Opinion

THURSDAY, MAY 23, 2019

NO INFRA WITHOUT TRADE DEAL

US president Donald Trump

Before we get to infrastructure, it is my strong view that (the US) Congress should first pass the important and popular USMCA trade deal

Lavasa's right, the EC has hurt its own credibility

His dissent should have been recorded, and made public; that said, some part of the Model Code of Conduct must be revisited

THERE CAN BE little doubt that, given its mandate and the fact that its decisions have the force of law during the elections, the Election Commission (EC) can hardly be compared with any other arm of the government. Going by news reports, that, however, appears to be the argument made by Chief Election Commissioner Sunil Arora and Election Commissioner Sushil Chandra while not recording Election Commissioner Ashok Lavasa's dissent on various issues, much less making this public. One of the arguments made, it appears, is that neither the Cabinet nor the CAG record dissent though, as in any other body, there is bound to be some disagreement on some issue or the other. This is, however, the wrong comparison since neither the Cabinet nor the CAG pass orders or adjudicate on issues; in all bodies that do, from various tribunals to even the courts, minority rulings are made public; indeed, even RBI is trying to do its bit to encourage transparency and notes of the meetings of the Monetary Policy Committee are made public. So, the EC was wrong in not recording Lavasa's dissent.

Indeed, the EC was slow to react to various violations of the Model Code of Conduct (MCC), and did so only after it was pulled up by the Supreme Court. In this context, Lavasa is said to have suggested that, before electioneering began, the EC write to prime minister Modi requesting his cooperation in upholding the MCC; repeated sensitising of political leaders can't be a bad thing. Lavasa disagreed with the several clean chits given by the EC to Modi, in cases such as his asking for votes in the name of the Pulwama martyrs; while the EC, like the courts, goes by the majority view, even recording Lavasa's dissent would have had an impact in disciplining wayward candidates since this would have been widely publicised. What is odd of, course, is that while many wanted Modi to be censured for this, few thought the EC needed to take action on Congress party chief Rahul Gandhi repeating, with no proof, that Modi had given Anil Ambani's firm ₹30,000 crore of Rafale orders or his telling tribals that the crux of one of Modi's proposed Bills was "shoot Adivasis with impunity" when the reality was a lot more complex.

Once the elections are over, the EC, various political parties and civil society need to revisit the MCC to see how this needs to be reinterpreted. Asking parties not to campaign on the basis of either caste or religion appears the right thing to do, but since several political parties have been set up precisely to appeal to certain caste/religious groups, can this be helped? And if, as in the case of the BJP, a more muscular policy towards aggressors is part of the party's USP, how is the MCC to be implemented when it says that events like Balakot are not to be publicised? Oddly enough, political parties that are now pillorying the EC for being soft on the ruling party and who are alleging, again without proof, that the EVMs are being transported in private vehicles instead of in EC vehicles—the argument is that this will allow switching/tampering of EVMs by the BJP—have not spent a minute in doing anything about the other big thing that vitiates polls: the large-scale presence of criminals among their candidates.

Maha move on land title

States must emulate Maharashtra on registering land titles

MAHARASHTRA'S PLANNED LAND-title registration system, which will be a single-window land ownership authentication mechanism, is what other states need to emulate. Indeed, as per Business Standard, the Maharashtra experiment is the pilot for the national rollout of digitising land title records—Chandigarh moved on conclusive land titling system (CLTS) in 2017, but that was for limited area, where the government knew the titles were clean. Such authentication of titles will boost immovable property transactions since, with the government authenticating the title of a piece of land, the likelihood of fraud or dispute will fall drastically—Maharashtra is proposing strict punitive measures, including heavy fines and even imprisonment, for any attempt to defraud the process by deliberately concealing information or furnishing false information. Once a government-authenticated database of titles is set-up, it will guarantee the rights of both the property owner and the buyer/receiver. Apart from what it means for the real estate market, the new system will be a big boost to infrastructure, where acquisition of massive tracts of land is often held hostage by title disputes. Clean titles and easy authentication will also make financing based on land much smoother.

