



### Union Budget 2016-17: seeks a wider spread of benefits; casts tax net wider

Indian Finance minister Arun Jaitley unveiled a budget that proposes a wider distribution of economic benefits with increased focus on rural economy and digital infrastructure and draws resources from a wider front. In a new rural shift in his pro-industry government, the finance minister announced aid and health programmes to ensure that the benefits of growth were more widely shared among India's 1.3 billion people. "We have a shared responsibility to spend prudently and wisely for the people, especially for the poor and downtrodden," the finance minister said in his opening remarks.

The spending package for the 2016-17 fiscal year beginning 1 April marks a radical shift from Prime Minister Narendra Modi's initial focus on big-ticket infrastructure investment to kick-start private-sector investment that remains weak. Growth will now trickle in smaller bouts and mainly from rural development. The strategy shift, although guided by paucity of resources, could also boost his ruling party in upcoming state elections. Unveiling the Union Budget 2016-17, the finance minister listed 'nine pillars', including tax reforms, promoting ease of doing business, fiscal discipline and governance reforms that will transform India.

The Budget also focuses increasingly on agriculture and rural economy in general with a view to doubling rural income by 2022. Jaitley said the government will lay greater emphasis on social sectors, education and skill development to boost jobs and for creation of a knowledge-based and productive economy. Presenting his third budget and his government's second full budget, Jaitley said he will also focus on infrastructure investment, financial sector reforms, fiscal discipline and tax reforms to reduce compliance burden in Asia's third-largest economy. He said despite a gloomy landscape, the Indian economy is expected to grow by 7.6 per cent in the current financial year (2015-16). Jaitley said his priorities are strengthening India's macroeconomic stability and prudent fiscal management, driving growth through domestic demand and reforms to boost economic opportunity. Finance minister Arun Jaitley proposed to allocate Rs385,000 crore for rural jobs programme in the 2016-17 fiscal.

The finance minister proposed a farmer welfare budget programmes totaling Rs35,984 crore, besides Rs19,000 crore on rural road development, Rs900,000 crore in agricultural credit, Rs150,000 crore in interest subvention towards farm loans. Besides, Jaitley proposed the enactment of a bankruptcy code for financial firms to be introduced in Parliament in 2016-17 and amendment of the RBI Act for implementing monetary policy framework. To improve the finances of state-run banks, he said, the government plans to infuse Rs25,000 crore capital into these banks in 2016-17, adding that it will look for ways to find resources for additional capital for banks if required. Financial sector reforms will enable listing of general insurances companies on stock exchanges. The government will not resort to retrospective taxation in future, he said, adding that a one-time tax dispute resolution has been proposed for retrospective taxation. The budget proposes to rationalise corporate tax for new manufacturing companies and implement a general anti avoidance tax rule from 1 April 2017. For the capital market, the finance minister proposed to raise security transaction tax on options to 0.05 per cent.

He also proposed to levy an infrastructure cess of 1-4 per cent on certain models of cars and raise factory gate tax on various tobacco products by 10-15 per cent. For the errant taxpayer, he proposed a limited compliance window on undeclared income of domestic tax payers as also a new dispute resolution scheme to resolve tax disputes. At the same time, the finance minister also proposed to abolish 13 different levies being imposed by various ministries that yield revenues of less than Rs50 crore a year.

## **Make in India Week: India, Sweden decide to step up ties**

India and Sweden have resolved to scale up bilateral relations and expressed their commitment to a transparent, fair and predictable global trade regime under the World Trade Organisation (WTO).

"... India's economic development and rise as a global power have created new opportunities to further deepen and extend this partnership to foster economic growth and inclusive development in both countries as well as to meet global challenges," said the joint statement following talks between Prime Minister Narendra Modi and his Swedish counterpart, Stefan Lofven.

The prime ministers of the two nations have "agreed to scale up bilateral relations and committed to a close bilateral dialogue at all levels", it said. The two leaders also underlined the need to tap full potential of the EU-India strategic partnership and welcomed the prospect of resumption of talks on the India-EU Broad-based Trade and Investment Agreement.

