



'Enough political will to seal RCEP talks'

Arun S HYDERABAD, JULY 24, 2017

THE  HINDU

People's groups seek to halt negotiations; claim FTA will harm farmers, industry

India is 'fully committed' to taking forward the negotiations for a mega Free Trade Agreement (FTA) called the Regional Comprehensive Economic Partnership (RCEP), to ensure that it is a 'balanced' pact that benefits all the 16 Asia-Pacific nations including itself that are participating in the talks, according to commerce secretary Rita Teotia.

The senior official, in effect, dismissed speculations that the India-China border standoff will have an adverse impact on the trade talks.

While the RCEP negotiations — aiming to liberalise norms in the 16 countries including India and China to boost trade and investment in the Asia-Pacific region — are underway behind closed doors at the Hyderabad International Convention Centre, several people's groups from across the country held demonstrations demanding a halt to the talks.

They claimed that the mega-regional FTA will, among other things, adversely impact not only farmers' rights but also access to affordable medicines, besides threatening the protections to India's digital industry.

Surge feared

However, the commerce secretary told *The Hindu* that "all the 16 countries, including India, have expressed willingness to constructively engage in the talks and have put forward revised offers in goods and services to negotiate a mutually beneficial outcome." Amid fears that the

FTA will result in a surge in inflow of cheap goods into India from these countries including China, in turn impacting the Indian industry and farmers, the senior official said the Indian negotiating team is confident that they can “protect India’s interests and ensure that the FTA is not unfair to India.”

“We are going to have more frequent rounds of negotiations. There will also be a Ministerial meeting in September,” she said, indicating that there is enough political will to expedite the conclusion of the talks.

This is the 19th Round of the RCEP Trade Negotiating Committee meeting at the technical level. In addition to this, so far there have been four Ministerial Meetings and three ‘Inter-sessional Ministerial Meetings’.

India Inc. is learnt to have reservations against India undertaking any binding commitment to immediately eliminate duties on most traded goods, as part of the FTA. However, Ms. Teotia said “one should not underestimate India’s strengths in various sectors.” She added that FTA negotiations are always on the basis of “give and take” and that there will be “gains for India” from the pact.

India is pushing for liberalisation of services, including easing norms for movement of professionals across borders for short-term work. However, the slow progress of the services negotiations has been worrying India.

The sources said though there are demands from some RCEP countries to open up the public procurement segment, India is not willing to undertake any binding commitment on that.

According to the government, procurement of common use goods and services required by the Central and state Government agencies and departments as well as state-owned companies in India is estimated to be worth over Rs.5 lakh crore annually. The government is keen to retain its policy space to ensure development of local industry and the social sector using the public procurement process.

India Inc pay gap: CEOs earn up to 1,200-times of average staff

PTI
NEW DELHI ,JULY 23, 2017
THE HINDU

On the contrary, the median employee remuneration fell or remained almost same during the last fiscal

A huge pay gap between CEOs and other employees at Indian companies has come to the fore, with the biggest listed blue-chip firms doling out to their top executives salary packages of up to 1,200-times of their median employee remunerations.

An analysis of remuneration disclosures made by top listed companies forming part of the blue-chip index Sensex — under directions of the capital markets regulator SEBI — shows that the pay packages of senior-most personnel such as CEOs and executive chairmen continue to remain high and rose further at most private sector firms during 2016-17.

On the contrary, the median employee remuneration fell or remained almost same during the last fiscal, while the ratio of the top executive's pay to the median employee remuneration remained at astronomically high levels of hundreds-times in many cases.

The public sector companies show a totally different picture. Their chiefs get salaries of just about 3-4 times of their median employee remunerations.

While the rules do not put any restrictions on the companies regarding how much more they want to pay their top executives vis-a-vis an average employee, the SEBI regulations require most listed companies to annually disclose various remuneration ratios to help the investors know about salary practices at the firms in which they have invested.

However, salaries of top executives, especially in case of those related to promoter groups, typically require the approval of the companies' boards, various committees and shareholders. Besides, the companies with inadequate profits need the government's approval for any excessive salaries paid to their top executives.

