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Opinion

THURSDAY, AUGUST 24, 2017

ACCOUNTABILITY IS DESIRABLE

Union finance minister Arun Jaitley

"Accountability is a good system in government. Prime Minister will take a decision on whatever request the railway minister has made"

RationalExpectations

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Narendra Modi's Vajpayee moment

In 1999, Vajpayee rescued the telecom sector—stung by the *suit-boot-ki-sarkaar* jibe, Modi is loath to do the same

BY 1999, WHEN Atal Bihari Vajpayee was the prime minister, it was clear the 1994 experiment with private sector telephony had run aground with the telcos in no position to pay the high licence fees they had promised to in their bids, and with the government and the telcos engaged in all manner of court battles in an attempt to apportion blame. While it was obvious the situation couldn't go on, the choice before Vajpayee was to cancel the existing licences and bid them out afresh—this time, though, under a revenue-share formula instead of the high absolute values bid in 1994—or to offer the more sensible revenue-share formula to the existing players. While this columnist was in favour of cancelling existing licences on grounds that would be more transparent, Vajpayee offered the revenue-share regime to the existing players on grounds that, since they were in court, they could block fresh auctions for decades—much better, he argued, to get the process going. With the sector taking off after New Telecom Policy 1999, it is obvious Vajpayee made the right decision.

Even before RJio disrupted the sector with its free/next-to-free pricing, it was in deep trouble. While industry revenues used to double or treble every year in the early 2000s, growth fell to a mere 6.8% in FY16—it fell to an even lower 1.5% in FY17 after RJio came in, but the slowdown clearly predates RJio. In FY18, Kotak Institutional Equities is forecasting revenues contracting around 9%. With telcos already having invested ₹9 lakh crore, the industry needs an ebitda of ₹140,000 crore just to meet interest and amortisation costs—what it is actually earning is a mere ₹50,000 crore. With industry debt at over ₹4.6 lakh crore and ₹3.1 lakh crore due in instalments to the government over the next 11 years, it is obvious there will be huge defaults if a way is not found to rescue the industry. This, then, is prime minister Narendra Modi's Vajpayee moment.

While an inter-ministerial group of bureaucrats was set up to come up with a solution, reports suggest it is going to offer only minor relief—while telcos have 10 years over which to make payments for the spectrum they had bid for in the past, this is to be extended to 16 years. Apart from the fact that this doesn't address the core issue of negative profitability, this means the banks that have lent telcos the money are likely to suffer big capital losses and the government also stands to lose if telco revenues suffer—with inflows from telcos to the central government projected to fall from ₹78,715 crore in FY17 to ₹44,342 crore in FY18, the share of non-tax revenue coming from telecom is down from 23.5% to 15.4%; it could fall even more if, like this year, telcos are too cash-strapped to participate in fresh auctions.

There is, critics argue, a big difference between 1999 and now. In 1994, licences were bid out on the promise that there would only be two private players—as part of the 1999 package, this was given up, and it is the hyper-competition this resulted in that drove tariffs down to what they are today. Telcos, by this logic, need to make some equally big concession today.

That, however, is missing the wood for the trees. In the days when the government gave spectrum 'free', it charged telcos for this by getting them to share part of their revenues with it. When it started charging for spectrum through bids, however, it retained the high revenue-shares as well. This was unconscionable and, as a result, the share of revenue going to the government by way of recurring licence/spectrum charges and auction-bids rose from 11% in FY07 to 32.4% in FY17—if service taxes are included, the number rose from 23.2% to 47.2%. Apart from bankrupting telcos even before RJio added to the mess, this ensured they had little to spend on really upgrading their networks—think dropped calls, poor internet speeds and little exclusive entertainment content—which was critical to get customers to spend more. If a Modi can't right this egregious wrong—by the way, in the NPA resolution process, the concessions that banks will have to make will be much larger—it is only because Rahul Gandhi's *suit-boot-ki-sarkaar* has really stung him. For a prime minister hoping to turn around the economy and fix the investment climate, that's an unfortunate position to be in.