"Both the Indian and Swedish sides remain committed to the WTO and a transparent, fair and predictable global trade regime," the statement said.

The two prime ministers committed to a continued dialogue within the framework of the joint commission to enhance the environment for doing business in their respective countries and further facilitate and promote bilateral economic cooperation.

On increasing cooperation on defence matters, it said both the leaders agreed that India and Sweden will enhance dialogue on defence in key areas.

"The two prime ministers acknowledged the potential for successful collaboration and agreed that under the rubric of Make in India, co-operation possibilities between their respective defence industries could be identified and taken forward appropriately, including in the field of aviation," it added.

Further, both the Prime Ministers agreed to a deeper bilateral dialogue on UN Issues at both capital and UN-Mission level.

"They reiterated the need for urgent reforms of the UN Security Council through an expansion in both categories of membership, to make it more effective and representative of the contemporary geo-political realities," it said.

Lofven was of the view that it would be inconceivable that an important global actor such as India is not a permanent member of an enlarged Security Council and said he will seek parliamentary support for this view.

"The two countries called for forward movement in the inter-governmental negotiations on UN Security Council reforms and stressed their commitment to initiate text-based negotiations within the 70th Session of the UN General Assembly," the joint statement said.

Prime Minister Modi reaffirmed India's support for Sweden's candidature for a non-permanent seat in the UN Security Council for 2017-18.

According to the joint statement, both the leaders supported a stronger business-to-business dialogue between the two countries and welcomed the creation of an India-Sweden Business Leaders' Round Table. Recognising the potential benefits of expanding and deepening cooperation in IT and digital industries, both sides endorsed the creation of a new Joint Working Group on digital technologies and economy.

Recognising the potential in the area of transport and infrastructure, the two countries agreed to explore a deeper collaboration.

Both also appreciated the revival of the NSA-level bilateral dialogue and welcomed the commitment to develop a road map for a deeper engagement on issues of mutual strategic interest.

In their joint efforts to strengthen global non-proliferation and disarmament objectives, it said India and Sweden committed to working towards India's further participation in the multilateral export control regimes.

"The two Prime Ministers recognised the common interest in preventing and countering terrorism and violent extremism and the benefits of a closer dialogue and mutual exchange of information and good practices," the joint statement said, adding that "they looked forward to an exchange of visits of their respective special envoys, with a view to exploring agency-level cooperation, capacity building... Finalising a Comprehensive Convention on International Terrorism".

The Prime Ministers, it said, are committed to promoting human rights online, cyber security, combating cybercrime, and developing a common understanding on international cyber issues and supporting an open, inclusive, transparent and multi-stakeholder system of Internet governance as well as the application of international law in cyberspace.

"In this regard, both sides agreed to explore cooperation among relevant agencies through a second round of bilateral consultations on cyber issues," it added. Meanwhile, after inaugurating the Make In India Centre Expo here, Prime Minister Modi held bilateral talks with his counterparts from Sweden, Finland and also the deputy prime minister of Poland.

In his talks with his Swedish counterpart Lofven, Modi invited Swedish companies to forge partnerships in defence, electronic goods, medical equipment etc, an official statement said.

Modi recalled long association of his home state Gujarat with Poland during his bilateral talks with the Deputy Prime Minister Piotr Glinski.

He discussed areas of cooperation in food processing, clean energy and transportation sectors with Glinski, the statement added.

Prime Minister Narendra Modi promised more economic reforms and a stable tax regime so as to take manufacturing's share in the gross domestic product to 25 per cent in the near future. PM said that government is setting up a company law tribunal & IPR regime while simplifying security and green clearances

Addressing the Make in India event, Modi promised to make India's tax regime more efficient and said his government was streamlining processes to ease investments.

"We are also simplifying processes like licences, security and environmental clearance. There is an all-round emphasis on 'ease of doing business'," Modi said.

The Make in India Week began on 13 February with companies pledging investments worth up to Rs 80,000 crore led by the Anil Agarwal-owned Twinstar Display in a LCD unit in Maharashtra, Coca Cola and Jain Irrigation in a fruit juice plant, and Raymond's in a textile unit.

