

# Info Capsule

## **INDIA AND US HOLD 11TH TRADE POLICY FORUM MEETING IN WASHINGTON D.C. ON OCTOBER 26, 2017<sup>1</sup>**

The 11th Trade Policy Forum (TPF) Meeting was held in Washington D.C. on 26th October 2017. The Minister for Commerce and Industry, Shri Suresh Prabhu had productive discussions with the United States Trade Representative, Ambassador Robert Lighthizer and his team in a cordial, friendly and positive manner. The Minister for Commerce and Industry noted that the TPF serves as a robust platform that contributes towards promoting bilateral trade and investment between India and the US. During the meeting, discussions were held on issues related to bilateral trade between the two countries, areas of mutual cooperation, market access in agriculture, non-agricultural goods and services and Intellectual Property Rights (IPR).

On the United States concerns related to trade deficit with India, the Minister for Commerce and Industry pointed out that the issue of trade deficit should be viewed in the larger context of the growing economic and strategic partnership between the two countries that has grown and strengthened in recent years. India has made significant investments in the US and Indian skilled workers and students make important contributions to the US economy. He pointed out that as the Indian economy grows, and with the renewed emphasis on reviving US manufacturing, there will be greater opportunities for US exports to India. In this context, he pointed out that India has already started to import crude oil and new Liquefied Natural Gas exports are expected to commence early next year. Indian aviation companies such as Spicejet and Jet Airways have placed orders for over 300 aircrafts valued at several billions of dollars. The Minister for Commerce and Industry noted that these developments will go a long way in fulfilling Prime Minister Modi and President Trump's desire to have a free, fair and balanced trade between India and the US.

Both Ambassador Lighthizer and the Minister for Commerce and Industry welcomed these positive developments and reiterated the growth potential for bilateral trade. On market access in areas of interest to each other, the Minister for Commerce and Industry noted progress on issues like ground handling operations, import regulations relating to poultry, export of pork to India, that have been raised by the US side. He also sought easing of procedure for export of Indian mangoes and pomegranates and market access for table grapes from India. The Minister for Commerce and Industry strongly took up the Indian concern with regard to problems faced by Indian services companies in obtaining H-1B and L-1 visas. He requested the US to ease the movement of skilled professionals, which has over the years contributed towards making US companies more competitive. He also took up the issue of mismatch between U.S. visa and U.S. social security regimes, wherein Indian professionals making social security contributions do not receive their due benefits upon their return to India. He urged the United States to revisit its position and work towards achieving a totalisation agreement.

The Minister for Commerce and Industry also highlighted the series of economic reforms

<sup>1</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx>

undertaken by Prime Minister Modi, such as Goods and Services Tax, Make in India, Startup India and 'Fund of Funds for Startups' (FFS), Digital India, e-commerce, promoting innovation and entrepreneurship, FDI reforms, improved business and investment climate which have led to significant investment inflows into India. On the issue of IPR in India, the Minister for Commerce and Industry drew attention to the National IPR Policy 2016, which lays down the roadmap for future development in the field of IPRs, and is a major step towards strengthening the IPR ecosystem in India, including improvements in procedures, timelines and resolution of disputes.

While responding to U.S. concerns on price controls on medical devices, the Minister for Commerce and Industry mentioned about the need to bring about a balance between the demand for optimum medical facilities and affordable health care to its citizens. India desires to address the concerns of providing affordable health care to its citizens and balancing it with the need to introduce high end technology. He encouraged American companies and manufacturers of medical devices to establish manufacturing facilities in India. He also pointed out that the Draft Pharmaceutical Policy addresses many of the US concerns and sought comments from industry stakeholders on the draft policy.

The Minister for Commerce and Industry also sought the support of the U.S. to India's proposal on the Trade Facilitation in Services Agreement which has been tabled by India at the WTO. At the conclusion of TPF, both Ministers decided that the two countries will continue to work towards building strong trade and investment ties to realize mutual gains from the partnership. The talks were held in a friendly and cooperative environment, with both sides expressing the desire to reduce the existing gaps and work towards resolution of the outstanding issues before the next round of the TPF.