% paid to govt as share of revenues (LHS); Adjusted gross revenue (RHS) (₹ billion)

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17(E)
% paid to govt	11	12	11	11	11	12	15	23	18	24	32*

Adjusted gross revenue: 791 (FY07); 1,907 (FY17(E))

Industry debt (till Q3 FY17) ₹4.85 lakh cr

Deferred payment in Instalments owed to govt (₹ crore)

FY17	FY18	FY19	Next 7 years
8,742	9,468	24,619	32,000

*If service tax is included, then the same goes up from 23% in FY07 to 47% in FY17; E-estimated

SweetLIMIT

Singapore moves to bring down sugar content in soft-drinks to fight growing incidence of diabetes

THE SINGAPORE HEALTH regulator has managed to get seven soft-drink companies, including global giants Cocal-Cola, PepsiCo and Nestle, to commit to cutting the sugar content in their drinks to 12% by 2020. The island-nation has a tough battle to fight against diabetes—with diabetics making up over 11% of its population, it is the second-worst affected nation among developed countries. The seven soft-drink makers account for 70% of the country's prepackaged sweetened drinks, and capping sugar content is expected to bring down consumption by citizens by almost 300,000 kg a year. Singapore's effort comes against a backdrop of rising obesity in Asian nations that correlates strongly with rising prosperity. While Western nations have mandated that soft-drink makers must print added sugar content on the packaging, Asian nations like the Philippines and Brunei have chosen the "tax sugar" route to push down consumption of sweetened drinks.

On the other hand, processed food/sweetened drinks companies are themselves starting to respond to growing consumer awareness about the health-effects of excessive sugar and salt consumption. While PepsiCo had committed last year to cut sugar in two-thirds of its drinks by 2025 so that they would have less than 100 calories per 12 ounce offering, Coca-Cola says nearly a third of its 3,900 beverages worldwide have low or no added sugar. There has also been a global shift towards "guilt-free" snacks and drinks. In India, both, PepsiCo and Coca-Cola have introduced variants of popular soft-drink brands that contain sugar substitutes. At the same time, PepsiCo, as per its own product information, breaches Singapore's 12% cap for just two of its soft-drinks in the Indian market. There are nearly 70 million diabetics in the country while a further 80 million exhibit pre-diabetes conditions. Thus, India would do well to move on checking sugar consumption, too.

WEAK INVESTMENT APPETITE

THE SLOWDOWN IN INVESTMENT ALMOST ENTIRELY ORIGINATES IN HOUSEHOLDS—AND NOT THE CORPORATE SECTOR

The real reason behind slowing investment

SAUGATA BHATTACHARYA
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Views are personal

THE DEFINING NARRATIVE of the slowdown in India's GDP growth over the past 6-7 years has been the sharp drop in investment, even as consumption remained stable and is presumed to have been the primary driver of growth. The accompanying graphic shows the drop in investments (as a share of nominal GDP), from 34% in the new series GDP in FY12 to 29.3% in FY16, and to 27.1% in FY17. The general presumption—based on data on stalled and incomplete projects, slowing corporate revenue growth and a slowdown of bank credit to infrastructure and large corporates—seems to be that this was a predominantly corporate-led slowdown. It appears that this interpretation might be, at best, only partially correct—or alternatively, this was only a causal factor.

The graphic also shows the decomposition of the investment slowdown between major economic groups. The point to note is that the slowdown almost entirely originates in households—and not the corporate sector! While corporate investments have remained stable at around 11% of GDP, household (HH) investments dropped from 16% of GDP in FY12 to 11% in FY16 (FY17 breakups are still not available). This is a fairly non-intuitive twist in the current investment slowdown narrative. This is not to say that corporate investments have not fallen; they have, in line with the slowdown of nominal GDP growth (from 13.5% to 9.7% y-o-y). But, household investment has fallen much more sharply.

