app-based taxi service providers Ola and Uber, saying that drivers acceding to "algorithmically determined prices" by the platforms does not amount to collusion between them.

For the model followed by cab aggregators, estimation of fares are done by algorithms on the basis of large data sets. Apart from personalised information, various other factors such as time of the day and traffic situation, are taken into account with respect to fares.

Further, the CCI said in the case of ride-sourcing and ride-sharing services, a hub-and-spoke cartel would require an agreement between all drivers to set prices through the platform or an agreement for the platform to coordinate prices between them. (ET, 07.11.18)

## Intel Abused Market Conduct

The CCI has ordered an investigation against global chip maker Intel Corporation for allegedly abusing its dominant position in Indian market by restricting the production of servers. The direction comes following a complaint by Bangalore-based Velankani Electronics, engaged in the business of design and manufacture of electronic products in India.

Intel is a leading technology company engaged in the designing, manufacturing and distribution of a wide range of IT components as well as electronic devices relating to communications and computing such as processors, chipsets, mother-board/server-board among others.

It was alleged that Intel refused to provide complete reference design files to Velankani Electronics and by doing this Intel has successfully prevented and precluded the Bangalore-based from designing/manufacturing its own server-boards.

(ET, 12.11.18)



# India Curbs Power of Amazon and Walmart to Sell Products Online

Vindu Goel\*

*Prime Minister Narendra Modi's administration has turned protectionist. Protesters demonstrated in New Delhi in 2018 when the American retailer Walmart bought a majority stake in the Indian e-commerce retailer Flipkart.*

The Indian government dealt a surprise blow to the e-commerce ambitions of Amazon and Walmart, effectively barring the American companies from selling products supplied by affiliated companies on their Indian shopping sites and from offering their customers special discounts or exclusive products.

If strictly interpreted, the new policies could force significant changes in the India strategies of the retail giants. Amazon might have to stop competing with independent sellers and end its offerings of proprietary products like its Echo smart speakers in India, its top emerging market.

For Walmart, which spent US\$16bn in 2018 to buy 77 percent of Flipkart, India's leading online retailer, the new rules could hamper its strategy of selling clothing and other products under its own private brands and prevent it from using its supply-chain expertise and clout with retailers to drive down prices for Indian consumers.

Prime Minister Narendra Modi of India initially courted foreign companies to invest more in the country after his 2014 election victory, but his administration has turned protectionist as his party's re-election prospects have dimmed in recent months. Modi has increasingly sought to bolster Indian firms and curb foreign ones through new policies, including one that requires foreign companies like Visa, Mastercard and American Express to store all data about Indians on computers inside the country. The government has also declared its intention to impose tough new rules on the technology industry.

The new e-commerce rules seemed to be an attempt by Modi to placate small traders, who have been hurt by his tax and financial policies, ahead of national elections next May, analysts said. The changes would also help Paytm, a local payments company that operates a digital mall, and Reliance Industries, an Indian conglomerate with online retail ambitions that is controlled by Mukesh Ambani, India's richest man and a political patron of Modi.

Under Indian law, foreign-owned retailers were already barred from selling any products directly on their own e-commerce sites. In response, Amazon and Flipkart, which has long had foreign investors, set up partially owned affiliated companies to sell products like groceries, electronics and books on their sites. The arrangements gave them more control over customer service and allowed them to sell some products at prices below those offered by independent sellers.

The new policies appear to close that loophole. They also prevent the online platforms from striking deals to sell products exclusively, which they frequently do now for hot items like new phone models.



Amazon, which operates through a maze of interrelated entities in India, has also been deft at finding ways to structure its operations to comply with the letter of the law while retaining maximum flexibility to run its business as it sees fit. Still, the new policy is set to drive

up costs for Amazon and Walmart in India and may affirm many investors' fears that Walmart's costly acquisition of Flipkart was misguided.

At the time of the deal, Walmart's Chief Executive, Doug McMillon, said India offered a unique opportunity for the retailer to tap into a young, growing and digitally savvy market. But analysts have been concerned about the amount of money Walmart will need to spend to help Flipkart grow and eventually become profitable.

Amazon and its investors have long hoped the company could replicate its domestic success in fast-growing emerging markets like India, particularly as the growth of its core e-commerce business in the US has slowed.

After Prime and Alexa, India was the third most frequently mentioned term in Amazon's shareholder letters in the last few years, according to the research firm Gartner L2. Amazon's international operations lost about US\$2.4bn over the past four quarters, although profit margins have improved.

\* Technology and Business Reporter at The New York Times. Abridged from an article appeared in the New York Times on December 26, 2018.

# May the Game be with You

MC Mary Kom\*

In 2019, my personal journey will continue: I am training harder than ever, looking forward to more titles and medals as we approach the 2020 Tokyo Olympics. But there are larger uncertainties and questions: What can we do to encourage more women across all spheres, especially in sports? How can India give its best-ever performance at the Olympics? What is it that young girls and women across the nation can learn from my struggles and successes?

Let's first talk about India's prospects at international sports meets in general, with an eye on Tokyo in particular. The first thing sports, particularly those which centre around individual achievement, needs more funding. Funds are the first step towards building the infrastructure and expertise that can recognise, nurture and maintain the excellence that is required to perform at the highest level. The *Sarva Shiksha Abhiyan* (SSA), for instance, mandates that schools have a certain infrastructure, that every child in India has access to specific facilities close to their home, in their own locality.

We can look at China and the difference that sports facilities have made to their performance at the international level. What is needed is an SSA-like scheme for sports.