Though the details of the Maharashtra process are not yet known, it is hoped that it emulates the Chandigarh CLTS that assigns a unique ID number to every piece of land and hands out ownership certificates that contain details on even borrowings against the property. Digitally accessible, government-authenticated land titles would be an unprecedented shot in the arm for the economy. Now, that nearly 90% of the land records (record of rights) in the country have been computerised under the Digital India Land Records Modernisation Programme (DILRMP)—though land records and property registration have been integrated for just 58% of the cases where this is applicable—rolling it out across the country doesn't seem to be too far in the future. The government can inject some pace in property transactions if it were to stand guarantee for the title—that is, if there is a fraud detected in the title, the government should compensate the buyer for the loss. Professor DC Wadhwa of the Gokhale Institute of Politics and Economics had offered a rationale for this saying that the local government moving to authenticate titles before the rights of the owners are recognised will mean that the chances of fraud are low and the gains to the government from increased transactions—not just from duties on the land/property, but also from taxes on the increase in economic activity such transactions eventually bring about—will offset the costs the government bears. In any case, the Maharashtra provision for fine for fraud will also take up a part of the burden of compensating buyers falling prey to fraud. As FE has held before, bringing in insurers to provide cover to titles based on the risk attached is also something that states must consider. While users, where records are up-to-date and disputes are minimal, will not mind paying a small premium for the peace of mind the insurance guarantees, those in states where the records have been historically poorly kept will demand better from their governments.

Observation POWER

India's RISAT 2B will help with mointoring crop failure, forest cover depletion as well security at the border

WITH THE LAUNCH of RISAT-2B, Isro's newly minted Earth-observation satellite, India will reap a raft of benefits in diverse areas, from agriculture and forestry to security and disaster management. RISAT-2B has been dubbed—rather too quickly—as a spy satellite. Though there is a military utility to the satellite—it can be used for enhanced surveillance and checking cross-border infiltration—and it can carry on its observation functions even in poor weather, generating images from the ground, the potential it has for other areas is far to great to play second fiddle to its surveillance potential.

In agriculture, specifically, where the world is moving towards real-time observation for early detection of crop failure, India needs eyes in space. As experts have pointed out, calculation of crop insurance under the central government scheme can become more accurate and payment to farmers faster if satellite-based imagery is used. Similarly, real-time monitoring of forest cover loss, poaching, illegal mining in resource rich areas can also help India tackle these losses. One of the strongest potential lies in disaster management. If, for instance, the satellite is able to detect loss of mangrove cover or map flood-hit areas for faster relief delivery, the lives of millions of vulnerable Indians can be made better. RISAT-2B will be replacing the RISAT-2 and will be on a five years mission. It is India's first such earth-observation satellite with indigenous technology having such complexities. If it delivers across the fronts it is expected to, India can further consolidate its position in the club of the space-elite.

NEED FOR REFORMS

ONLY POLITICAL LEADERSHIP OF A HIGH ORDER CAN CHANGE THE DEEP-ROOTED, SYSTEM-WIDE MINDSET OF BEING SUSPICIOUS OF BUSINESS

Cost of doing business trumps ease of doing business

ARINDAM BHATTACHARYA

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Views are personal.

THE BIGGEST, THE most colourful, the most contentious and perhaps the most expensive general election is finally over. During this period, governance had clearly taken a back seat as all decisions, except the routine ones, had come to a standstill. Now that the electioneering is done and dusted, hopefully for another five years, the new government will focus on the urgent needs of governance to put India's slowing economy back on a fast growth track.

I am writing this article before the results are out but given the exit polls, it seems that the ruling party is coming back to power for another five years. And they have been preparing for it and had been sounding out different stakeholders—both official and unofficial—on 'big ideas for decisive action' as part of their 100-Days plan as the new government. By chance, I engaged with some stakeholders on this question and was asked for my thoughts. We discussed many ideas that have the potential to create value and new jobs, such as taking the decision to systematically build a mineral map for India over next couple of years as a way to unlock one of the most under-leveraged national assets—the mineral wealth of the country—and grow the mining industry in a sustainable manner.

However, I also shared my view that a single-minded focus on 'big ideas for immediate action' is important to improve governance, but not sufficient for sustained growth of the country, as I believe that India faces some serious systemic and structural challenges in its economy, in a global economic regime (a paradigm that is changing rapidly). The answers to these systemic problems are not immediately apparent and call for an in-depth root-cause analysis, looking at the different options and their pros and cons before we can get to the sustainable solution. Let me offer my top three systemic priorities from the perspective of the Indian industry for the new government.