The proximate cause for this slowdown might—in fact, a bit paradoxically—be ascribed to the corporate sector. From a peak share of 41% in total fixed investment in FY08, corporate capex fell to 28% by FY13, and this is mirrored by a rise in the share of the household sector (the share of the public sector has remained more or less stable). This trend then reversed (in the new GDP series) from FY12 to FY16, with the share of the private corporate sector rising—the difference being the falling share of the public sector. Both segments had eaten into the share of households.

This causation channel of the transfer might be explained heuristically as follows. The accompanying graphic also shows the worsening financial condition of India's corporates (based on a sample of 2,400 companies), with a sharp drop in sales. This had a consequent adverse effect on employee salaries and wages, whose growth slowed from a high of 45% y-o-y in 2008, down to an average of 12-13% over the next few years, before dropping even further to sub-10% in FY16. The presumption is that this led to a drop in HH disposable and discretionary incomes, whose distribution between consumption and savings points to the cause of the investment slowdown. Private consumption expenditure had crept up over FY12-17, from 56% to 59% of GDP. Given shrinking incomes, this unfortunately seems to have depleted HH savings that fell from 25.2% of GDP in FY10 to 17.8% in FY16.

Within overall HH savings, the drop was due to a combination of both financial and physical savings, the latter contributing predominantly in recent years. Over the years, 80-90% of HH physical savings were in "dwellings, other buildings and structures" and most of the rest in "machinery and equipment". Given that HHs include small proprietorships and firms, some of this is likely to be accounted for by commercial establishments. But, the dominant share is likely to be dwellings (machinery and equipment is passenger and commercial vehicles.)

The prevailing macroeconomic environment seems to be partially responsible for this behaviour. Post the 2008 financial crisis, with the fiscal stimulus and implementation of the 6th Central Pay Commission awards, a transitory bump-up in financial savings is visible, but then follows a long slide, even as physical savings begin to rise. Note that gold holdings are not an explanation for this till FY12, since in the older GDP series, gold and valuables were counted as personal consumption, not savings. The other factor—inflation—might have a role: A surge in CPI inflation since 2009 might have accelerated a move-out of financial savings (ex-gold) but is insufficient to explain the continued slide. Neither do interest rates explain the residual.

One strong explanator, given the share of real estate, might be property prices. The RBI House Price Index shows a sharp deceleration since FY12, which indicates that the expectation of continuing real estate appreciation as a motivator for buying homes will have reduced. This reduced "pull" factor will have added to the "push" of falling discretionary incomes, inducing a vicious cycle where reduced disposable income lowers demand for housing, which disrupts construction and the resulting tail of economic activity, thereby lowering capital spends in a multitude of sectors.

If this is indeed the proximate story of the sharp fall in investment, this has strong policy implications for growth and investment revival. The affordable housing push is the boost required for breaking out of the low level equilibrium, incentivising construction and the associated supply-chain.

With contributions from Vikram Chhabra

Fixed investment (as % of nominal GDP): 22.7 (FY01); 24.5 ('04); 32.9 ('08); 34.3, 30.4, 31.7, 29 ('12–'16); 2004-05 Series; 2011-12 Series

Fixed investment by constituent groups (as % of nominal GDP): Households 16.0, 14.8, 12.7, 12.8, 11; Private corporate sector; Public sector (FY12–FY15)

Corporate sales & salary growth Growth (y-o-y, %): Employee cost; Net sales (2005–'15)

Household savings (as % of nominal GDP): Total HH savings; HH physical savings; HH financial savings (FY01–'17F); Fiscal stimulus+6 CPC

Minimum wages will give tech a boost

When labour is pricey, businesses invest more in machines that free up people to do more valuable work

NOAH SMITH
Bloomberg

DAVID NEUMARK, AN economist at the University of California-Irvine, could safely be called a minimum-wage sceptic. Neumark has written a number of papers on the topic, all of which have found that minimum wages reduce employment by substantial amounts. This makes him a bit of an outlier in terms of the overall research consensus, which tends to find modest or no employment effects.

But unlike many researchers, who maintain a laser-like focus on the question of whether minimum wage cuts jobs in the short-term, Neumark has examined the policy from many angles. A recent paper of his, along with Grace Lordan of the London School of Economics, looks at how automation responds to minimum-wage increases.

