

When a director senses smoke

Act, talk, share, counsel, but don't sit around and keep thinking



THE WISE LEADER

R GOPALAKRISHNAN

On January 20, 2019, *Los Angeles Times* carried a report about the allegedly toxic leadership style and adverse impact on colleagues of an important public figure, the chancellor of the University of California. I don't know the person or the facts, but the report was an investigative response after sensing smoke. There is great awareness about toxic leaders, and the

possibility of creating autocratic CEOs nowadays. When sensed, boards can no more turn a blind eye. They have to respond with action just as they would if they sensed a burning smell in their residential building.

The board member of a reputed Trust recently asked, "We hear about domination by our CEO, who happens to be delivering. Even if slightly questioned, he becomes defensive and touchy, giving the impression of his way or the highway. As a board member, what should I do?". He could sense smoke but could not see any fire.

The short answer is sniff deeply, keep sniffing, be concerned, act, and don't look helpless. The outside perception of a CEO is often better than the internal perception, which serves as a prodromal signal. Experience has taught me that the leadership behaviour of a leader offers clues, better than the classical rational man theories. There are four symptoms that strongly suggest that a leader may be heading into toxicity.

First, a huge concentration of power. People in the organisation demonstrate a fear of speaking up. Such a leader is often surrounded by a tale-bearing coterie. Think of the hush-hush behaviour these days among senior Delhi officers, or managers in some promoter-dominated companies. This is a worry signal.

Second, the leader is considered to do no wrong, he or she is deified. There is heavy image promotion by corporate communications. Think of Mallya, Kapoor and Singh brothers. Think of the blusteringly ridiculous claims of Patanjali Ayurved and Ramdev.

Third, when the leader constantly refers to a hidden threat, a competitive and devious industrialist. Managers are expected to stop questioning things, and just close ranks against this enemy. Think of Swiss bank account-holding promoters, who paint every MNC as a profit-seeking, forex-repatriating devil.

Fourth and last, there is visible degradation of long-standing attributes that the organisation has been known for. It

could be leverage on the balance sheet, Rambo pledging of stocks, decline in product quality rankings, employee attrition and frequent departure of senior managers. There is a general air of hubris.

Beware of CEOs, who drop names, seek visibility, behave arrogantly, and talk smoothly. When the company does well, they imply that it is their vision and strategy. When the company runs into problems, they blame demonisation, Brexit, China, and what have you.

My naval friend says that he judges the stability and balance of a ship by the wake of the ship—the symmetrical patterns remaining in the water after the ship has sailed through. If the CEO leaves a poor wake on his people, a director must do something, that is for sure. But what?

Albert Hirschman, a political economist and intellectual, wrote a book (*Exit, Voice, and Loyalty*, 1970) about the two ways of reacting: Quitting (exit) or speaking up (voice). Institutional loyalty influences the manner of exit — low loyalty results in a quiet exit, high loyalty leads to a visible exit. An unemotional relationship with the institution will almost always lead to a quiet exit.

Former White House Counsel, John Dean wrote recently about his 1973 tes-

timony to Congress in the matter of the criminal conduct of President Richard Nixon (*New York Times*, March 1, 2019). It was only after John Dean's testimony that the secret recordings emerged, leading to the exit of Nixon. The contemporary White House counsel, Michael Cohen, has testified about Trump in terms similar to the testimony about Nixon — smoke was sensed and the fire is being verified.

Quiet exits should cause discomfit. Mint reported (December 19, 2018) that 743 independent directors had vacated their position before the end of their tenure on listed company boards, but 561 did so without adequate reasons. However, the law requires a reason; a common bluster is about personal reasons and preoccupation. There are exceptions, for example, a couple of directors of YES Bank and JM Financial Asset Reconstruction Company stated that there was inadequate governance while stepping down.

You may well have a dangerous situation. Act, talk, share, counsel, but don't sit around and keep thinking.

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CHINESE WHISPERS

Saving refreshment charges

The Delhi unit of the Bharatiya Janata Party is set to inaugurate its new "war room" for the upcoming Lok Sabha polls. However, the day the *bhoomi poojan* was scheduled, journalists were told that the event had been postponed till April and the war room — in its Delhi state office on Pandit Pant Marg — would be inaugurated during *Navaratri* as it was more auspicious. Insiders, however, said the party had chosen the first date, assuming that the Delhi polls would be held in the first or the second phase. But when the Election Commission announced that Delhi would, in fact, vote on May 12, the sixth phase, it changed its mind to avoid having its supporters from lingering for a month or so. "This way we avoid paying the refreshment bills for supporters from all seven constituencies for an extra month," said an insider. Also, some workers felt the new work culture in the party left little scope for a "war room".