First and foremost is the current slowdown in credit off-take. Investment as a share of GDP has been falling and private investment has not just stalled but declined significantly impacting growth and new job creation. While on the demand side the slowdown of the economy and exports can be blamed, on the supply side we have the complex systemic challenge posed by the government ownership of PSU banks with its potential for political influence in various decisions, which impacts performance and builds up NPAs when they are taken for political rather than economic reasons. At the same time, the banking system globally is coming under enormous pressure from the growth of digital formats and shifting profit pools, and unless we find a solution to the first problem, which also helps address the second challenge, we will continue to face the same cycle of increased NPAs followed by re-capitalisation, and longer term erosion of market share of PSU banks, making them highly vulnerable. Dealing with the political-economy of a decision on PSU bank ownership and its implications on holding management accountable for performance of banks will be one of the biggest challenges that the new government will have to take on.

My second priority is the crying need for a focus on competitiveness and productivity as a country-wide initiative. Productivity, in the longer term, is the only factor that drives improvement of living standards across generations. This NDA government has done an enviable job focusing and improving its position on World Bank's Ease of Doing Business (EoDB). But, that is only one part of the economic equation that drives competitiveness of the industry. The other, perhaps more important, part is driven by the competitiveness of factor costs—land, labour, capital and power. Today, India competes for global investments not with the high-cost countries as a lower cost manufacturing destination but with other fast-growing emerging markets. This calls for the important shift in the focus from EoDB to Cost of Doing Business (CoDB), where we benchmark ourselves against these competing nations. But the political-economy in each one of the four areas pose challenge and unless we can find systemic and comprehensive solutions to them, and not address the low hanging fruits, only Indian industries will continue to be hobbled in its efforts to compete globally and attract foreign, and even local investment, where the investor has a choice of other EMs with lower CoDB.

> A 100-Day plan for decisive action is important. But, so is a longer-term plan to overcome systemic and structural challenges and make the industry globally competitive

The third of my top three priorities is the systemic change in the way policy initiatives are developed to solve the problems of industry and the role of the latter in this process. Today, the industrial ecosystem is becoming more and more complex as industry boundaries becomes fuzzy with growing digitalisation, new non-traditional players enter a sector, new profit pools emerge which cut across the traditional industry boundaries, and growing global digital integration of e-markets and data flows pose many regulatory uncertainties. It is, thus, becoming more difficult for the government to solve these big and myriad challenges without active partnership with all the stakeholders in the industry, which goes beyond the traditional process of 'consulting' in choreographed meetings with the stakeholders. As the CEO of a large industrial group told me, "The government must understand that industry has as an equal stake and commitment in making India more competitive and grow faster". Unfortunately, over past few years the trust between government and the industry seems to have broken down and many business leaders feel that an unfortunate political narrative has developed, in which they are all branded as 'thieves until proven otherwise' due to unscrupulous behavior by few select promoters. If Indian industry has to grow and be globally competitive this trust breakdown between the government and industry has to be overcome. Only political leadership of a high order can lead to the change in the deep-rooted 'system-wide mind-set' of being suspicious of business. A new narrative of equal partnership between these two critical stakeholders is necessary.

The winning political party will have fought and won a big fight. Now, its new government has to fight a bigger one to revive the fortune of the Indian economy and the industrial sector. The 100-Day plan of big ideas for decisive action is important. But, so is a longer term plan to overcome the systemic and structural challenges to making industry globally competitive.

Qualcomm's day of reckoning is here?

A US federal judge's ruling strikes at the heart of the chipmaker's business model, one that leverages the patents the company holds

SHIRA OVIDE

Bloomberg

A US federal judge may have done what Apple and a succession of foreign governments couldn't do: Force Qualcomm Inc. to change how it does business.

Concluding a long-running legal case, US district judge Lucy Koh said late Tuesday that the San Diego chip company, whose products are essential building blocks for modern smartphones, broke the law by squashing competition in important corners of industry and tying sales of its chips to fees for Qualcomm's technology patents.

The ruling strikes at the heart of Qualcomm's unusual and controversial business model. Qualcomm makes chips that smartphones need to connect to the internet, but it makes most of its profit from licensing its technologies to makers of phones and other computing devices.

Qualcomm's terms for licensing—which covers technology essential to the functioning of modern phones—mean the company is paid even if a smartphone maker uses non-Qualcomm chips, and Qualcomm's fees are based on the consumer price of smartphones rather than on the cost of the parts Qualcomm makes.

Apple, rival computer chip companies and regulatory agencies in multiple countries have challenged Qualcomm's business approach. The US Federal Trade Commission two years ago sued over the arrangement, which the FTC said gave Qualcomm the power to overcharge for its patents and unfairly reduced the appeal of products from Qualcomm's chip competitors. Qualcomm has so far withstood every challenge to its business model and even fought off—with the US government's help—an unwanted takeover offer that might have changed how the company does business.