This is a timely research paper, because many people are worried about automation making human workers obsolete. It is pretty obvious that higher minimum wages give employers an incentive to replace humans with machines. For example, fast-food servers can be partially replaced with automated kiosks. Japan already has plenty of these, and they work very well—you order your food from a menu, get a ticket and pick it up at a counter.

Lordan and Neumark focus on so-called automatable jobs. Economists don't really know which jobs are more vulnerable to automation—few might have predicted that hedge-fund managers, for example, could be put out of work by robots—but they can make some guesses. Lordan and Neumark use the definitions of automatable jobs provided by star labour economists David Autor and David Dorn. These jobs are mostly of the routine variety—fast-food workers, for example.

The authors find that when states have higher minimum wages, low-skilled workers are less likely to work in automatable jobs. That implies that minimum wages really do spur business owners to replace humans with robots. They also find that when minimum wages are high, workers with automatable jobs are more likely to become unemployed. That could indicate that unemployment rises when minimum wages increase, but it could also just mean that when minimum wages are high, low-wage workers with routine jobs tend to switch jobs more often.

Lordan and Neumark's findings seem to confirm people's fears that minimum wages will hasten the dreaded rise of the robots. That will certainly be used by minimum-wage opponents to make policy makers think twice about raising the wage floor. But this fearful reaction is probably overdone. Automation spurred by high wages could be a very good thing for the economy, in the long term.

To see why, we should first think back to the Industrial Revolution, which began in Great Britain and the Netherlands in the 1700s. This was the greatest, most spectacular episode of automation that ever occurred—miners, farmers, weavers and craftspeople of all types were put out of a job by steam engines, power looms and other machines. This hurt lots of people, but in the end, it resulted in the greatest explosion of human wealth and prosperity in history.

Why did this happen? No one knows for sure, but one major theory is that high wages spurred the creation of industrial technology. Economic historian Robert Allen notes that labour was especially expensive in pre-industrial London and Amsterdam, with British wages especially high. Where businesspeople in China or India or Russia might hire armies of low-paid workers to make cloth or mine coal, British entrepreneurs had to find ways to make machines to do those jobs, because human hands were just too expensive.

But unlike hiring a bunch of cheap workers, investing in innovation has positive spillovers—one invention leads to another. Thus, high wages might have provided the spark that set humanity on the path to its current wealthy state. Growth economist Paul Romer, currently chief economist of the World Bank, formalised a similar idea in a 1987 paper. Romer hypothesised that low labour costs are actually bad for development, because they reduce the incentive to innovate and invent.

If obsolescence of human labour is on the way, lower minimum wages won't slow it down by much. If we are facing the rise of the robots, we might as well face it now

Seen in this light, automation resulting from high minimum wages could be a long-term blessing. As long as humans find new useful things to do, installation of automated kiosks, self-checkout machines and industrial robots will be a boon to the workers' wealth. There will be a period of adjustment, in which some low-wage workers are hurt. Neumark claims this adjustment will be large, although other researchers claim it will be small. But ultimately, as long as human labour doesn't become superfluous, faster automation is a good thing.

Therefore, the only people who should be scared of the long-term technological impact of higher minimum wages are pessimists who believe that humans are on the verge of obsolescence. But even these pessimists should realise that if obsolescence is on the way, lower minimum wages won't slow it down by much. If we are facing the rise of the robots, we might as well face it now.

So, don't be scared that the minimum wage will replace human labour with machines. Ultimately, saving labour is what technology is all about. And it looks like the minimum wage can help.