While the Maharashtra government pegged Twinstar Display's investment at Rs 20,000 crore, Agarwal said it would touch Rs 68,000 crore in five phases. In a separate statement, Swedish defence and security company Saab and the Bharat Forge group renewed their commitment to manufacture air defence solutions in India. More such MoUs are expected next week.

Modi said India was blessed with democracy, demography and demand, and to this his government had added deregulation. "We will not resort to retrospective taxation. We are making our tax regime transparent, stable and predictable," he said.

The intent of the government to make investment easier comes in the backdrop of falling stock markets, rising non-performing assets of banks and falling factory output. The capacity utilisation of Indian manufacturing is at record low of 70 per cent.

Modi said changes were taking place at the state level too and there was healthy competition among states in attracting investment. In all, 17 state governments are participating in the event. Some of the top CEOs from India and abroad, including Tata Group Chairman Cyrus Mistry and Cisco's John Chambers, attended the inaugural ceremony.

Minister of State for Commerce Nirmala Sitharaman and Maharashtra Chief Minister Devendra Fadnavis also made separate pitches to investors. Prime Minister of Sweden Stefan Löfven also promised to help India in sourcing investment.

Luminaries from business and industry included Ratan Tata, Kumar Mangalam Birla, Y C Deveshwar, Adi Godrej, Ajay Piramal, Baba Kalyani and Chanda Kochhar were also present.

Modi said his advice to industrialists was not to wait to make investment decisions. "There are immense opportunities in India. In the manufacturing sector, we have taken decisive steps to simplify processes and rationalise provisions. This includes licensing, cross-border trade, security and environmental clearances. We have announced attractive schemes in several sectors, including electronics and textiles," he said.

In a bilateral meeting between Finland Prime Minister Juha Sipila and Modi, several initiatives such as ease of doing business, clarity and predictability in policies were discussed. Finnish company Nokia is facing a tax demand of nearly Rs 2,000 crore from Indian revenue authorities, and the matter is in court.

India has become the fastest growing large economy in the world and it will end this fiscal year with well over 7 per cent growth.

Modi invited investments in next generation infrastructure like roads, ports, railways, airports, telecom, digital networks and clean energy. "We have speeded up processes. The result is faster turnaround of projects. India's highest ever kilometres of new highway contracts awarded was in 2015," Modi said.

#### *Make in India: Mission 2022 — 100 million jobs*

Job placement firms expect the government's renewed push to manufacturing through its Make in India programme to start generating new employment opportunities in the next few months. The government hopes to create a 100 million new jobs by 2022.

The firms estimate that 7.2 lakh temporary jobs are likely to be created in the next one year. It would add 8-13 per cent to the current jobs pool as investment into manufacturing, engineering and related sectors rise. They say the Make in India initiative has led to an increase in hiring in these segments as well as e-commerce and Internet-related sectors.

"Skill development has gained enormous traction with Make in India. The plan to create 100 smart cities is also expected to fuel job growth," says Rituparna Chakraborty, co-founder of TeamLease Services.

Estimates also suggest that refocusing on India's traditional occupations would potentially create 10 million jobs a year. For instance, the Indian Leather Development Programme trained 51,216 youth in the past 100 days and it plans to train 1,44,000 young persons annually. Four new branches of Footwear Design & Development Institute — at Hyderabad, Patna, Banur (Punjab) and Ankleshwar (Gujarat) — are being set up to improve training infrastructure. The industry is undergoing acute skill shortage and most of the people trained are being absorbed by the industry.

"There are encouraging signs that Make in India is positively impacting generation of jobs," says Chandrajit Banerjee, director general, CII. "Make in India has the potential to emerge as a force multiplier to provide the emerging workforce with new livelihood opportunities."

The government's economic policy is predicated on more and more workers moving from farms to industries. Sandip Sarkar, professor at the Institute of Human Development, projects that this year the number of youth in the age group of 15-29 in the workforce would be 153 million. This number would rise to 156 million in 2020 and to 158 million by 2025. More than 90 per cent of India's workforce still works in the informal sector, mostly on under-productive farms.