The FTC case, on which Judge Koh ruled, may have been one legal challenge too far for Qualcomm. The company said Wednesday that it would appeal the decision and disagreed with the judge's "interpretation of the facts and her application of the law." The company has long said that its prices are fair and that its business model isn't uncommon; that it plows its revenue back into development of future technologies that help the industry and consumers; and that the market for cellular chips is competitive.

But assuming the finding holds up, this may be the long-delayed day of reckoning for Qualcomm. The company may have to reduce its royalty payments, rewrite every customer contract and open up its trove of intellectual property to rival chip companies.

Qualcomm shares soared in April when the company settled litigation with Apple over similar claims to the case judge Koh heard. Two weeks ago, Qualcomm awarded stock bonuses to top executives for their "outstanding efforts" in ending the fights with Apple and its partners. Those payouts look awkward now. Qualcomm's stock opened down nearly 10 percent on Wednesday. The settlement with Apple seemed to signal that Qualcomm's royalty-rate structure and business model would remain essentially intact. Maybe not.

The timing of Qualcomm's legal loss couldn't be worse. Smartphone sales are sagging globally, which is already weighing on sales for Qualcomm and other companies that make smartphone components. And companies including Qualcomm and its customers are planning for the transition to the next generation wireless internet standard, known as 5G, and the legal ruling adds uncertainty to that transition.

> The ultimate cost to Qualcomm is difficult to calculate. For now, Qualcomm will keep collecting royalty payments as usual

The ultimate cost to Qualcomm is difficult to calculate. For now, Qualcomm will keep collecting royalty payments as usual. And investors have already baked some caution into Qualcomm's share price. Its business model was under siege so often that it may have been inevitable it couldn't maintain it forever.

Now we will see whether Qualcomm is prepared for its business to be upended. Does the company have a "break glass if our business model must change" plan? If not, investors need to hold the company to account for failing to have a Plan B.

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LETTERS TO THE EDITOR

Forget not: *Vox populi, vox dei*

Renowned theatre artiste Arundhati Nag has expressed a fear that the country has been heading towards oligarchy. This is a misapprehension. To be candid, it is more a veiled criticism against the BJP government at Centre than any real fear over the survival of the Indian democracy. The exit poll result has sent her into a tizzy. She disapproved of the win the BJP had the last time. Does she remember that once Congress had bagged 400 seats? All other parties were in microscopic minority. Why does she have to single out BJP for getting fair number of seats? It is the will and wish of people that prevails in a democracy. Nobody has right to question the people for electing a party or combination of parties of their choice to rule. Undoubtedly, the ruling party and opposition parties are like two eyes of government. Non-cooperation by the opposition parties in passing the Bills has been hindrance in smooth running of the government. Nag has also expressed her disappointment for misusing soldiers for electoral gain. People are not blind. People are appreciating the free hand given by the NDA government to the army to fight enemies. RTI enquiry and the Army chief have made it clear that no surgical strike had taken place prior to September 28, 2016. If the Congress were sincere, it could have placed its 'record of surgical strike', albeit falsely, after the final phase of election is over. It is cruel to say that a reference to surgical strike in speeches is misuse of Army. Credit for eliminating enemies must first go to Army only. But it is unfair to deny credit to a government that is behind the Army by giving it a free hand.
— KV Seetharamaiah, Hassan

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ILLUSTRATION: SHYAM KUMAR PRASAD

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FOOD FOR THOUGHT

Reforming FCI not a piece of cake

The NDA's PDS reforms have been half-hearted measures. Mounting arrears towards food subsidy budget settlement pose a serious question mark on the Centre's fiscal management. The new government has its task cut out to deal with large food subsidy arrears payment and huge grains stocks with the FCI

AS THE NEW GOVERNMENT assumes office in a few days, it would be pertinent to look at India's public distribution system (PDS) and the impact of the reforms initiated by the Narendra Modi-led NDA government in the last five years. The BJP, the lead party in the NDA government, had promised in its manifesto (in 2014) of incorporating best practices of successful PDS models. Stating that the new regime would be the "government of the poor, marginalised and left behind," the BJP manifesto five years ago had proclaimed to 'unbundle' the Food Corporation of India (FCI) operations into procurement, storage and distribution—towards greater efficiency.

Subsequently, after a huge mandate to the NDA, the Modi government took charge and appointed a high-level committee (HLC), chaired by former food minister Shanta Kumar, on restructuring of the FCI in August 2014. The HLC, in its report submitted in January 2015, recommended, among other things, that "the FCI hand over all procurement operations of wheat, paddy and rice to states (Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab) that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement."