Jumping from pole to pole

Congress Spokesperson Tom Vadakkan on Thursday joined the Bharatiya Janata Party (BJP). Maharashtra Congress Legislative Party leader Radhakrishna Vikhe Patil could follow his son to the BJP in the coming days, sources said. However, former Uttarakhand chief minister B C Khanduri's son Manish is mulling joining the Congress. While Khanduri junior has refused to comment on the matter, Congress sources say he is set to join their party on Saturday at a public rally in Uttarakhand, to be addressed by Congress President Rahul Gandhi. While Vadakkan is seeking the BJP's Lok Sabha ticket in one of his home state Kerala's 21 constituencies, Khanduri junior could be the Congress candidate from the Pauri Garhwal seat.

Priyanka: Will she, won't she?



The latest headache for the Congress party is finalising its general secretary Priyanka Gandhi Vadra's travel plans in Uttar Pradesh. On Thursday, the party let it be known that Priyanka could travel by boat in the Ganga from Allahabad to Varanasi next Monday. However, by evening Congress party sources said her programme had been postponed to a later date. This isn't the first time that her itinerary in Uttar Pradesh has been changed. The Congress hopes Priyanka's boat ride would bring into focus the problems with the government's 'Namami Gange' campaign. In Varanasi, Priyanka was to visit the Dashashwamedh Ghat and Kashi Vishwanath temple, and pay a visit to the family of a CRPF personnel killed in the Pulwama terror attack.

Making sense of Indo-Pak conflict

If the media, in both countries, wishes to play a socially responsible role, then it must proceed with caution



SANJIT DHAMA

The recent India-Pakistan conflict provides rich data on individual human behaviour that makes perfect sense within behavioural economics. Behavioural economics studies individual behaviour using an eclectic mix of economics, psychology, sociology, neuroscience, and other behavioural sciences, within a mathematically rigorous framework.

The public in both countries has access to almost identical information through electronic and print media. Yet, purely by an accident of birth that determines one's citizenship, most of 1.3 billion Indians and 0.2 billion Pakistanis choose to believe in mutually incompatible narratives of events. For instance, whether an F-16 was shot down, the number terrorists killed, and the number of Indian aircraft lost. Why do such mutually inconsistent beliefs persist and why does each side appear to completely discount the beliefs of the other? While the Pakistani narrative is silent about the role played by it in cross-border terrorism, the Indian narrative is silent about the role that it played in alienating a large chunk of

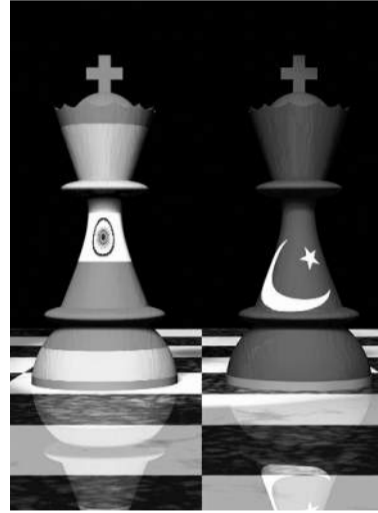
the Kashmiri population. Each side is persuaded in the objective and moral correctness of its own view.

Theories of financial markets assume that individuals quickly update their beliefs in an identical manner when they observe common public information (for instance, dividends or earnings announcements) and immediately learn from each other's beliefs and actions. Behavioural economics shows that this assumption is as incorrect in finance, as it is in many other contexts.

Below I draw on my 2016 book (*Foundations of Behavioral Economic Analysis*) in offering some insights into these questions.

Henri Tajfel was a Polish Jew studying chemistry at the Sorbonne in France at the time of World War II in which he lost his entire family in concentration camps. He switched to social psychology to discover the nature of human prejudice. His work gave rise to the social identity theory. The main insight is that humans classify others into ingroups and outgroups and favour ingroups over outgroups. Examples include attempts by corporate entities to inculcate a corporation-specific culture and armed forces that try to inculcate a military identity relative to a civilian identity. On the negative side, social identity gives rise to social discrimination, prejudices, and the need for affirmative action.

Experiments in behavioural economics show that minimal group iden-



ties, in which individuals are classified into blue and red groups, is sufficient to elicit ingroup favouritism. Social identity becomes highly salient at times where one perceives that the ingroup is engaged in conflict with an outgroup. Propaganda has been historically used to prime social identity and to paint the ingroup position as a just cause, while characterising the outgroup position as unjust, untrustworthy, and malicious.

Once suitably primed, otherwise peaceful individuals view any ingroup member killed in a military conflict as a martyr and celebrate the valour of their forces in killing the enemy, yet in each case a human life is lost. Indeed,

many humans engage in this behaviour automatically, without engaging in conscious deliberation, which suggests that social identity has evolutionary origins. While most humans find it comforting to associate with the ingroup narrative, some do challenge it, which typically invites a hostile reaction, particularly in times of heightened social identities. Joseph Goebbels, the German Reich minister of propaganda in World War II, understood this very well.

