

Goodbye freebies

For companies in the telecom and aviation sectors, revenue is a top concern now and will remain so for some time



NOT FOR PROFIT

NIVEDITA MOOKERJI

If 2018 was a year of deals and low prices, 2019 is all set to reverse the trend, at least in two sectors that we can't do without — telecom and aviation — both in deep stress yet holding out promise.

For telecom sector, the guidance came from the recently concluded Mobile World Congress in Barcelona, treated as Mecca for the new economy.

The annual tech bash made all the right noises about 5G and a bit about 6G too. For India though, the narrative was more about tariffs and market correction. While the two big players Bharti Airtel and Vodafone hit out at the current regulatory regime, which made headlines, the underlying story was about prices.

Paying more hurts, especially so after getting used to freebies. So it's not good news for the consumer that the only way that telecom companies (telcos) can get their act together is through hiking prices for the services they offer. Top operators such as Airtel and Vodafone have already taken the first steps to raise their ARPU (average revenue per user), and much more will follow. If musings from Barcelona are taken seriously, chances of telecom bills shooting up for the Indian consumer in 2019 are far higher than 5G auction taking off in the country.

Sunil Mittal, founder and chairman of Bharti Enterprises, an industry

leader by subscriber numbers for several years, is now looking at a different kind of pecking order. He's fine with subscriber numbers going down and he's clear that he's focused on revenue and not very high-end customers, who typically are Netflix and Amazon Prime subscribers. His message from Barcelona was that the market must correct itself, and it will.

In aviation sector, the price message has played out differently. Jet Airways, which is in deep debt and looking for a financial resolution plan, is going through regular grounding of planes because of non-payment of dues. Indigo, possibly due to non-availability of enough pilots, has been cancelling flights. These two, along with runway closures in Mumbai airport, have resulted in air fares rising to unheard-of levels. While the runway closure is a temporary glitch, issues relating to Indigo's pilot crisis and Jet's plane grounding may not ease in a hurry and therefore, high air fares

may turn out to be a long-term reality for Indian flyers.

Not only have both telecom and aviation sectors seen closures as well as consolidation in the past, they have also sought government intervention in setting things right. In the case of telecom, the government has not given the operators any relaxation in taxes and levies, ignoring a long-standing demand of the industry. The thinking in the government is that telecom has gone through the highs and lows and knows very well how to come out of such cycles. That's not exactly how the government feels about the aviation sector at this point. A repeat of Kingfisher is not something that the government wants ahead of the 2019 Lok Sabha polls, and therefore state-owned lenders are at work to stitch up a resolution plan for Jet Airways.

We haven't heard the last word yet on the Jet deal and can't be sure of the extent to which the State will go to protect an airline from bankruptcy. Not just in India, even globally, airlines have shut down when faced with similar condition. Pan American World Airways, commonly known as Pan Am, was the largest international air carrier of the United States since 1927, till it filed for bankruptcy and

collapsed in 1991. Swissair, the national airline of Switzerland, founded in 1931, also went bankrupt in 2002. Trans World Airlines (TWA), a major American airline, is yet another example. TWA, one of the big four domestic airlines in the US, filed the third and final bankruptcy in 2001.

At a time when companies in the aviation and telecom industry are experiencing turbulence and the focus on higher revenue is unmistakable, a new stream may come as a ray of hope for both. With flight telephony being allowed in Indian skies, telcos and airlines can explore new business avenues, including around the much-hyped 5G. The US President Donald Trump may have tweeted recently that he wants 5G and even 6G as soon as possible, attracting much attention, but India too does not want to be left behind in the march of technology. The Department of Telecommunications has already indicated that the government would go ahead with the 5G spectrum auction later this year as planned. For the companies, however, revenue is a top concern now and will remain so for some time. That's bad news for the bargain-greedy consumer as prices will go north.

