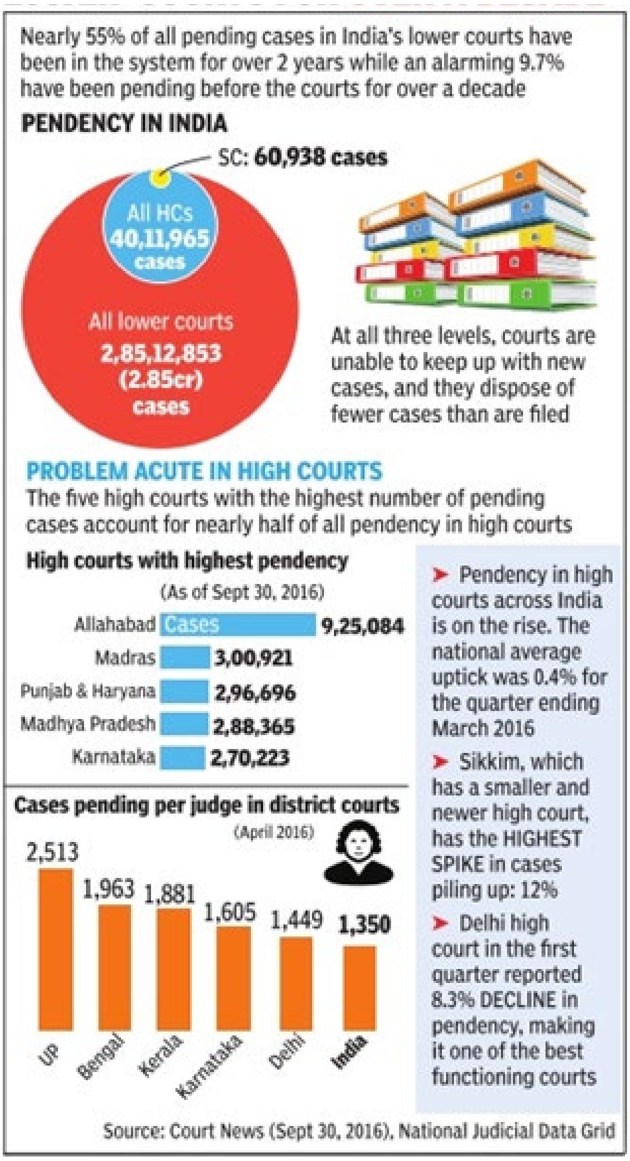
04 FEBRUARY 2019

1. Pendency a cause for concern, says CJI

Ranjan Gogoi inaugurates interim High Court complex in Amaravati



Chief Justice of India (CJI) Ranjan Gogoi said the judiciary was saddled with about 3 crore pending cases. Of this, 81 lakh cases were just a year old and 50 lakh were petty cases such as the **MV Act violation.** About 25 lakh cases had been pending for more than 10 years which was a "cause of concern." The pendency was resulting in a lot of disrepute to and a black spot on the judicial system.

The pendency and lack of judges made the justice dispensation system vulnerable but the problem was solvable. There were around 5,000 judicial vacancies in district courts. At least 75% of these vacancies would be filled up before 2019. Of the 392 vacancies in the High Courts, appointment to 130 posts was in the pipeline. Filling up of 100 vacancies was under the apex court purview while 14 cases were referred to the government. And the High Courts were yet to send their recommendations for 270 posts. They must hasten the process.

The dispensation of justice and morality go together. The dispensation of justice had travelled a long way not only in terms of the progress of ideas but also in respect of physical surroundings.

Note

2. Indian phones pale before Chinese dragon

Chinese products, marketing savvy have pushed Indian brands to 9% market share, from 50% in 2014

Once among the go-to smartphone brands for Indian consumers, home-grown mobile phonemakers such as Micromax, Lava, Karbonn and Intex are now struggling to make a mark. These brands have been unable to challenge the flurry of quality products at affordable prices from China-based smartphone manufacturers over the past few years.