The media, in both countries, has played its role in sharpening social identities on the just cause/malicious intent divide. If it has a good understanding of this mechanism, and if it wishes to play a socially responsible role, then it must proceed with great caution.

So why is it difficult to alter one's prior beliefs and mental models about the world, given that they might have arisen from social identity or other considerations in the first place? This bit of the puzzle is solved by invoking a very robust feature of human behaviour—confirmation bias. I use the following definition from p. 1391 of my book which deserves to be read in full: "...there is considerable evidence that people tend to interpret subsequent evidence so as to maintain their initial beliefs. The biased assimilation processes underlying this effect may include a propensity to remember the strengths of confirming evidence but the weaknesses of disconfirming evidence, to judge confirming evidence as relevant and reliable but disconfirming evidence as irrelevant and unreliable, and to accept confirming evidence at face value while scrutinizing discon-

firming evidence hypercritically. With confirming evidence, we suspect that both lay and professional scientists rapidly reduce the complexity of the information and remember only a few well-chosen supportive impressions. With disconfirming evidence, they continue to reflect upon any information that suggests less damaging 'alternative interpretations'. Indeed, they may even come to regard the ambiguities and conceptual flaws in the data opposing their hypotheses as somehow suggestive of the fundamental correctness of those hypotheses. Thus, completely inconsistent or even random data — when "processed" in a suitably biased fashion — can maintain or even reinforce one's preconceptions."

Social identity first locks down our beliefs into country-specific narratives and then confirmation bias simply confirms our initially held beliefs and models, independent of the strength and the quality of the evidence that we observe. The result is separate, parallel, incompatible narratives.

Behavioural economics sometimes finds it useful to draw a distinction between System 1 (quick, reactive, impulsive, automatic part of the brain associated with the limbic system) and System 2 (slow, deliberative, conscious, long-term decision-making part of the brain associated with the prefrontal cortex). One of the great personal challenges for all humans is to ensure that when the occasion demands, we use System 2 to rein in System 1, which is responsible for the confirmation bias and for automatic conformity with social identity. This can be terribly difficult, but it is also an opportunity to demonstrate human character of a high order, which has also been observed in this conflict. Herein lies real hope.

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INSIGHT

A silent political killer

Unemployment can become big and yet remain undetected. Its impact can be a critical vote swing



YOGENDRA YADAV

Is unemployment going to be the silent political killer in this election? This must be our first question, as we limp back from heightened national security anxiety towards other regular concerns. Every available evidence points to this possibility. But as of now, it is just a possibility.

Let us begin with objective data. *The State of Working India*, a report on jobs and joblessness released in November 2018 by Centre for Sustainable Employment at the Azim Premji University pretty much summarised the existing knowledge on this subject. We are shifting from a chronic but invisible and politically manageable problem of under-employment to an acute, felt and potentially explosive problem of open unemployment. The report estimated open unemployment to be upward of 5 per cent, but well over 15 per cent among the youth and the educated. This pure form of unemployment is in addition to precarious and underpaid employment, besides of course the old-style under-employment.

Since then, two more pieces of evidence have been made available in the public domain. The National Sample

Survey Organisation's (NSSO) Periodic Labour Force Survey report got leaked and showed that in 2018, unemployment was at 6.1 per cent, the highest ever recorded since the organisation started measuring it in 1972. The report also confirmed that the situation had got much worse under the Modi regime. It indicated that the figure may have been much worse post-demonetisation and that women workers were the worst victims of joblessness. The latest report of reliable household surveys by the Centre for the Monitoring of Indian Economy (CMIE) estimates the unemployment rate to be 6.9 per cent. CMIE estimates that as many as 11 million jobs were lost between December 2017 and December 2018.

These reliable data figures can be supplemented by umpteen ground reports and sectoral estimates. The All India Manufacturers' Organisation (AIMO) has confirmed the loss of jobs. Reports of obscenely large number of applicants for a few public sector jobs appear regularly. The question is: Do people sense and feel this crisis of joblessness?

Every single public opinion poll over the last two years has discovered unemployment under the Modi regime to be the top issue that the people are concerned about. The credible CSDS Mood of the Nation survey found in May 2018 that 26 per cent of the respondents spontaneously mentioned lack of jobs as the biggest problem in the country. This is nearly double of what comparable surveys by CSDS recorded earlier: Just 8 per cent in 2014, 13 per cent in 2009 and 12 per cent in 1996. Even post Balakot, a telephonic national representative survey carried out by *India Today* found as many as 36 per



cent respondents mentioned joblessness as the issue that would determine their vote, compared to 23 per cent who mentioned terrorism and 22 per cent who mentioned farm crisis. So, joblessness is an issue, not just for economists, but also for the people.