CHINESE WHISPERS

Lok Sabha via Rajya Sabha

The two leading Dravidian parties in Tamil Nadu are using Rajya Sabha seats, which fall vacant in July, as a lever to forge alliances ahead of the Lok Sabha election. Six Rajya Sabha seats fall vacant in June and both All India Anna Dravida Munnetra Kazhagam and Dravida Munnetra Kazhagam have offered one seat each to their small allies, Pattali Makkal Katchi and Marumalarchi Dravida Munnetra Kazhagam. With 21 seats in the Tamil Nadu Assembly falling vacant, the chances of these promises being kept would depend on the results of the by-poll for these seats. Meanwhile, actor-cum-politician V Jayakanth's Desiya Murpokku Dravida Kazhagam (DMDK) delayed joining hands with one of the two possible partners presumably because there was no offer of a Rajya Sabha seat. Wednesday's talks between the leaders of the National Democratic Alliance and the DMDK remained inconclusive.

Respect for opponent



Despite heated argument between the government and petitioners during the hearing of the Rafale deal review petition in the Supreme Court, professional courtesy was not lost on the two sides involved. Former Union minister Arun Shourie, a petitioner in the case, was seen meeting and shaking hands with Attorney General KK Venugopal in the Chief Justice's court post lunch. In the pre-lunch session, the government had threatened the petitioners citing the Official Secrets Act and said the documents on which their petition was based had been stolen from the defence ministry.

Tit for tat

A viral video that caused much amusement among Opposition leaders on Wednesday showed two Bharatiya Janata Party (BJP) leaders exchange blows in front of journalists following an argument. The video began with a verbal spat between BJP MP from Sant Kabir Nagar Sharan Tripathi and MLA Rakesh Singh Baghel of Mendhawal constituency, during a district coordination meeting in Sant Kabir Nagar, Uttar Pradesh. First Tripathi was seen asking why his name didn't appear on the foundation stone for a local road. Baghel responded that he had taken the decision to omit Tripathi's name. Soon, an agitated Tripathi was seen taking off a shoe and beating up Baghel. The latter responded by slapping Tripathi. The police and other leaders present in the room intervened to stop an escalation.

The State versus gram sabhas

Or why the Forest Rights Act was never implemented efficiently

NITIN SETHI

The Supreme Court's sudden orders on the eviction of potentially 1.89 million tribal and other forest-dwelling families and its stay following a review petition has refocused attention on how poorly the Forest Rights Act has been implemented.

The 2006 law was meant to legally recognise the rights of tribals and others over forestlands they have traditionally inhabited. This included not only rights to live on these lands but also to protect forests and sustainably utilise the resources that these lands generate.

As the Union government admitted before the Supreme Court on February 28 while pleading for a stay on evictions, even the recognition of primary rights to inhabit these lands has been done so badly that many rightful claimants have been refused land titles.

In the court, the Union government said it had been asking the states for a while to address the "high rejection of claims, non-communication of rejection orders, lack of reasons in the order (rejecting claims by tribals and others), raising of frivolous objections etc." It said that many of the so-called rejections that states claimed on their records were illegal and incorrect. The Union government admitted that in some

states, the forest officials had evicted tribals without allowing them to appeal, as the law requires.

A detailed analysis by Land Conflict Watch lists the impediments states put in forms of additional conditions and regulations to deny claimants their legitimate rights. These included putting extra-legal and onerous burdens on the poor to prove their claims, such as providing documents that are more than 75 years old or rejecting claims without giving people the chance to either present their case, as required by law, or to go in appeal. The law permits two levels of appeal if the rejection occurs at the village council level.

The Supreme Court case filed in 2008 that led to the controversial interim eviction order was never meant to address these systemic lacunae to begin with. The petitioners in the case — select wildlife groups and some retired officers — had originally pleaded that the law itself is against the provisions of the Constitution. One of their pleas was that only states could distribute land rights and Parliament did not have the competence to pass a law doing so. But during oral arguments over the last few years, the petitioners' and the court's focus shifted to the status of those whose claims had been rejected by bypassing both the original challenge to the law and the question of



Once the Forest Rights Act came into force, allegations of corruption and proven cases of wrongful diversion of forest tracts through this process have emerged

whether the large-scale rejections were legally valid.

It is unclear if the Supreme Court intends to pursue the case for implementation of the law — the plea for which has been made by neither the petitioners nor the government — or tackle the question of who should be evicted. This would become clear only when the apex court hears the case again in July.