As per the rules, the remuneration payable to any one managing director or whole-time director or manager, cannot exceed 5% of the net profit of the company. If there is more than one such director, the remuneration cannot exceed 10% of the net profit to all such directors and managers taken together.

Among the 30 Sensex firms, at least 15 have already disclosed an increase in the ratio of top executive pay with that of the median employee remuneration for 2016-17. Nine of the Sensex firms are yet to disclose these numbers and therefore the tally may go up.

Six Sensex companies have reported some decline in this ratio and these include Wipro (down from 260 times to 259 times), Infosys (283 times), Dr. Reddy's Lab (from 312 times to 233 times) and Hero MotoCorp (from 755 times to 731 times).

The country's most-valued firm Reliance Industries did not disclose this ratio in its latest annual report published on the website. While its chief Mukesh Ambani has capped his pay at Rs.15 crore for many years now, the ratio was high at 205 times in 2014-15.

The companies having seen a rise in the top executive pay included Wipro, TCS, Kotak Mahindra Bank, Axis Bank, Bajaj Auto, Tata Steel, M&M, Hero Motocorp, Lupin and Bharti Airtel.

The overall key management pay rose significantly for Bharti Airtel, HDFC Bank, HDFC Ltd, TCS and Asian Paints.

TCS saw the ratio between top-paid executive pay and the median employee remuneration rise to 515 times (from 460 times in previous year), while the same for Lupin stood at 1,263 times (though down from 1,317 times) for Chairman. The ratio for the CEO at Lupin was much lower at 217 times.

At Adani Ports, the ratio was down to 42 times in case of Gautam Adani (from 48 times), while the ratio was much higher at 169-times for another Whole Time Director. The same for Bajaj Auto was also high at 522 times.

Among banks, the ratio was highest for HDFC Bank's CEO Aditya Puri (whose pay package rose by 20% to over Rs.10 crore) where it rose from 179 to 187 times. Kotak Mahindra Bank saw the ratio rise from 42 to 48, ICICI from 100 to 112 times and Axis Bank from 72 times to 78 times. At HDFC Ltd, the ratio for the CEO Keki Mistry rose from 88 times to 92 times, while the same for Chairman Deepak Parekh was much less at 17 times.

Among the companies which are yet to report their latest numbers, Larsen and Toubro had disclosed a very high ratio of 1004 times for the fiscal 2005-16.

At ITC, the ratio rose from 427 to 508 times in case of Y C Deveshwar, who has now given up his top executive role, but the ratio for the current executive chief was much lesser at 59 times.

Deveshwar's total package rose by 58 per cent to Rs.21.16 crore, including all the benefits.

Other companies that saw an increase in the ratio included Bharti Airtel (to 366 times in 2016-17), Cipla (416 times), M&M (108 times), Tata Steel (94 times) and HUL (138 times).

In terms of the median employee remuneration, a few companies such as Wipro and Cipla recorded a decline and there was only a marginal rise of less than 5 per cent for several others such as Bharti Airtel, M&M, Bajaj Auto, TCS and HUL.

The companies with an increase of over 10% for median employee remuneration were a few and included Kotak Mahindra Bank, Adani Ports, HDFC Bank, HDFC Ltd and Lupin.

Big financial blow for NPA-laden banks on cards as RBI unlikely to ease provisioning load

BY [SALONI SHUKLA](#) & [SANGITA MEHTA](#), ET BUREAU | JUL 26, 2017

MUMBAI: [Banks](#) hoping to escape steep provisions on loans referred to bankruptcy court, apart from the 12 companies that the Reserve Bank of India ([RBI](#)) recently mandated for the insolvency process, are set to be disappointed.

The central bank will soon direct lenders to set aside 50% of bad debt as soon as a referral happens, and 100% if the tribunal orders liquidation, taking a heavy toll on finances already marred by provisioning requirements on non-performing assets (NPAs).

"Provisioning requirement would be uniform for all cases going to [NCLT](#) (National Company Law Tribunal) because the principle is the same," said a senior RBI official involved in drafting the regulation.