Let us finally turn to Union minister Arun Jaitley's question: If unemployment is so acute, why are the people not taking it to the streets? The simple answer is: They are. Scan the news carefully and you would find every day some protest or the other on an issue related to jobs. In the last one month, there was a protest in Patna by students of Magadh University against a delay in their exam results, by engineers in Pune against being debarred from applying for the category of junior engineer, by candidates selected for UP Police but being denied an opportunity to join. Besides, how do you read massive agitations by Patidars in Gujarat, Marathas in Maharashtra, Kapus in Andhra and Jats in Haryana if not as movements triggered by job crisis? And there were smaller, but no less significant, national level protests organised under banners such as Young India Adhikar March and Yuva Halla Bol.

Yet, unemployment does not enjoy as much visibility as farm distress nor

does it generate partisan political battles as Rafale or other allegations of corruption do. Its victims experience it as a personal failure or misfortune, not as systemic injustice. They prefer private solutions over collective redress. Joblessness spawns myriad reactions and protests. But it does not lend itself to nationwide mobilisation of its victims. There is no ready platform where to-be-unemployed students, unemployed aspirants for jobs, poorly employed contract workers and employable youth can come together. There is as yet no clear positive agenda that most groups and organisations protesting against joblessness subscribe to. That is why unemployment is at once the most salient and the most silent political issue.

But in its silence lies the danger. Quietly, this issue can become big and yet remain undetected. It would just take one event, one imaginative leader or one catchy promise to catapult this issue to the centre-stage. Its impact could catch the ruling party off-guard and lead to critical swing of votes and massive swing in political fortunes. That is what they call a silent killer.

The author is the national president of Swaraj India

LETTERS

Good intervention

This refers to "RBI puts auditors of banks on notice" (March 14). The decision of the Reserve Bank of India (RBI) to hold structured quarterly meetings with the auditors of banks is welcome. These meetings will not only enable the supervisory authorities to indirectly oversee the work of the external auditors but give the latter an opportunity to discuss the lending practices of banks, implementation of asset classification norms, provisioning, non-performing assets, suspicious transactions, frauds etc. The auditors meet the audit committees of the banks when their quarterly results are declared. They do share their concerns about the aforesaid issues but I can say with my experience as a director on the board of a public sector bank that quite often the members of these committees tend to either ignore them or little follow up is done. The structured quarterly meetings with the supervisory authorities in the central bank will enable the latter to pick up the danger signals/look at issues of concern in a timely manner. I feel the entire auditing processes especially the internal audit — concurrent, revenue etc — needs to be streamlined. The internal audit departments need to be properly staffed with good officers and audit reports put up to the audit committees and boards of banks need to be carefully looked at and areas of concern timely addressed. Strong internal audit systems and processes provide a powerful tool to the board, external auditors and regulators to sight the areas of concern and provide timely remedies. Banks that give a short shift to their auditing systems

always pay a heavy price for it.
Arun Pasricha New Delhi

Lessons in philanthropy

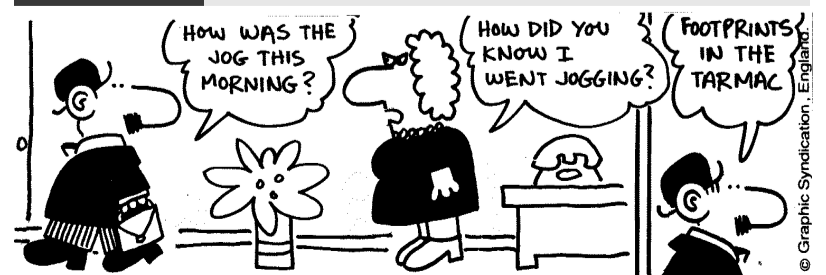
This refers to "Premji rises philanthropic contribution to \$21 billion" (March 14). Azim Premji's philanthropy stand out among similar initiatives by rich individuals across the world in several aspects. As his wealth grew, Premji didn't wait for it to grow to a target figure or himself to cross the ripe retirement age or for any wrath of nature to befall him to lead philanthropic activities from the front. The focus on improving literacy and stress on promoting higher education are other features that distinguishes his social responsibility initiatives.

There are lessons to learn from the Tatas and Premji for those in charge of governance and policy formulation in India. Perhaps India can learn more about wealth and human resources management from them than from Harvard returned economists. If the political leadership is able to improve public trust in wealth management by government/s, just as Premji is diverting a portion of his assets for creation of income for social benefits, religious bodies and individuals will invest their assets.