LETTERS TO THE EDITOR

Historical verdict on gender justice

History has been made with the Supreme Court declaring triple talaq which allows Muslim men, mostly Sunnis, to 'whimsically and capriciously' sever marital ties as arbitrary and unconstitutional. The landmark verdict is a big shot in the arm for women activists and is certain to usher in a new dawn for Muslim women who have witnessed their rights being trampled upon. Many experts have rightly held that the practice of triple talaq was against the spirit of Quran and the abolition of this totally un-Islamic concept was long overdue. A word of praise would be in order for Shayara Bano, who approached the top court in 2016 after her husband gave her triple talaq and Bharatiya Mahila Andolan that also fought the legal battle tooth and nail. The Centre should now proceed with issuing the necessary advisory to all states and ensure that the verdict is implemented in letter and spirit.

— NJ Ravi Chander, Bengaluru

Tamil Nadu drama

The hunch that the merger of the two factions of the AIADMK has been brokered by the ruling dispensation at the Centre is proved by the urgent landing of Governor Vidyasagar Rao in Chennai on same day, but much before the merger was announced by EPS and OPS! Moreover, the body language of the Governor during the swearing-in ceremony of the two ministers inducted into the Tamil Nadu cabinet, particularly him pulling the hands of the till now warring leaders and making them shake hands before him exposed his extreme jubilation which sounded quite unpalatably matched to the constitutional position he holds, without knowing that his elation in their unity is going to be short-lived. Now that 19 MLAs belonging to the Dhinakaran faction have met the Governor and have withdrawn their support to the CM, the entire country is watching what the Governor is going to do.

— Tharcius S Fernando, Chennai

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TUFAIL AHMAD

Author and a former BBC journalist

Triple talaq verdict leaves a big void

The Supreme Court did not address the Muslim husband's unilateral right to divorce. By not ruling that a Muslim husband must divorce in a court of law, all the judges left the husband with the unilateral power to divorce

ON AUGUST 22, the Supreme Court delivered a historic verdict setting aside the practice of instant triple talaq among Muslims. The verdict is a milestone in the women's rights movement in India, but doesn't go far insofar as Muslim women's rights, liberties and well-being are concerned. There are two types of triple talaq: a husband can pronounce one talaq (divorce) each month over three months, the first two being revocable; or, he can utter talaq three times in one sitting—informally or formally through phone, email, WhatsApp and so on. The second type of divorce, *talaq-e-biddat*, is known as instant triple talaq and is irrevocable.

The 395-page verdict contains two parts: the judgments and the order. The judgments discuss the lines of reasoning the judges took to form their view. The five judges delivered three judgments, which can be used in future court cases. The new law is the court's order: "In view of the different opinions recorded, by a majority of 3:2 the practice of 'talaq-e-biddat'—triple talaq is set aside." There was a nationwide uproar by right-wing activists and Muslim women against the instant triple talaq, a social disease of our times. It is invalid now.

The five judges on the constitution bench were Chief Justice JS Khehar, Justice Kurian Joseph, Justice Rohinton F Nariman, Justice Uday U Lalit and Justice S Abdul Nazeer. Each judge belonged to a different religion: Sikhism, Christianity, Zoroastrianism, Hinduism and Islam. Of the three judgments: one was delivered by Chief Justice Khehar and Justice Nazeer; the second by Justice Kurian; and the third by Justices Nariman and Lalit.

In their judgment, Chief Justice Khehar and Justice Nazeer argued that the instant triple talaq had existed for 1,400 years as part of Islam and was protected by Article 25, which guarantees the fundamental right to religion. They also said: "It is not open to a court to accept an egalitarian approach, over a practice which constitutes an integral part of religion." Over past centuries, religion has given way to secular ideas in lawmaking. Jurists, thinkers and activists have sought to separate religion from the State and the law. Therefore, these observations by the two judges are regressive, especially because 22 Muslim nations have abolished the instant triple talaq.

The judges also asked Muslim husbands not to use the instant triple talaq for six months so as Parliament could legislate on the issue. They said reforms in personal laws had come through legislation, notably to eradicate *sati* and *devadasi* practices. In brief, Chief Justice Khehar and Justice Nazeer missed a historic opportunity to reduce religion's role in law and to diminish an individual's subordination to religion and community. Younger Indians are looking for greater freedom from caste, community and religion. The remaining three judges—Justices Joseph, Nariman and Lalit—disagreed with the judgment.