Indian brands, which together commanded almost 50% of the total smartphone market towards the end of 2014, now account for less than 9% of the market. Chinese brands, on the other hand, have been able to corner nearly 60% of the smartphone market at the end of fourth quarter of 2018.

When they started out, local manufacturers had very good command of the Indian market. For example, Indians wanted phones with good battery back-up, and Micromax capitalised on that. Second, their reach in terms of retail counters in the country was pretty good.

Chinese quality

However, gradually, better quality products from Chinese makers helped tilt demand in their favour. In the fourth quarter of 2016, the Indian smartphone market saw some significant changes. Chinese brands accounted for a whopping 46% of the total smartphone market "riding on aggressive portfolio strategies and substantial marketing spends." It was also the first time that no Indian brand figured among the top five smartphone rankings, as per data from Counterpoint.

Xiaomi was the first brand which launched a flash sale in India and the concept became an instant hit, and Xiaomi grew as an online brand. On the other hand, brands like Oppo and Vivo, took the offline route "pumping a lot of money in retail channels and promotional activity".

"These brands helped change the perception of Chinese brands, which were earlier perceived to be of inferior quality. Their product quality was good and they launched unmatched specifications at aggressive pricing," andIndian consumers in India realised that the quality of Chinese products was far better than the ones they got locally.

A key reason for the growth of Chinese brands "is their affordable offerings with stand-out features, including strong design language and their ability to leverage deeper access to the Shenzhen-based manufacturing and supply chain ecosystem."

"Chinese suppliers are now experts in hardware design, software and user interface integration," he said. "They have built a robust original design manufacturer and supplier network. They've also achieved a certain level of product expertise while they scaled in China," and that these brands have also been aggressive with new device launches, clubbed with clever marketing.

As per data from Counterpoint, at the end of 2018, smartphone market share of Micromax stood at 5% (down from about 16% in 2015), Lava's share was at 2.4% (from 6% in 2016) and Intex's was at 0.6% (from about 10% in 2015). On the other hand, Xiaomi's share went up to 28% in 2018 from 6% in 2016, Vivo's share went up to 9% from 5%, and for Oppo, the share increased to 8% from 5% during the period.

However, not all Chinese brands have tasted long-term success in India. Some such as LeEco had to exit the market, while others like Gionee are seen struggling.

"Some of the Chinese firms were not successful as they tried to implement their China model in India without understanding local market needs. At the same time, successful Chinese brands were very cautious in their moves. While it may be a tough climb back for Indian brands, analysts said Micromax and Lava may still be able to do well in the entry-level smartphone space. Besides, Reliance Jio is the local brand to keep an eye on.

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Future bleak?

“If Indian OEMs want to survive, they need to capitalise on the opportunity that the sub- 5,000 segment offers. Currently, no player dominates that segment and China-based sellers are also not focussing on this segment.

Lot of consumers are yet to move from feature phones to smartphones. “These consumers need a device priced at 3,000which is also of good quality.” Handset makers may look at bundling smartphones with operators such as Airtel and Reliance Jio, wherein there is an upfront subsidy on the device with a lock-in period of a year or two. But, the going may only get tougher for the Indian device manufacturers as more and more online Chinese player take to the offline market. The omni-channel presence for handset makers has become very important, adding that with the new e-commerce policy, it is expected that the exclusive online partnerships would go away, though some brands such as OnePlus have commented that it chose to go with exclusive tie-ups with online marketplaces and would continue to do so for the foreseeable future.

With the new FDI rules in e-commerce, “not much of discounting will happen — that is the mandate from the government, so that there is not much disparity in offline vs online. That is what we foresee right now.” The new rules may also spur more online-heavy players such as Realme and Honor to expand offline. “So, it will be all the more difficult for local players to catch up, as their strength was in offline retail.

However, if they launch products with good specs and aggressive pricing, clubbed with promotional activities, there may be room for growth.

Despite being the second largest smartphone market in the world after China with more than 430 million users, India is under-penetrated compared to many other markets. Smartphone users account for just 45% of the potential total addressable market in the country.

3. A date with prosperity

A farmer finds his calling in the Barhee variety

Bunches of golden yellow fruits hang from the trees in the months of June, July and August.