Big Financial Blow for Banks

1 RBI TOLD BANKS

to provide for 50% when a loan is referred to NCLT and 100% if it goes for liquidation

2 BANKS HAD

factored in provisions for only the 12 accounts listed by RBI

3 LENDERS WILL

have to make huge provisions if the rule is extended to all accounts referred to NCLT

"It is clear that these 12 accounts need provisioning and for the remaining accounts banks have been given time.

Banks already have certain tools and each tool has its provisioning requirement."

Most banks had interpreted an RBI communication on higher provisioning that referred to the "said" companies as applying only to the dozen entities. This note had been sent about 10 days after RBI's June 13 letter on the 12 companies. RBI did not respond to an email sent by ET.

SBI chairman [Arundhati Bhattacharya](#) had said in an interview earlier this month that banks were awaiting more clarity on provisioning norms for accounts referred to NCLT.

"Provisioning requirements at this point of time is only for the 12 accounts," Bhattacharya had said. "For the rest of the things, RBI has not come out with anything yet. We will see what provisioning rules they come out with and then take a call."

Bank earnings have been savaged in past quarters following an RBI-mandated asset-quality review aimed at recognising bad debt. Higher provisioning across the board will further dent those numbers.

Current provisioning norms vary widely based on the sector and tenure. While 148 companies have been admitted to the NCLT process, banks had factored in provisions only for the 12 accounts.

India Ratings had estimated that additional provisions for the 12 companies could be as high as Rs 18,000 crore. Rating agency Crisil had projected a hit of Rs 2.4 lakh crore if banks have to write off 60% of the value of bad loans for the top 50 defaulters.

RBI has given banks three quarters to set aside provisions on cases referred to NCLT.

The 50 stressed companies, which account for Rs 4 lakh crore in soured loans, are largely from the metals, construction and power industries and accounted for about half the total NPAs in the banking sector as of March 31. The banking industry has been struggling with bad debt of more than Rs 7.3 lakh crore, or 9.6% of total loans.

RBI told banks on June 13 to initiate insolvency proceedings against 12 companies — Bhushan Steel, Lanco Infra, Essar Steel, Bhushan Power, Alok Industries, Amtek Auto, Monnet Ispat, Electrosteel Steels, Era Infra, Jaypee Infratech, ABG Shipyard and Jyoti Structures.

Govt. may not split Air India for stake sale

[Somesh Jha](#) THE HINDU NEW DELHI, JULY 25, 2017

Officials fear investors may be put off

The central government may not sell Air India's domestic and international operations separately, senior government officials have said. "We are not willing to go back to the days of Air India and [erstwhile] Indian Airlines as the disinvestment process of the national carrier may become unattractive," a senior Aviation Ministry official, requesting anonymity, said.

This might come as a hurdle to low-cost airline IndiGo's plan to buy a stake in AI as it was keen on acquiring its international operations.

"AI's business cannot be split merely based on an expression of interest from a single private player. If we sell lucrative assets separately, it will make the divestment of the domestic unit and subsidiaries tricky," the official added.

"If we sell lucrative assets of Air India separately, it will make the process of disinvestment of its domestic unit and subsidiaries tricky," the official added.

The Central government's concern is that Air India's valuation may further take a hit if it hives off Air India into two companies and invites bids for its domestic and international operations.

Barely hours after the Union Cabinet gave its in-principle nod to divest stake in Air India last month, India's largest low-cost carrier IndiGo

expressed formal interest in its airline operations. However, the airline made it evident that it will be keen on buying Air India's foreign operations and its low-cost international airline Air India Express.

"Acquiring all of the airline operations of Air India brings with it a lot of other issues and many more challenges and complexities. We would evaluate that option and assess if it is economically feasible for us to go down that path," IndiGo's co-founder Rahul Bhatia told analysts in a conference call on July 6. Mr. Bhatia also said it was eyeing its international operations "from day one."

He had, however, added that if the government decided to sell Air India's entire airline operations to a single entity "and not carve out the international operations, we would still be interested in exploring that option."

IndiGo, which serves seven international destinations, is planning to start low-cost international operations and said acquiring Air India's foreign operations will help the airline in getting "rapid entry into restricted and, in some cases, closed international markets."