During the hearing of the case, known as *Women's Quest for Equality versus Jamiat Ulema-e-Hind and Others*, counsels had agreed that the Quran censures talaq as distasteful and sinful. But Islamic groups like All India Muslim Personal Law Board had insisted that the instant triple talaq was still valid. In his judgment, Justice Joseph put this to a theological test. Citing Quranic verses, he ruled that talaq-e-biddat was not approved by the Quran. Also, he noted that this talaq lacked legal sanctity as per a Supreme Court ruling in *Shamim Ara versus State of UP and Another*. He ruled: "What is held to be bad in the Holy Quran cannot be good in Shariat and, in that sense, what is bad in theology is bad in law as well."

Chief Justice Khehar and Justice Nazeer said it was not for a court to make law and the government should introduce reforms in personal laws through legislation. This argument was rejected by Justices Nariman and Lalit. They said that citizens cannot be left to wait for Parliament to make law. They quoted a 2015 verdict of the US Supreme Court: "The dynamic of our constitutional system is that individuals need not await legislative action before asserting a fundamental right."

In India, there is no "Muslim Personal Law"—it is only an expression referring to a set of laws as per which Muslim issues are decided by courts. One of these laws is the Muslim Personal Law (Shariat) Application Act, 1937. The Act's Section 2 deals with subjects like "marriage, dissolution of marriage, including talaq." A point argued by the All India Muslim Personal Law Board is that the 1937 Act, being a God-made Shariat, is not law as per Article 13 of the Constitution. Article 13 stipulates that a legislation can be void if it violates fundamental rights of citizens.

Justices Nariman and Lalit declared the 1937 Act as a law, making it liable to be quashed for not upholding fundamental rights. They cited cases in which legislations were declared void for being arbitrary. This "arbitrariness test" is key to the fundamental right to equality under Article 14. Justices Nariman and Lalit ruled that the instant triple talaq "is manifestly arbitrary in the sense that the marital tie can be broken capriciously and whimsically by a Muslim man without any attempt at reconciliation so as to save it. This form of Talaq must, therefore, be held to be violative of the fundamental right contained under Article 14." On this point, Justice Joseph too held Section 2 of the 1937 Act as unconstitutional insofar as it approved the instant triple talaq.

After the verdict, a Muslim divorce can be effected as follows. One, a husband can utter one talaq and wait for three months for it to become valid. Two, he can pronounce three talaqs—one each over three months. In both the cases, the risk is that the wife will file a dowry harassment or domestic violence case. Women are opposing triple talaq not because it is arbitrary but because they are aggrieved by divorce itself which is looked down in Indian society. Another way of divorce is that a Muslim can convert to another religion, thereby rendering the marriage invalid.

Despite the verdict, a Muslim husband can still use a letter, phone call, SMS, Skype and the like to deliver divorce. This is because Islam permits only men to give talaq, while women are deemed to be less intelligent and can only seek, not give, divorce. The Supreme Court did not address the Muslim husband's unilateral right to divorce. By not ruling that a Muslim husband must divorce in a court of law, all the judges left the husband with the unilateral power to divorce. Contrary to this, Muslim women in India can go to Islamic clerics to seek divorce, or to the courts as per the Dissolution of Muslim Marriages Act, 1939.

The judges could have easily ruled that a husband must file a case and upon a judge's approval deliver the instant triple talaq before a court, removing the element of arbitrariness. Currently, the Muslim husband is barred from approaching courts. Because no law exists under which he can divorce, a Muslim man undergoes the humiliating experience of approaching Islamic clerics to divorce, or delivers his divorce through a letter, or other means of communication. This is where a big void exists in the Indian legal system. This is also where the non-binding minority judgment of Chief Justice Khehar and Justice Nazeer, asking the government to make a law, becomes relevant. The Supreme Court played its part to uphold Muslim women's dignity. Now, the government must enact a law that addresses all associated issues, including the other forms of talaq, *halala* and maintenance for divorced women.