Make in India aims to transform India into a global hub of manufacturing, whose share in GDP would rise to 25 per cent by 2022. It has identified 25 sectors that would get incentives-support and has promised to align policies to boost investments in them. The sectors that would get a government push include those requiring moderate to low skills such as construction, textiles, food processing, and skill-intensive sectors such as aviation, defence equipment manufacturing and electronics.

"A multiple set of jobs would be needed under the Make in India banner. While some would clearly be niche high-technology opportunities, there will be lakhs of jobs anchored around vocational trades and fundamental engineering," says Prabir Jha, global chief people officer at Cipla.

One of the key emerging trends is increased focus on improving skills of employees. "The trend to coach and mentor junior employees and guide them to improve their skill sets would play a significant role in improving skill sets in the coming times," says Aman Attree, HR Head, Hindustan Powerprojects.

Skilled workers are required in design and engineering, project planning, execution, erection, commissioning, operations and maintenance, transmission and distribution, trading and regulatory, renewable energy and manufacturing. Talent in many of these areas is still untapped.

"Make in India is all about increasing Indian manufacturing and the ones who would actually make this happen are shop floor technicians, engineers, designers, programme managers, etc.

Therefore, as more and more companies roll out their Make in India plans, the job market will be positively impacted," says Pierre de Bausset, president, Airbus Group India.

Airbus is bidding to make the C295 military transport aircraft with the Tata group. The European flying machines maker is also partnering Mahindra Defence to produce helicopters in India. Such large projects often spawn entire ecosystems of suppliers and vendors which potentially means a large number of direct and indirect jobs. "Since our localisation programme will require a highly skilled workforce, we will train the manpower together with our partners here. It will expand the talent pool in India for aerospace and defence (industries)," says Bausset.

A policy framework on its own cannot be successful unless a broader ecosystem of robust logistics and supply chain system is in place. The initiative can only be effective if goods manufactured here can be shipped at a reasonable cost, making India a competitive market and production centre. "Supply chain skills will be critical with the support from infrastructure development that the country needs," says Neeraj Sagar, consultant at Egon Zehnder.

India is home to some of the best talents in the world, yet a major part of this talent pool remains untapped due to a fragmented marketplace. As investments pick up, companies will be on the lookout for the right talent. R Suresh, managing director of RGF Executive Search India, says even top leaders would need to acquire new skills. Design, technology skills, innovation, experience in operations, sales and distribution are going to be critical skill sets for top managers as well, he says. "The Indian job market has witnessed a substantial upswing in the demand for new work profiles, especially in sectors such as solar energy generation and construction (green buildings, smart homes)," says Rachna Mukherjee, chief HR officer, Schneider Electric India.

Though India has the edge of a young workforce, the quality of skills is still a challenge. Of the 14 million people that enter the workforce every year barely 2 million are formally trained. "A huge upgrade of the



skilling infrastructure is an obvious requirement. In the immediate term, investing companies will have to plan appropriate hiring and quality induction and training to get to target impact levels," says Cipla's Jha.

### **Economic Survey: GDP to grow at 7% this fiscal; at over 8% in FY17**

The Economic Survey (2015-16) presented in Parliament by union finance minister Arun Jaitley emphasises that Indian economy will continue to grow more than 7 per cent for the third year in succession in 2016-17, helped by a normal monsoon, despite global meltdown.

The Survey, which bases the estimates partly on the government's commitment to carry the reform process forward, says conditions do exist for raising the economy's growth momentum to 8 per cent or more in the next couple of years. The survey underlines that despite global headwinds and a truant monsoon, India recorded 7.2 per cent growth in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world.

The Survey says that GDP growth would have been higher but for the agriculture sector, which continued to be lower than the average of last decade in 2015-16, mainly on account of a second successive year of lower-than-normal monsoon rains. Production of foodgrains and oilseeds is estimated to decline by 0.5 per cent and 4.1 per cent, respectively, while the production of fruits and vegetables is likely to increase marginally.