The HLC had also recommended the FCI should accept only the surplus grain (after deducting the needs of the states under the National Food Security Act—NFSA) from these state governments (not millers) to be moved to deficit states. "The corporation FCI should move on to help those states where farmers suffer from distress sales at prices much below Minimum Support Price (MSP), and which are dominated by small holdings, like eastern Uttar Pradesh, Bihar, West Bengal, Assam, etc," the HLC had recommended.

After more than four years since the HLC gave its recommendation, restructuring of the FCI remains a dream, and the corporation continues to depend on the same set of states for procurement of grains and procurement operations have not been revamped in eastern states. On the PDS reform, the HLC had recommended that the government should relook at the coverage (67% of the population) under the NFSA as it's on the 'higher' side and it also stressed the need for computerisation of the PDS process for checking the pilferage of PDS grains.

In terms of the PDS reforms, the Modi government's achievement has been rather a mixed bag. According to the official data, all the existing 23 crore ration cards have been digitised and most of the cards have been seeded with Aadhaar numbers. The government has stated that 2.75 crore ration cards have been deleted during 2013-17. Food ministry officials have often stated that deletion of ration cards has ensured better targeting of beneficiaries. In order to ensure transparency in grain sale process in the PDS, the electronic Point of Sale (ePoS) machines have been installed in 3.88 lakh fair prices shops (FPSs) out of nearly 5.33 lakh FPSs in the country. But all these measures in reforming the PDS have not yielded tangible results. The offtake of foodgrains by the states under the PDS after deletion (bogus) and digitisation of ration cards has not declined in the last five years. The offtake of foodgrains by the states under PDS has increased from 47.41 million tonnes (MT) in 2013-14 to 52.75 MT in 2018-19, a rise of 11%.

Rising food subsidy dues & loans

While the new government will assume office in a few days, it would face a tough situation to manage the rising food subsidy, along with huge outstanding dues to the FCI, the key procurement agency. Along with ballooning of the food subsidy budget, there is a fiscal juggling or innovation taking place as far as FCI's finances go. The total outstanding dues to the FCI stand at ₹1.85 lakh crore as on March 31, 2019, because of the mismatch between budget allocated to the corporation and the actual expenses incurred (to the corporation). The actual expenditure towards food subsidy has been rising because of two factors—the annual rise in MSP for paddy and wheat given to farmers for procurement, and 'open ended' purchase operations leading to excess grains stocks held by the FCI.

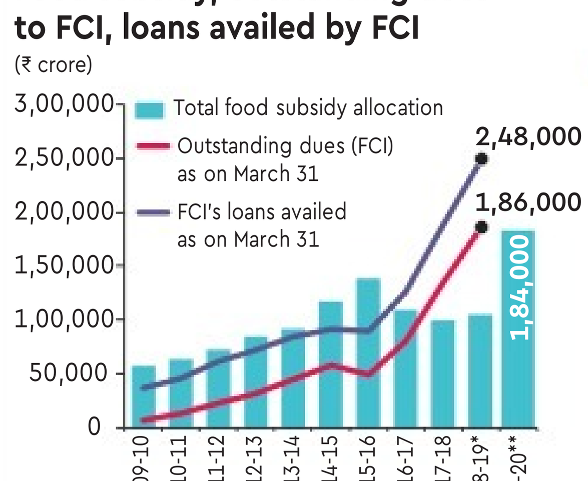
The finance ministry has devised an innovative strategy to raise loans for meeting food subsidy expenses, which soon would be difficult to handle. As on March 31, 2019, the total loans raised by the Centre on behalf of the FCI towards the food subsidy expenditure have reached ₹2.48 lakh crore, of which the total loans from the National Small Savings Fund (NSSF) amount to ₹1.82 lakh crore and the rest of the loan amount was raised from cash credit limit of banks, short-term loans and bonds. The annual interest liability towards the loans availed by the government for the FCI was around ₹13,400 crore, which pushes up the overall food subsidy expenditure. This implies that the central government expenditure is being substituted with loans raised through the NSSF. This innovative method is adopted to maintain fiscal prudence in the central budget.