Air India has a wide range of international operations across the U.S., U.K., Europe, Russia, Australia, South-East Asia and Gulf countries. It flies to attractive destinations such as Sydney, Tokyo, Shanghai, Rome, Osaka, Paris, Newark, New York, Moscow, London, Frankfurt, Chicago, among others.

During the conference call, Mr. Bhatia had acknowledged the fact that the government may not be interested in carving out the international operations based on its formal expression of interest which was intended to give a road map to the policy-makers on Air India's stake sale. "So, first we have to see what exactly the government would like to do," he said.

Since its inception days, Air India's operations were split into two companies – Air India for international routes and Indian Airlines for the domestic market. In 2007, the government merged the two airline operations into a single entity – National Aviation Company of India Limited (NACIL) which was later renamed as Air India Limited in 2010.

The merger of Air India's operations drew flak as the airline had not been able to report net profit since 2006-07. Air India Chairman and Managing Director Ashwani Lohani recently blamed "the ill-fated decision of the merger of the two organisations" and "many other decisions of the earlier regime" as the prime reason for its "grim financial scenario."

Rajya Sabha brainstorms on agrarian crisis

SPECIAL CORRESPONDENT NEW DELHI, JULY 25, 2017
THE HINDU

BJP lists 'pro-farmer' steps; govt. blind to problems: Digvijaya

Opposition members in the Rajya Sabha sought to corner the Centre on the issue of agrarian crisis on Tuesday, accusing it of floating policies that were detrimental to farmers' interests. However, defending the Narendra Modi government, members from the BJP and its allies hailed the "pro-farmer" initiatives taken under his leadership.

Prabhat Jha, Parshottam Rupala, Ram Narain Dudi, Sanjay Raut and La. Ganesan praised the government's efforts in various areas including crop insurance, minimum support price, irrigation facilities, while attributing the present condition of farmers to the policies of previous governments. There was a record production in the past three years, said Mr. Jha.

Congress leader Digvijaya Singh accused the government of being insensitive towards the problems of the distressed farmers. He said the agriculture sector that formed 50% of the GDP had now shrunk to just about 16-17%.

Mr. Singh said the BJP cleverly set the target for doubling farmers' income by 2022, hoping that it would retain power at the Centre in 2019. He said the Prime Minister's pre-poll promises on 150% price to farmers, as recommended by the Swaminathan Committee, had not been implemented yet, nor were the suggestions of the Ramesh Chand Committee on Minimum Support Price.

Highlighting the increase in farmer suicides, Mr. Singh criticised the government's move to reduce import duty to 0% when there was a bumper wheat production. He said it rather helped foreign suppliers. He contested the policy of non-procurement in cases where States gave bonuses, saying that it resulted in "scarcity" and subsequent imports despite the fact that there was no shortage.

Mr. Singh said that in 2014-15, import of agricultural goods stood at Rs.134 crore, which increased by 6,623% in 2016-17 to Rs.9,009 crore. Mr. Singh also targeted the government for its new insurance policy, which, he alleged, benefited only private companies. The Congress leader also alleged that there was corruption in the Food Corporation of India and the National Agricultural Cooperative Marketing Federation of India.

Samajwadi Party's Ram Gopal Verma said successive governments had failed to address the issues plaguing the sector. He sought adequate

budget allocation and use of technology for efficient farming. He also raised the issue of depleting groundwater and 28% GST on items like tractors and pumping sets, also asking for more food processing units to prevent wastage of perishable items like fruits, vegetables and meat, amounting to about Rs.60,000 crore annually.

Derek O'Brien (Trinamool Congress) suggested that the West Bengal model be adopted to increase farmers' annual income, stating that between 2010 and 2016, it had risen from Rs.91,000 to over Rs.2 lakh in the State, where farmers were not required to pay anything under the insurance scheme.

D. Raja of the Communist Party of India sought quick settlement of river water disputes and interlinking of rivers, particularly in reference to the acute water shortage in Tamil Nadu.

Mr. Jha and Mr. Raut praised the BJP-led governments in Madhya Pradesh, Uttar Pradesh and Maharashtra for pro-farmer measures, including the recently announced loan waiver schemes. Mr. Jha listed a series of schemes launched by the Centre for the benefit of farmers.