Experts on forest governance in India contend that the lackadaisical approach by the political leaderships, regardless of their ideologies, arose because the law provides for a fundamental shift in forest governance. It gave primacy to the communities. Under the Forest Rights Act *gram sabhas* (village councils) are made statu-

tory authorities to regulate, protect and govern forests that they get claims over as commons. They also get veto powers to decide if these forestlands are then to be diverted by governments for any other purpose, such as setting up industrial projects or mining. Before the law was enacted, the forest bureaucracy and the political leadership had the sole discretion to decide which forest patches could be opened to such "non-forest activity". For large patches, the Central government held the veto and for smaller ones the state government.

Government data for the past 15 years shows that above 90 per cent of proposals for diverting these forest patches eventually did get clearance. Once the Forest Rights Act came into

force, allegations of corruption and proven cases of wrongful diversion of forest tracts through this process have emerged. "This fundamental shift [in the Forest Rights Act] is discernibly observed in the states where *gram sabhas* have used Community Forest Rights (CFR) and ownership of minor forest produce in particular," says Tushar Dash researcher with CFR Learning and Advocacy group.

He pointed out that, "*Gram sabhas* have also used their authority to challenge actions by state agencies, forest departments such as illegal diversion of forest land, monoculture plantations, felling of good forest by forest development corporations and creation of land banks."

With empowered village councils coming up against vested political-industrial interests, the Centre and state governments dilute their powers in several ways. At times *gram sabhas* were bypassed summarily, at others the claims over the lands were not entertained to begin with and in yet others the regulations were amended to not require consent.

Tribal access to usufruct from the lands hit hurdles under other forest laws. In several cases, the governments interpreted the regulations and provisions of the Forest Rights Act in tandem with other forestry-related regulations and laws to retain a deeper say in the management of the forests with the forest bureaucracy. As several cases highlighted either in litigation or by the media show, the attempt to prevent claims being filed or processed for rights over forests that governments want for industrial and mining purposes has also been a practice.



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INFRA TALK

River chiefs

An unorthodox chinese solution to managing water



VINAYAK CHATTERJEE

Nine dragons managing water" — it's a metaphor that the Chinese have long used to describe how their country manages its water resources. Clearly not a compliment, the metaphor refers to overlapping and unclear responsibilities that different agencies and governments have over the country's aquatic resources. And it is a metaphor that, surprisingly, describes India very well too. In both countries, water management is split across ministries at the central and state level, and between different agencies handling different functions with regard to water management and water pollution.

The results of a complex and unclear system of management, coupled with rapid development and close-to-uncontrolled use of water resources has led to estimates that as much as a third of China's surface water may be unfit to drink (according to a Greenpeace report).

To combat this, China unveiled an unorthodox, yet ambitious "river chiefs" programme across the country last year.

The programme appoints a single

government official (a "river chief"), to manage water quality indicators for a given stretch of river or water body in their local area. Their performance and future career paths depend on how well those indicators improve over their tenure. According to a report in the *China Daily* newspaper last year, more than 300,000 river chiefs have been appointed across the country under different tiers of government. A further 760,000 have been appointed at village level as well, taking the total number of river chiefs to well over one million.

As China Water Risk, an organisation that promotes water conservation in China notes, the river chiefs programme means that local officials "face lifetime accountability for environmental performance in their jurisdiction." Contact information of the official is posted on a sign next to the river stretch they have responsibility for; and locals can call that official if they spot a person or a company dumping waste in the water, or if a stretch of water is overrun with algae and needs cleaning. The larger and more important the stretch of river, the more senior the official appointed as river chiefs. This ensures that the officer is powerful enough to get different departments to work together.

The river chiefs system was actually first implemented back in 2007 in Jiangsu province by local officials to combat a massive infestation of green algae in a local water body. A Greenpeace official quoted in the *South China Morning Post* newspaper says that the province (roughly equivalent to an Indian state), has seen a sharp turnaround in water quality since the



ILLUSTRATION BY BINAY SINHA

river chiefs system was established across the state following its initial success. The proportion of the state's surface water fit for human use increased from 35 per cent to over 63 per cent.

