

Mid-Term Assessment of the Niti Aayog

It has proved useful, but not quite as expected

Has the Niti Aayog proved a worthy successor to the Planning Commission? The question is a natural corollary to the surprise departure of its first boss midway through his tenure. The answer is not straightforward. It is difficult to claim that the Aayog has emerged as the go-to institution for solving economic problems that the Centre and the states confront. Not that the Aayog has been lax about initiating proposals and schemes. Some of its policy recommendations on energy and regulation of health-care do make a lot of sense, but these have not found traction with the arms of the government charged with formulating and implementing policy. Unless a policy recommendation carries the explicit imprimatur of the Prime Minister, it is not taken with the seriousness its intrinsic merit might warrant — this is the hard reality. But this does not mean that the Aayog has failed.

Where the Aayog has found a unique role for itself is in monitoring outcomes in some key areas such as health, education and water management. The Aayog holds regular meetings with chief secretaries of states and with secretaries of the concerned departments, to monitor progress on outcome milestones. States that are found wanting risk losing funds for new projects in that sector while states that show eager progress are assured greater funds. Since the days of formula-linked Plan assistance are history, money from central ministries would flow to those states that demonstrate the will and the ability to implement schemes. This leads to healthy competition among states. The Niti Aayog, through its regular monitoring of projects in key areas, becomes a platform for articulating what some would call competitive federalism, besides for the monitoring of key projects.

In this, it shares a key feature of the erstwhile Planning Commission: exercise of central authority that is not part of the constitutional scheme of things. Its remedy lies in the polity, with the states discharging their assigned functions with their resources, including statutory transfers from the Centre.



Illustration of a gear and a person, symbolizing industry and progress.

For Data Protection Minus Data Residency

India needs laws on privacy and data protection. The chances of data breaches taking place from some node with lax security or the other of an interconnected mesh of nodes are growing by the day. And once a person's biometrics have been compromised, they cannot be reissued like passwords. Intelligent policy formulation, after public debate involving all stakeholders, and enforcement of norms brook no delay.

Some technological fixes are on the horizon, with blockchains, the technology underlying bitcoins, promising the possibility of individual control over some crucial data. Even so, India will need both national legislation and binding agreements with other nations, to make optimal use of data. There is a growing cry to legislate data residency, the requirement that data on Indians should necessarily reside within India. While it is vital to protect personal data, it is futile to imagine that mere location of servers in a particular geography will take the data stored on them beyond external scrutiny. What is more germane is to formulate intelligent and enforceable domestic data protection rules and allow data portability only to other jurisdictions that offer similar protection and guarantees of protection to the data of Indians as well. The EU seeks to harmonise data-protection laws across its member states precisely to allow cross-border data mobility without loss of data integrity.

Data portability is vital for two reasons. India has the potential to process much of the world's data and cannot afford to be locked out of this opportunity because of its own restrictive policies on data mobility. Further, advances in artificial intelligence depend on access to all kinds of data, from which algorithms learn. India needs wide debate on global best practices in data protection, leading to firm policy.

It's better to espouse Elizabeth Taylor's wisdom rather than court boredom

A Humorous Marriage of Wit and Pertinence

It is heartening to learn that gravitas of their position does not prevent Supreme Court justices from allowing themselves a chuckle or two, and nor are senior advocates above a cheeky quote to lighten up a long hearing. In fact, Additional Solicitor General Tushar Mehta recently likening his situation of being one of many advocates to present arguments on the issue of privacy before a nine-judge Bench to that of Elizabeth Taylor's seventh husband — who reportedly remarked after marrying her that "I know what I'm supposed to do, I'm just not sure I can make it interesting!" — could well be applied in other forums too. Of course, Mehta was lucky that even as the judges gamely continued with the Taylor analogy to conjecture rhetorically about the predicament of the eighth and ninth lawyers who would follow him, the SC bench did not ask him to clarify who he meant by seventh when considering she was married eight times but had only seven husbands, with Richard Burton being both fifth and sixth.

As the late Hollywood diva was not slouch in the quote department, a quick perusal of her list of bon mots could also prove very handy for anyone in need of a quick repartee. Even in this case, to reassure the judges, Mehta could also have alluded to her reported affirmation to all her husbands, "Don't worry, I won't keep you long...."

Both in India and the US, the real work and innovation will take place in the private sector

Public Interests Pvt Unltd



Richard R Verma

One of the great honours of having served as US Ambassador to India was visiting all 29 states and engaging with dynamic students, business and civil society leaders, and government officials. Across the incredible diversity of landscapes and cultures, the enthusiasm for the promise of India's future was palpable. Young people, in particular, brimmed with excitement about the opportunities available to them in a rising India. Experts say we are living in an 'Asian century'. But my own view is that the 21st century will be defined by the rise and promise of India.

