Opinion

WEDNESDAY, APRIL 17, 2019

GENDER IMBALANCE IN TECH

Anand Rangarajan, engineering director at Google India

"The inclusion of women at every stage of the process to create universally relevant technology products is critical and we are committed to facilitating gender and socioeconomic diversity among software engineers worldwide"

Jack Ma has it right on work, we ignore him at our peril

India is too poor a country to afford wage rates that are not in sync with those globally, or low working hours either

ALIBABA CO-FOUNDER Jack Ma has come in for a lot of flak with his 9-9-6 statement—9 to 9 every day, six days a week—for employees in the tech industry in China. In a lengthy blog post, he was dismissive of those looking for a typical eight-hour day and said that, while he could have said something that was 'correct', 'what we lack is truthful words that make people think'. And, in response to what Ma said, Richard Liu, who heads rival firm JD.com, said that he would never force people to work a 9-9-6 schedule since it was inhumane. And though Tesla founder Elon Musk hasn't tweeted on it recently, he had said, last year, that he even worked 120-hour weeks; while he said that no one should put in so many hours, he recommended working 80 hours as a matter of course. And, in response to criticism such as from Ariana Huffington who said that after 17-19 hours without sleep, we have the cognitive impairment of someone who is legally drunk, Musk said that "there are way easier places to work, but nobody ever changed the world on 40 hours a week".

The debate over whether a 40-hour week is ideal or whether it should be Jack Ma's 72-hours will continue, and it is true that, as Huffington pointed out to Musk, that unstressed minds come up with innovative solutions—she gave the example of Franklin D Roosevelt coming up, on a 10-day break on a naval ship, with his $50bn lend-lease programme that helped him convince the Congress to give the UK the money it needed to carry on with the war; without this, World War II could have swung the other way. But, equally important, work hours need to be related to productivity. In other words, since workers in developing economies are typically not as productive as those in developed ones, they need to work longer—and at lower wages—to retain their competitive advantage; ditto for poorer developing countries like India versus richer ones like China.

In the case of India, for instance, apart from the issue of needing to allow hire-and-fire, a larger problem relates to the high minimum wages and the frequent upward revision in even this. And, if that isn't bad enough, the government even puts a restriction on how much overtime workers can do; while the law restricts this to 17-18 hours a month, and never more than two hours at a stretch (!), overtime wages are generally double the normal ones. Ensuring workers don't get exploited is important, but when the option to this is no—or low levels of—employment, this needs to be re-examined. India's wage rates are much lower than those in China—or even Vietnam—but the real way to examine this is to adjust them for productivity. You also need to factor in how much overtime is allowed—Bangladesh allows roughly double what India does per month—since that determines what effective labour costs are. The fact that exports from countries like Vietnam and Bangladesh are growing much faster than those from India is proof of India's dysfunctional labour laws. A study by Radhicka Kapoor and PP Krishnapriya of Icrier found that, in even the small organised sector in India, the share of contract workers rose—from 15.5% in FY01 to 27.9% in FY16—with firms trying to restrict the crippling power of trade unions. While the NDA did little about labour reforms in the last five years—indeed, in its manifesto, the BJP takes pride in raising the minimum wage by 42%—if this is not addressed by the next government, India's share of exports is going to further fall and the jobs situation is going to become even more alarming.

Overreach in West Bengal

SC has had to intervene in two cases in just the last week

DIFFERENCES BETWEEN STATE governments, such as the one in West Bengal, and the Central government are not new; indeed, when the Election Commission (EC) transferred one of the state's superintendents of police ahead of the Lok Sabha polls, the Trinamool Congress said this was arbitrary and motivated, and alleged that this was done at the behest of the BJP. But you know this is not a routine fight when, in another case, the Supreme Court (SC) is constrained to say that something very serious seems to be going on in West Bengal. The case pertains to an assistant commissioner of customs (a central government employee) writing to the inspector in charge of the airport police station to file an FIR—for obstruction and criminal intimidation—against the West Bengal police. It appears that while customs officials inspected the baggage of two persons—one of them was the wife of a Trinamool Congress MP—the police entered the airport and tried to intimidate officials by threatening them with arrest. The state police being accused of intimidating Central government officers is a serious issue and, as the SC said, needs to be fully investigated.

