PolicyWatch

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

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CUTS International

INSIDE THIS ISSUE

HIGHLIGHTS

"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*

A New Industrial Policy for *Bharat*

A recent report by Deloitte LLP pointed out that India's young population will drive its economic growth to overtake China and other Asian tigers in the following decades. The potential workforce in India is set to increase from 885 million to 1.08 billion in the following 20 years and hold above the billion mark for 50 years. This potential can only be achieved if enabling conditions for growth are created and sustained.

In this context, the Discussion Paper on Industrial Policy 2017, released recently by the Department of Industrial Policy and Promotion (DIPP), becomes relevant as it reviews the progress made in the last 25 years.


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Besides, it provides ideas on facilitating discussions for formulating a new industrial policy for building a globally competitive Indian industry equipped with skill, scale and technology.

A new industrial policy for India must necessarily discuss ideas for creating jobs for and in *Bharat*. Unfortunately, the DIPP Discussion Paper does not delve into this issue. However, it is heartening to note that the Paper recognises the importance of competition, enhancing the competitiveness of domestic industry, and strengthening global linkages and value chains.

Any design of industrial policy must appreciate its linkages and interaction with agriculture and services policies at a granular level, and with trade, competition and sector-specific policies at a broader-level. Further, stakeholders involved in the design of specific policies must interact with each other, align forces, optimise and harmonise the functioning of crucial sub-systems to create an industrial policy.

In relation to the rising workforce, the Economic Survey 2016-17 pointed out that the richer peninsular states in India will initially witness a sharp increase in working age populations, followed by a sharp decline.

In contrast, the poorer hinterland states will remain young and dynamic, characterised by a rising working age population for some time, plateauing towards the middle of the century. For India to realise its economic potential, it is this population which needs to be tapped and provided with opportunities.

A new forward-looking industrial policy for India must have *Bharat* as its soul. It must prioritise the creation of livelihoods in rural and semi-urban areas and recognise the importance of growth in the rural non-farm and agriculture-allied economy for industrial development.

Moreover, a long-term view needs to be taken on competition and trade-related issues, and the industrial policy should avoid the temptation of shortterm benefits of over-protectionism.

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COMMUNICATION

Voice for Digitally Deprived

Building a case for safe internet access for all, Information Technology (IT) Minister Ravi Shankar Prasad said the country will 'assert its voice' for the digitally deprived and marginalised. At the same time, India will be a 'voice of moderation and reason' in the global digital discourse, he indicated.

He stressed that countries can move forward only by building trust, undertaking reciprocity and having certain agreed norms of behaviour in cyberspace. Prasad also mentioned that India is open to sharing its best practices for greater collaboration and cooperation in the area of cyberspace.

(ToI, 24.11.17)

Considering IMG Advice

The Telecom Commission is likely to discuss the relief package recommended by an Inter-Ministerial Group (IMG) for the sector, a senior official said. The panel, the apex decision making body of the Telecom Department might also discuss opening of new set of spectrum – E-band and V-band for telecom services.

The IMG recommendations would be sent to the Cabinet for a final decision. TRAI had earlier recommended that the ceiling on spectrum held by mobile operators within a particular band should be removed, while suggesting a 50 percent cap on combined radiowave holding in efficient bands like 700 MHz, 800 MHz and 900 MHz.

(IE, 10.12.17)

TRAI Backs Net Neutrality

The TRAI came out in strong support of Net Neutrality in a series of recommendations. One of the recommendations reads, "The service providers should be restricted from entering into any arrangement, agreement or contract, by whatever name called, with any person, natural or legal that has the effect of discriminatory treatment based on content, sender or receiver, protocols or user equipment".

To monitor violations, TRAI has recommended the establishment of a collaborative mechanism in the form of a multi-stakeholder body, which would be responsible for developing technical standards for monitoring and enforcement of the principles.

(TH, 28.11.17)

New Telecom Policy Soon

The Telecom Ministry hopes to finalise new National Telecom Policy by February 2018. Telecom Minister Manoj Sinha said the BharatNet project is going on at a faster pace, and firms, such as Airtel, Reliance Jio and Vodafone are ready to provide services to rural areas.

Under BharatNet, the Centre plans to provide broadband connectivity to 2.5 lakh *gram panchayats* (GPs). The rolling out of services by Telecommunications Service Providers (TSPs) in these GPs is expected to trigger the village-level ecosystem, thereby widening the extent to cover more number of GPs in near future. This will give an impetus to broadband facilities in rural India.

(BL, 07.11.17)

Satcom for Broadband Delivery

India needs to create digital platforms, pushed by government policies and private sector entrepreneurship, which are specific to India and address its specific needs. TRAI Advisor S K Singhal said adding that affordable broadband and allied services like television form the backbone of National Telecom Policy (NTP) 2018.

Pointing out that a stronger 'collaboration' is needed between operators of cable networks and those who use the pipe to deliver services, Singhal said that TRAI has already recommended to the government to use cable networks' broadband delivery potential to fulfil the goals of the New Telecom Policy 2018.

(IT, 06.12.17)

Duty Exemption on 4G Gear

Phone companies have sought Basic Customs Duty (BCD) exemption on 4G network gear to reduce overall 4G Long-Term Evolution (LTE) network roll out costs.

According to the recommendations of Cellular Operators Association of India, "4G LTE network equipment should be exempted from 10.3 percent basic customs duty to reduce the cost of rolling out high-capacity data networks, which will be the arterial backbone of Digital India".

Tower infrastructure companies believe that 'telecom towers' should be included within the scope 'plant and machinery' under the Central GST Act, 2017 for tower operators to get the benefit of input tax credits.

(ET, 29.12.17)

Inclusive and Safe Cyber Space

Maintaining that the right for all of access to internet is 'non-negotiable', IT Minister Ravi Shankar Prasad said the government will not allow any company to restrict entry of Indians into the world-wide web.

The Minister said the government had not accepted Facebook's Free Basics programme as it offered access to only select internet services, and it plans to make six crore people in rural areas digitally literate under the Prime Minister's digital literacy programme.

India is trying to create an inclusive, safe and secure cyber space for sustainable development, he added. The focus is on looking beyond mere digitisation to digital technologies to empower people. *(BL, 23.11.17)*

• TRANSPORT •

Need for Two Airports

Greater clarity on whether a second greenfield airport in Chennai should be built in the public-private partnership (PPP) mode or by the Airports Authority of India (AAI) should become clearer by December this year or January 2018, said Guruprasad Mohapatra, Chairman, AAI.

"By 2030 or 2035 we will be managing with the existing Chennai airport. But a city like Chennai requires a second airport thereafter", he said. Meanwhile, the state-owned airport operator hopes to start a pilot project using mobile Air Traffic Control (ATC) towers sometime early next year.

(BL, 09.11.17)

Electrifying Rail Lines

The Indian Railways will start tendering 8,000 km of rail lines for electrification every year, starting FY 2018, to complete the network electrification target in the coming five years.

In a first, the contract size that will be awarded on the government-funded engineering-procurement and construction (EPC) model, will be mostly in the range of 1,500-2,000 km to achieve faster completion.

The Railways, which currently has a fuel bill of ₹26,500 crore, will save ₹10,500 crore in fuel bill annually by electrifying its entire route. The cost for electrifying would be around ₹30,000-35,000 crore. *(ET, 24.11.17)*

Road Safety Policy Soon

The Supreme Court has asked all states and Union Territories (UTs) that have not already framed a road safety policy to do so by January 31, 2018 and implement it with all seriousness.

The states in question are Delhi, Assam, Nagaland, Tripura, Lakshadweep, Dadra and Nagar Haveli and Andaman and Nicobar Islands. States and UTs have not yet established a road safety fund including fines collected for traffic violations, and this will be used for meeting expenses relating to road safety.

The Ministry of Road Transport and Highways was asked to publish a protocol for identification and rectification of accident black spots and take necessary steps for enhancing safer road designs.

(Mint, 01.12.17)

Identifying Weakest Link

Given the dominance of small and medium players in the food processing segment, cost of the machinery becomes a critical factor, along with infrastructure and logistics. Dharmendra Gangwar, Joint Secretary, Ministry of Food Processing Industries said, "The industry requires massive investment in machinery, logistics and equipment".

The backend infrastructure and logistics are the weakest link in the supply chain with a maximum gap in the required and existing infrastructure.

Nitin Gadkari, Minister for Road Transport and Highways, Shipping and Water Resources, River Development and Ganga Rejuvenation, Government of India said that the government has decided to give the highest priority to the development of infrastructure.

(BW, 05.11.17)

Red Tape Killing Pilot's Dreams

Amol Yadav, a pilot with a private airline who lives in Mumbai, has built a six-seater aircraft, which was featured in the government's 'Make in India' programme, on the terrace of his Charkop home. He had the backing of the Maharashtra government, which impressed with his efforts, offered him land and funds to build 19-seater planes.

However, the aviation regulator has consistently refused to register Yadav's aircraft over the years, effectively denying him the ability to demonstrate it can fly. Directorate General of Civil Aviation, according to the Maharashtra government, has created road blocks for the project even after the Prime Minister Office put in a word. *(ET, 12.10.17)*

Rise in Air Passengers

Domestic airlines flew 95.83 lakh passengers in September 2017 registering an increase of 16.4 percent over 82.30 lakh passengers flown during the same period of previous year. IndiGo flew highest number of passengers at 36.65 lakh followed by Jet Airways with 14.77lakh passengers and Spice Jet with 13.20 lakh passengers, latest data released by the Directorate-General of Civil Aviation showed.

The industry paid ₹2.62crore as compensation to over 1.22 lakh passengers affected by cancellations and delays in flights among others. IndiGo reported the best on-time performance among all the airlines at 89.8 percent at the four metro airports in Delhi, Mumbai, Hyderabad and Bengaluru. *(BL, 26.10.17)*

Relook at Transport Policy

A major source of the recent air pollution spike in India is transportation emissions. The number of registered vehicles in Delhi crossed 1 crore earlier this summer, with more than 90 percent of these vehicles being private two-wheelers and cars. What is alarming is that Delhi's public transport ridership share reduced from 42 percent in 1994 to 31 percent in 2014.

Furthermore, given the national government's ambitious target to go all electric by 2030, the Delhi government should create roadmap and conducive transport polices to incentivise the purchase and usage of electric vehicles, both in terms of financing and infrastructure.

(Citizen Matters, 14.11.17)

• OIL & GAS •

Gas Trading Platform

India will soon have a natural gas trading platform, which could lead to market-determined pricing of gas. At the end of the India Energy Forum by CERAWeek, Minister Dharmendra Pradhan said, "We will soon move the Cabinet to seek approval for setting up a gas trading platform".