LITIGATION POLICY

Out on several LIMBS

BIBEK DEBROY

Member, NITI Aayog. Views are personal

A specific Legal Information Management & Briefing System is better than a vague Litigation Policy

EARLIER THIS YEAR, the Union minister of law and justice wrote a letter to other Union ministers and chief ministers of the states. "As you are aware that the government is a major litigant and it is a party to about 46% of the 3.14 crore cases pending in various courts in the country, ranging from service matters to indirect taxes ... The government must cease to be a compulsive litigant, and executive power should be made use to reduce the grievance of the future litigant."

Although share depends on the level of court (Supreme Court, High Court, Lower Courts), in aggregate, two-thirds of cases are criminal. A crime is committed against society. Therefore, by definition, the government will be a party in criminal cases, depending on how the government is defined. With this lens, 46% is low. 46% cannot refer to all cases. It must mean civil cases. I doubt robust data exist to substantiate the figure. It is probably a guess, though it figures in the Department of Justice's June 2017 Action Plan to reduce government litigation. But one can live with the guess that half of civil litigation involves the government, as petitioner or respondent.

That's high and the government's proclivity to litigate crowds private citizens out from accessing justice. At least two of the Prime Minister's speeches mentioned this undesirable trait. The first was on October 31, 2016, at the 50th anniversary of the Delhi High Court, and the second was on January 20, 2017, when the actual theme was tourism. In the first, he referred to the government as a litigant. In the second, he mentioned the phenomenon of two government departments litigating against each other.

After consultations in 2009, there was a National Litigation Policy (NLP) in 2010. This started with a laudable promise. "The National Litigation Policy is based on the recognition that the government and its various agencies are the predominant litigants in courts and tribunals in the country. Its aim is to transform the government into an efficient and responsible litigant." The NLP had a lot of laudable statements and there was nothing to disagree. There were platitudes in plenty, but nothing to pin down. There has been talk of a new version of NLP. If this is old wine in an old bottle, it's not worth it.

As a specific, let me cite Order 27, Rule 5B from the CPC (Civil Procedure Code). "(1) In every suit or proceeding to which the government, or a public officer acting in his official capacity, is a party, it shall be the duty of the court to make, in the first instance, every endeavour, where it is possible to do so consistently with the nature and circumstances of the case, to assist the parties in arriving at a settlement in respect of the subject matter of the suit.

As of June 2017, in LIMBS database, there are 1,35,060 government cases pending, with 369 contempt cases. The Railways has the most and the Panchayati Raj the least

(2) If, in any such suit or proceedings, at any stage, it appears to the court that there is a reasonable possibility of a settlement between the parties, the court may adjourn the proceeding for such period as it thinks fit, to enable attempts to be made to effect such a settlement." This also applies to situations where the government is litigating on both sides. Mandatory invoking of this is specific, not vague. But, unless done through executive action, courts can't do much.

There are specifics that go back to the Law Commission's 126th report (1988) on a litigation policy and strategies for the government and PSUs. "To illustrate, an officer having been satisfied that the claim against the government or the public sector undertaking, is genuine, yet, to avoid taking an affirmative decision by a policy of do nothingness, the litigation is invited. Once, the court intervenes, it is assumed that the concerned department or the undertaking should not take any decision and leave it to the court to adjudicate the claim ... The indifference arising out of a lack of social audit encourages such officer to prefer an appeal if the decision is adverse and by vertical movement, the matter generally reaches the apex court." I am surprised the Law Commission's report didn't mention Section 13 of the Prevention of Corruption Act (PCA). A clause in this guarantees risk-aversion. Add to that the inability of the government to pin down responsibility for decision-making and variance between the government's perceived costs (not just monetary) of litigation and social costs. Obviously, a Litigation Policy (LP) also has to do with states. Following 2010, all states have LPs. But most are like long playing records, with motherhood statements.