And the day before this, a two-judge bench of the SC fined the West Bengal government ₹20 lakh for preventing the release of the movie, Bhobishyoter Bhoot. In this case, though the movie had been cleared by the censors, the intelligence unit of the Kolkata police asked for a private screening on grounds that the police had got inputs saying the film could hurt public sentiments and that could lead to law and order issues. When the movie was released, pressure from the police led to it being pulled out from theatres—a letter from INOX to the film's producer said it was directed to do so by the authorities. Which is why, the SC observed, "in the present case, the West Bengal police have overreached their statutory powers and have become instruments in a concerted attempt to silence speech, suborn views critical of prevailing cultures and threaten law-abiding citizens into submission". The SC called this an "unconstitutional attempt to invade the fundamental rights of the producers, the actors and the audience... by making an example out of them, there has been an attempt to silence criticism and critique". With constitutional bodies like the EC and the SC keeping an eye on events in the state—especially poll-related violence—hopefully such high-handedness will come to a halt, even if temporarily.

TrumpingDemocracy

Trump's pick for the US Fed Board of Governors is a clue to what the US president thinks of the will of the people

STEPHEN MOORE, US president Donald Trump's pick as the presidential nominee in the Federal Reserve Board of Governors, is almost too "radical"—a description Moore uses for himself—to handle. He has been a trenchant critic of taxes, calling the laws that created the country's income tax system the "most evil" law passed, CNN reports. He has even called for shutting down the departments of labour, energy and commerce as well as the IRS and the Consumer Finance Protection Bureau. He has likened the US's state-run Social Security to a "Ponzi scheme". But, most "radical" of all, he believes that democracy takes a backseat to free-market capitalism.

Also shocking is the fact that he had once called for abolishing the institution whose administration he now joins and has been openly critical of the Fed's current head, Jerome Powell, calling for his removal and terming him one of Trump's "worst appointments". He has called for firing some members of the Federal Reserve Board and other Fed officials, calling the Fed the biggest "swamp" in Washington DC, and termed many of its economists "worthless" who "have the wrong model in mind" and therefore "should be fired". Nobel-winning economist Paul Krugman, in a thread of tweets, draws attention to the fact that Moore had launched a virtual crusade against monetary easing and the other Fed actions post-2008 saying that it would lead to hyperinflation. It didn't, and Fed economists were proved to have not chosen a path to the disaster that Moore had predicted. This means Moore perhaps wants a purge of those at the Fed who differed with him. No wonder, then, many reputed conservative economists in the Fed and elsewhere in the US didn't sign the letter of support for Moore after a controversy broke out over the news of his appointment. All this said, the bigger picture is all Trump and the style of administration he has chosen. It is about a dangerous style of replacing competent people with acolytes. It is about how Trump sees the world. And if the man at the helm of the US, the country that makes much ado of its self-conferred title of "leader of the free world", indeed believes democracy is secondary, then the world, not just the US, is poorer for it.

MONETARY POLICY

A RATE CHANGE ON ITS OWN DOESN'T SAY—AND DOESN'T NEED TO SAY—ANYTHING ABOUT THE STANCE OR COMFORT LEVEL OF THE AUTHORITIES

Smaller rate revisions unlikely to gain traction

RAJEEV MALIK

Founder & director of Macroshanti Pte Ltd, Singapore. *Views are personal*

IN THE SPIRIT of encouraging out-of-the-box thinking and challenging conventional wisdom, RBI Governor Shaktikanta Das floated an idea, of emerging market economies (EMEs) moving away from adjusting policy rates in "baby" steps of 25 bps in favour of smaller revisions. He was speaking at "Governor Talks", on the sidelines of the Fund-Bank Spring Meetings in Washington DC, so his audience was well attuned to the intricacies of the subject.