This will be similar to global hubs, such as Henry Hub of the US and National Balancing Point of the UK. "Both imported natural gas and domestically produced gas will be traded at the hub. This will enable market determination of the Indian price for natural gas", stated a government official. *(BL, 10.10. 17)*

Nod to Cargo-swap Deal

The Cabinet has approved a cargo-swapping arrangement with Japan as part of a broader bilateral pact to create a gas exchange that could reduce India's logistical costs for natural gas import.

"With Japan, another important pact is being finalised by the Petroleum Ministry", said Dharmendra Pradhan. "As part of the gas exchange, we have a provision that will allow the swapping of these gas contracts which will save on transport costs. So, we can get gas from Qatar instead of Japan and they can source our quantum from Australia", Pradhan added. *(TH, 11.10.17)*

Surpassing China's Market

With six percent demand growth, India will surpass China as the fastest-growing Asian market for petroleum products in 2018, according to a report. This is possible as Chinese demand growth is seen halving to 2.5-3 percent in 2017-18 from a higher six percent in 2016-17.

Despite the weakening growth numbers in both these countries, China and India will continue to be the key growth engines for the sector in Asia, representing over 80 percent of the expected growth in 2018.

Quoting the American energy information administration projections, the report said the demand for petroleum products in the Asia Pacific will rise a modest two percent or 0.7 million barrels per day in to 34.6 million bpd in 2018. *(ToI, 03.10.17)*

US Crude Oil Shipment

India received its first ever shipment of crude oil from the US on October 02, 2017 with state-owned Indian Oil Corporation Ltd. importing 1.6 million barrels at the Paradip Port in Odisha. The move comes after US resumed its oil exports in 2016.

Indian Oil will process this crude at its refineries in the East: at Paradip, Haldia, Barauni and Bongaigaon. Indian Oil, which became the first Indian public sector refiner from India to source US crude, has placed a cumulative order of 3.9 million barrels from the US.

Public sector refiners Bharat Petroleum and Hindustan Petroleum have also placed orders from the US for about 2.95 million barrels and 1 million barrels respectively for their Kochi and Vizag refineries. *(BL, 02.10.17)*

Natural Gas in GST Gamut

The likelihood of including natural gas under the Goods and Services Taxes (GST) gamut augurs well for the gas producing and distributing companies since it will result in lower prices of the fuel thereby making it more competitive with respect to other fuels.

Dharmendra Pradhan recently made a strong case for inclusion of natural gas in the GST regime stating that it is a cleaner fuel than coal, which is already under GST.

The effective tax rate on Compressed Natural Gas (CNG) and Pipelined Natural Gas (PNG) in India is 13-40 percent as a proportion of selling price. A GST rate below 18 percent might reduce selling prices of CNG and PNG. *(ET, 06.12.17)*

Emergency Petrol Shipments

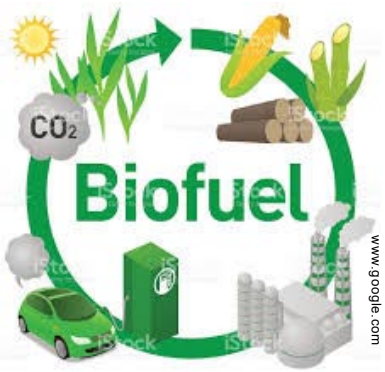
Following reports of Ceylon Petroleum Corporation (CPC) rejecting a shipment of petrol from Lanka IOC (LIOC), the Sri Lankan subsidiary of Indian Oil, made emergency fuel supplies to Sri Lanka.

According to Doordarshan, Modi assured all assistance from India to Sri Lanka following Siriena's request for emergency petrol shipments. LIOC has made available 3,500 kilo litre of its own stock to CPC.

A ship with additional 21,000 kilo litre of petrol also left for Sri Lanka and additional petrol is being made available from Kochi refinery in Kerala. *(BS, 09.11.17)*

Draft Biofuel Policy

The government plans to allow foodgrains during surplus production years to be used for production of ethanol that can be blended with petrol, in a bid to widen the availability of raw materials needed for making Biofuel, according to a draft National Policy on Biofuels.



The draft policy has proposed an indicative target of 20 percent blending of ethanol in petrol and 5 percent of biodiesel in diesel by 2030.

A faster adoption of biofuels can help cut oil import bill, boost job generation, spur indigenous technological development and cut environmental pollution, said Oil Minister Dharmendra Pradhan. *(ET, 23.11.17)*

• POWER •

Double RE Capacity by 2022

India's renewable energy (RE) capacity will more than double by 2022, which would be enough to overtake renewable expansion in the European Union for the first time, said International Energy Agency (IEA).

The country's RE installed capacity is 58.30 GW as per the recent government data. The government has an ambitious target of raising it to 175 GW by 2022 including 100 GW of solar and 60 GW of wind energy.

IEA also stated the solar PV and wind together represent 90 percent of India's capacity growth as auctions yielded some of the world's lowest prices for both technologies.

(BL, 04.10.17)

Coal to Power Producers

As many as 10 independent power producers have secured 27 million tonne of annual coal linkages under the auction of fuel supply, said the Coal Ministry.

"Auction of coal linkages to Independent Power Producers (IPPs) having long-term Power Purchase Agreement (PPA) have been concluded successfully by Coal India Ltd. (CIL), whereby 27.18 million tonne of annual coal linkages have been booked by 10 successful bidders", the Coal Ministry said.

These fuel supply pacts are likely to result in generation of over 47 billion units per annum from the linkage coal, and an estimated savings in tariff of approximately ₹125 crore per annum for period up to 25 years.

(ToI, 20.12.17)

Record Low Wind Tariff

India's wind power tariff fell to a record low of ₹2.64 per unit in an auction conducted by state-run Solar Energy Corporation of India (SECI) for 1 GW of wind power contracts.

While ReNew Power Ventures Pvt. Ltd. and Orange Sironj Wind Power Pvt. Ltd. bid ₹2.64 per kWh to win contracts for 250 MW and 200 MW each, Inox Wind Infrastructure Services Ltd., Singapore-based Sembcorp Industries Ltd.'s Green Infra Wind Energy Ltd. bid a tariff of ₹2.65 per unit for securing contracts of 250 MW each.

"Against the 1,000 MW capacity SECI received 12 bids totalling to 2,892 MW capacity of which nine bids with a cumulative capacity of 2,142 MW were shortlisted for e-reverse auction", stated the government.

(Mint, 06.10.17)

20 GW Solar Power Auction

The government will soon auction 20 GW of solar power generation capacity with a mandatory domestic manufacturing clause, said R K Singh, Minister of State (Independent Charge) for Power and Renewable Energy.

The government will issue an expression of interest in a few days to seek suggestions for domestic sourcing obligation in this regard. Singh also said that the Ministry of New and RE is exploring RE capacity addition through floating solar power plants over dams, offshore wind energy systems and hybrid solar-wind power systems, which might provide over 10 GW additional capacity.

(BL, 24.11.17)

Discoms to be Fined

The government is planning to fine electricity distributors from April 2019 for avoidable power cuts and to make it mandatory for companies to install prepaid or smart meters to prevent electricity theft.

The move comes as a part of the government's *Saubhagya* scheme launched in September to provide uninterrupted electricity for all by end of 2018.

The payment for electricity consumption will be through mobile phone. All states have agreed on this", said Power Minister R K Singh.

(ToI, 08.12.17)

Raising WTO Issue again

India has failed to comply with a World Trade Organisation (WTO) ruling on solar power, the US will convey the WTO's dispute settlement body (DSB), triggering a fresh round of litigation. Washington could ask the WTO for permission to impose trade sanctions on India.

RE has become a hot area of trade friction as major economies compete to dominate a sector that is expected to thrive as reliance on coal and oil dwindles.

(TH, 20.10.17)

Energy Efficient 'A1 Category'

Kacheguda Railway Station under the South Central Railway (SCR) has earned the unique distinction of being the first Energy Efficient 'A1 Category' Railway Station of Indian Railways.

The station has achieved 100 percent energy efficiency by replacing 1,312 conventional lights with light-emitting diode (LED) lighting, among other steps. About 370 ceiling fans, too, were replaced with energy efficient Brushless DC Electrical (BLDC) motors fans, and 12 air conditioners with energy efficient inverter-type air conditioners.

All these measures would save about 1.76 lakh units and ₹14.08 lakh per annum with reduction of the connected load by 46.18 kW for Railways.

(TH, 08.12.17)

Penalty on Yes Bank

The Reserve Bank of India (RBI) announced that it has imposed a penalty of ₹6 crore on Yes Bank and fined IDFC Bank ₹2 crore for not complying with the directions of the central bank.

While Yes Bank delayed reporting an information security incident involving its ATMs and failed to comply with the RBI's direction on Income Recognition Asset Classification (IRAC) norms, IDFC Bank was penalised for breaching regulatory restrictions related to loans and advances, the apex bank said.

A statutory inspection of the bank's financial position revealed violations of various regulations issued by the RBI in the assessment of non-performing assets (NPAs) or bad loans. *(IE, 25.10.17)*

Pillars to Remove Poverty

Finance Minister Arun Jaitley said higher growth and a vibrant civil society are key pillars to alleviate poverty. He explains that economic growth will only bring in the resources which are needed for poverty alleviation.

In addition, it requires social activism of the civil society to continue to flag the plight of the poor, to continue to work in those areas, to knock at policymakers and bring the poor onto the forefront and then after years and decades, it has been possible to pull them from their present condition of destitution.

(DNA, 29.10.17)

Cleaner Financial System

Political backlash notwithstanding, the government stayed firm that it is November 08, 2016, decision to withdraw ₹500 and ₹1,000 notes have helped crack down on black money.

The Finance Minister Arun Jaitley to defend 2017 year's decision as opposition parties mounted their attack, terming November 08 as **Black Day.**

Taking on those who opposed to the decision to withdraw 86 percent of the currency in circulation on November 08, 2016, Jaitley said it had 'removed anonymity', increased the tax base and resulted in higher tax payments. "Overall, it would not be wrong to say that country has moved on to a much cleaner, transparent and honest financial system", added Jaitley. *(BL, 07.11.17)*

Healthy Banking Structure

The central government announced ₹2.11 lakh crore capital infusion plans for public banks over two fiscals, Chief Economic Adviser Arvind Subramanian emphasised on the need for consolidation of banks and for more private banks-to-private sector lending.

He said 'not too many' banks are needed and five-seven public sector and private sector banks are needed to create a healthy banking structure.

He suggested India needs a maximum of six or seven reasonably big banks, both public sector and private sector that are able to compete both domestically and internationally.