A brighter picture is expected to emerge from the allied sectors consisting of livestock products, forestry and fisheries with a growth exceeding 5 per cent in 2015-16, which will provide some impetus to rural incomes, the Survey finds. Growth in industry is estimated to have accelerated during the current year on the strength of improving manufacturing activity. Private corporate sector, with around 69 per cent share of the manufacturing sector, is estimated to grow by 9.9 per cent at current prices in April-December 2015-16.

The index of industrial production (IIP) showed that manufacturing production grew by 3.1 per cent during April-December 2015-16, vis-à-vis a growth of 1.8 per cent in the corresponding period of the previous year. The ongoing manufacturing recovery is aided by robust growth in petroleum refining, automobiles, wearing apparels, chemicals, electrical machinery and wood products including furniture.

Apart from manufacturing, the other three segments of the industry sector - electricity, gas, water supply and related utilities, mining and quarrying and construction activities - are witnessing a deceleration in growth. The Survey underlines that the growth in the service sector moderated slightly, but still remains robust. Being the main driver of the economy, the sector contributed about 69 per cent of the total growth during 2011-12 to 2015-16 and in the process expanding its share in the economy by 4 percentage points from 49 to 53 per cent.

The Survey in its outlook clearly points out that though the emerging market economies have clearly slowed down, the Indian economy stands out as a haven of macroeconomic stability, resilience and optimism and can be expected to register GDP growth that could be in the range of 7.0 per cent to 7.75 per cent in the coming year.

### **India's FTAs leading to increased imports**

Since the mid-2000s India's free trade agreements have doubled to about 42 today. They have increased trade with FTA countries more than would have happened otherwise. Increased trade has been more on the import than export side, because India maintains relatively high tariffs and hence had larger tariff reductions than its FTA partners.

In case of the ASEAN FTA, the country has benefited on both sides of trade flows with a statistically significant 33 per cent increase in exports and 79 per cent increase in imports, the Economic Survey 2015-16 has pointed out.

The trade increases have been much greater with the ASEAN than other FTAs and they have been greater in certain industries, such as metals on the import side. On the export side, FTAs have led to increased dynamism in apparels, especially in ASEAN markets.

The overall effect on trade of an FTA is positive and statistically significant. The cumulative effect between the year of the FTA and 2013 on trade with ASEAN, Japan, and Korea is approximately equal to 50 per cent. India's increased trade with FTA countries is not due to diversion of imports from more efficient non-FTA countries.

On the import side, a ten per cent reduction in FTA tariffs for metals and machinery increased imports by 1.4 per cent and 2.1 per cent respectively, compared to other products from FTAs or all products from non-FTA countries. In the current contest of slowing demand and excess capacity with threats of circumvention of trade rules, progress on FTAs, if pursued, must be combined with strengthening India's ability to respond with WTO-consistent measures such as anti-dumping and conventional duties and safeguard measures. Analytical and other preparatory work must begin in earnest to prepare India for a mega-regional world, says the Survey.

### **India sees \$16.8-bn electronic manufacturing proposals**

Indian government has received 156 proposals with investment commitment of \$16.8 bn in the last 20 months, says IESA

India has witnessed a six-fold jump in proposed investments in local electronic manufacturing to Rs 1.14 lakh crore (\$16.8 billion) as global firms such as Samsung, LG and Foxconn set up factories in the country, among the world's largest markets for smartphones and set top boxes.

The government has received 156 proposals with investment commitment of Rs 1.14 lakh crore in the last 20 months, said India Electronics and Semiconductor Association (IESA), the grouping that promotes local manufacture of computer hardware and electronic items. "Many major well-known global brands are a part of this proposal," said MN Vidyashankar, president of the IESA. He declined to elaborate on specific investments citing confidentiality.

India is also pushing for more local buying of defence electronics and avionics as part of its overall indigenisation efforts in defence and aerospace. The IESA said the new investment proposals were received under the Modified Special Incentive Package Scheme (M-SIPS) that looks at providing financial incentives to private companies for setting up electronics manufacturing units, helping grow India's Electronics System Design and Manufacturing (ESDM) sector.