M G Warrior Mumbai

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HAMBONE



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Bulls take charge

But India is among the most expensive markets in the world

The legendary investor and Columbia Business School Professor, Benjamin Graham, personified investor sentiment as “Mr Market”, a manic-depressive whose moods swing between gloom and euphoria. One of those euphoric upswings has occurred as a broad majority of Indian stocks have surged. The ongoing bull run is driven by sentiment rather than hard data. Since the Pulwama terror attack on February 14, the Nifty is up by 5.5 per cent and the Nifty Midcap 150 Index is up 7.7 per cent, while the Nifty Smallcap 250 Index is up 12.9 per cent. Foreign portfolio investors (FPIs) have led the charge, buying ₹256 billion of equity in the past four weeks. Domestic institutions and retail investors have also been bullish and are putting money into stocks. Many of the bulls are anticipating the return of the Bharatiya Janata Party (BJP) to power, given the rise in nationalist sentiment triggered by the Pulwama attack and its aftermath. This may be premature as there are over two months to go before the shape of the next government is known, but opinion polls do indicate that the BJP has been gaining voter-approval.

Economic data doesn't support the uptick in sentiment. The Q3 results were poor. A *Business Standard* study of 2,338 companies showed that net profits were down 28 per cent, year-on-year for Q3, 2018-19, versus the same quarter of 2017-18. The high-speed data, like falling vehicle sales, indicates further slowdowns in January and February. This is reinforced by a low Index of Industrial Production for January and falling inflation primarily caused by low food prices, which usually translate into low rural demand. Moreover, the poor macroeconomic data out of the United States, China and the European Union seems to justify a consensus opinion that global growth will slow in 2019. However, FPIs are enthused by recent policy reviews and statements from the European Central Bank and the US Federal Reserve, indicating that monetary policy will continue to be dovish. The Fed is likely to pause its rate hikes; the EU is unlikely to raise its negative policy interest rate; and the Bank of Japan is continuing with negative policy rates and a quantitative easing programme. There are widespread expectations that the RBI's rate cut at its last monetary policy review in February may be followed by more loosening and another rate cut in April, given a low-inflation, low-growth scenario. The prospect of easy money has driven risk capital into equities and, notably, into emerging market equity in the hope of higher returns. Indeed, every major stock market in the world is up in calendar 2019, and many have logged double-digit gains. India is the laggard in this respect.

Graham also pointed out that “in the short run, the market is a voting machine but in the long run, the market is a weighing machine”. This is apt, considering that prices today reflect the sentiment of investors, who are betting on a hoped-for electoral outcome. But in the long run, prices weigh and discount earnings. And, by any valuation standard, India is among the most expensive markets in the world, with the Nifty running at a price-earnings multiple of 26, and the midcaps and smallcaps valuations going much higher. Investors would be well-advised to exercise some caution, with the market valuations running far ahead of growth prospects.

The philanthropy mirage

Mr Premji's bequest conceals a dismaying picture

Wipro founder Azim Premji's \$21-billion bequest to his education-oriented trust has certainly raised the bar as far as Indian philanthropy is concerned. The latest bequest, in the form of donated earnings from 34 per cent of shares in Wipro, India's fourth-largest software services firm, represents the fourth transfer of wealth by Mr Premji — after 2001, 2010 and 2013. With this, the reclusive billionaire, who has consistently stayed in the upper reaches of India's rich lists, has committed 67 per cent of Wipro's shares to his charitable foundation (out of 74.3 per cent that family-controlled entities own). It also places Mr Premji among the world's top philanthropists and leagues ahead of a rarefied group of Indians who have chosen to donate their wealth — Shiv Nadar, Kiran Mazumdar Shaw, the Nilekanis, to name a few.

Indeed, consultant Bain and Company's latest Indian Philanthropy Report shows that Mr Premji's donations — and this predates his latest bequest — only serves to underline the poor record among rich individuals in charitable donations. The study shows that ultra-high net worth individuals (UHNI, defined as contributing ₹10 crore or more) account for 55 per cent of individual philanthropist funding — but, astonishingly, Mr Premji's donations account for 80 per cent of that amount. If that contribution were excluded, the segment has actually seen a 4 per cent drop between FY14 and FY18. This, the report points out, is particularly problematic, given that UHNIs have grown at a rate of 12 per cent in the past five years and are expected to double in both volume and wealth by 2022.

The report has made an impassioned case for more domestic private sector funding to help achieve the 2030 Agenda for Sustainable Development, suggesting that economic growth alone cannot improve India's human development indicators — indeed, India's Human Development Index and Sustainable Development Goals rankings have barely moved in the past four years. Improving these metrics via private agency remains a rising challenge with both the current and former governments crimping overseas funds flows by cancelling the foreign contribution permission for thousands of NGOs.