(IE, 25.10.17)

Ordinance Revising IBC

The President of India gave his assent to an ordinance amending the Insolvency and Bankruptcy Code (IBC) on barring errant promoters of defaulting companies from regaining control of their assets being sold under the bankruptcy process.

While experts welcomed the move as sending a strong signal against crony capitalism, some expressed concern that such stringent criteria for potential investors could reduce the number of revival proposals that may come up.

The change in law comes at a time when 11 out of the 12 cases chosen by the RBI for early bankruptcy proceedings are in advanced stages of auctioning assets. *(Mint, 24.11.17)*

First Chairman Appointed

The Centre has appointed senior IAS officer BN Sharma as the first Chairman of the National Anti-Profiteering Authority under the newly introduced GST. Sharma, Rajasthan cadre IAS officer, is currently posted as Additional Secretary in the Revenue Department in the Finance Ministry.

He will hold the rank of Secretary to Government of India while serving as the Chairman of the Authority. The Authority has been mandated to ensure that the benefits of input credit and the reduction in GST rates on specified goods or services are passed on to the consumers by way of a commensurate reduction in prices.

(BL, 28.11.17)

Digital Payments Shoot up

Digital payment companies have seen a substantial jump in their business as a result of the government's measures towards promoting cashless transactions post demonetisation last year. These firms are likely to further consolidate their business with more incentives for digital transactions. In the last 12 months, over three times growth was observed.

"Before demonetisation, we were processing monthly transactions of ₹3,000 crore, which now stands at ₹6,800 crore across all our verticals", according to Atom Technologies Managing Director and CEO Dewang Neralla.

(ET, 05.11.17)

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India can become a Global Leader in Telecom Solutions, Not Just Stem Job Losses, but even Reverse it

Chinnu Senthilkumar*, Kartik Raja** & V Sridhar***

According to the latest Department of Industrial Policy and Promotion (DIPP) report, telecom sector accounts for 6.5 percent of India's Gross Domestic Product (GDP) and employs about 40 lakh people (both direct and indirect).

However, the sector is undergoing a short-term crisis, severely impacting all stakeholders in its ecosystem. Despite the current issues being faced by the telecom industry, its digital transformation initiatives and the growing digital economy will continue to play a significant role in the country's growth.

The longer-term opportunities offered by the industry will not only reduce job-losses, but also reverse the same, thereby bringing back the halo to this transformational sector. Globally, the future telecom industry opportunities are centred around three major areas. These include:

- Manufacturing of telecommunications equipment and devices
- Network operations management of telecom, internet and associated networks and
- Management of telecom/internet data for associated personalised services

A lost cause

According to IDC 2017 reports, foreign-based device manufacturers hold 80 percent market share in India's smartphone market, squeezing out Indian players. India's network equipment manufacturing is very much limited by a well-entrenched global ecosystem, which controls the higher value-added components in design and chipset research. It is high time to leverage our significant strengths to dominate the new world of software-driven telecom.

Despite the current issues being faced by our telecom industry, its digital transformation initiatives and our growing digital economy will continue to play a significant role in the country's growth

Translating core competency

The data centre-led 'software-driven telecom' approach is the new norm for managing telecom networks, data and analytics layers. Combined with consumer/enterprise-centric layers built on the data security, payment

gateways, apps and artificial intelligence-driven workflows, virtualisation will form the key pillar for any business solution architecture or service delivery platforms in different verticals – education, governance, healthcare, finance and e-commerce. India has both the experience and supply of skilled labour in the areas of information technology and software, and managed infrastructure services (MIS), along with the know-how in managing digital workflows.

Potential for first-mover advantage

A major global concern in digital transformation initiatives is the emerging threats to data security and privacy. India's open democratic systems combined with mature audit practices in other domains offer us a unique opportunity to establish a first-mover advantage in the data management and analytics space.

While firms and industry associations in the areas of IT and telecom should largely drive the above initiatives, the government policy planners have a critical role to play. Moreover, our policy planners should take initiatives to implement such neutral 'legal zones' and to complete the ecosystem with a set of independent and neutral auditors to build the confidence of global telecom industry clients.

This is also in tune with the requirements for such initiatives due to enforcement of the European Union's 'General Data Protection Regulation (GDPR)' from May 25, 2018.

If India's IT and telecom industries come together in a meaningful manner to enable solutions for the transformed telecommunications ecosystem, it can not only stem current job losses, but also reverse it to create huge employment opportunities. Most importantly, it can position India as the leading provider of global telecom solutions.

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– *The feature has been adopted from an article published in* Financial Express *on December 08, 2017*

Is Railway Ministry on the Right Track?

Subir Roy*

Irrespective of what the Railway Minister might say, the Railways will have to live with a significant internal deficit as it is a public good and partly a natural monopoly from which access cannot be denied to substantial numbers of those in a poor country who cannot pay the full cost

Railway accidents have increased significantly. Derailments (including due to fractured tracks) and collision with a passing vehicle at an unmanned level crossing are the two major forms of such accidents. Replacement of old tracks itself will require huge sum.

Railways are saving over ₹5,600 crore in fuel consumption over two years by switching from diesel to electric traction. The Ministry has plans to switch over completely to electric traction in five years, thus saving ₹1,500 crore a year. That is the right approach, particularly when the country is making rapid progress in installing renewable energy capacity. Using such energy will not only reduce costs but also help fight environmental pollution.

But the Railways will simultaneously run into a major problem. What to do with the high-tech diesel locomotives it is committed to procuring from a new plant being put up in Bihar by the leading global manufacturing firm General Electric (GE)? This project, valued at US$2.6bn, represents the largest investment by GE in its 100-year existence in India.

On learning about the railways' rapid electrification plan, GE threw a fit and spoke of dire consequences like adverse impact on the 'Make in India' programme and foreign investment. It would have helped if while announcing the five-year electric traction agenda, the Railway Minister Piyush Goyal had also signalled how the GE project issue could be sorted out. In addition, there are 171 projects worth ₹5 lakh crore which have made no progress in ten years, have no local or state government support and will mostly not be financially viable.

Cancelling such projects is all for the good but the problem is these have all been announced as part of the Railway budgets presented by previous governments and passed by the Lok Sabha. The house can bury them but all the projects have local political ballast and striking them off the list as the country has already got into a pre-election mode will take some doing.

To lend credence to any decision on the ground of viability, it is necessary to independently assess their projected rate of return through an audit by a third party. Once this is done, the government can be conveyed to by the Railways that if it wants to continue with a particular project on political or welfare grounds then this is the amount of subsidy or budgetary support it has to get on an ongoing basis. But if we know the current mindset of the Finance Ministry, such money will be hard to come by.

On the issue of finances, the Railway Minister seems unusually sanguine. There are many opportunities to monetise assets and 'frankly I will not be constrained for funds at all", the Minister has asserted and assured that there is 'enough funding for all safety-related projects'. As for the investment required for growth-related projects, "we will be able to raise a large part of that fund internally within the railways".

This will require a sharp and dramatic improvement in the operating ratio of the railways to yield the surplus needed. Currently, the ratio, indicating the portion of revenue consumed by operating expenses, is highly adverse. In the past, lack of resources led to a backlog in something as essential from the safety point of view as replacement of ageing track.

What the Minister may have in mind is pursuing a range of resource enhancing options more intensively than in the past – market borrowing, public-private partnership, cost-cutting, realising the full value of assets like railway stations and land alongside tracks and new marketing initiatives to support fresh investments.

Irrespective of what the Railway Minister might say, the Railways will have to live with a significant internal deficit as it is a public good and partly a natural monopoly from which access cannot be denied to substantial numbers of those in a poor country who cannot pay the full cost. What is more, the social good that the railways do is being enhanced by the day as non-polluting public transport is encouraged to mitigate climate change.

* *Senior Journalist*
This has been abridged from an article published in The Wire *on November,* 29, 2017

Coal is still the Secret of our Energy

Lalatendu Mishra*

With India's ambition to achieve renewable energy capacity of 175 GW by 2022, questions have been raised on the relevance of coal in the present context. Does coal face a dark future? "No, it cannot be. If the future of coal is dark, then the future of the country will be dark", said Partha Bhattacharya, Former Chairman of Coal India Ltd.

"You cannot live without coal. Coal is at the centre of everything. Today, 81 percent of power generation is out of coal", he pointed out. "Going forward, the share will definitely come down. But the growth in renewable does not mean the generation from coal will come down", he said emphatically.

According to analysts, renewable energy sources and coal will coexist, as the availability of coal is abundant in India and it can provide affordable power to propel India's growth and light every household. Coal would continue to dominate in the absence of cost-effective storage of renewable energy that has been generated.

Auctions as barometer

"If coal had a bleak future in India, then the coal block auctions could not have happened or succeeded", Sushil Kumar Jiwarajka, Chairman, Renewable Energy Mini Grid Committee, FICCI, said. The captive power plants purchased 80 percent of the coal offered on a five-year contract at an auction at an average premium of 25 percent over the notified price.

With reliable supply of energy becoming critical to provide round-the-clock electricity across the country and to achieve 100 percent electrification by December 2018, super thermal power plants and other modern thermal plants are being nudged by the Centre to produce more energy from the same capacity.

Only Variable Cost

"Demand for coal will go on increasing. For existing plants, coal-based generation is the cheapest mode and most affordable (source of) power in the country. One is only (incurring) variable cost. The capacity is already there", said Bhattacharya.

Currently, the plant load factor (PLF) for India's thermal power capacity has dropped to 52 percent from 79 percent in 2007-08 but the country's thermal plants are equipped to operate at about 85 to 90 percent PLF.

Assuming the PLF is scaled up from 55 to 85 percent, one can see a 50 percent increase in output from the same capacity. The only cost involved here is the variable cost of coal. This variable cost is far lower than that for solar power.

It makes eminent sense for the country to increase the output from existing plants. The additional generation will be close to 500 billion units, which will require 350 million tonne of coal – the additional demand.

According to analysts, renewable energy sources and coal will coexist, as the availability of coal is abundant in India and it can provide affordable power to propel India's growth and light every household

Conflict with the West?

Will the developed world tie our hands given their own interests? No, they cannot, said industry analysts. India's share in pollution is far less than its share of the global population. Developed countries did want to club India with China and said that what applied to China, applied to India too. Fortunately, India has not succumbed to that.

Using more coal to meet the energy demand from the same thermal capacity for the following 20 years will not put India at disadvantage given its commitment to meet the Climate Change COP 21 obligations. As per the obligations, India's renewable capacity should be 40 percent of the total capacity by 2030, which is currently at 28 percent. Once India implements the 175 GW renewable programme, the 40 percent criteria will be achieved.

The Chinese share in global emissions is close to 30 percent, whereas its share in global population is about 17 percent. India' share in global population is 16 percent, while its share in emissions is only six-seven percent.