Another factor contributing to the rise in the food subsidy bill is the Centre's reluctance to increase the price of highly subsidised foodgrains supplied under the NFSA, 2013. Under the Act, the price of ₹3/2/1 for rice, wheat and coarse grains, was capped for three years, which ended in 2016. Each rupee (per kg) increase issue price of grains could result in savings of food subsidy of over ₹5,000 crore annually. For 2018-19, while FCI's issue price of grains to the states under the NFSA remains at ₹3 per kg for rice and ₹2 per kg for wheat, the economic cost of grains is ₹33.1 (rice) and ₹24.45 (wheat) per kg, respectively. Over the years, FCI's economic cost (procurement, distribution and storage of holding foodgrains) has been rising sharply, contributing to rising food subsidy expenses.

As on April 1, 2019, the FCI had 46.38 MT of grains stocks compared to the required buffer norm of 21 MT. The HLC had recommended "gradual introduction of cash transfers in the PDS, starting with large cities with more than 1 million population; extending it to grain-surplus states, and then giving an option to deficit states to opt for cash or physical grain distribution." However, on cash transfer to PDS beneficiaries, the progress has been minimal. Only Chandigarh, Puducherry and parts of the Union Territory of Dadra and Nagar Haveli have opted for cash transfer in the PDS.

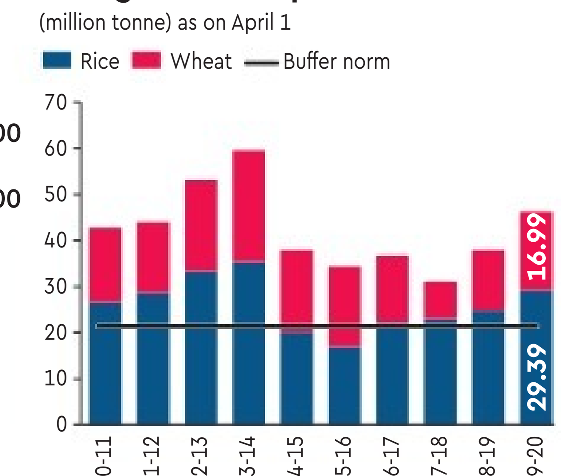
The NFSA—which has the objective of providing for food and nutritional security by ensuring access to adequate quantity of quality food at affordable prices to the people to live a life with dignity—is gradually turning out to be huge financial burden on the central government. The mounting burden of the food subsidy budget is compounded by huge surplus grains, and this has put enormous pressure on the central government's finances. The short-cut method of raising loans against food subsidy arrears has to be curbed immediately.

Food subsidy, outstanding dues to FCI, loans availed by FCI
(₹ crore)



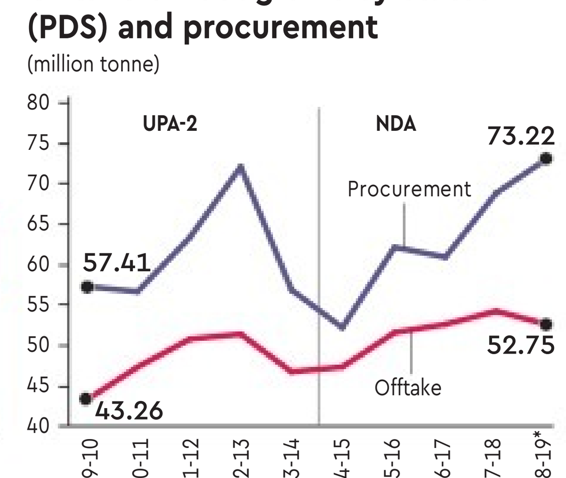
Source: Budget document, food ministry, Note: 80-85% of food subsidy allocation is routed through FCI, *unaudited **Budget estimate

Foodgrain stock position with FCI
(million tonne) as on April 1



Stocks as on April 1 for each year against buffer norms of 21.04 MT (rice 13.58 MT & wheat 7.46 MT). This includes operational stocks as well as strategic reserve

Offtake of foodgrains by states (PDS) and procurement
(million tonne)



Source: Food ministry, *provisional, foodgrains (rice & wheat)

A custodian of the grid needed

VIJAY CHHIBBER
The author is a retired secretary, government of India

An independent CTU at arm's-length from any developer, including PSUs

AS THE 'DANCE of democracy' plays out, a debate on opportunities captured or missed during the outgoing government's tenure is inevitable. A focal area of the NDA has been its work on the infrastructure sector. There has been a marked step-up in the scale and speed of implementation, albeit with varying degrees of success across sectors. Roads and railways have demonstrated visible gains towards achieving global standards. But relatively slower progress was seen in ports, inland waterways, water management, and power transmission and distribution sectors. These verticals should be the obvious areas of focus for the new government.