M-SIPS, which was rolled out as part of the National Policy on Electronics 2012, has now been extended until July 2020 as the government hopes to boost India's electronics sector to \$400 billion by then. India is expected to leapfrog the US and become the second largest market for smartphones in the world in 2016, making it worthwhile to manufacture the devices locally.

Further, the government's move to increase duties on imported handsets is working well to make vendors consider local assembly if not local manufacturing.

The department of electronics and information technology (Deity) has also created an electronics development fund that is being managed by Canara Bank, said Vidyashankar.

Global electronic contract manufacturers are witnessing this shift. World's largest contract manufacturer Foxconn, for instance, has pledged to invest \$5 billion in India over the next five years, supporting not just smartphone makers but also other electronics vendors by manufacturing components. Foxconn's rival

Flex, which has a significant presence in India, produces LED lights, electronic ballasts and GPS tracking devices for India's domestic market.

"Flex Chennai has attained a new partnership with Lenovo (which also owns Motorola Mobility) to manufacture their smartphones in India. Flex Chennai is also manufacturing millions of set top boxes for a global brand in India," a Flex spokesperson said in November.

Taking a leaf out of the auto sector where a single manufacturing plant can support a number of vendor units, clusters of electronics manufacturers are being setup.

The Indian government gave its final approval for five such clusters during 2015, while 18 more have received in-principal approval.

"There is tremendous increase in manufacturing activities due to Government of India's MSIP and PMA (Preference for Domestically Manufactured Electronic Goods) policies and all OEMs are looking for 'Make in India', which is to the advantage of companies such as Jabil," said a spokesperson for Jabil, a US electronic contract manufacturer.

"Jabil has near term plans to continue our investments, which will likely increase our overall investment to near \$100 million since entering the market."

### **Regulator chains Free Basics:Trai strikes down differential pricing to uphold net neutrality**

The telecom regulator has struck down differential pricing for internet services offered by telecom players to mobile users, in a bid to uphold the principles of net neutrality.

This will be a big blow to Facebook's Free Basics — and other zero-rated platforms such as Airtel Zero — for which the social media giant had launched an aggressive campaign in December last year.

Bharti Airtel had launched Airtel Zero last year in April, but withdrew it after criticism, while Free Basics, earlier named internet.org, is operational in 19 countries, including some in Africa.

"Telecom service providers will be prohibited from offering different/discriminatory tariffs based on content, service, application or any other data which the user is accessing or transmitting on the internet," Telecom Regulatory Authority of India (Trai) said.

However, providing limited free data that enables users to access the entire internet will be allowed. In emergency situations, such as floods and earthquakes, operators will be allowed to offer free data plans.

Violation of rules fixed by Trai will attract hefty fines — financial disincentive of Rs 50,000 for each day of contravention, subject to a maximum Rs 50 lakh. Trai's views came after two months of deliberations on the issue.

"Differential pricing is not in the interest of the consumers, the growth of the internet, and open and non-discriminatory internet," said Trai Chairman R S Sharma.

Differential pricing means charging customers different prices for access to different websites and services. Zero-rating platforms are services — developed by telcos in partnership with internet service providers (ISPs)/app makers come — give free access to customers for certain applications/websites.

"Our goal with Free Basics is to bring more people online with an open, non-exclusive and free platform. While disappointed with the outcome, we will continue our efforts to eliminate barriers and give the unconnected an easier path to the internet and the opportunities it brings," said a Facebook spokesperson.

The social media giant had entered into a tie-up with Reliance Communications in India to launch Free Basics. But, Trai had asked RCom to suspend the commercial launch of the product till its approval.



Telecom operators association, Cellular Operators' Association of India (COAI), also expressed its displeasure over the Trai's rules.

Rajan Mathews, director-general, COAI, said: "The telecom sector is disappointed with Trai's decision to rule out differential pricing. Allowing price differentiation would have taken us closer to connecting the one billion unconnected citizens, apart from improving economic efficiency, increase in broadband penetration, and reduction in customer costs.