The International Energy Agency (IEA) in a recent report entitled India Energy Outlook said that coal retains a central position in the mix and that coal-fired power contributes substantially more to output than to overall costs, helping to keep electricity tariffs affordable for consumers in a period when India is adding more costly sources of power.

India's total coal reserve is estimated at a little more than 300 billion tonne. If 50 percent of that is extractable, a 1billion-tonne annual consumption will translate into availability for 150 years.

* *Deputy Editor,* The Hindu
This has been abridged from an article published on October 01, 2017

GDP Growth of 7.5 Percent

Indian economy is expected to witness sharp recovery in the January-March quarter and its GDP growth likely to be around 7.5 percent for 2018, said a Nomura report. According to Japanese financial services major Nomura's Composite Leading Index (CLI), some growth consolidation is likely in October-December, followed by a sharp recovery in January-March, 2018 quarter due to ongoing remonetisation and improving global demand.

www.zeenews.india.com

"We remain bullish on the growth outlook. We expect GDP growth to rise to 6.7 percent year-on-year in (October-December) from 6.3 percent in (July-September), followed by a stronger rebound to 7.5 percent in 2018", Nomura said in a research note. *(http://zeenews.india.com, 24.12.17)*

Long-term Prospects

Invest India, the foreign investment promotion arm of the government has received the 100,000th investment-related query, from a Japanese auto-components company, which is considering investing in India.

Foreign Direct investment (FDI) commitments – as opposed to 'intentions' – worth US$83.5bn have come through the facilitator and 90 percent of it came in the past 15 months.

"Most of these investments are greenfield, which shows foreign investors' confidence in India's long-term prospects", stated Deepak Bagla, Chief Executive Officer and Managing Director of Invest India, a public-private partnership (PPP) company. Data from the Department of Industrial Policy & Promotion (DIPP) shows that FDI (including re-invested earnings) into India rose between 2013-14 to 2016-17.

(BL, 27.10.17)

Need for Great Development

Talking about the country's economy, Chief Economic Adviser Arvind Subramanian said, "India's economic development is good but not spectacular. I think we have done well but we could have much done better. We have not done as well in terms of needs of our own country eliminating poverty, providing everyone with basic health and education, providing world-class universities".

On the GST, Subramanian believed that cooperative federalism is India's future. At the same time, a bright hope for India is competitive federalism, the states competing to do good things. GST is one of the most ambitious and transformational reforms. *(IE, 30.11.17)*

India Moves One Spot

India has moved up one position to 126th in terms of per capita GDP of countries, still ranked lower than all its BRICS peers, while Qatar remains the world's richest on this parameter.

The International Monetary Fund (IMF) data, which forms part of the latest World Economic Outlook report, ranks over 200 countries in terms of per capita GDP-based on purchasing power parity.

India has seen its per capita GDP rise to US$7,170 in 2017, from US$6,690 last year. Recent Credit Suisse report states India is home to 2.45 lakh millionaires with a total household wealth of US$5tn.

(BL, 19.11.17)

No Intricate Trade Policies

The Union Minister of Commerce and Industry, Suresh Prabhu said trade policies cannot be formulated just within the four walls of the *Mantralaya* (Ministry) and that there must be an outreach to more agencies.

Policies of trade and commerce 'are becoming extremely intricate', and more stakeholders need to be consulted on this subject. We must think about policies in a very comprehensive manner.

"We must think about policies in a very comprehensive manner and that means lot of stakeholders need to be consulted – the government cannot just frame the policies within the four walls of *Mantralaya*", Prabhu said. *(moneycontrol, 18.11.17)*

UBI of ₹2.6k/Year for All

The International Monetary Fund (IMF) estimates India could provide a universal basic income (UBI) of ₹2,600 a year to every person if it eliminates food and energy subsidies.

The calculations are based on 2011-12 data and would therefore need to be adjusted for sharp decline in fuel subsidies under the National Democratic Alliance (NDA) government and better targeting other subsidies through *Aadhaar* that has reduced overall subsidies.

Even such a modest level of UBI will incur a fiscal cost of about 3 percent of GDP, but would outperform the existing system of state subsidies, which are typically characterised as fraught with inefficiencies and inequities. *(ET, 12.12.17)*

Middle-class Income Growth

India continues to be the fastest growing major economy in the world, growing at about 7 percent, and is on course to become the third-largest economy in the world by 2027, outpacing Japan.

The growth is driven by a number of factors, with the middle-class set to see a big expansion in India, according to a report by the Economist Intelligence Unit (EIU).

"While the growth of the middle class will be key in driving this transformation in India, in China the transformation will be due to growth of the middle class to higher income groups". *(BL, 09.11.17)*

It is Time for Trump to Push Back at India over Trade Abuses

Chris Versace*


www.newsmax.co

It seems clear the Indian government understands that in the coming decade its country will likely surpass China in terms of economic importance and companies like Apple and others desire access to drive future growth

India is a hotbed of economic activity and being the third largest in terms of the world's GDP companies targeting growth are keen on gaining entry to that market, but they should be wary over the competitive playing.

Behind these moves is a rising middle-class with improving disposable income that puts India on the desirable list for many companies across food, construction, technology and banking among other industries.

We have heard Apple CEO Tim Cook describing the favourable demographics inside India on past Apple earnings conference calls, but after posting one of its lowest regional growth rates in five years it is being reported that Sanjay Kaul, Apple's India Chief, is departing.

To garner share in a heavily price focussed market, Apple has introduced lower-spec version of existing hardware and is this past June to sidestep India's hefty tax regulations Apple began building iPhone SE units in-country through manufacturing partner Wistron.

Beyond manufacturing, in a move to more effectively compete with lower cost smartphone vendors Apple is reportedly looking to secure government approval to sell refurbished iPhones in India.

More recently, the Indian government raised the customs duty on phones to 15 percent from 10 percent on imported phones in a bid to aid domestic phone manufacturing. This has led Apple to boost prices on all its iPhone models sold in India save the locally manufactured iPhone SE model.

With smartphone competitors Samsung and Xiaomi assembling phones sold in the Indian market locally, this looks to be a move by the Indian government to strong arm Apple into expanding its manufacturing presence in the region.

While this is the latest move by India, it was not just for smartphones. As it boosted that duty it also doubled ones on microwave ovens and television to 20 percent from 10 percent, and hiked rates for digital cameras, digital video recorders and other consumer electronics to 15 percent from 10 percent.

The nuts and bolts of this is it makes imported products more expensive, and likely skews purchasing to lower priced, locally manufactured ones. With GDP per capita around US$2,000 according to Moody's Investor Service, we can understand consumers looking to stretch their spending dollars, but simply put, the government is altering the playing field, indirectly influencing consumer decisions along the way.

It seems clear the Indian government understands that in the coming decade its country will likely surpass China in terms of economic importance and companies like Apple and others desire access to drive future growth. Yet, India has a lop-sided business model that favours their government while putting a stranglehold on companies that have too much invested in India to walk away.

Over the last several months President Trump has been hitting China hard for unfair trade practices and has recently blamed past US leaders for not securing better deals. In his own words at current year's Asia-Pacific Economic Cooperation Summit, "We can no longer tolerate these chronic trade abuses, and we will not tolerate them...From this day forward, we will compete on a fair and equal basis", he added.

"We are not going to let the US take advantage anymore. I am always going to put America first". If Trump is true to his word, then we should see him put India in the crosshairs before too long.

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This has been abridged from an article published in NewsMaxFinance *on December 19, 2017*

Pollution Causing Premature Deaths

More than half a million Indians are estimated to have died prematurely in 2015 due to air pollution, according to a new Lancet report that highlights the significant public health risks from climate change. The study estimated 1.9 million deaths across 21 Asian countries in 2015 that could be attributed to PM2.5 air pollution from sources like coal power plants, transport, household pollution, etc.

However, it is not Asia alone that faces high air pollution – the report revealed that "87 percent of random sample of global cities are in breach of WHO air pollution guidelines, meaning billions of people worldwide are exposed to unsafe levels of fine particulate matter (PM2.5)". *(Mint, 31.10.17)*

Most Competitive Economy

India has been ranked the 40th most competitive economy – slipping one place from last year's ranking – on the World Economic Forum's (WEF) global competitiveness index, which is topped by Switzerland.

"India stabilises this year after its big leap forward of the previous two years", the report said, adding that the score has improved across most pillars of competitiveness.

However, the WEF said the private sector still considers corruption to be the most problematic factor for doing business in India. Among the Brazil, Russia, India, China and South Africa (BRICS), China and Russia (38) are placed above India. South Africa and Brazil are placed at 61st and 80th spots, respectively.

(BL, 27.09.17)

Growth of Autocratic Rule

Recent global surveys by the Pew Research Centre, and the World Values Survey (WVS) said more than half the Indians surveyed would support rule by a 'strong leader' or rule by the military.

Taken together, these survey findings seem to suggest growing support for autocratic regimes, and declining support for democracy, in the world's largest democracy.

However, there are reasons why we must be cautious in jumping to such conclusions. Evidence suggests that the global surveys might be over-estimating the support for autocratic rule in India. *(Mint, 26.10.17)*

Royalty Dispute Settled

Mahyco-Monsanto Biotech India Pvt Ltd (MMB) has settled the royalty dispute with three cotton seed makers, who have cleared payment dues of around 300 crore.

Acting on complaints by some local seed companies that MMB's royalties were too high, the Agriculture Ministry last year cut the fees, which Indian seed companies had to pay to MMB.

Since then, Monsanto, which is being acquired by Germany's Bayer for US$66bn, has been at loggerheads with the seed firms and the Centre. Monsanto has also again appealed against this decision, the hearing for which is pending in the Delhi High Court. *(BL, 12.10.17)*

Infant Mortality Rate Declines

India notched up an eight percent decline in the infant mortality rate (IMR) in 2016 from a year ago, an improvement aided by a higher number of institutional deliveries and campaigns to promote breastfeeding and immunisation.

The gender difference between female and male IMR has also reduced to less than 10 points. In comparison to 2015, the rural-urban difference narrowed by one point (16 to 15).

The improvement can be attributed to countrywide efforts to expand health services coverage, including reproductive, maternal and new born health services.

(Mint, 30.09.17)

Why 34 Percent Drop in Crimes

While the National Crime Records Bureau's (NCRB) 2016 data shows a 34 percent drop in crime incidences across the country, the story may not be all hunky-dory. It has been achieved primarily because of a changed data collection, by keeping out incidents, such as traffic *challans* issued, among many others, from overall crime incidents.

NCRB data shows inclusion of crimes under special and local laws (laws, such as Arms Act, Goonda Act, etc.) by some states, inflated the figures. If one took corrected figures for the past years as well, 2016 would in fact reflect an increase of about 2.6 percent in overall crimes.