The corporate social responsibility (CSR) mandate, introduced by the United Progressive Alliance and notified in 2014, requires corporations above a certain profit and turnover threshold to set aside 2 per cent of their profits for designated CSR mandates. The pay-or-explain mandate has proven problematic for various reasons. The Bain study shows that 15 per cent of CSR funds remain unspent, and several assessments of CSR programmes suggest that they suffer from poor implementation as a result of a proforma approach to the issue. There are also tax issues. CSR spending is not tax-deductible, a fact that tends to encourage corporations to sign cheques for tax-deductible charities, including the Prime Minister's Relief Fund, defeating the purpose of the mandate. As for individual philanthropy, the stellar record of US and European billionaires, from the Rockefellers onwards, has a prosaic explanation. The wealthy in these jurisdictions sequester large portions of their wealth for philanthropy during their lifetime to avoid steep death duties. India does not have death duties, though charitable trusts do enjoy tax breaks. Even so, for India Inc, Mr Premji's bequests are a hard act to follow.

ILLUSTRATION: BINAY SINHA



Why Balakot should be kept out of elections

If it brings electoral success, it will encourage further adventurism and divert attention from issues of substance

It will be bizarre and disappointing if the election ahead is swung on the basis of events on the Pakistan front, especially the Balakot attack.

Not disappointing because a particular party will win or lose, because that is not my concern. It doesn't really make that much of a difference to the grand scheme of things what party runs the Centre in India. It is true that there are a few things the current government has deliberately introduced that have harmed us that could have been avoided. But a foreigner looking at us from the outside would not notice that much has been done in the last five years that is in some way totally new. So that is not the subject here.

So why do I say it would be bizarre and disappointing?

Firstly, it would be encouraging a line of response that will not solve our problems. Pakistan has made investments over a period of 40 years in terror and jihadi groups. It will need a substantial and comprehensive response that must in the first instance recognise that Pakistan has a strategy. It may be a terrible strategy, which it is, and it is something that will damage Pakistan as much if not more than it does India, but it is still a strategy. And that strategy cannot be undone by a random

swat every time there is an attack that inflames the media here.

Have a look at what people who were in the position to study and craft India's response are saying. Shyam Saran, who served as chairman of the National Security Advisory Board and foreign secretary, says: “Has (Balakot) changed the strategic calculus of Pakistan? I don't think so.” (*The Hindu*, March 6). He adds that “what is happening on India television these days is reprehensible.”

Writing in the *Indian Express* (“There is no silver bullet solution to Pak-sponsored terror”, March 7), former high commissioner to Pakistan Sharat Sabharwal said that the strike was a tactic and not a strategy. Indeed, “the strike may end up demonstrating the limitations of using military power” to end terror. He said that the broad consensus on foreign policy that has long prevailed in India across governments is now “seriously frayed.”

At a media conclave on March 2, former National Security Advisor Shiv Shankar Menon said that “unless we have clarity on what we want to do, we can't decide the options and not much will change.” He said India should focus on engaging more with Pakistan's politicians, civil society



AAKAR PATEL

In a tangle of his own making

It's an extraordinary fall for a man listed by *Forbes* magazine in 2008 as the world's sixth wealthiest person, with a net worth of \$45 billion. Just over a decade later, Anil Ambani's fortunes have dipped to \$1.7 billion, placing him at 1,349th in the same list. His elder brother, Mukesh, is ranked 13th. Ironically, the steep decline in wealth is the least of Anil's concerns at this point of time, as he has to rustle up ₹550 crore in the next four days to pay off Ericsson, if he has to escape a prison sentence.

It is rare for a prominent industrialist (let alone an Ambani) to be summoned to court in India. And even rarer for him to have been found in contempt. Mr Ambani has been subjected to both. And, the Supreme Court's observations against the Reliance group was damning: The order talked about the group's “cavalier” approach and “deliberate misstatements”. “This is not a case of accidental or unintentional disobedience,” the apex court said, as Mr Ambani listened with rapt attention. His advisers should have been attentive to the judiciary in the past, and should have cared more for prudent financial management.

It is unlikely that Mr Ambani would fail to pay Ericsson within the SC-stipulated deadline, even though other lenders are not playing ball and more companies have queued up before the SC under the contempt jurisdiction to claim their dues from Reliance Communications (RCom) and its directors. The company has already deposited ₹131 crore with the court registry. But it would be a nerve-wracking week for sure, as the lenders are still refusing to oblige Mr Ambani on his request that they release

the income tax refunds that RCom has received. The lenders have said RCom has no right to have its dues paid by the ₹260 crore “public money” held in the trust and retention account.

What is surprising, however, is that Mr Ambani has allowed the crisis to reach a flashpoint. After all, the problem with Ericsson has been brewing over the last 18 months and there was ample time to resolve the matter. The Swedish company claimed it had halved its unpaid dues demand from the original ₹1,150 crore, but the Anil Ambani firm simply refused to pay even after the SC granted a three-month extension for repayment. That led the SC to come down hard on Mr Ambani. No one seems to know the rationale for this audacious violation of the apex court's order.