Big Opportunity Knock

Indeed, given the scale of opportunity, there is no country more exciting than India, as it will soon have the world's largest middle class and number of college graduates, with the third-largest economy and military.

Two-thirds of the India of 2030 is yet to be built. Investments that support India's dramatic urbanisation will advance at an unprecedented pace and scale, as tens of millions of people migrate to India's cities from its rural areas.

One of the cornerstones of India's continued rise is its commitment to deploying advanced technologies and

creating a robust and sustainable innovation ecosystem. According to Cisco chairman John Chambers, the upcoming digital era is on pace to dwarf the current information age, generating some \$19 trillion in economic value over the next decade, with some 500 billion devices connecting to the internet by 2030 alone. This is set to accelerate India's own development.

India, like the US during the 20th century, has been on vanguard of this technology revolution. A McKinsey study predicted that technology deployment in India will generate \$1 trillion in economic and social value, led by advances in energy, finance and education. Moreover, the initiatives to build 100 smart cities, deliver broadband to one billion people, and connect the most remote villages to the internet will have a huge developmental impact if successful.

I'm proud that the US has been a close partner with India in these and so many other efforts designed to harness the latest advances in technology for the good of humanity. In fact, US-India technology and innovation cooperation has become a pillar of our relationship. Dozens of dialogues and initiatives between our two countries have emphasised science, advanced technologies, cyber security and entrepreneurship. Their efforts are paying off.

I've witnessed first-hand how US and Indian scientists, students, engineers and innovators are collaborating together: constructing artificial limbs, creating drought-resistant seeds, deploying off-grid solar, helping artisans connect with global markets with just a mouse-click, reaching millions of India's most vulnerable through new mobile health apps, and



Line them up and fire

so much more. And later this year in November, India will host in Hyderabad the Global Entrepreneurship Summit, a joint US-India initiative designed to recognise and support entrepreneurs from across the region and the world. These examples only scratch the surface of what is happening in our partnership. We've made great progress together. But we can — and should — do more. Here are three possible areas where we should focus our efforts in the years ahead:

Don't Fail to See

One, the US should continue to be a strong and close partner as India builds its innovation ecosystem. This means helping to recognise, train and skill young and talented innovators. They will need close mentoring, access to financing and, of course, the ability to fail, get back up and try again. If Steve Jobs had given up after being fired from Apple, who knows where we would all be today.

Two, both our governments need to

ensure that public policies, regulations and laws should reflect the speed and innovations of this century, not the last one. That means a much more streamlined regulatory system, including the elimination of unnecessary or burdensome policies that stand in the way of new discoveries. This also requires ensuring a robust intellectual property regime, where Indian and American innovators have the confidence that their ideas and inventions will be properly protected.

Three, we should recognise that while governments play a key role, the real work and innovation will take place in the private sector and by individuals across the economic strata of our society. Governments need to encourage and support these efforts, and when necessary, remind business leaders in both countries of the public interests that can be served through private sector innovation.

Moreover, stronger people-to-people ties are critical to facilitating US-India cooperation on technology and innovation. The millions of Indian-American diaspora will continue to serve as a critical bridge in this regard.

Obviously, our two countries will sometimes disagree — and we do need to find common ground on the immigration of skilled workers, while addressing US concerns over job loss and the disruptions caused by globalisation and new technologies. But we need to stay focused and realise our two countries are stronger when we work together.

Prime Minister Narendra Modi noted that the great promise of the US-India relationship lies in "youth, technology and innovation — and the natural partnership of Indians and Americans in advancing human progress". If we continue to make this one of our key focus areas, then the best days will be ahead of us as our two countries continue to rise together.

The writer is former US Ambassador to India



Vedantic Thought

SWAMI PARTHASARATHY

Vedanta literally means culmination of knowledge, anta means end. You are aware of the body, mind and intellect, but not your real Self. Vedanta helps you discover the true nature of your inherent Being.

Life is anubhava dhara, a stream of experiences. As long as experiences flow, there is life. When the flow ceases, so does life. An experience is, therefore, a unit of life, constituted of two factors: subject and object. The individual, you, is the subject, and the world, the object. When you contact the world, subject meets object, you gain an experience. And the flow of experiences is life. Vedanta equips you with the knowledge to make the right choice of action. It also provides you with the technique of action that you can apply in your home, business, society, everywhere. It is a practical guide to satisfy your material and spiritual needs towards attaining peace of mind.