'Weak public institutions best way to ensure social injustice'

[Anuradha Raman](#)

JULY 26, 2017

THE  HINDU

The political scientist on the danger to India's checks and balances, and the perils of the democratisation of mediocrity in universities

*Professor of political science and a holder of the Madan Lal Sobti Chair, Devesh Kapur has been director of the Center for the Study of Contemporary India at University of Pennsylvania since 2006. Mr. Kapur, who recently co-edited **Public Institutions in India: Performance and Design**, says our public universities have failed in fostering a spirit of inquiry, curiosity, tolerance and excellence among students. Excerpts:*

You have said you could see the making of a perfect storm in India.

In the next few decades, we will see a youth bulge with a skewed sex ratio, one where people, the young people, have ostensible credentials but no real skills or knowledge because of how bad our education system

is. So they have expectations and aspirations which are not going to be met. If you were very poor like in the past, life was short and brutish. But not now. And then add to it employment in the face of technological change which in every area requires fewer workers. All of this is coming together with a background of weak, if not weakening, public institutions to manage this. If you see institutions as mediating societal tensions, conflicts, this is what worries me the most about us.

Why do we have a scant regard for public institutions?

In some ways, everywhere public institutions are challenged. Under the Trump regime, White House Chief Strategist Steve Bannon wants to dismantle the administrative state. In the end all institutions are some form of checks and balances, but if those in power do not want those checks and balances and they get re-elected repeatedly, then over time there is erosion and — I want to emphasise this — this is across political parties. The Left, the Socialists, the caste-based parties and the regional parties and the national parties, all have to share the blame for this.

If you think of universities, especially public universities, as public institutions, what is amazing is that one cannot think of a single political party that had the least vision of higher education. After all, education is a concurrent subject, right? So, even if the Central government has a particular stance or non-stance, the States could have intervened.

Look at the way our vice chancellors are selected. Many of them would not get a job as a lecturer in a decent college. There are reasons to believe that at least in some cases, they have paid their way there. Between 2000 and 2015, we set up almost six new colleges a day, every single day over 15 years including weekends. At its peak, the U.S., with way greater resources, set up one new college a week. And this, when we have the most regulated higher education system... the UGC (University Grants Commission), AICTE (All India Council for Technical Education), etc.

But hasn't the creation of universities and colleges opened access to those who didn't have it in the first place?

I think you can create all these universities and frame the rules. But the underlying ethos of higher education is a spirit of inquiry, a spirit of curiosity, a spirit of tolerance, a spirit that says excellence is important. In that sense higher education should be elitist. It should not be elitist by who enters, but in its intellectual ambitions. To push the frontiers of knowledge, you have to have high standards. The idea that you get grace marks to pass... what does that mean? Even the role of the courts. In fact, you could argue that if you look at the judges and many of the ways they write the judgments, it shows you what ails our education system.

But surely, that is linked to who the government selects?

Here is the tragedy. We have the second or third largest country of people with college degrees in the world. Everywhere, whether public or private institutions, we have a shortage of talent. You know that old poem? Water, water everywhere, not a drop to drink. We have graduates, graduates everywhere, but who do I hire? Yet we are setting up more IITs.

There are a few universities that are doing well...

Very few, they are islands of excellence. But for the bulk of our population, public universities will, and should, continue to be very important. But we seem to be writing them off. Other than the very elite narrow technical institutes like IITs and AIIMS and IIMs, these have reduced what the purpose of education means to a basic functional instrument. *Isse aap ko achchi naukri milegi* (you will get a good job). They are not about thinking about the larger purpose of higher education. Does it make us better citizens? Does it make us think us broadly about the society we are embedded in, what we take from it and owe it?

It is unclear why you cannot say that if you go to this institution, you must serve in some public function for two years after you graduate. In South Korea, Singapore and other countries, for many decades they had a compulsory draft regardless of your background. If you want to create a sense of genuine nationalism, of service to the nation, that's where it begins. It doesn't begin in sloganeering. Why shouldn't IIT graduates be sent to help out panchayats with technical expertise?