The power sector has been a mixed story. There have been massive gains in generation, leading to a power-surplus status. Successful implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana, Integrated Power Development Scheme and Pradhan Mantri Sahaj Bijli Har Ghar Yojana 'Saubhagya' will lead to exponential growth in per capita consumption of electricity. But such major demand increase can only be met if transmission and sub-transmission elements of the grid are strengthened. As was evidenced by a lukewarm response to renewable auctions last year, the strength of the transmission grid to evacuate necessary renewable capacity is questioned by renewable developers themselves. A strong focus is needed not only to ensure a robust and resilient grid, but also the success of the renewable mission.

The tariff-based competitive bidding mechanism has led to innovative practices in transmission sector, and resulted in tariff 30-40% lower than the regulated one. A key principal of promoting competition is symmetry of information availability, which ensures a level-playing field for all players.

The Electricity Act provides for a central transmission utility (CTU); it can be any government company responsible for undertaking transmission of electricity through interstate transmission—it should be responsible for planning and coordination of interstate transmission. PGCIL, a PSU registered under the Companies Act, has been playing the dual role of a planner, as a CTU, and of a transmission developer. With tariff policy seeking all transmission projects to be executed through competitive bidding, concerns arise on the conflict of interest in this dual role. It's evident in the constitution of the National Committee on Transmission (NCT) and Empowered Committee on Transmission (ECT)—the deciding bodies with regard to the route of allocation of projects.

> A strong focus is needed not only to ensure a robust and resilient grid, but also the success of renewable mission

The CTU has a symbiotic relationship with PGCIL and the interface between the two is opaque. Projects awarded on regulated tariff mechanism (RTM) are decided by the ECT, of which PGCIL is an integral part. Projects identified for award under the RTM route are automatically awarded in favour of PGCIL. Even in projects awarded through the bidding route, there is asymmetry of information, which disadvantages the private sector in the bidding process.

PGCIL, as a CTU, influences technical standards specified in tender documents for competitive bids. The CTU, along with the Central Electricity Authority (CEA), works out technical specifications (tower designs, conductor type, etc) for each transmission project, which, along with PGCIL's role as a developer, potentially distorts the level-playing field.

We need to segregate embedded functions into independent functions of planning, development, operations. The government has carved out a critical function of grid operations from PGCIL and created POSOCO to manage the grid. The next step should be creation of an independent CTU completely at arm's-length from any developer, including PSUs. This new institution should be entrusted with network planning, coordination, bidding and revenue recovery functions. Its efforts must focus on advance planning, and support developers in obtaining all statutory clearances including Right of Way. This will result in improving the pace of award of projects as well as qualitative improvements in efficiencies of design, technology and costs for the consumer.

The National Highways Authority of India (NHAI) is a perfect analogy of an institutional framework that has delivered rich dividends without any conflict of interest. The NHAI, in its only role as the planner of national highways, has resulted in meaningful and sustainable change in both quality and pace of infrastructure development.

The new government must include the CTU's revamp in its 100-day agenda. Once the institutional framework is set right, all other imperatives will receive their due attention in a coordinated and sequenced manner.

From IT services to software products

With the focus on tech start-ups and R&D, India can make great strides in the software product development space

OMKAR RAI
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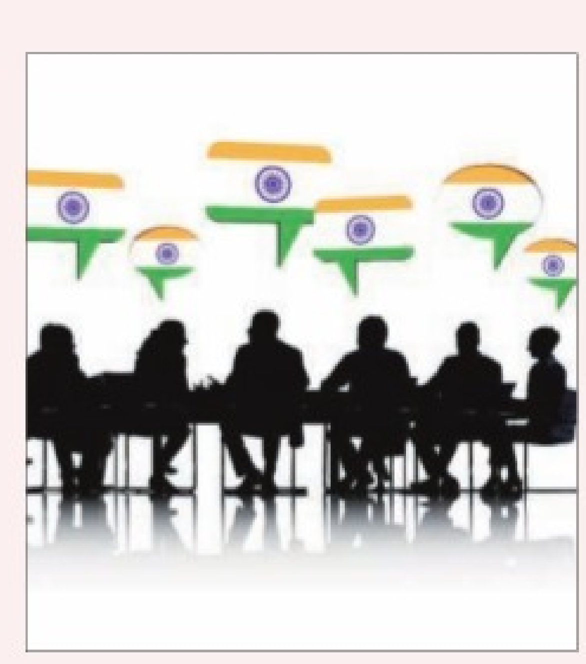

RULING OVER SOFTWARE services exports for two-and-a-half decades globally, India is synonymous with the new normal of technology disruption. Now the time has come to shift focus from software services to software products, to capitalise on the dynamic global trends in technology adoption. Against the backdrop of a high performing IT-BPM industry, the country needs to reinvent itself as a products superpower. The advent of emerging technologies has disrupted business processes and global enterprises are sprinting towards faster adoption strategy to leverage the benefits. While outsourcing the IT services of an organisation to a trusted Indian technology partner was the standard practice for MNCs to optimise the cost arbitrage, rapid evolution in Industry 4.0 technologies has necessitated companies to relook at the strategy. Now, the technology priority is much of a core business strategy and the initial adopters are unequivocal winners.