The idea is unlikely to gain traction, in my view. This is due to a combination of a long established and clear practice that is exceedingly well understood by both central banks and investors. The proposed idea also doesn't offer any upside compared to the combination of the existing convention of rate changes, complemented by effective communication. For now, it is unclear if India's six-member monetary policy committee (MPC) is open to this unconventional proposal, but there perhaps might be another sympathiser on that committee.

Barring China and Taiwan, central banks (or MPCs, where applicable) of key Asian EMEs adjust policy rates in steps of 25 bps. The Monetary Authority of Singapore is unique in practising a currency-centred monetary policy; hence, it doesn't explicitly target interest rates. Most other EMEs do the same. Who decided that the policy rate adjustments should be a minimum of 25 bps? Well, the implementation of market-based monetary policy in EMEs evolved much later than in developed economies, and most just adopted, and adapted to, the best practices of the time. It has worked exceedingly well.

Monetary policy implementation has evolved from whatever rate adjustment was needed whenever the central bank decided, to adopting a framework for setting policy rates and communicating decisions at a pre-announced calendar of policy meetings. The main motivation was to have discipline via transparent markers, thereby reducing uncertainty around the monetary policy response function. Thus, the day and the time of the announcement of the rate decision is well-flagged, and the size of the rate change isn't surprising most of the time. Essentially, the combination of a pre-announced schedule of meetings and a clear targeting framework reduced uncertainty around monetary policy to a judgement about the size of the change in the policy rate instead of solving for multiple variables.

Specifically, the Governor stated in his speech, "...monetary policy can be well served by calibrating the size of the policy rate to the dynamics of the situation and the size of the change itself can convey the stance of policy. For instance, if easing of monetary policy is required but the central bank prefers to be cautious in its accommodation, a 10 basis points reduction in the policy rate would perhaps communicate the intent of authorities more clearly than two separate moves—one on the policy rate, wasting 15 basis points of valuable rate action to rounding off, and the other on the stance which, in a sense, binds future policy action to a pre-committed direction".

> Rate changes smaller then 25 bps will be further delayed given that RBI routinely struggles with basic liquidity management and in ensuring effective and adequate transmission

He offered another scenario, "Likewise, in a situation in which the central bank prefers to be accommodative but not overly so, it could announce a cut in the policy rate by 35 bps if it has judged that the standard 25 bps is too little, but its multiple, i.e, 50 bps, is too much. This approach can also be useful when the central bank is on a tightening mode and potentially helps avoid policy turnarounds from forward guidance via stances too far into the future which, in a highly volatile global scenario, may not even be a year".

It is hard to imagine that Das isn't reflecting on the experience of his own MPC in recent months. He has so far presided over two meetings of the MPC, but isn't a novice regarding deliberations in prior meetings. India's MPC has had an eventful few months: It raised the policy repo rate (twice) while on neutral; shifted to a calibrated tightening stance; revised back to a neutral stance and lowered the repo rate; and followed through with another rate cut. To be fair, the dramatic changes should be appreciated in the context of India's uncharacteristically below-trend retail inflation and legitimate risks to its sustainability beyond one year, an infant MPC still working to cement credibility, and global economic crosscurrents that affected other central banks as well. However, hitting turbulence isn't a good enough reason for changing aircraft. Also, MPCs are not made of omniscient people and aren't inoculated against misjudging the economic pulse.

There are five interrelated aspects of the Governor's comment to reflect upon. First, he appears to suggest that the size of a policy rate revision smaller than 25 bps could be clearer in expressing the intent behind the move. This is a non-starter. Changes in policy interest rates are significantly more frequent than the revisions to the stance, and every policy rate change cannot carry a signal about either a change in stance or about the myriad comfort levels of the authorities. Indeed, a rate change on its own doesn't say—and doesn't need to say—anything about the stance or comfort level. That is where effective communication comes in. The quantum of a rate change is decided by the assessment of the need, the urgency, and the available room for revision. On the other hand, the change in the monetary stance is decided by the MPC's confidence about risks to the outlook and whether these allow for multiple adjustments. Indeed, situations where a bigger change in policy rates is needed without a revision in stance are easily conceivable.