### **THE UNION FINANCE MINISTER, SHRI ARUN JAITLEY LAUNCHES THE MANDATORY USE OF PUBLIC FINANCE MANAGEMENT SYSTEM (PFMS) FOR ALL CENTRAL SECTOR SCHEMES<sup>2</sup>**

***States that PFMS would ensure that the benefits of the various Government Schemes reach to the last mile; Hopes that soon PFMS will progress towards a Government wide Integrated Financial Management System (GIFMIS) - as a comprehensive Payment, Receipt and Accounting System***

The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley said that the mandatory use of Public Finance Management System (PFMS) for all the Central Sector Schemes of the Government of India would help in tracking and monitoring the flow of funds to the implementing agencies. Shri Jaitley further said that due to the monitoring of funds through PFMS, one can know the actual status of utilization of funds by the multiple implementing agencies of the Central and the State Governments. He said that the ultimate purpose of implementing any Scheme is to ensure that the benefits much reach to the last mile. The Finance Minister specifically mentioned about the implementation of various Schemes through Direct Benefit Transfer (DBT) mechanism in this regard. The Union Finance Minister Shri Arun Jaitley was addressing the senior Officers of the Finance and other Ministries after launching the mandatory use of the Public Finance Management System (PFMS) for all Central Sector Schemes in the national capital. These Central Sector Schemes with a budgetary outlay of Rs.6,66,644 crore covers over 31 percent of the total Central Government expenditure during the current financial year 2017-18.

The Union Finance Minister Shri Arun Jaitley further said that PFMS, with the capability of providing real time information on resource availability, flows and actual utilization has tremendous potential to improve programme/financial management, reduce the float in the financial systems by enabling 'just in time' releases and also the Government borrowings with direct impact on interest costs to the Government. The Finance Minister said that with the use

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<sup>2</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx>

of PFMS, there will not be much paper work and it would go a long way in monitoring and tracking of any unnecessary parking of funds by the implementing agencies and thereby minimizing the cases of delay and pending payments to a large extent. The Finance Minister hoped that soon PFMS will progress towards a Government wide Integrated Financial Management System (GIFMIS) - as a comprehensive Payment, Receipt and Accounting System.

The launch was done by the Union Minister of Finance and Corporate Affairs, Shri Arun Jaitley in the presence of the senior Finance Ministry Officers and the Financial Advisers (FAs) of different Central Government Ministries/Departments. The Finance Minister Shri Jaitley congratulated the officers and staff of the Department of Expenditure and Controller General of Accounts (CGA) in particular for executing this initiative in a time bound manner. Earlier in his Welcome Address, the Finance Secretary, Shri Ashok Lavasa said PFMS would not only help in complete tracking of funds but would also ensure just in time transfer of funds. He informed that 13 Central Sector Schemes are now under PFMS. Shri Lavasa said that PFMS picked- up great momentum in last two years and all the States are now on board with the Central Government as far as acceptance of PFMS is concerned. He said that implementation of Schemes through PFMS has brought transparency in system and helped in easy transfer and tracking of funds. Shri Lavasa said that more than 300 Central and State Government Schemes are now riding on PFMS and payment of more than Rs. 2.91 lakh crore relating to various Schemes under DBT has been made through PFMS since 2013. He said that PFMS has enabled the Government in taking forward the ground breaking initiative of Direct Benefit Transfers (DBT) with collateral benefits of plugging leakages and eliminating ghost beneficiaries.

The Finance Secretary Shri Ashok Lavasa also mentioned that PFMS is poised to develop as one of the biggest Financial Management Systems of the world, which is critical for bringing about a transformational accountability and transparency in the Government Financial Management Systems and promoting overall Good Governance. He said that as on date, payments to 34.19 crore beneficiaries have been made through PFMS and there are 21.72 lakh Programme Implementing Agencies registered on PFMS. This has been achieved on the strength of PFMS having an interface with 170 Banks including the Reserve Bank of India (RBI).