Investment quite high

The Barhee variety grows only in specific weather conditions and the investments are quite high. The yield goes up gradually and the growers will start seeing profit in five years. The average life of a tree is about 35 years.

“About 40 farmers grow the Barhee dates now with the supply of tissue culture plants and guide them on how to grow.

Since it is a perishable commodity and can be harvested only during three months a year, its availability in the market is restricted to that period.

Dates consumption is high in the country and a substantial quantity is imported, he adds.

The Barhee variety needs good land, plenty of water, and suitable

Note

weather conditions.

The night temperature during the winter months (December to February) is crucial for these dates. Even in Tamil Nadu, it cannot be raised in all places. It can grow well in Gujarat and Rajasthan.

The annual maintenance cost, including inputs and labour, works out to almost 1 lakh. This would be viable for farmers as the realisations are much higher, especially from the fifth year. They can also go in inter-cropping. Vegetables, greens, and groundnuts can be grown between the trees and the farmers can get additional income from these.

4. A ‘pink revolution’ quietly takes shape in Maharasthra

High quality pork to benefit farmers, consumers

The objective is to breed imported pigs to address the problem of protein deficiency in a sizeable section of the population that has been deprived of access to affordable meat besides providing livelihood to farmers.

While it would create a comprehensive value chain for pork production, it would also supply high quality animals for medical and research industry (organ transplant and insulin).

In five years, over 1,000 Maharashtra farmers, in a cooperative format, are expected to learn about commercial animal farming with international best practices. Other States such as Punjab, Kerala and North Eastern States do have pig-related policies but Maharashtra’s policy supports international imported pig breeding for maximising output.

The project has been mooted by finance professional Sandeep Mestry and genetics healthcare exponent Nitin Malekar who have been working on this for years. They had achieved a litter (number of offspring) size of 10 to 14, which is probably the best under Indian conditions.

Profitable idea

Commercial pig farming in India for meat production is one of the best and profitable business ideas. But the main issue is Indian pig breeds are not suitable for high quality pork production.

Breeds from various countries were studied and zeroed in on three pig breeds from Canada, which are the most suitable for commercial meat production according to the weather and climatic conditions of India.

In Maharashtra, currently pig farming is highly unorganised with 80% of the animals being reared by small farmers with very low-input/output ratio. The typical pig farm comprises a simple pigsty and feeding comprises agricultural by-products and predominantly kitchen waste. Recently, Maharashtra had taken many initiatives in animal husbandry and piggery development to boost pig farming.

Indian pork is sold at about 250 per kg compared with international quality processed pork which is sold at 1,200- 3,000 per kg.

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The need of the hour is genetically superior quality animals, to enhance the farmer's potential, meet consumers' demand for safe and healthy meat and health industry's requirement for quality animals. It is an industry with huge potential.

The 'pink revolution' targets to produce five lakh high quality pigs over a period of 5-6 years.

Pork is widely eaten in the world and 40% of the world's total meat consumption comprises pork.

With an annual production of around 6.5 million tonnes, India ranks fifth in the world in meat production and bovine meat contributes about 40% of this. The contribution of pork is only 3.5% compared with 9.36% from goat meat and more than 36% from poultry. The pink revolution is expected to take this number higher shortly.

5. Hospitality sector needs low-cost funds

Investments are heavy, returns lower

CONTRIBUTION TO ECONOMY

- India ranked 12th among 184 countries in terms of travel & tourism's total contribution to GDP in 2012 -13
- In India, the sector's direct contribution to GDP is expected to grow at 7.8 per cent per annum during 2013-2023 vis-à-vis the world average of 4.2 per cent
- The travel & tourism sector in India is estimated to create 78 jobs per USD18,366 of investment compared to 45 in the manufacturing sector
- Travel & tourism's contribution to capital investment is projected to grow at 6.5 per cent per annum during 2013-2023, above the global average of 5.0 per cent
- Contribution of visitor exports to total exports is estimated to increase at 5.7 per cent per annum during 2013-2023 compared to the world average of 4.0 per cent

The hospitality industry requires funding at a lower interest rate than other sectors because of the heavy investments involved and the lower rate of return on investments.