(IE, 02.12.17)

Mind the Gap!

India has been ranked a low 108 out of 144 countries on the gender equality scale, slipping from 87 last year, according to the Global Gender Gap Index (2017) released by the World Economic Forum (WEF).

India's abysmal ranking is mainly due to two indicators. The first is 'Health and Survival' — at 141, India continues to be in the bottom four.

The second indicator is 'Economic Participation and Opportunities for Women', where India's rank is 139, down from 136 last year. Besides the economic and health criteria, the Index also takes into account 'Educational Attainment' and 'Political Empowerment'. *(IE, 03.11.17)*

India's Hunger Problem is Worse than North Korea

Sayantan Bera*

India has a 'serious' hunger problem and ranks 100 among 119 developing countries, lagging behind countries, such as North Korea and Iraq, said the global hunger index report released by Washington-based International Food Policy Research Institute (IFPRI).

The country's serious hunger level is driven by high child malnutrition and underlines need for stronger commitment to the social sector, the International Food Policy Research Institute (IFPRI) said in its report.

India stood at 97th position in last year's rankings. "India is ranked 100th out of 119 countries, and has the third highest score in all of Asia – only Afghanistan and Pakistan are ranked worse" as per IFPRI. "At 31.4, India's 2017 Global Hunger Index (GHI) score is at the high end of the 'serious' category, and is one of the main factors pushing South Asia to the category of worst performing region on the GHI this year, followed closely by Africa South of the Sahara", it added.

Data from the report showed that India's rank (100) was lower than all its neighbours – Nepal (72), Myanmar (77), Bangladesh (88), Sri Lanka (84) and China (29) – except Pakistan (106). Even North Korea (93) and Iraq (78) fared better in hunger parameters and GHI rankings, the report stated.

India's poor performance brings to the fore the disturbing reality of the country's stubbornly high proportions of malnourished children – more than one-fifth of Indian children under five weigh too little for their height and over a third are too short for their age, IFPRI stated

The report further said that India's poor score is one of the main factors pushing South Asia to the category of the worst performing region on the GHI scale this year. While countries like Chile, Cuba and Turkey have a GHI score of less than five and ranked the best among developing nations, nations like Chad and Central African Republic fare the worst with a score of 43.5 and 50.9 respectively.

The GHI score is a multidimensional index composed of four indicators – proportion of undernourished in the population, prevalence of child mortality, child stunting, and child wasting. On the severity scale, a GHI score of less than 10 means 'low' prevalence of hunger while a score of more than 50 implies an 'extremely alarming' situation.

The report ranked 119 countries in the developing world, nearly half of which have 'extremely alarming,' 'alarming' or 'serious' hunger levels. Since 2000, global GHI scores have declined by 27 percent, yet one in nine people still go hungry around the world, the report said.

On India, the report said that the country's top one percent own more than 50 percent of its wealth, India is the world's second largest food producer, yet it is also home to the second highest population of under-nourished in the world.

According to the GHI report, more than a fifth (21 percent) of children in India suffer from wasting (low weight for height) – up from 20 percent in 2005-2006. Only three other countries in this year's GHI – Djibouti, Sri Lanka, and South Sudan – show child wasting above 20 percent, and India's child wasting rate has not shown any substantial improvement over the past 25 years, the report said.

By contrast, the report said, India considerably improved its child stunting rate, down 29 percent since 2000, but even that progress leaves India with a relatively high stunting rate of 38.4 percent.

Why does India do so badly in feeding its children? While India has implemented two large-scale national programs that address nutrition – the Integrated Child Development Services and the National Health Mission – but these have yet to "achieve adequate coverage", said the report.

"Even with the massive scale up of national nutrition-focussed programmes in India, drought and structural deficiencies have left a large number of poor in India at risk of malnourishment in 2017", said P K Joshi, IFPRI's South Asia Director.

* *Journalist at* Mint
This was published on October 13, 2017

Can Regulation Influence Governance Behaviour?

Shreenivas Kunte*

Compared to past reports on governance, the Kotak report has specific recommendations on how to build infrastructure for monitoring and enforcing laws. Notably, over the last two decades, India's listed marketplace has grown manifold over in both complexity and size, outmatching the increases in regulatory capacity

The risk with investing in poorly governed companies is clear and significant. Bad corporate governance is an express highway to losses and, sometimes, big failures to all stakeholders. Yet, awareness and voluntary acceptance of best practices has never been forthcoming. The Kotak Committee report has moved the good governance agenda forward by proposing new rules. Among all the recommendations in the report, the regulatory capacity aspect stands out the most.

Why enforcement

Enforcement and disincentives are critical mechanisms, without which, laws suffer and often become toothless. Counterproductively, such laws end up encouraging a mindset rationalising dishonest behaviour. Regulatory systems then become a burden, waiting to be managed, often illegally. Jumping signals and over-speeding are relatable case studies to reflect on. Detecting, monitoring and enforcing rules are, therefore, more important than the laws themselves.

Corporate governance rank

According to the Hong Kong-based Asian Corporate Governance Association's latest findings, India's corporate governance score has been improving. But compared to 10 Asian peers, India is ranked seventh, just above South Korea. Two areas that need most improvement are enforcement and accounting/auditing.

Unsurprisingly, the World Bank's 2017 report on 'Ease of Doing Business' ranks India near the bottom of all countries in the 'Enforcing Contracts' category. This dismal World Bank ranking is not disconnected from corporate governance challenges.

India, like other Asian countries, has not had much time to change from a promoter-led 'insider' corporate governance system. In insider systems, the biggest issue is dealing with the conflict of interest between strong promoters and weaker minority shareholders. Promoters' controlling stakes provide manoeuvrability in the initial stages of corporate life.

Behavioural nudge

Is there a way to avoid habits that lead to bad governance? Nobel laureate Gary Becker's Simple Model of Rational Crime is insightful: Our decisions on honesty are based on economics. If the net gain from an illegal activity is positive, we do not mind overstepping illegalities. Becker identified net economic gain as a key driver for dishonesty.

All of us develop a private definition of honesty. Becker's work thus evolves into a model that requires three necessary conditions for illegal activities to occur: sufficient opportunity, a net positive incentive and, importantly, rationalisation around one's image of honesty.

Extensive monitoring and a disproportionate cost of non-compliance strikes fear against committing illegal activities. These mechanisms introduce reinforcing feedback loops. Complying with laws can then become personal effortless behaviour. Exemplary penalties on non-compliance act as reminders and can provide a strong behavioural nudge towards better governance.

Improving regulatory capacity

The Kotak Committee report has made three important recommendations for enhancing regulatory capacity: scaling up employee strength, setting up units for data science/risk and building cross-regulator platforms for enforcement. The actual recommendations on these aspects are more of a guideline. There is a need to deliberate more for longer-term policy impact.

It will also be necessary to identify operational best practices around the world. How do employees under these functional areas operate? What is the role of technological innovation? Evidence-based inputs on these aspects could contribute to better policymaking in these areas.

End note

Why do companies exist? The idea of duty to all stakeholders as the essence of long-term corporate success is not a castles in the air, difficult-to-practise Gandhian philosophy. It is being increasingly embraced now by many parts of the Western world – notably the UK.

Moreover, almost all corporate failures highlight practices that need to be avoided. Robustly equipped regulatory systems, however, can influence and nudge companies towards better behaviour.

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This has been published in Mint *on December 05, 2017*

The Poor are Not on the Government Radar

Poornima Joshi*

Previous government prior had devised policies and acts, such as National Food Security Act (NFSA) to address malnutrition. However, the present government mostly silent on this grave issue of malnutrition. This is primarily because the government does not have a core economic ideology and/or philosophy.

The sole idea behind Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and NFSA is to eradicate poverty and hunger. Further, there were interventions in health, such as immunisation programme for children and National Rural Health Mission (NRHM). But the present government's main focus is to lighting up Varanasi on Diwali and building a temple. Such issues are more important than infant/maternal mortality, malnutrition or hunger as it exemplifies their *Hindutva* philosophy.

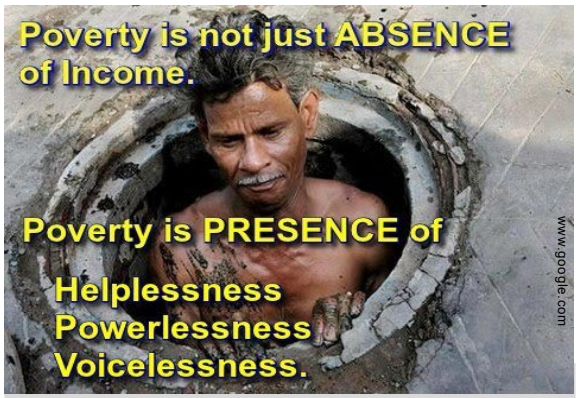
Except GST, there are not any major structural reforms undertaken by the government. However, various steps undertaken by the government, such as building better roads, wider access to electricity, affordable housing to poor amongst others. But such reforms cannot be considered as structural reforms.

The structural changes which the government could undertake were the Direct Taxes Code, financial sector reforms (recommended by FSLRC), privatisation of some public sector banks, and disinvestment/privatisation of some Public Sector Undertakings (PSUs), etc.

Furthermore, GST was flawed with respect to concept, design, rates, preparation, advocacy, training, compliance requirements, backbone, infrastructure, etc. It had caused an upheaval in the market and has driven thousands of small and medium businesses to despair and, in many cases, closure. This was also one of the factors for economic slowdown.

The government has other priorities. For instance, *Yoga* is good and those who want to practice may free to do so. But to make it a national and international movement is uncalled for when you have other pressing issues, such as hunger, disease and poverty.

However, government has made sanitation a major issue, which I welcome. But just see what our neighbour, Bangladesh, has achieved by emphasising Information and Communications Technology (ICT) interventions in sanitation and not physical targets. Bangladesh has practically achieved Open Defecation Free (ODF), whereas we are struggling with collating the number of toilets built, toilets which are functional, and toilets that have fallen into disuse. These are the statistics we are still struggling with.



A debate on malnutrition has ensued with the Global Hunger Index ranking India at 100 of 119 countries.

That is why I think that, as far as this government is concerned, it is the greatest 'event manager' that I have seen. Everything has to be made into an 'event' and the Prime Minister and his Ministers must be present at the 'event'. Governing a country as large and as complex as India is getting into the detail.

Does anyone really believe that infant deaths in Gorakhpur cannot be stopped? Of course, they can be stopped. All it requires is dedicated doctors with dedicated funds and equipment, and it can be stopped. You cannot do anything about the children who have died, but surely you can do a lot to prevent another child from dying. But that is not the way they look at child deaths.