A specific LIMBS (Legal Information Management & Briefing System) is better than a vague LP. LIMBS is in its infancy. Therefore, data are imperfect. Nevertheless, one has data (which will improve) to track Union government ministries/departments. As of June 2017, in the LIMBS database, there are 1,35,060 government cases pending, with 369 contempt cases. The Railways has the most and Panchayati Raj the least. In some ministries/departments, there are several cases more than 10 years old. To state the obvious, there must be better ways of resolving service-related disputes. In the June 2017 document, the Department of Justice proposed an online platform with, progressively, mediation and neutral third-party arbitration. Naturally, service-related matters are somewhat different from tax litigation CBDT or CBEC confront. In December 1991, the Cabinet Secretariat set up what later came to be called a Committee on Disputes. The intention was prevention of government litigating against government, without it being first examined by the Committee. This Committee was later scrapped, because it only added layers, without resolving anything. However, that 1991 intention now finds some traction in 2017.

Ensuring global food security

India, with its tech prowess and resourcefulness, can become the global leader in scientific agri value chain solutions

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THE INDIAN AGRI-WAREHOUSING sector is flourishing, with the government incentivising private investments in warehousing. Inclusion of agri-warehousing under priority sector lending by RBI, subsidy schemes, tax sops and the Warehousing Act have gone a long way in promoting the sector. Schemes such as the Private Entrepreneurs Guarantee Scheme guarantee hiring of privately developed warehouses by FCI for up to 10 years, assuring a fair return on investment by the entrepreneur.

Significant successes in domestic operations, along with increasing confidence and depth of domain expertise and operational competency, has emboldened Indian agri-warehousing companies to actively look at overseas markets to expand their operations. While immediate neighbours such as Bangladesh, Myanmar, Nepal and Sri Lanka present a perfect opportunity for Indian companies to establish overseas presence, other Asian countries and even countries in Africa present a lucrative market for expansion because of vast untapped or under tapped agri-warehousing potential. While a few Indian agri-warehousing companies have already set up operations in neighbouring countries and are experiencing considerable success, such overseas forays are not without challenges.

Agriculture remains a significant contributor to the national GDP and the main employment provider for most developing economies. One thing that is common to almost all developing economies is the high level of agriculture wastage—a bulk of wastage takes place post-harvest at the storage and transportation stage. This is where private sector agri-warehousing companies play a big role in bridging the gap in demand and supply of storage facilities. Also, in developing economies, workforce development and skill base development in the agri-warehousing sector is usually lacking since the focus is on promoting the formal sectors of the economy. Thus, the doors for private investments in the agri value chain, especially warehousing solutions, is wide open.

The challenges awaiting Indian companies range from sourcing of funds, asymmetric market structures, restrictive regulatory environments and other location-specific challenges and policy shortcomings. Also, lack of support infrastructure such as roads and railways can also affect investment plans and cause significant challenges for the investors. Developing nations are sensitive to changes in the global economy and an increase in crude prices can have a negative impact on local economies, affecting the return on investment. Moreover, tax systems and regulatory requirements may vary from place to place and can act as a deterrent to investment. Having said that, the opportunity for investment in the sector remains high. In fact, Indian companies might have an edge in the ASEAN region as it presents largely similar developmental and regulatory challenges as India. Indian companies can also look at crop insurance, grain management, financing, testing and certification, weather intelligence, etc, apart from warehousing.

With rising global population and diminishing farmlands, the demand for scientific management of available agricultural products will become critical in ensuring the supply of food from farms to consumers. Today, due to lopsided development in supply, large sections of the population remain underfed and malnourished, in spite of sufficient production to meet global food requirements. Scientific and modern warehousing along with an efficient ecosystem for transportation, storage and delivery of agricultural products will be necessary to ensure food security. Changing and evolving food habits will also require an efficient warehousing and supply chain solution to maintain the changing demand and supply dynamics.

India has significant levels of technological prowess and ingenuous resourcefulness. As such, it is well-placed to become the world leader in innovative and scientific agri value chain solutions. By developing innovative, scientific and efficient warehousing practices that can revolutionise the agri-warehousing sector, India can play a leading role in ensuring global food security through efficient process management in the entire agricultural value chain.