Vedanta trains you to think independently and helps you to probe the essence of life, directing you to study, reflect and realise the fundamental truth of life. Eventually, spiritual education ceased to be liberal. People were led by the opinion of others. Fanatic superstitions and parasitic ideas infested humanity. The root cause of suffering is that no human being looks within. He functions predominantly on blind faith and mechanical ritual. This is spiritual suicide. Castes, creeds and sects are the ghosts haunting the world. The role of Vedanta is to free man from his infatuations and educate him on eternities.

A robust intellectual property regime will ensure that Indian and American innovators have the confidence that their inventions will be properly protected

WIT & WISDOM

"Simplicity is the ultimate sophistication."

Leonardo da Vinci Artist

Postal Advantage

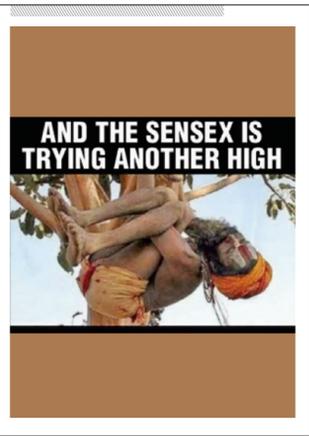
India has the world's largest postal network, with people in hilly states enjoying the best access (post offices per-lakh population). In terms of absolute number of post offices, the most populous states obviously top the list...

10 states with most post offices		10 states with the best access	
State	Post offices	State	Post offices per-lakh population
Uttar Pradesh	17,670	Himachal Pradesh	39.5
Maharashtra	12,602	Mizoram	36.7
Tamil Nadu	12,040	Sikkim	32.7
Andhra Pradesh	10,376	Manipur	27.3
Rajasthan	10,311	Uttarakhand	25.8
Karnataka	9,666	Arunachal Pradesh	23.2
Bihar	9,047	Andhra Pradesh	20.2
Gujarat	8,927	Odisha	19.3
West Bengal	8,764	Tripura	18.7
Madhya Pradesh	8,279	A & N Islands	18.2

INDIA Total POs: 1,54,965
POs per-lakh population: 12.3

Source: Parliament questions

MEME'S THE WORD



FINTECH

Make Mumbai the Hub



Rana Kapoor

Management consultant Peter Drucker had famously said, "The best way to predict the future is to create it." Technology — especially big-data analytics, cyber security, cognitive intelligence and block chain — is doing exactly that. Far more interesting is the industry that lies at the epicentre of this revolution: financial technology (fintech).

Over the last two years, fintech has been ushering in massive tectonic shifts in financial services. It is expected to grow at 7.1% a year, reaching \$45 billion by 2020. In India, the fintech market is around \$8 billion and expected to grow 1.7 times by 2020.

Financial institutions have been at the core of these fintech-enabled shifts. The role of banks, in particular, is being transformed through alliances and relationships driven by technology, with fintech startups co-creating innovative solutions with banks. Several banks have started the shift towards 'Banking-as-a-Platform' (BaaP), where the bank opens its application programming interface (API) to startups and partners to build banking solutions. But fintech's real impact extends far beyond banking alone.

Open innovation in fintech, led by the banking, financial services and insurance (BFSI) sector and technology startups, can catalyse growth across sectors, creating a more integrated industrial architecture. Micro, small and medium enterprises can also benefit immensely from easy access to capital and diverse funding options, thereby boosting growth and job creation.

GoI's Smart Cities mission is a forward-thinking move that has sparked massive enthusiasm in the private sector. It is now time for a similar cohesive mission to develop a global fintech hub in the country. Several state governments, like Andhra Pradesh and Telanga-

na, have already taken the lead in this. But one city has a distinct advantage in emerging as not only India's, but also the region's, fintech hub: Mumbai.

In the last few years, Mumbai, led by proactive measures by the Maharashtra government, has consolidated its position as India's financial capital, and emerged as the economic capital region (ECR) of the country. There has been a significant surge in industry-academia partnerships and increased private sector participation in creating innovation hubs such as the Lower Parel Innovation District (LPID). These inherent advantages, combined with enabling regulations from RBI, Sebi and the Indian Renewable Energy Development Agency make Mumbai the epicentre of India's fintech revolution.

The Maharashtra government has taken the first step towards creating a collaborative ecosystem by reaching out to all stakeholders to create a fintech hub. It is important to actualise this vision through five joint strategic steps by government and industry.