The Finance Secretary, Shri Ashok Lavasa also told that for the first time, Annual Accounts of the Central Government for the Financial Year 2016-17 have been signed before 31st October, 2017. He said that there is an integration of all State Government Treasuries except that of the State of West Bengal, which is also under process.

Considering the massive preparatory work required for achieving full PFMS implementation including software/hardware up-gradation, fulfilling training needs at every level of the Government and enabling smooth on-boarding by the State and UT Governments, the Central Government decided in favour of a phased and calibrated roll-out for smooth implementation. In that direction, the Central Sector Schemes of the Government of India, numbering 613 across all civil Ministries/Departments were decided to be covered on priority with simultaneous thrust kept on the other important category of Centrally Sponsored Schemes. The targets for complete PFMS on-boarding of 613 Central Sector Schemes were also prioritized with 14 high spending Ministries taken on priority with the initial target date of completion by 31st August, 2017. The preparatory work in other Ministries/Departments have also been completed.

The PFMS Scheme has been rolled-out by the Controller General of Accounts (CGA) at the behest of Finance Ministry, Department of Expenditure as a cherished Public Finance Management (PFM) reform in the country. The Scheme aims at promoting transparency and bringing about tangible improvements in the overall Central Government Financial Management as well as implementation of various Central Government Schemes across the country. The ambit of PFMS coverage includes Central Sector and Centrally Sponsored Schemes as well as other expenditures including the Finance Commission Grants.

Considering the diversity and multiplicity of channels through which money is spent/transferred (including through Direct Benefit Transfer), the PFMS is designed to serve the pertinent need of establishing a common electronic platform for complete tracking of fund

flows from the Central Government to large number of programme implementing agencies, both under Central Government and the State Governments till it reaches the final intended beneficiaries. PFMS thereby enables real time monitoring of disbursements and utilization of funds which in turn provides a sound Decision Support System across Ministries and Departments of Government of India as well as all the State and UT Governments.

Funds under the Centrally Sponsored Schemes flow almost entirely to the State Government treasuries and a substantial part of the funds under the Central Sector Schemes are also spent in the States through various Central Government agencies. The improvements brought-out in the Management of Public Funds through PFMS, it was stated, will have a cascading beneficial impact on the management of State Government Public Finances as well as efficient delivery of Public Services by the States. PFMS, therefore, reflects the true spirit of Co-Operative Federalism with the Centre and the State Governments combining their efforts to improve Public Finance Management for ultimate public good.

The mandatory PFMS on-boarding for the remaining Schemes and Programmes including the Centrally Sponsored Schemes is also targeted to be achieved in a phased manner.

### **VIGILANCE AWARENESS WEEK TO BE OBSERVED FROM OCTOBER 30 TO NOVEMBER 4, 2017 WITH THEME “MY VISION-CORRUPTION FREE INDIA<sup>3</sup>”**

#### ***Vice-President Shri M. Venkaiah Naidu to be the Chief Guest at the Inaugural Function***

The Central Vigilance Commission (CVC) has decided that this year the Vigilance Awareness Week would be observed from 30<sup>th</sup> October to 4<sup>th</sup> November, 2017. The theme of the week would be “My Vision-Corruption Free India” (“मेरा लक्ष्य - भ्रष्टाचारमुक्त भारत”). The Vice President of India Shri M. Venkaiah Naidu will be the Chief Guest at the Inaugural Function to be held on 30<sup>th</sup> October 2017.

The observance of the Vigilance Awareness Week would commence with the Integrity Pledge by public servants in the Ministries/Departments/Central Public Sector Enterprises (CPSEs)/Public Sector Banks (PSBs) and all other Organisations on 30<sup>th</sup> October, 2017 at 11.00 a.m.