If you look at public loans for higher education, they were about Rs. 300 crore in 2000. Now they are Rs. 72,000 crore, the fastest-growing NPAs (non-performing assets) in the banking system. Basically, these moneys go to private colleges, many are run by politicians, teaching rubbish and in the end, the public sector will pay in any case. There will be a lot of pressure to write off loans. They did serve a good purpose in making education accessible to a large number of students. But it is not clear if democratisation of mediocrity will serve our society well. There has been a massive elite exodus. How many children of our senior politicians, bureaucrats study here?

What ails our public institutions?

One of the extraordinary things is how undermanned they are. It's not only about shortage of personnel in numbers, we have a shortage in quality. Partly I think this whole thing of everything at the top being reserved for the IAS, IPS has to go.

There has to be much more sifting; after 20 years of service, one-third of them have to leave on the performance scale. The same thing has happened with our universities. Our universities are like the civil service, they are like *babudom*. Whether I work or not, I am going to basically go with time.

Aren't you being elitist here?

Whenever someone questions this, you will immediately be attacked as elitist. Ironically, weak public institutions are the best way to ensure social injustice. Who needs strong public institutions? It is the weak, not the strong. The strong will always be able to buy their way, whether it is education, police protection. The irony is in the name of social justice, we have undermined the very social justice we have claimed we were doing this for.

So, what do we do?

The biggest hypocrisy is self-delusion. We always say the West is individualistic. We are one of the most individual societies — the idea of the collective good where the collective is large is absent. We are becoming more ghettoised, not less. I come back to the universities, which is where the young people are on the verge of adulthood. The first time you are meeting people from different parts of the country. Ideas are shaped. That's the last time you are going to be open-minded. The pretences go away slowly.

Look at the faculty of our public universities. Look at West Bengal. The first two Chairs — and by the way, back then it was private money — at Calcutta University: in physics, it was C.V. Raman, and in philosophy, it was S. Radhakrishnan. Go to the university now... all completely Bengalis. The parochialism that comes with that is frightening. We have gone backwards in a serious way. One of the things we should do in our Central universities is besides reservation, insist that half the students come from outside. We have stopped thinking about the larger role universities play in public life.

How do you see the stifling of dissent on campuses in the name of nationalism? For instance, in the context of what happened in Jawaharlal Nehru University.

The genuine conundrum we face is, if you are in a research programme funded by public money, what should be your role? Should it be activism or research?

Research is not a part-time activity. *Din bhar morcha kiya, raat ko do ghanta kaam kiya* (Take part in protests through the day, do precious little at night). Good research requires tremendous commitment over a

sustained period of time. You cannot get around it. That is the bottom line. An ordinary taxpayer may say, *main kyon paise doon* (why should I pay)? Or from the point of view of the young person: there are so many injustices, do you want me to keep aloof? I think there is an inherent tension we should recognise.

But I do think... going back to the JP (Jayaprakash Narayan) movement, he had called students to protest. It seemed nice then. But look what it did to public universities in north India. It destroyed them. What became of the movement is that university politics became the springboard for political ambitions.

Why has our cultural debate become about Us versus Them?

Partly there is a very distinct feeling from the Right that we were deliberately excluded. That it is our turn. Unfortunately, they don't get Gandhi's adage that an eye for an eye only ends up making the whole world blind. Vengeance may give you short-term pleasure, but it is not a recipe for building but for pulling down. Then you get into Us versus Them. Both sides are Indians. There is no us, them. This is our country, right? You see this in the U.S. where we see a tribalism on display. We have been sowing very poisonous seeds. We should be trying twice as hard to not be divisive. We should prepare our roofs now. We can't do when the storm comes. By then we will be reaping what we are sowing now, and we should think very carefully what exactly we will be harvesting

AIBEA THIS DAY – 27 JULY	
1998	National Trade Union Convention meets at Delhi – protest against retrograde black bill – march to Parliament.
2000	Com. Y R Karandikar, Founder Pune Bank Employees Association and a Veteran T.U. Leader passes away.



ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: PRABHAT NIVAS

Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com

Web: www.aibea.in