It is also important for there to be complete coordination between the government and sports federations and unity even within the sports federations themselves. The government, of course, is already doing a lot for sports and its growth.

In the new year, we must ask for efficiency and accountability not only from the government and sports authorities, but also from the athletes themselves. In a country like India, with limited resources, is it fair that even under-performing persons continue to get such a handsome allowance and facilities?

The stipends and facilities must be performance-linked in sports, as in any other field. This will have multiple positive effects. First, it will ensure that new talent among the younger generation also gets a fair chance and fresh blood is injected into the athlete pool in the country. Second, it will keep those who are receiving the facilities on their toes and not let any kind of lethargy or a lackadaisical attitude to set in. Third, even for those who lose their benefits, it will act as a motivating force for them to perform better.

I come from a relatively small community, one which is not particularly wealthy or powerful even in my home state. Yet, today, because of my achievements, I am a nominated member of the Rajya Sabha. I am truly grateful for this opportunity.

In our society, women are often discouraged from performing multiple roles. But to the girls and women of India, I say that you should chase excellence and achievement. Age, marital status, region, religion — none



*In the new year, we must ask for efficiency and accountability not only from the government and sports authorities, but also from the athletes themselves. In a country like India, with limited resources, is it fair that even under-performing persons continue to get such a handsome allowance and facilities?*

of this should stand in your way. After being married and having children, I continued to train — and win — at the highest level.

In 2019, there will be a general election, which is important for the entire country. My only wish is that it be a fair election, a free one where the will of the people is clearly expressed. After the people elect a government, it must work for the development of the entire nation, as I am sure it will endeavour to do.

I hope that in 2019, I continue to do India proud on the global stage and there are others who are inspired to do the same in all walks of life.

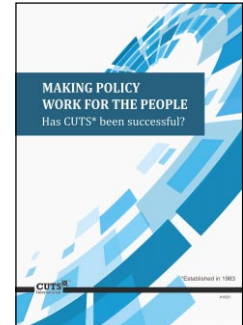
\* Six-time Winner at the World Boxing Championship and nominated Member of the Rajya Sabha. Abridged from an article appeared in *The Indian Express* on January 01, 2019.





## Making Policy Work for the People: *Has CUTS Been Successful?*

CUTS is broadly defined as an evidence-based policy advocacy organisation. Over the years, it has made significant contributions to either help define or shape policy for the betterment of the consumer and thereby society, at large. Our list of successes runs long and this Booklet is an attempt to capture the organic growth and subsequent progress of the organisation since its inception. These success stories are based upon outcomes from our various projects and a result of our consolidated energy that the organisation has evolved which now defines us. The aim is to present major impact stories that have made difference in the public policy area, both globally and locally. It will further provide guidance for pursuing the Vision of CUTS in future by way of synchronised efforts of our various offices in Asia, Africa and in Europe. It further envisages serving an additional purpose of acquainting relevant stakeholders with the organisation's thinking, goals and impactful growth.



[www.cuts-international.org/Policy\\_Wins/](http://www.cuts-international.org/Policy_Wins/)

## Standards Development and the 5G Opportunity: *Mapping the way forward for India's telecommunications industry*

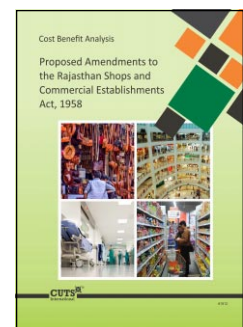


Many implementers and manufacturers in India have advocated for the need to regulate licencing of the underlying patented technology of the standard, which takes the form of Standard Essential Patents (SEPs). The primary concern is that after the standard has been set through the collaborative process, licencing of SEPs is prone to abuse by its owners and SEP users are at a competitive disadvantage in the market. Keeping in mind the interests of various stakeholders, and based on various parameters of comparison, the study highlights the relative superiority of collaborative standard setting processes. Based on this analysis, the report further highlights that instead of mulling sub-optimal regulation of SEPs, there is a need for policymakers and domestic players in India to utilise the collaborative standards development process as a ladder for growth and leverage it fully to compete in the global market.

[www.cuts-ccier.org/pdf/Report-Design\\_in\\_India\\_to\\_Maximize\\_5G\\_Opportunities.pdf](http://www.cuts-ccier.org/pdf/Report-Design_in_India_to_Maximize_5G_Opportunities.pdf)

## Cost Benefit Analysis: *Proposed Amendments to the Rajasthan Shops and Commercial Establishments Act, 1958*

This report highlights the findings and recommendations of a rapid assessment of costs and benefits of proposed amendments to the Act conducted by CUTS International, with the support from the World Bank group. The objective of this exercise is to generate awareness among stakeholders about utility of assessment of costs and benefits of regulatory proposals and whet the appetite of the Government of Rajasthan to conduct such assessments in future. For the purpose of the report, key costs and benefits were identified and assessed on the basis of qualitative interactions with and information collected from key stakeholders.



[www.cuts-ccier.org/RIA\\_RajSCE1958/pdf/CBA\\_of\\_proposed\\_amendments\\_to\\_RSCE\\_Act\\_final.pdf](http://www.cuts-ccier.org/RIA_RajSCE1958/pdf/CBA_of_proposed_amendments_to_RSCE_Act_final.pdf)

### SOURCES

BL: The Hindu Business Line, DNA: Daily News and Analysis, DNE: Down to Earth, ET: The Economic Times, FE: The Financial Express, IE: The Indian Express, ILO: International Law Office, IT: India Today, Tol: Times of India, TH: The Hindu

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