May be they look at it philosophically and say that children have died in the past and children will die in the future. That, according to me, is not just callousness, it is cruelty. It shows the State's contemptuous attitude towards human rights of children.

Their prioritisation of fund allocation, of time spent and of attention paid will be on matters that promote *Hindutva*. Everything else will get less attention. Take the hunger story. Except for a passing comment by one or two Ministers, there is no considered statement form the Prime Minister of the country! Imagine the consequences if this hunger story had hit any other developing country.

I can only conclude that the very poor and the destitute are not on the radar of this government. They are dismissive of these things because they do not think that this advances their core agenda.

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* *Journalist with* The Hindu Business Line
This has been abridged from an article published on October 10, 2017

Fast-tracking *Bharat*

Former Prime Minister Atal Bihari Vajpayee was the first non-Congress Prime Minister to complete full term of five years. He carried on the spirit of economic reforms introduced by the P V Narsimha Rao government in 1991.

Vajpayee's most memorable achievement was the ambitious roads projects he launched – the Golden Quadrilateral connected Chennai, Kolkata, Delhi and Mumbai through a network of Highways and the *Pradhanmantri Gramin Sadak Yojna*. The *Pradhanmantri Gramin Sadak Yojna* was planned as all-weather network of roads for unconnected villages across India. *(ET, 25.12.17)*

Ensuring Social Security for All

The Union government is reviving a plan to extend health insurance, life insurance and provident fund facilities to all workers. The aim is social security to all.

Accordingly, the Labour Ministry is proposing to roll out unique identity numbers – similar to those issued by the central provident fund organisation – to all unorganised sector workers from April 2018 and seed them with *Aadhaar*.

Not only does the move extend a formal social safety net to the entire workforce, it could also accelerate the formalisation of the economy. *(Mint, 20.11.17)*

Housing for All: Tough Targets

Unhappy over the progress of the *Pradhan Mantri Awas Yojana* (urban) project to ensure housing for all by 2022, Prime Minister Narendra Modi has asked states to 'accord priority' to its implementation and sends a detailed roadmap to the Prime Minister's Office.

From 2015 to March 2017, only 1.7 million houses have got nod from the Centre in about 2,000 cities, with central assistance of ₹27,879 crore and total investments of ₹95,660 crore, based on the proposals sent by the states. The states have been asked to do a weekly review of the action plan of the scheme and also fast-track the sanction of house. *(ET, 20.07.17)*

Practicing Nobel Prize Winner's Idea

Much before US economist Richard Thaler won Nobel Prize for economics, the government had put his famous theory in practice by dedicating a separate unit to it. The government's think tank NITI *Aayog* tied up with the Bill & Melinda Gates Foundation to set up a 'nudge unit' to work for bringing about behavioural changes and recommending policy corrections to help make the programmes more effective.

The unit aimed at sensitising people at the grassroots towards the government's flagship programmes, such as *Swachh Bharat*, *Jan Dhan Yojana*, *Digital India* and *Skill Development* through social messaging and new advertisement campaigns. *(ET, 10.10.17)*

Audit of Authorities

The Comptroller and Auditor General (CAG) of India has started audit of the three industrial development authorities Noida, Greater Noida and Yamuna Expressway, seeking details regarding the land allotment and other financial transactions from the three authorities.

Apart from carrying out checks on procedures, utilisation of funds and progress of projects, the CAG audit might also scrutinise the terms of contracts, agencies and contractors to whom the projects have been awarded. The CAG audit will be conducted annually in Noida, Greater Noida and Yamuna Expressway authorities covering all accounts and transactions that took place in the three authorities from 2012 to 2017. *(HT, 21.11.17)*

Better Clearance Process

The CAG of India exposed shortcomings in the government's environment clearance process, the Union Environment Ministry has now decided to streamline the anomalies.

Mint

In March 2017, a CAG report said that India's Environment Ministry and its offices have failed at every step in ensuring the environment is protected, and conditions on which projects are cleared are not monitored at all. It criticised delays at every step in projects getting environment clearances and highlighted that the Ministry had not penalised even a single project for violation of EC conditions. *(Mint, 13.11.17)*

Action against Guilty Officers

The Allahabad High Court has asked the Uttar Pradesh government to implement CAG recommendations in respect of irregularities in Public Works Department (PWD) construction projects of repairing and widening of roads in 17 districts of the state. The CAG had also made recommendations to take action against the guilty officers.

Passing this order on a PIL filed by Bhupendra Singh of Sambhal, the Bench of Chief Justice D B Bhosale and Justice M K Gupta also directed the state Chief Secretary to take appropriate action against those responsible for causing huge financial loss to the state exchequer.

(www.outlookindia.com, 22.11.17)

The Creeping Threat to the Autonomy of Parliament

P D T Acharya*

It is the prerogative of the government to convene Parliament on a particular date. The government is free to consider various aspects before deciding to call the session. Article 85 of the Indian Constitution said that the gap between two sessions of Parliament should not be six months – which means the following session should be called before the completion of six months.

The delay in convening the winter session is symptomatic of a deeper malaise – the attempt by the executive to subvert the independent function of the legislature and its Secretariat

The opposition had voiced its fears that the government was going to skip the winter session. Now that the session's opening has been set for December 15, 2017 that apprehension is set at rest for the time being. Nevertheless, the complaint remains that the winter session has been delayed by almost four weeks in view of elections to just one state assembly.

This is unprecedented. The delay in convening the winter session is symptomatic of a deeper malaise – the attempt by the executive to subvert the independent function of the legislature and its Secretariat.

Unlike the situation in the UK, the US and some other democratic countries – where Parliament meets at a fixed time – the constitution makers of India thought there should be some flexibility in scheduling the meetings of the legislature.

The original provision in the constitution was that there should be at least two sessions in a year. This was amended in 1951 to say Parliament might be summoned from time to time. Thereafter, it always met thrice a year and that practice continues till today.

Thus, three sessions of Parliament in a year have become the pattern and any departure from it now will naturally be frowned upon. Then why would any government think of reducing the number of sessions unless it has a sinister plan of gradually reducing the importance of Parliament with the ultimate object of dispensing with it altogether?

In political circles, the widespread belief is that the winter session of Parliament has been delayed due to the election in Gujarat. The fact that the session begins on December 15, 2017 – the day after polling concludes – reinforces this belief.

The argument that sessions were postponed during earlier Congress regimes is self-deceiving because the *Bharatiya Janata Party* seriously believes that everything the previous ruling party did was wrong. So any imitation of the Congress will not make it right.

Parliament not getting the priority it deserves at the hands of the executive is indeed a serious matter. The collective responsibility of the executive is the essence of responsible government. The Supreme Court has emphasised this point when it said, "The Cabinet is responsible to the legislature for every action taken in any of the Ministries. This is the essence of joint responsibilities".

The primacy of the legislature over the executive is an essential aspect of the constitutional democracy we have in our country. But the trend that has emerged over a period of time is of the executive progressively strengthening its control over the legislature.

The legislature sanctions money for running the government. The executive cannot withdraw a *paisa* from the consolidated fund without the authority of law made by the legislature. The executive cannot levy or collect any tax from citizens without the authority of law made by the legislature. The legislature makes laws which the executive is duty-bound to enforce. The legislature has the power to throw out a government when it loses the confidence of the house.

Now, when the Constitution vests all these powers in the legislature, it expects the legislative branch to carry out these functions in the most effective manner. If anyone has a long-term plan to subvert the legislature, the first thing he/she will do is to dispense with the independence of the Secretariat of the legislature.

In order for Parliament and the state legislatures to survive as the watchdogs of public interest, a deep understanding of Parliamentary history and traditions and, above all, the constitutional role and responsibilities of the Indian legislature is necessary.

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* *Former Secretary General of the Lok Sabha*
This was published in The Wire *on November 28, 2017*

Proper Governed Ecosystem

The Real Estate Regulatory Act (RERA) will ensure an ecosystem that properly governs the sector and empowers the buyers, Union Minister of State for Housing and Urban Affairs (Independent), Hardeep Singh Puri, said.

Addressing the Real Estate Conference of Royal Institution of Chartered Surveyors (RICS) on 'Policy, Reform and Regulation: The Backbone of Indian Real Estate', Puri said RERA seeks to fill the gap between development, municipal laws and the Apartment Ownership Act and is intended to regulate transactions – buying, selling and enforcement of contracts.

(BL, 15.11.17)

Water Management Modernisation

Modernisation of India is dependent on modernisation of its water management, President Ram Nath Kovind said as he pitched for 'localised' water management approach to empower villages.

Noting that water was fundamental to 'economy, ecology and human equity', he said the issue was becoming more critical in view of climate change and related environmental concerns.

Any 21st century water policy must factor in the 'concept of value of water' and it must encourage all stakeholders, including communities, to expand their minds and to "graduate from allocating a quantum of water to allocating a quantum of benefits".

(IE, 11.10.17)

Enhancing Manufacturing for GDP Expansion

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

He added saying that the future of India's GDP growth should come from manufacturing. There is a need to get new manufacturing ideas into India and identify six-seven Greenfield areas to focus on, so that the nation can leapfrog globally. He urged the Indian manufacturing sector to be part of the global supply chain and benefit from these linkages. *(FE, 13.11.17)*

A Monumental Blunder

Former Prime Minister Manmohan Singh said he was stunned when he heard the note-ban announcement and wondered who had advised Prime Minister Modi to inflict such a reckless step on the nation. He said that November 08 was a 'Black Day' for India's economy and democracy. "What is even more tragic is that none of the lessons from this monumental blunder have been learnt by the government", he said.

He said black money and tax evasion are a menace but demonetisation was not the solution. "we never took such a drastic measure to eradicate black money because the costs of demonetisation always exceeded the benefits substantially", Singh added. *(BL, 07.11.17)*

More Investment in Education

The government needs to step up investment in education as it is less than the global average, stated Azim Premji, Chairman, Wipro Ltd. Premji said the government's claim of 2.5 percent of GDP in education has not been completely realised and the current spend should be utilised with reason.

He further added that China spends about 5 percent of GDP on education and the world's average stands at 6 percent. PoleStar Foundation, which instituted the PoleStar Award in 1998, recognises outstanding talent among Indian media professionals. *(BL, 27.10.17)*

Rethinking Skilling India

Young and aspirational, the millennial generation that makes up about 40 percent of India's population has long been regarded as the saviour and driver of future economic growth. Yet, the gap between the productive labour force and the employment and entrepreneurial opportunities available to them continues to widen.