For now, operators cannot enter into any arrangement based on discriminatory pricing and would be fined if they do so. These rules do not apply to closed electronic communications network, where data is neither received nor transmitted over the internet.

The regulator had asked Facebook to ask its users to specifically answer the queries in the paper.

Hemant Joshi, partner, Deloitte Haskins & Sells LLP, said: "Differential pricing for different level of services is a well-accepted principle across all industries — energy, railways, and airlines. The concept of differential pricing inherently recognises the economic principle of paying differently for different levels of service. In the telecom sector, there are virtual highways that need to follow the same principle."

He added that the European Union was considering allowing "specialised services" with a few priority services having in the fast-lane internet. "More awareness and education is needed about the economics of differential pricing and its long term implications on the sector and the consumers."

Arpita Pal Agrawal, leader, telecom, PwC India, said, "What remains to be done is to find innovative ways to actually get all citizens access to internet as India's ranking in universal broadband access is abysmally poor and the digital divide continues to widen." But, IT industry body Nasscom came out in the support of Trai's regulations saying it is balanced for retaining the provision to allow for reduced tariffs for public emergency.

"Our submission highlighted the importance of net neutrality principles, non-discriminatory access and transparent business models aligned to the goal of enhancing internet penetration in the country," R Chandrashekhar, president, Nasscom, said. "The decision is fully in line with the BJP-led NDA government's vision of open and fair Internet and support to net neutrality," said Communications and Information Technology Minister Ravi Shankar Prasad

### **Net neutrality advocates hail Trai verdict**

India has demonstrated what a forward looking and pro-net neutrality policy looks like, experts and net neutrality advocates said after the Telecom Regulatory Authority of India (Trai) turned down a proposal to allow differential pricing services to function in the country.

"This ruling has happened in the face of enormous lobbying on the one side by very large companies and a ragtag bunch of people on the other. In spite of that, to see the right thing has prevailed, which is in the national interest and not what was masqueraded as national interest is very gratifying. This has not often taken place in policy making in India," says Sharad Sharma, convenor, iSPIRT, a lobby group for indigenous software product firms.

Net neutrality activists across the world have lauded Trai's decision not to allow large firms such as Facebook and Airtel to divide the Internet and offer selected services for free to consumers. The one year-long fight that began when Airtel proposed to offer internet companies the chance to offer customers their services for free, ended in Trai stipulating fines of Rs 50,000 a day for companies offering differential pricing services, which is capped at Rs 50 lakh.

"This has resulted now in the most expensive and stringent regulation on differential pricing that exists anywhere in the world. Activists around the world would be looking to India and will definitely be using this

landmark order to fight against zero rating elsewhere," said Pranesh Prakash, policy director at the Centre for Internet and Society (CIS), a think tank.

Facebook, which was one of the biggest stakeholders in the drive to allow differential pricing services in the country, said it was disappointed with the ruling. The firm has been accused of supporting net neutrality in the US, but standing in its way in India to get permissions to provide its Free Basics platform in India.

"Our goal with Free Basics is to bring more people online with an open, non-exclusive and free platform. While disappointed with the outcome, we'll continue our efforts to eliminate barriers and give the unconnected an easier path to the internet and the opportunities it brings," Facebook said in a statement.

Nikhil Pahwa, founder of Medianama, who ran a campaign called Savetheinternet against Facebook's Free Basics called this a victory to the youth of India, saying "this outcome indicates what happens when young people actually participate in a governance process".

According to Pahwa, there's far too much cynicism about governments not doing the right thing. "We hope this is the beginning of something new: of people believing that they can make a difference, and persevering towards helping form policies that ensure equity and freedom for everyone."

He added: "There are many internet-related issues that have still to be looked at, especially internet shutdowns, censorship and the encryption policy. These impact all of us, and we should be ready to voice our point of view, and the government looks like it is listening."

India's software sector lobby group Nasscom, which had stood against Facebook's Free Basics platform and for net neutrality in general congratulated Trai for its ruling to disallow zero-rating and differential pricing services in the country.