Low-cost loans can attract more investors into the hospitality sector, which is a great employment generator even as India grapples with unemployment problem

Such loans must be given to those investing in two and the three star segments, which are more essential for the growth of tourism industry in the country.

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Processing delay

The development of the tourism and hospitality industry required a different model from what is currently in place.

For example, that once a suitable spot is identified, government or an agency so entitled, should be able to develop the basic infrastructure for the area, get all clearances and then sell the space to the investors.

This will make life easier for the investors and help do away with the long-drawn process of getting clearances even for acquiring the land, getting permission for buildings, environmental sanctions etc.

In the current situation it takes five to six years to get all clearances, which is a drag on investments.

Frequent changes in regulations too play a role in keeping investors away from the hospitality industry.

These investments include the up and running facilities in Kerala and the upcoming ones in Hyderabad, Bengaluru and Visakhapatnam.

6. Seemanchal Express derails in Bihar; 6 dead, 30 injured

Track fracture said to be reason for early morning accident.

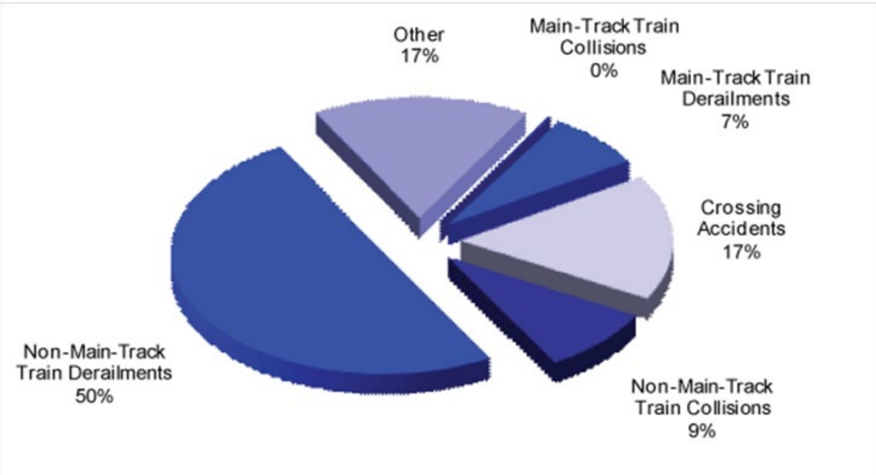
Six passengers were killed and over 30 injured when 11 coaches of the Delhi-bound Seemanchal Express derailed early on Sunday in Vaishali district of Bihar. The coaches of the superfast Jogbani-Anand Vihar Seemanchal Express jumped the rails near Sahadai Buzurg in the Sonpur Division of East Central Railway (ECR).

Railway Accidents in India

Introduction

Accidents can take place anywhere. Even the most advanced technology can't ensure accident free and hundred percent safe working conditions. Accidents if they are truly 'accidents' in a real sense can't make any particular person responsible. What is required in any true accident is a scientific investigation into it, to find out the reasons and take necessary remedies to avoid recurrence of such incidents.

Reasons behind the accidents in India



1. Poor Rolling stock:

Most of the railway accidents in India take place in trains categorised as non-VIP ones by which mostly the poor travel, and not the Rajdhani, Duronto, Shatabdi, etc. This is not to mean that they are absolutely safe, but the difference is in the equality of rolling stock, namely locomotives, such trains are equipped with the Linke Hoffman Busch (LHB) coaches and better monitoring of the tracks is done before such trains pass on them.

Note

2. Negligence of the Government:

There were three high level committees constituted on the Railways constituted recently-

- Anil Kakodkar Committee on Modernization of Railways
- Sam Pitroda Committee on Railway Safety review.
- Bibek Debroy Committee on Restructuring of Railways

All of those reports are lying dormant and recommendations un-implemented.

Successive governments are to be blamed, which have used the Indian railways as political tool, just to announce new trains to their respective constituencies rather than using it as an asset for transporting people and freight and adding to the GDP.