The fourth Industrial Revolution has already made its mark on certain sectors. The economic turmoil that could be brought on by further large-scale disruption should be a cause of concern. India's status as an information technology (IT) powerhouse has fostered the false hope that the nation could be saved from future disruption. *(Mint, 06.12.17)*

Making Learner-centric Education

The government is in the process of finalising the new national education policy that will focus on encouraging private sector participation and making India's education system learner-centric instead of teacher-centric, a senior official has said.

N Saravana Kumar, Joint Secretary, Human Resource Development Ministry said the 'highly regulated' education sector was being liberalised and private sector participation being encouraged for India to acquire global standards in education. *(BL, 10.11.17)*

Upgrading Public Education

The World Bank's recent flagship World Development Report, 2018 addressed some immediate challenges of quality education. One of the ways that it broke new ground was on the issue of provision for private education.

India has taken some steps in the direction of developing regulatory frameworks for private schools, with several states enacting fee-regulation legislation and the courts intervening to challenge private sector failures. The long-term solution lies in strengthening the public education system in its complexity and ensuring that all of India's children receive quality education. *(Mint, 17.11.17)*

Reforming Ailing Healthcare

India ranks close to the bottom of the pile in international rankings in most health indices. For millions of people the high costs of treatment of illnesses continue to undermine economic progress. This is largely on account of India's abysmal and chaotic healthcare system.

India needs to reform the public healthcare sector's governance and management systems. The approach to service delivery has to be a functional referral linkage and establishing a 'continuum of care' across the spectrum. The challenge remains to reform the health system and its workforce, so that the stakeholders have the skills to meet the emerging healthcare needs India. (see article on next page) *(TAA, 18.12.17)*

Regulating E-pharmacies

The government is planning to regulate the sale of medicines through online pharmacies, a proposal that is opposed by chemists on the grounds that online sales and easy availability of drugs can lead to their misuse. The intent is to frame a policy that will facilitate access to quality medicines and encourage more entrepreneurs to sell medicines online.

The plan is to set up an electronic platform that will act as the nodal platform to monitor the movement of medicines. Officials working on the draft rules have categorised drugs into five schedules ranging from medicines that have limited risk to those that have a greater potential to be abused. *(Mint, 17.10.17)*

Need for 2.07mn More Doctors

To achieve a modest doctor-to-population ratio of 1:1,000 – India will need 2.07 million more doctors by 2030, according to a study published in the Indian Journal of Public Health.

The study entitled Aggregate Availability of Doctors in India: 2014-2030, conducted by the economics and business policy faculty at the FORE School of Management, used Medical Council of India's historical data from 1960-2015 on registration stock of doctors obtained from Indian medical registers.

The research also highlighted that it looks like an impossible task to achieve even a modest doctor-population ratio of 1:1000 by 2030, by when the population is estimated to reach 1.476 billion. *(Mint, 28.11.17)*

Risk in New Health Policy

Lack of coordination between the Chief Minister's Office and the NTR *Vaidya Seva* has put on hold a health scheme that would have financially benefited the populace as well as placed limited liability on the government.

The government of AP provides health insurance coverage to BPL families currently under NTR Health Scheme.

The submission by the re-insurance proposal was intended to provide mass health insurance with the involvement of insurance companies. The existing *Arogya Raksha* of *NTR Vaidya Seva* has been charging ₹1,250 from each member for a health cover while the new policy costs ₹1,263 for the entire family. *(DC, 14.12.17)*

Policy to Curb Pollution

Air pollution is causing about 1.1 million people to die prematurely each year in India mainly because of particulate matter which increases cardiac diseases. At the heart of the problem of pollution are carbon dioxide emissions.

About 75 percent of all greenhouse gas emissions are carbon dioxide emissions produced through burning fossil fuels to generate energy. India desperately needs a policy to curb air pollution. Emissions can also be curbed if people are persuaded to move away from fossil fuels and adopt greener forms of energy.

(The Hans India, 18.12.17)

Universal Health Coverage

Three major issues are involved when we assess healthcare: access, quality and cost. Solutions have to be those that fit into a common system architecture, or a system best designed and delivered as Universal Health Coverage.

The pathway to improving access lies in expanding the network of public sector facilities at all levels. *vis-à-vis* quality of care, there must be an emphasis on the benefit and safety of tests and treatment, and ensuring that satisfaction levels of patients are met. *vis-à-vis* cost of care, the solution lies in doubling the level of public financing to at least 2.5 percent of GDP by 2019, rather than 2025.

(TH, 06.12.17)

Ayurveda Hospital in Districts

Prime Minister has appealed to the private sector to channel some of its corporate social responsibility (CSR) funds towards the development of Yoga and Ayurveda. Inaugurating the first All India Institute of *Ayurveda* (AIIA) in New Delhi, Modi said his government was working to establish an Ayurveda hospital in every district.

AIIA has been set up along the lines of the All India Institute of Medical Sciences (AIIMS), with a total campus area of 10.015 acre and a budget of ₹157 crore.

AIIA, under the Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) Ministry, is aimed at bringing synergy between the traditional wisdom of Ayurveda and modern diagnostic technology.

(Mint, 18.10.17)

India's Health Sector Needs More Government, Not Less

Avay Shukla*

www.google.com

There are reportedly 4.50 million cases of medical negligence in India every year. But the citizen has little recourse to justice, except to go the Consumer Courts which is both expensive and time consuming. Government policy, till now, had visualised that the medical profession would regulate itself and had established the Medical Council of India for the purpose by statute

The conventional wisdom is that the less government we have, the better. There is one sector in India to which this policy should not apply – the Health sector. If proof were needed to validate it, it has been provided by two shocking incidents in just the previous month, both in Delhi.

The first was the case of the little girl who was treated for *dengue* in Fortis Hospital, Gurgaon. The second case occurred on the November 30, 2017; twins born to a mother in the Max Hospital in Shalimar Bagh, New Delhi were declared dead immediately. On the way to the cremation ground, one of them was found to be moving – he was alive!

The Aam Aadmi Party (AAP) government has now cancelled the hospital's licence after an inquiry. These are just cases that found their way to the news: similar stories are playing out in their hundreds every day, in hospitals and nursing homes all over India.

The list of malpractices indulged in by the medical profession is menacingly imposing, and has been revealed by whistle blowers and non-government organisations (NGOs), such as SATHI, Commissions, failure to prescribe generic drugs, 'sink tests' by path labs where all the samples are thrown into the sink without testing and false reports generated, corporate hospitals' unwritten rule that 40 percent of out patient department (OPD) cases should be converted into admissions, unnecessary and expensive tests.

Even diagnoses are deliberately distorted in order to milk a patient for all he is worth: a report by Medi-Angels, a Mumbai medical centre that offers second opinions has reported that 44 percent of 12500 patients advised surgery for stents, joint replacements, cancer, etc. were advised against it by the second consultants.

There are reportedly 4.50 million cases of medical negligence in India every year. But the citizen has little recourse to justice, except to go the Consumer Courts which is both expensive and time consuming. Government policy, till now, had visualised that the medical profession would regulate itself and had established the Medical Council of India for the purpose by statute.

This body has been a spectacular failure; it has become the protector of the practitioners that it was supposed to regulate and monitor. It just lay down ethical guidelines, conveniently forgetting that it has legal obligations to the patients too.

The medical profession has consistently resisted any attempt by the government to discipline them or to cap their exorbitant charges/fees. But they have been demanding a cap on the compensation award. Successive governments, both at the Centre and the states, are responsible for this dismal state of affairs. The state spends barely two percent of GDP on health, whereas the World Health Organisation (WHO) recommendation is a minimum five percent – he who pays the piper calls the tune, and that is why doctors and corporate hospitals are humming all the way to the bank.

It is high time that the National Clinical Establishments (Registration and Regulation) Act 2010 and the Clinical Establishment (Central Government) Rules 2012 are implemented and enforced by the Centre and all states.

If implemented sincerely the Act empowers governments to deregister clinical establishments, entertain complaints, award compensation, initiate criminal cases where needed, cancel licences of doctors, hospitals and other health related commercial facilities, fix the rates of various medical procedures, lay down minimum standards of treatments.

The Medical Council of India (MCI's) mandate should be limited to advising on medical education issues, and issuing ethical guidelines. The government must now step up to the plate and do the right thing. It must protect the ordinary citizen and not be seen to be siding with, or succumbing to the blackmail of these corporate profiteers.

* *Retd. IAS and a keen environmentalist. This has been abridged from news published in* Hill Post on December 11, 2017

CCI Clears ₹9,000 crore Deal

The Competition Commission of India (CCI) has approved Singapore Investment Corporation's (GIC's) plan to acquire 33 percent stake in DLF Cyber City Developers for ₹8,900 crore.

Under the deal, GIC's subsidiary Reco Diamond will acquire 33.34 percent stake in DLF Cyber City Developers Ltd. (DCCDL), held by the realty major's promoters.

DLF said that the CCI has issued a letter to GIC, which states that the regulator has approved the deal. DCCDL has rent-yielding assets of 26.9 million square feet with annual rental income of over ₹2,500 crore. It has an under-development pipeline of 2.5 million sq. ft.

(moneycontrol, 05.11.17)

Mergers Freed from Approval

Merger and acquisition deals involving public sector oil and gas (O&G) companies have been exempted from seeking approval of CCI, said a notification.

The Corporate Affairs Ministry's decision to exempt such deals from the ambit of the CCI comes against the backdrop of the proposed consolidation and stake purchases among state-owned O&G companies.

The Ministry has said all cases of combinations involving the central public sector enterprises (CPSEs) operating in O&G sectors under the Petroleum Act, 1934, have been exempted from the CCI approval requirement for five years. This will also be applicable to their 'wholly or partly-owned' subsidiaries.

(ET, 23.11.17)

Nod to Teleservices Deal

CCI approved Bharti Airtel's deal to take over the loss-making consumer mobile business of the Tata Group. The deal comes at a time when the telecom sector, bruised by tariff war and mounting losses, is in a consolidation mode as major players seek to cement their position.

The deal will also require the approval of Securities and Exchange Board of India (SEBI), stock exchanges, National Company Law Tribunal (NCLT) and Telecom Department among others.

With the transaction, the country's largest telecom operator will take over four crore customers of Tata Teleservices Ltd. and Tata Teleservices Maharashtra Ltd. in 19 telecom circles or zones on 'a debt-free cash-free basis'. *(ET, 17.11.17)*

IndusInd-Bharat Deal Cleared

The CCI has approved the scheme of amalgamation between IndusInd Bank and Bharat Financial Inclusion. The scheme remains subject to the receipt of approval from the RBI and regulatory approval including approvals of the stock exchanges, Securities and Exchange Board of India (SEBI), the National Company Law Tribunal and respective shareholders.

Post-merger, the new entity will have 4,000 branches and outlets and 16 million customers. However, the microfinance company suffered a loss of ₹37 crore for the quarter to June as against ₹236 crore in the same period a year ago. For 2016-17, the company had recorded a profit of ₹290 crore.