"Our submission highlighted the importance of net neutrality principles, non-discriminatory access and transparent business models aligned to the goal of enhancing internet penetration in the country. The Trai announcement resounds with the submission made by Nasscom and we would like to congratulate Trai for enshrining the principles of net neutrality," R Chandrashekhar, president of Nasscom, said in a statement.

### **TCS is world's most powerful brand in IT Services: Report**

India's top multinational IT company Tata Consultancy Services has been rated as the world's most powerful brand in Information Technology Services by a leading global brand valuation firm, the company said on 3 February.

Brand Finance's 2016 annual report evaluated thousands of the world's top brands to determine which are the most powerful and the most valuable. Scoring highly on a wide variety of measures such as familiarity, loyalty, staff satisfaction and corporate reputation, Tata Consultancy Services (TCS) emerged as the IT services industry's most powerful brand with a score of 78.3 points earning it an AA+ rating.

"TCS' customer focus has been central to its recent success, but a closer look at our data shows strong and improving scores for brand investment and staff satisfaction too," said David Haigh, CEO, Brand Finance.

"It has emerged as a dominant force in the IT services industry and is the strongest brand in the sector. Its brand power is indisputable," Haigh said.

Across all industries, Disney was rated as the most powerful brand and Apple as the most valuable brand for 2016. According to the report, TCS is also the fastest growing brand within its industry over the last 6 years.

The company's overall brand value has increased from \$2.34 billion in 2010 (when the first evaluation of the TCS brand was conducted) to \$9.4 billion in 2016.

"Customer centricity lies at the heart of our organisation and is a key driver for growth of the TCS brand. The efforts of our 344,000 employees our best brand ambassadors have helped our brand strength to be rated at the top of our industry," said N Chandrasekaran, CEO and Managing Director of TCS.

### **India accedes to nuclear suppliers' demand on liability clause**

India has ratified an international convention on nuclear energy accident liability, with the foreign ministry submitting documents ratifying the 'convention of supplementary compensation for nuclear damage', which seeks to establish a uniform global legal regime for the compensation of victims in the event of a nuclear accident.

The move that will drastically curtail supplier's responsibility in addressing risks associated with nuclear projects is expected to lure foreign nuclear suppliers and facilitate foreign invest in a market with immense growth potential.

"This marks a conclusive step in the addressing of issues related to civil nuclear liability in India," the foreign ministry said after the document was handed to the International Atomic Energy Agency in Vienna.

The ratification of the convention on nuclear damage will supplement an insurance pool launched last year with a liability cap of Rs1,500 crore (\$225 million) to cover the suppliers' risk of potential liability.

The ratification comes a week after French utility EDF signed a preliminary agreement with Nuclear Power Corp of India Ltd (NPCIL) to build six nuclear reactors at Jaitapur, in Maharashtra.

EDF is taking over the long-delayed project, which could become the world's biggest nuclear contract, from fellow French state-controlled group Areva, which will sell its reactor arm to EDF later this year.

The Jaitapur project is at the preliminary technical studies stage after getting initial environmental clearance in 2010, EDF said in a statement. A contract for pre-engineering studies was signed by Areva and NPCIL last April.

Major nuclear reactor suppliers such as General Electric have been reluctant to set up plants in India because of a 2010 liability law that made equipment suppliers potentially accountable for accidents.

However, since India wanted to ramp up nuclear power capacity to reduce dependence on polluting fossil fuels and because of pressure from major nuclear supplier nations like the US, the Indian government decided to do away with the original liability clause and instead opt for a softer one.

The government has proposed a ramp-up in the share of nuclear power from a mere 3 per cent at present to 25 per cent by 2050. The government proposes to construct about 60 nuclear reactors across the country and has been in talks with Westinghouse Electric Co LLC, GE as well as France's Areva for setting them up at select sites.

Separately, Russia is building six reactors in southern India and is in talks for another six. Nuclear suppliers are looking eagerly at the Indian market, which is estimated at \$150 billion, making it the second biggest after China's.

EDF, meanwhile, has also agreed to a partnership between its EDF Energies Nouvelles unit and India's SITAC to build four onshore wind farms with a total capacity of 142 MW in Gujarat by the end of 2016.

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