● Create an Enabling Policy Environment: The creation of a 'regulatory sandbox' — a 'safe space' for businesses and startups to co-create innovative products, services and business models, without any immediate regulatory consequences — is a first step. This will encourage established businesses to partner nimble-footed startups in experimenting with emerging technologies such as block chain and artificial intelligence (AI), as well as give them

the opportunity to address regulatory risks during testing. Enabling regulation to further 'ease of doing business' will also encourage global startups to 'Design and Create in India'.

● Encourage Design, Innovation, Creativity and Entrepreneurship (DICE) in academic institutions: While Mumbai has established itself as the home to world-class educational institutions, there is a need to further promote entrepreneurial thinking in these centres of learning. This can be done by setting up incubators in all top institutes of higher education to promote creative entrepreneurship. Early exposure to an entrepreneurial ecosystem will be the key to attracting more talent in the fintech innovation ecosystem.

● Create World-Class Open Technology and Innovation Architecture: GoI has led the charge to open technology architectures through the India Stack Open APIs, providing startups, developers and corporates access to government technology infrastructure. GoI should also encourage established businesses to create open API structures and 'sandbox environments' for testing early-stage innovations.

● Access to Risk Capital: This is critical to fund innovative ideas and startups. It can be addressed by developing funding mechanisms, including the government setting up a fund of funds or by instituting a matching fund concept along with the private sector. Additionally, leaner alternative investment platforms will further enable funding across the lifecycle of solutions: seed, testing, implementation and growth.

● Creating Centres of Innovation: With a huge presence of large corporations and a vibrant financial market, Mumbai is best suited to build a connected innovation ecosystem. This can be realised by encouraging the corporates to set up centres of excellence and by promoting public investment-private operation (Pipco) accelerators with regional and global linkages. Innovation labs to showcase the co-created innovations in key hubs such as LPID will provide greater 'market access' for adoption of emerging technologies.



Clear those files

The writer is managing director, Yes Bank

Citings

Impact Investing

DURREEN SHAHNAZ

Impact investing refers to investments that are done with the intention of creating social and environmental good. It means that at the core of it, you need to have that social change and environmental change in a positive way, to happen with that investment.

So, just like any other market, you need the supply side of the capital. You need the demand side of capital. You need platforms for them to come together. And you need structures to come together... I came out of Smith [College] for my undergraduate and joined Morgan Stanley. You have to remember, in those days, there were very few women in Wall Street, let alone anyone from Bangladesh, where I'm originally from. Then I went and joined this bank called Grameen Bank [in Bangladesh], which eventually got a Nobel Prize.

Grameen Bank was doing this whole practice of micro-finance: giving very small loans to rural women to start up their business. This is back in 1991-92... Later, I started my first company, which was a global marketplace for handmade goods. I grew it and sold it to National Geographic. One of the big lessons for me there was how difficult it was to have a company that had a social side. The investor didn't care about the social side.

Because, if you think about it, what did Milton Friedman say? Milton Friedman said, basically, as a company, your task is to maximise profit. That's what we are taught. But it is really not about maximising profit. It's actually maximising value. And part of the value is what good you're doing to society.

From "Why Impact Investing Needs to Go Mainstream"

Chat Room

Stub Financial Mis-selling

Apropos the Edit, 'Needed, a Financial Redressal Agency' (Aug 3), as the stock market is at an all-time high and the interest rate on savings accounts will fall further after the repo rate cut, there is a possibility that agents will try to lure ordinary savers towards the market with dubious claims. It is not that the small investor should stay away from the market, but she should be well-informed about the associated risks. We need a financial redressal agency to stop mis-selling of financial products.

BAL GOVIND Noida

Privacy Law Under UN Aegis

This refers to 'Private Life in the Country' by Pawan Goyal (Aug 3). The privacy concerns need to be effectively addressed in the proposed data protection law. The clause on data residency should ensure unhindered exchange of information of Indians residing in foreign jurisdictions. Adequate safeguards against use of data other than for agreed purposes should also



be in place. With the increasing use of data analytics, there is an urgent need for a binding treaty under the aegis of the United Nations to ensure privacy rights of all individuals, irrespective of nationality.

M K BHANDARI Mumbai

We All Know Nepotism

Apropos 'And What is Your 'Good Name'?' by Krishnamurthy Subramanian (Aug 3), given the strong filial connections in India, it is inevitable that nepotism will exist in some form or the other. Eradicating nepotism that is embedded in our society is an uphill task. The author gives a few examples of how celebrities have benefited from nepotism. We are all guilty in small measures in promoting our near and dear ones at the cost of more deserving candidates. Hopefully, nepotism will eventually be wiped out in a thriving democracy.

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