While addressing a press conference, the Central Vigilance Commissioner, Shri K.V. Chowdary said that the purpose of observing Vigilance Awareness Week is to educate the public at large about the corruption related practices and also educating them how to report about it. He said that it acts like a mass movement of involving people in saying no to corruption. Shri Chowdary said that to give recognition to the reforms and good work done by organization in the field of punitive, preventive and participative vigilance, the Vigilance Excellence Awards have been instituted in two categories from this year onwards. He also said that the Commission is developing an Integrity Index based on bench marking of internal processes and controls within an organization as well as management of relationships and expectations of external stake holders. He further said that initially Integrity Index will be developed for 25 organisations including Government organisations and PSUs. This Integrity Index will be developed with technical support from IIM, Ahmedabad, he added. He also informed that the CVC is developing an e-learning module for the benefit of vigilance officers. He said that CVC organizes other events also throughout the year such as Lecture series by eminent speakers on various topics. He added that CVC also provides internship training to the students at the Commission during their summer vacations, which provides them exposure about the functioning of Commission.

The Vigilance Commissioners Dr. T M Basin and Shri Rajiv, Secretary, CVC Smt Nilam Sawhney and senior officers were also present on the occasion.

<sup>3</sup> Available at: <http://pib.gov.in/newsite/erelease.aspx>

Observance of Vigilance Awareness Week every year is part of a multi-pronged approach of the Commission wherein one of the strategies is to encourage all stakeholders to collectively participate in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption. The Commission as part of a multi-pronged strategy to tackle corruption has been stressing on punitive, preventive and participative vigilance measures. Organisations have been advised to conduct activities relevant to the theme both within their organization, and outreach activities for public/citizens as given below:

Activities to be conducted within the organisation include taking of Integrity Pledge by all employees, distribution of pamphlets/handouts on preventive vigilance activities, whistle blower mechanism and other anti-corruption measures, conducting workshops and sensitization programmes for employees and other stake holders on policies/procedures of the organization and preventive vigilance measures. Other activities include publication of journals/newsletters on vigilance issues, systemic improvements and good practices adopted for wider dissemination and awareness, conducting various competitions such as debates, quiz etc. for the employees and their families on issues relating to anti-corruption and the use of organizational websites for dissemination of employees/customer oriented information.

Outreach activities for public/citizens include the display of hoardings, banners, posters and distribution of handouts etc. at prominent locations/places in offices/field units and also at places with public interface, organization of grievance redressal camps for citizens/customers by organisations having customer oriented services/activities and the taking of the online “Integrity Pledge” developed by the Commission.

Seminars, discussions and other outreach events have been planned involving the private sector, professional associations, trade unions and associations for wide participation of all sections of civil society

“Awareness Gram Sabhas” are being organized for dissemination of awareness in Gram Panchayats (in rural and semi-urban areas) to sensitise citizens on the ill-effects of corruption. Last year, 70,000 such Gram Sabhas were organized during the Vigilance Awareness Week.

Laying stress for creation of awareness on the ill-effects of corruption amongst school and college students, special efforts are being made by each field unit/branch of every CPSE/ to reach out to students in schools and colleges. In this regard, various activities such as lectures, panel discussions, debates, quiz, essay writing, slogans/elocution/cartoon/poster competitions on moral values, ethics, good governance practices etc. are being organized across the country. In 2016, such activities were organized in schools and colleges in more than 500 towns across the country

A new feature is the establishment of ‘Integrity Clubs’ in schools and colleges as children are the future assets of the country and it is important to cultivate moral values in them.

Organizations will also conduct activities for mass awareness such as marathons, walks, bicycle rallies, human chains, street theatre, etc. in various cities and towns across the country.

Many organizations will extensively use bulk SMS/E-mail, Whatsapp, electronic, print and social media for spreading awareness.

### **Team ICSI**

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