(ET, 19.12.17)

CCI Rejects NIIT Complaint

CCI has dismissed allegations of unfair business practices against skill and talent development firm NIIT with regard to franchise agreements.

It was alleged that NIIT was abusing its dominant position through its franchise agreements and indulging in anti-competitive practices. For the case, the CCI considered the "market for the provision of computer education and training services in India" as the relevant one.

The CCI observed that even if the relevant market is narrowed to the city of Hyderabad, "the NIIT is not the dominant player with presence of large players like Jetking, Aptech, etc. in the market". *(ToI, 28.11.17)*

CCI's Nod to Transfer Shares

The CCI has given its nod to the intra-group transfer of shares of Indus Towers to Vodafone India's shareholders from the telecom operator. According to the CCI, the 12 equity shareholders of Vodafone India had jointly submitted a notice to the regulator for seeking approval.

The proposed combination is an intra-group transfer of 42 percent shares of Indus Towers from the telecom operator to the Vodafone India shareholders, in proportion to their shareholding in the firm.

Shareholders of Vodafone India are Al-Amin Investments, Asian Telecommunication Investments (Mauritius), CCII (Mauritius) Inc, Euro Pacific Securities, Vodafone Telecommunications (India), Mobilvest and Prime Metals.

(ET, 09.12.17)

CCI Fines Mosanto for Delays in Filing Replies

The CCI in 2016 ordered an investigation into whether Monsanto had abused its dominant position as a supplier of genetically modified (GM) cotton seeds. The CCI, which is yet to complete its investigation, fined Monsanto for delays in filing replies.

Monsanto responded to CCI's queries in August, but only after eight reminders issued between April 2016 and May 2017, the watchdog's November order showed.

"The Commission hopes and trusts that full cooperation shall now be provided", ordered CCI. Monsanto is locked in a battle with Indian seed maker, Nuziveedu Seeds Ltd., one of the complainants at the CCI. *(ET, 04.12.17)*

www.dailyhunt.in

The BCCI must Choose which Tiger to Ride

Mihir Bose*

What has been exposed is that the BCCI has been riding two tigers. The first tiger, the legacy one, is that BCCI is a non-profit organisation that organises cricket from the grassroots, and is therefore not subject to any competition laws.

However, since BCCI discovered that it could sell rights to cricket matches on television for vast amounts of money and sponsorship income, it has also been riding the commercial tiger and the organisation's main purpose has been to make as much money as possible. The Indian Premier League (IPL) represents the ultimate expression of such profit-making.

The Competition Commission of India has said these two **roles** are contradictory, and the BCCI cannot hop from one tiger to the other as it suits the organisation. Such a contradiction is not confined only to the BCCI. This is one that affects all sports organisations, ever since sports became big business, which started in the mid-1980s-and exposes a fundamental fault structure in the way modern sports has developed.

Indian cricket could not have developed without the support of the *Maharajas* who were the ultimate gentlemen, pouring money into the game to satisfy their own desires. In those days, the money that came in the game was from spectators paying at the gate and was no different to a fun fair. The rise of television and the sale of rights to matches changed the whole nature of cricket in India.

The BCCI discovered this by chance as a result of the South African cricket team's historic first visit to India in 1991. Before that, the BCCI paid *Doordarshan* to televise matches. Since then, Indian cricket has earned vastly more money from the sale of television rights than from gate income. How many people are watching on television also drives sponsorship income.

However, it does not imply that the Competition Commission's judgement means professional tournaments that rival the ones that the BCCI runs will immediately emerge. Let us assume that, an Indian Cricket League (ICL) emerges as a rival to the IPL and is sponsored by a television company, as happened ten years ago. How the BCCI impeded the ICL, leading to its demise, is well recorded. On the face of the CCI order, it would seem the BCCI cannot do that now.

CCI's decision that the Board of Control for Cricket in India (BCCI) has been abusing its 'dominant position' and that the "BCCI shall not place blanket restriction on organisation of professional domestic cricket league/ events by non-members" highlights the contradictory nature of cricket and presents a huge challenge for the BCCI

The order said, "BCCI shall take all possible measure(s) to ensure that competition is not impeded". Hence, the BCCI will have to be careful if it bans players who play for such a rival league or bar the rival league from hiring cricket grounds. Ten years ago, the BCCI could use not only its power in India but its international clout to crush the ICL. However, the very success of the IPL means the power of the international boards has declined sharply.

Similarly, local cricket organisations could develop state-level and other matches that would rival those organised by the BCCI. Once the great premier tournament in India, the Ranji Trophy's public appeal has dimmed so much that in many parts of the country spectators are allowed in free. If an organisation could conceive a state level tournament which both attracts crowds and generates income from television and sponsorship, it can succeed. The question is, how will the cricketers who play in such tournaments link up with the national organisation of the BCCI. And here CCI has provided some hope for the BCCI.

The order does indicate that the BCCI while not impeding competition must do this "while preserving the objective of development of cricket in the country". This is a loophole for the BCCI, but it will have to act skillfully and not behave like a juggernaut that crushes everyone in its path.

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

India's Deteriorating Public Discourse

Arun Maira*

It is becoming increasingly difficult to have thoughtful deliberations about many difficult issues that the country is facing, such as Demonetisation's after-effects, the difficulty of doing business, the applications of *Aadhaar*, bans on cow slaughter, compulsory singing of the national anthem and so on.

It is essential to understand the structures of the complex system before undertaking bold economic and social reforms

We must step out for a moment from debates about the specific issues and consider why it has become difficult to listen to other points of view and what we must do to repair the platforms for deliberation. The progress of the country depends on this. Better dialogues will improve the quality of public policies. They will also strengthen democracy.

There is an old saying, "There are always three sides to every story: your side, the other side and the truth". Issues vexing the country, such as those mentioned above, are complex and have many angles to them. Sadly, if someone is presumed to be on the other side because she does not unquestioningly support our side's view, there is no possibility of finding the truth.

Loyalty to 'our' side has begun to be valued more than the responsibility to question, criticise and find the correct answer when necessary. The belief is that if someone does not endorse our view, s/he must be on the other side. Whereas, s/he might not want to take either side. S/he might be just wondering what the truth really is.

The electronic media, which is a prime channel for public communication, is not providing platforms for calm deliberation about issues that have many angles which must be considered. In most debates on prime time TV, everyone is shouting – and in some, the anchor most of all – and no one is listening. Social media is further deepening divisions.

The principal thrust of new technology in social media businesses is to come up with better algorithms that can determine what each person likes and give her more of that. If we like some views, social media will give us more of the same. We follow who we like, and shut out those we do not.

Thus, we are divided into intellectual and ideologically gated communities, behind walls across which some troll and lob hate bombs, and through which we cannot hear the views of people not like us.

It is essential, before undertaking bold economic and social reforms, to understand the structures of the complex system. What might be good for the long-term might be very painful in the short-term. What might improve one part of the economy might harm another part severely.

Moreover, the shapes of the economies and the societies of nations vary greatly, and they evolve and change. A systems model must be created by listening to diverse perspectives.

The views of many 'blind men' around the elephant, each blinkered to see only a portion of reality, who might not agree with each other, must be combined, so that the whole elephant can be seen. Otherwise, policy fixes can backfire.

Famous author Mark Moore writes in one of his books that the art of sound public policy management is the art of reconciling conflicting views.

Not shutting out contrarian views, but listening to them, and reconciling them. Moore says that public leaders 'must hold at arm's length the comfort of close allies because they are duty-bound to hear and respond to the views of others who disagree with their supporters". It is not easy to go outside one's comfort zone. And the formats of public discourse are making it even more difficult.

In a democracy, people must be heard because it is their right to be heard. India's national anthem, *Jana Gana Mana*, is a paean to India's diversity. Rabindranath Tagore, who wrote it, also wrote *Gitanjali*, for which he got the Nobel Prize. In *Gitanjali*, he sings of a country in which ***the mind is without fear and where the head is held high. Which will be a country,*** *he said,* ***that has not been broken into fragments by narrow domestic walls***.

Dividing a diverse country into fragments by religions, castes, and ideologies to acquire electoral power, and to simultaneously expect to unite people willingly under one national flag, is a bad idea. India's leaders, whatever their own ideology, must be willing to listen to, and to respect many points of view, to shape better policies, and to strengthen the fabric of India's democracy.

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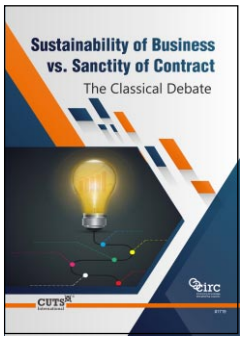
* *Former Member of Planning Commission of India*

– *This has been abridged from an article published in* Mint *on November 30, 2017*

Sustainability of Business vs. Sanctity of Contract

The Classical Debate



A change in Indonesian regulation impeded the ability of Indian coal power producers to use Indonesian coal at previously agreed price. The power producers wanted to pass on the increased cost of coal to consumers in form of compensatory tariff. The request of producers was denied by the Supreme Court on the ground that this condition was not included as a force majeure condition under the contract.

The inability of power producers to pass on the costs threatens their commercial viability, which in turn, adversely impacts interest of lenders, employees and has broader economic consequences. In order to provide common platform for discussion on such diverse interests, CUTS International ran an online debate on its email forum on the theme. The core of the theme was whether to preserve sanctity of contract (and allow business to suffer) or uphold sustainability of business (and allow contract to be reneged).

http://www.cuts-ccier.org/pdf/E-book-Sustainability_of_Business_vs_Sanctity_of_Contract.pdf

Newsletter

ReguLetter

The October-December 2017 issue of ReguLetter carries cover story entitled, 'Nigeria is Finally Adopting Competition Law. Is Ghana Next? which states that Nigeria has recently passed the harmonised version of the Federal Competition and Consumer Protection Bill which is now slated for the President's assent, when it will become a law. However, Ghana is in a long drawn process of having a functional competition policy and law.

While the prospect of Ghanaian businesses operating under a competition law and policy from 2018 is encouraging, there is a need to ensure that bills in both Nigeria and Ghana does not get entangled into bureaucratic wrangles and vested interests lobbying.

A special feature by Nisha Kaur Oberoi opines that the year 2017 has been a year of significant changes for India's competition law regime, with several positive changes made both by the Competition Commission of India and the Ministry of Corporate Affairs. Another article by Leonid Bershidsky states that the EU's tax cases against Amazon, Apple and Google rest on a teetering foundation.

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

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The news/stories in this Newsletter are compressed from several newspapers. The sources given are to be used as a reference for further information and do not indicate the literal transcript of a particular news/story.