If the lenders manage to stick to their stand of not transferring the IT refunds, Mr Ambani would have few options left. He did draw up a detailed plan to monetise his real estate assets, but it's still in limbo. Even if the deals go through, it will take time, and that's precisely what Mr Ambani doesn't have. He has put on the block his 43 per cent stake in Reliance Nippon Asset Management Company, but the Japanese partner is yet to respond. The one deal that could have bailed him out is the sale of spectrum assets to Reliance Jio. That hope has also been snuffed out, with his elder brother refusing to bear guarantee for RCom's past debts. In retrospect, it was perhaps a bit much to expect RJio to give that kind of undertaking solely on the ground of brotherly love.

There are other uncertainties, too. Mr Ambani's

and business community, which it was not doing. There is nobody of significance who has said or written since Balakot that it constitutes part of a well-thought-out strategy or that it will be reflected in continuity. It is dangerous ad-hocism. If it brings electoral success, it will encourage further adventurism.

Secondly, and just as important a reason why Balakot influencing or swinging the election will be disappointing is that it will validate the dreadful and damaging actions in the Kashmir Valley that this government has pursued. I say actions and not policy because there is no real policy. The Centre has decided democracy does not work there, and direct rule is better. The hard approach has been questioned often by the armed forces which have said that there is no military solution to separatism. We need to engage the people in Kashmir. This government has no wish to do so.

The result has been bad for everyone including the military. Fatalities in Kashmir have risen every single year from 189 in 2014 to 451 last year. It is only March and the number is already 105 this year. Armed forces fatalities in Kashmir have gone from 47 in 2014 to 95 last year. Who is winning and what are we achieving? These questions are not being asked and will continue to be set aside if Balakot is seen as a silver bullet to terrorism in Kashmir.

The third and perhaps the most important reason is that such things will take away from issues of substance. I do not mean to say that terrorism is insignificant, it's not, but it is not at all as big an issue of concern as Central governance on matters like health, education and the economy.

There is scarcely a mention of these things as the government does a victory lap over Balakot. Health and education budgets have remained flat, adjusted for inflation, tending towards negative in the last five years. All told, we now spend around ₹4 trillion on security, including the armed forces and the paramilitaries.

This sum is not even discussed, leave alone questioned. We are not a democracy where things like health care are a priority (quite unlike other democracies like the United Kingdom or the United States, where state spending on health is possibly the most important political issue). I have not even spoken about things like the future of the Right to Information, Right to Food or MNREGA or any number of things which are under threat or being undone because of unrelenting focus on terrorism and the military.

The avoiding and ignoring of these in the election, all of which is deliberate unfortunately, will hurt us as a nation and as a people. If success in the election is attributed to the strike in Balakot, the conditions above will become further ossified, which will, as I said, be bizarre and disappointing.

office has announced that an “in-principle standstill understanding” had been reached with creditors, under which he would sell his 31.6 per cent direct stake in Reliance Power to fund loan repayments. In return for this commitment, the lenders would not sell any pledged shares until the end of September. But it now transpires that not all lenders are on board on this.

While the final act is still to unfold, the point is that Mr Ambani is a victim of a prolonged state of denial about the group's precarious financial position, resulting from seeking super-fast growth through high debt and expensive acquisitions. The group has been struggling with a mountain of debt for long, but his close group of advisers simply refused to see it, and took a shoot-the-messenger approach every time the media raised the issue of an increasing RCom debt (over ₹45,000 crore in March 2017) and dipping inability to service that debt.

To be fair, Mr Ambani has exited several businesses — media & entertainment (of course after bleeding heavily), cement, roads and power transmission assets — to pare down the group's debt. But by the time he got off the high horse, it was already too late. The first sign of a real big trouble came in November 2017 when Reliance Infrastructure failed to pay the coupon on its 2020 dollar bonds even after the expiry of the grace period. It was a telling coincidence that in the same month, the elder brother's Reliance Industries sold dollar bonds at the cheapest rate ever by a non-financial Indian issuer.

In an interview a year ago, Mr Ambani was frank enough to talk about the “torture, trauma, mental agony and stress” he went through, but said he was “tempered like steel” and was confident of coming out of the rough patch. His well-wishers would wait for him to walk the talk — finally, and fast.

Spicy bard



BOOK REVIEW

UTTARAN DAS GUPTA

A Midsummer Night's Dream is the only one among his 40-odd plays in which William Shakespeare mentions India. Titania, the queen of fairies, recalls frolicking with a friend in the Indian air, and makes her son — “A lovely boy, stolen from an Indian king” — the object of all her attention, and thus a cause of jealousy for her husband, Oberon.