Would such a system work in India? We too share many of the same problems — massive water pollution problems coupled with different organisations and government departments tasked with responsibility for different aspects of water management. India already has a range of specific legislation to deal with pollution (including water pollution) and Pollution Control Boards at both the state and central level to set pollution standards and enforce them.

The key innovation in the Chinese case, has been the devolution of responsibility right down to the grass roots level and thereby making local officials directly responsible for pollution control with the powers to take action across government departments. Local inhabitants, the ones who have the most to benefit from improving water quality, in theory at least, have 'one throat to choke' to ensure that the water they use is usable. Making environmental improvement an explicit part of officials' targets and assessment, gives them a serious incentive to respond positively. Water quality improvement targets can be clearly set and monitored independently as well.

It is too early to tell what the results have been in China as the programme

was implemented nationally just last year. But while water quality has improved in some of the areas where it was introduced earlier, in other areas it has remained unchanged or even worsened. If the river chief does not have the power to penalise industries that discharge effluents into the water body, it matters little that they have been given targets.

Currently, the State Pollution Control Boards in India already have that power. What matters is the political will from the top — more specifically the state governments here, which have a crucial role to play in making any such measure successful. Forcing a local factory, whose owner may be politically well connected, to comply with pollution norms, is something that can only be done if the state government wants it, whether or not river chiefs or their equivalent, exist in India.

But the broader lesson of the river chiefs programme still stands. Perhaps the best chance of ensuring that political pressure exists to penalise polluters, is to make local communities responsible for, and put them in charge of, environmental management. India's environmental policy has long had a top down approach with mixed results. A bottom-up approach, where all the pressure for reform comes from those who are most affected, is what is needed.

River chiefs in China is one such approach.

The author is chairman of Feedback Infra

LETTERS

Move will hurt US

This is with reference to your article "US will end up hurting itself more, say experts" (March 6). It has been apparent since the present United States (US) administration assumed office in 2017 that commercial opportunism has been the fundamentals of its economy. However, it is more about revenue strengthening than trade diplomacy that is governing their current policies.

The imposition of duties on its imports will only increase inflation there especially as they constitute major industrial requirements. The US has two major partners in international trade — China and India. Its long standing trade dispute on the imposition of tariff on trade with China, though temporarily thawed, has already had a negative impact on the US economy. The scrapping of preferential trade treatment with India will not hurt us much as only 0.4 per cent of Indian exports are to the US. Accordingly, the impact on profits for Indian exporters on account of the reduction of margin is nominal. About 50 per cent of the products covered under the preferential trade treatment with India are actually in the US import market. There will also not be any negative impact on the internal economy of India.

The current US policy leans more towards financial profit than sustain long-term trade relations with nations. Its exclusive concentration on pricing

and attempting to substitute two major trading partners with a group of others will hurt its image, create customer dissatisfaction and inflict substantial economic damage in the long run. India is also well within its rights to move the World Trade Organisation.

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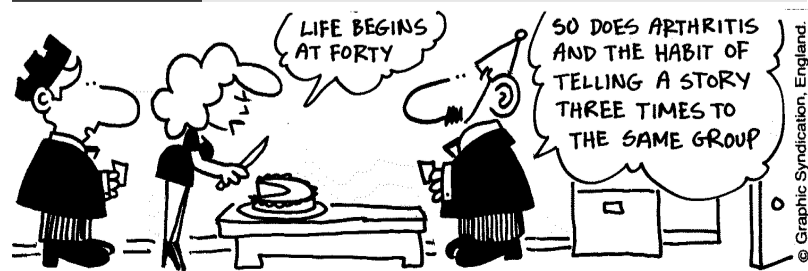
Create value

This refers to "May the best man win" (February 19). I do not agree with the views expressed in the article. The author seems to suggest that India should not worry if our brands get taken over by foreign players. The recent spate of incidents is not a sign of Indian industry coming of age but of defeat and gradual surrender to foreign economic dominance. Our large market is getting exploited by every foreign brand and they do not create any direct value as all the value goes overseas. Why cant India have strong homegrown brands that can ensure more value creation in the country? We should work towards making Indian brands truly global and creating value forever.

Sumit Chadha via email

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