3. Lack of Funds:

- Former Railways minister says that Railways is on the verge of the bankruptcy.
- Though Indian railways is still one of the best organisations in the world with the most talented people like E Sreedharan and several stalwarts, but the organisation is being systematically damaged by successive governments because of the lack of understanding of this organisation’s potential and starving it of the cash.
- The Depreciation Reserve Fund (DRF) and Development Fund are getting depleted.
- It is estimated that we need about 25000 crore every year to replace old assets, and provision for DRF from the budget is mere 3200 crores.

What should be done now?

Railways have got some new found enthusiasm in the name of Suresh Prabhu, but the focus of the issue so far as appeared in the media has been on the peripheral issues like WiFi, redevelopment of stations, consumer complaints, catering and IRCTC.

Indian Railways need a generational change, and the entire emphasis as railway minister should be “Safety, safety and safety.”

We need not go too far to need to know what should be done, but just look at the recommendations made by the several committees constituted by government itself in the case.

1. Sam Pitroda Committee

The Pitroda Committee strongly recommended the “mission mode” approach for 15 focus areas with clear objectives, measurable milestones, tangible deliveries and well-defined timelines.

Some of the parts and parcels of the report focussed on the below measures:

- Modernisation of 19,000 km of existing tracks.
- Strengthening of 11,250 bridges to sustain higher load at higher speed.
- Eliminating all level crossings Implementation of automatic block signalling on major routes;

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- A centralized train monitoring system right from Rail Bhavan.
- Deployment of on board train protection system with cab signalling on all other routes. GSM-based mobile train control communication system;
- Stress on complete up-gradation of railway's communication system
- Commercialization of surplus land to generate additional revenue for railways.
- Implementing the track occupancy and mobile train radio communication (MTRC) for seamless communication.
- Substantial hike in Gross Budgetary Support to sustain the modernization drive.
- Railways should venture into captive power generation through the PPP route
- Effectively commercialize land and air space to mobilize Rs 50,000 crore.

2. Bibek Debroy Committee focussed on the mobilization of resources for major railway projects and restructuring of Railway Ministry and Railway Board.

1. Bringing private sector participation
2. Need for independent regulator
3. The Committee has observed that, a part from its core function of running trains, Railways also engages in peripheral activities such as running schools, hospitals and a police force. It is expected that these various zones and divisions within the Railways will face increasing competition in the future. To enable themselves to compete effectively, they will need to reduce costs on these non-core activities that are non- remunerative in nature and instead improve the efficiency of running trains by greater resource allocation to this function. Non-core activities can be outsourced to private entities. An example cited by the Committee is that of subsidization of education and medical facilities in alternative schools and hospitals respectively, including the private institutions.

3. Anil Kakodkar Committee

1. In the present situation, the three vital functions (rule-making, operations and the regulation) are all vested in the Railway Board. There is need for an independent mechanism for safety regulation. The Committee recommends the creation of a statutory Railway Safety Authority with enough powers to have a safety oversight on the operational mode of Railways.
2. The Research Design and Standards Organization (RDSO), the apex technical wing of the Railways, is highly constrained. This has hampered the ability of the system to internalize emerging technologies. The Committee recommends restructuring of RDSO for greater empowerment. It also recommends that a Railway Research and Development Council (RRDC) be set up directly under the government.
3. The Committee recommends the adoption of an Advanced Signalling System (akin to the European Train Control System) for the entire trunk route length of 19,000 km within 5 years. This is estimated to cost Rs 20,000 crore.

Note

Conclusion

All zonal railways would have ultrasound flaw detection machines to test track quality. This needs to be done rapidly.

Indian railways need to be benchmarked to Japanese Railways System Shinkansen which since 1964 has been carrying millions of passengers with zero fatality.

For all this to be done, the government needs a massive investment programme apart from relying on revenue from the railway's internal generation. This investment will not only save precious lives, it will give handsome dividends to the GDP. It's time we change the definition of the railways from a "commercial organisation" to a "basic infrastructure provider"

Note