Second, monetary transmission of rate changes smaller then 25 bps will be further subdued and delayed given that RBI routinely struggles with basic liquidity management and in ensuring effective and adequate transmission. Third, policy rate cuts smaller than 25 bps would imply that it would take the MPC longer and more policy meetings to reach the desired level of rates than with the conventional 25 bps moves.

Fourth, instead of deliberating one possible outcome (i.e, a 25 bps change), the Governor's unconventional idea will increase the number of possibilities for a rate change that investors will have to grapple with. This is regressive to say the least. Finally, there is a risk of overburdening investors with intermediate combinations that could complicate the mapping of the policy response function. A 20 bps change will show that the MPC is less comfortable with a 25 bps move than it but more comfortable with a 15 bps revision which, in turn, signals greater comfort with the change over 10 bps or 5 bps moves. Are the MPC members even geared to make an inter-temporal tapestry of policy rate decisions of such granularity? Hiking or cutting interest rates say, 1-3 times, isn't inconsistent with a neutral stance, especially if it is difficult to offer a clear directional signal on interest rates. If there is confusion regarding the cutting of interest rates while maintaining a neutral stance, the MPC needs to make its communication more effective.

Is there support in the MPC for the governor's out-of-the-box idea? One cannot be certain but a section in the February MPC minutes attributed to Ravindra Dholakia seemed odd at the time of publication but perhaps makes better sense now. Dholakia had stated: "Under these circumstances, I think space has opened up for a substantial rate cut of about 50 to 60 bps going forward". The figure 60 is an odd choice when rate adjustments have been in steps of 25 bps. Perhaps there already has been some out-of-the-box discussion. There is no harm in questioning a widely accepted and well-understood practice of adjusting policy rates in minimum steps of 25 bps. However, there is little merit in fixing what isn't broken. The Governor is much better off improving the effectiveness of the MPC's communication.

GST changes in realty sector

Looking at the complex changes, including ITC loss and mandatory threshold for purchases from registered vendors, a surge in demand, in the short-run, seems unlikely

GOKUL KISHORE

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TO IMPLEMENT THE GST Council's recent decisions on the realty sector, the Central Board of Indirect Taxes & Customs (CBIC) has issued six notifications on rates and exemptions and one notification amending the rules. The sub-regime carved out for residential real estate demands caution—the implications must be considered.

The reduced rate of 1% for affordable housing and 5% for other residential projects has been notified with effect from April 1, 2019 and input tax credit (ITC) has been barred. ITC is the basis on which GST is built, and keeping a sector out of the credit chain appears to be without sound rationale. This is because the new rates are mandatorily applicable for new projects commencing from April 1. For ongoing projects (commenced before April 1), promoters must decide by May 10 if they wish to continue to pay tax at the old rate. Otherwise, it will be deemed that they have opted to adopt the new rate. Compulsory prescription of lower rate without credit is at variance with the normal practice of retaining the tariff rate without conditions when reduced rate with conditions is provided. This would have ensured that those who wish to remain in the credit chain and do business with organised vendors, have the option to do so. The real effect of reducing the rate from 12% (after one-third abatement to land value) to 5% can only be known when the ITC loss is quantified and compared based on procurements to date. If the exercise is going to be price-neutral, then home buyers may feel disappointed. If margins come under pressure, then marginal price increase cannot be ruled out. As reduced rate is applicable without ITC, credit reversal must be quantified based on complex formula prescribed for various scenarios.