According to a recent report, the global software products market was $515 billion in 2018, with 7.4% growth. The overall growth of global software products in 2018 was driven by intelligent solutions based on Industry 4.0 technologies, cloud, connected infrastructure and cybersecurity products. At the same time, the market size of Indian software products industry in FY19 is $8.2 billion, of which $5.5 billion is from the domestic market and $2.7 billion from exports. Although Indian software products industry just accounts for 1.6% of the global market, given the global opportunities in this segment, India can strive to capture the largest pie of the global software products market.

India has successfully established a matured IT ecosystem comprising 18,000 IT enterprises, 7,700 technology start-ups, 4 million IT talent, robust R&D institutions, policymakers and academia. The Indian IT industry, which clocked $177 billion revenue in FY19, is expected to reach $350 billion by 2025. The large technology and engineering talent pool is an advantage to India's technology leadership. The country produces 2.6 million graduates every year with STEM degrees. It's not far when many of the budding tech start-ups would transform themselves into tomorrow's global unicorns, and not just in value, making India a superpower in innovation and entrepreneurship.

Given this growth trajectory, the government must visualise a new India with initiatives that will propel the success story further. Keeping a tab on the past successes and a bright future, the government has initiated many niche programmes such as Make in India, Digital India, Atal Innovation Mission and Start-up India, which are focusing on the creation of indigenous products and a digitally-empowered society. Software products are central to India's mission for digital transformation with social inclusion. Today, sectors like healthcare and education are grappling with the challenges of uneven access to the citizenry. Universal accessibility to education and healthcare will be possible when the last person in the queue would avail the benefits without any discrimination. The role of software products for enabling these two sectors to become digitally inclusive is paramount. Digital platforms like IndiaStack and National Health Stack can lead to a paradigm shift in government-to-citizen (G2C) service offerings. While the government is foreseeing a trillion-dollar digital economy in next 4-5 years, it's imperative for the IT industry and start-ups to leverage the humongous opportunities available in the digital transformation journey of the country. The drive of innovative software products companies will make all the difference to the government's vision by delivering superior software products that can be integrated with software stacks. When public digital platforms are coupled with groundbreaking software products, it will result in adding hundreds of billions in economic value.

The National Policy on Software Products 2019 is an impetus to transform India as a software products nation and drive the country as a global leader in conception, design, development and production of intellectual capital-driven software products and accelerate the growth of the entire spectrum of the IT industry. Industry expects collaboration for the purpose of tech products creation in the country. To achieve these objectives, the NPSP 2019 envisions a 10-fold increase in the share of global software products market by 2025. The policy also envisages the creation of a cluster-based innovation-driven ecosystem by developing 20 sectoral and strategically-located software product development clusters with integrated ICT infrastructure, incubation facility, R&D/test beds, and mentoring and marketing support. It targets nurturing 10,000 technology start-ups, including 1,000 such start-ups in tier-2 and tier-3 cities, to generate direct and indirect employment for 3.5 million people by 2025. Policies like these will definitely rev up the growth of the IT industry by promoting software products business ecosystem, stimulating entrepreneurship and innovation for employment, building skills, and improving access to domestic and international markets.

As India has embarked on leveraging the potential of frontier technologies—AI, AR/VR, IoT, robotics, 3D printing—a strong IT industry base and demographic dividend will play a disruptive role and change the IT landscape. In the times to come, we will see more start-ups, entrepreneurs and product companies that not only create world-class products using cutting-edge technologies, but will also develop products that can resolve societal issues, bridge the digital divide and augment inclusive growth. We need a collaborative approach amongst all the stakeholders including industry, academia, R&D institutions, government agencies and state governments. Indian IT behemoths have already started shifting their mandate from software services to software products development. With the focus on technology start-ups and R&D, India can make a stride in software product development space, continue its brand as a global IT leader, and become a wealthy nation, eventually bringing prosperity to all.