But the Bard has been a constant obsession for Indian writers, artists, dramatists, and later, filmmakers. The influence of Shakespeare on Indian cinema has been so vast and has been written about so much that one would pick up

the book under review with some scepticism. Why another one on this subject?

Professor Harris, a Shakespeare scholar and cinema enthusiast, strikes a fresh note early in his book by claiming that the Bard is not an alien, colonial literary influence in India, but “a collaborative and irreducibly plural partner. In this book, he is the twin of traditional Indian storyteller.” This is not a remarkably original point — undergraduate English students routinely learn that the way plays by Shakespeare and his contemporaries were staged in the 16th and 17th centuries had many similarities with the collaborative culture in contemporary film industries.

The original point that Professor Harris makes, however, is claiming that the Indian artistic and social ethos is essentially defined by the *masala* or mixture — and this is also essentially Shakespearean theatre.

This book, however, is not only a comparative study of Shakespearean

theatre and Indian cinema, but also a political statement. Professor Harris detects that the essential *masala* of Indian society and cinema is on the retreat, and an aggressive obsession with purity, often defined through Hindutva, is on the rise.

To illustrate his point, he cites the example of two Aamir Khan-starring blockbusters *Lagaan* (2001) and *Dangal* (2016). Professor Harris argues that while the former was about a team game (cricket) and represented hybrid Indian society, the latter is about the aspirations of one man in an individual sport (wrestling). For him, this represents a sea change in Indian society.

The writer can hardly resist a jibe at Prime Minister Narendra Modi: “This (*Dangal*) is not *Lagaan*'s inclusive vision... Instead it is a cinematic counterpart to a more recent dream of India, in which a charismatic strongman with a *chhappan*-inch (56-inch) chest demands and wins the unquestioning compliance with those he rules.”

He argues that the *masala* in films like *Lagaan* are not merely entertainment, but also “a utopian political vision” — one that Professor Harris finds appeal-

ing in the current political moment. This is an attractive argument; unfortunately, it is incorrect.

While films about individual sports — *Mary Kom* (2014), *Bhaag Milkha Bhaag* (2013) — have become more common, those about team sports are made in equal number (*Gold*, *Selection Day* on Netflix). Also, this is less an influence of Mr Modi and more of India's improved performances in sports such as wrestling, track events, boxing, badminton, etc. In 2001, when *Lagaan* was released, the only sport in which India performed well internationally was cricket.

A reader might also be put off by Professor Harris's description of cinema audiences who visit Select Citywalk in Saket, Delhi: “Wealthy and mostly Punjabi, carrying bags laden with goods.” Professor Harris is trying to make a point about how audiences in multiplexes have become more homogenous compared to the one with which he had watched *Lagaan* at Chanakya. He, however, ends up revealing a regionalist and classist attitude. If you don't like it, why do you go there, Professor Harris?

He also makes an inscrutable point: “[Shakespeare's] father, John

Shakespeare, was a committed Roman Catholic at a time when Protestantism was the official state religion.” It is impossible to believe that Professor Harris is unaware of the lively critical debate on the subject. The jury is still out on John Shakespeare's religion. One wonders why Professor Harris makes no mention of it.

Despite these points of disagreement, however, the book is a delight to read. Even if one doesn't agree with some of the arguments or analysis in the book, one is unlikely to not enjoy lines such as these: “I didn't care much for Hrithik Roshan's *masala* blockbuster *Kaho Naa... Pyaar Hai* (2000) ... If only it had been called *Kaho Naa... Pyaar Hai*, I might have given it a second look.” Just before making this statement Professor Harris has been discussing the importance of onions (*pyaaz*) in making *masala*.

His research, spanning from his specialisation, Shakespeare — he has been a member of the Shakespeare Society of India — to contemporary theatre and literature, cuisine, linguistics, and Bollywood history is breath-taking. He takes a cue from Uttar Pradesh Chief

Minister Adityanath's anti-Romeo squad to launch into meditations not only on *Romeo and Juliet*, but also on the control of human bodies, especially female. He watches Gulzar's *Angoor* (1982) — a self-conscious adaptation of *The Comedy of Errors* — and launches into a discussion of Partition angst. I was sceptical about this analysis till he produced a direct quote from Gulzar to substantiate it.

But the most delightful part of the book, at least for me, is Professor Harris's own travels with Shakespeare, from a university production of *A Midsummer Night's Dream* in Auckland in which he acted to directing *The Taming of the Shrew*, in which he cast men and women in opposite gender characters, to teaching Shakespeare at Ashoka University.

The “firangi” of the subtitle is not only Shakespeare who has by now become completely Indian, but also Professor Harris himself, who has been seduced by the country he chose to live in.

MASALA SHAKESPEARE: How a Firangi Writer Became Indian
Jonathan Gil Harris

Aleph, Pages: 282; Price: ₹525