Several other conditions have been prescribed under the new regime for residential realty sector. Promoters are required to purchase from GST-registered suppliers. If such purchases fall below 80% of the value of inputs and input services, then GST needs to be paid on the shortfall by the promoter—as recipient under the reverse charge mechanism. Promoters must maintain project-wise account of inward supplies to quantify the shortfall. This is intended to compel the builder to procure goods and services from suppliers charging GST and vendors to issue tax invoice and charge GST to retain business. The builder will have additional compliance burden when tax is liable to be paid under reverse charge on some of the purchases. Another hassle for builders is the condition on payment of tax under reverse charge on cement purchased from unregistered suppliers even if the condition on '80% of purchases from registered vendors' is met w.r.t. other goods. Cement attracts the highest GST rate of 28%, and any gap in procurement planning will be costly for promoters.

The new rates apply to projects registered under the Real Estate (Development and Regulation) Act, 2016. Those projects with commercial apartments up to 15% of total carpet area will also be considered as residential project for applying the new rate. As RERA registration is mandatory for projects where the area to be developed exceeds 500 m^2 or there are more than eight units, smaller projects will continue to be subject to same rate as before. Industry must set up compliance mechanisms for project-type specific sub-regimes.

Transfer of development rights on or after April 1 by the landowner to the promoter has been exempted. However, such exemption is not available on part of the value of such rights attributable to units remaining unbooked after receipt of completion certificate. In these cases, GST will be payable on TDR on proportionate basis. Another burden on promoters is payment of such tax under reverse charge mechanism. In area-sharing model, landowner transfers development right and receives constructed apartments. While granting exemption to TDR may provide some relief, shifting the same to promoter for unsold units may add to compliance burden besides impacting pricing. Though the latest changes are intended to address residential realty, in respect of TDR, liability to pay tax under reverse charge is on the promoter even in case of commercial construction. Impact analysis for all the projects and fresh negotiations for possible revision in contract terms to reduce pressure on the books are needed.

The anti-profiteering provision of the GST law applies when tax rate is reduced. The present round of rate reduction for residential realty will be subject to scrutiny from this angle as well. Industry may cite loss of ITC to not reduce prices and not pass on rate-reduction gains. But, the National Anti-profiteering Authority may not accept this, relying on certain numbers to show benefit of rate reduction is more than credit loss. Industry must do its math diligently to avoid such surprises. Possible reduction in tax rate for cement from 28% to 18% should also be factored as pricing is based on procurements spanning over the entire duration of the project.

A major reason for extending rate cut was to provide relief to the realty sector burdened with unsold inventory. However, looking at the complex changes, including ITC loss and mandatory threshold for purchases from registered vendors, a surge in demand, in the short-run, seems unlikely. Industry has to analyse pros and cons of opting for old rate for on-going projects, pricing, procurement pattern, compliance with amended provisions and vendor network to keep the margin intact even while being fully compliant.

LETTERS TO THE EDITOR

EC gets a rap

The Supreme Court has done well to give the Election Commission (EC) a rap on the knuckles for soft-pedalling over violations of model code of conduct by Uttar Pradesh chief minister Yogi Adityanath and BSP chief Mayawati. The duo has been pulled up for delivering hate speeches and playing the religion card respectively. Acting under pressure from the top court, the poll panel banned both the UP leaders from campaigning. The EC also banned Samajwadi Party leader Azam Khan and Union minister Maneka Gandhi from campaigning for a similar offence. It is high time that the EC shows more steel and cracks the whip hard on *netas* who dare cross the line

— Ravi Chander, Bengaluru

Cash for votes

That the state of Tamil Nadu, which goes to the Lok Sabha polls on April 18, topped the list of states when it comes to the seizure of cash and other materials meant to lure voters is a sad commentary of how the very pernicious phenomenon of 'cash for votes' has taken a strong root in the state over decades and emerged as a big threat to electoral democracy. Votes are being bargained for cash by the poll candidates with no remorse in the southern state. The growing influence of money in the poll process not only vitiates the very poll process, but casts a big shadow over what defines our vibrant democracy. Electoral reforms aimed at infusing transparency in political funding so as to whittle down efforts of political parties to whitewash the black money during polls is the need of the hour

— M Jeyaram, Madurai

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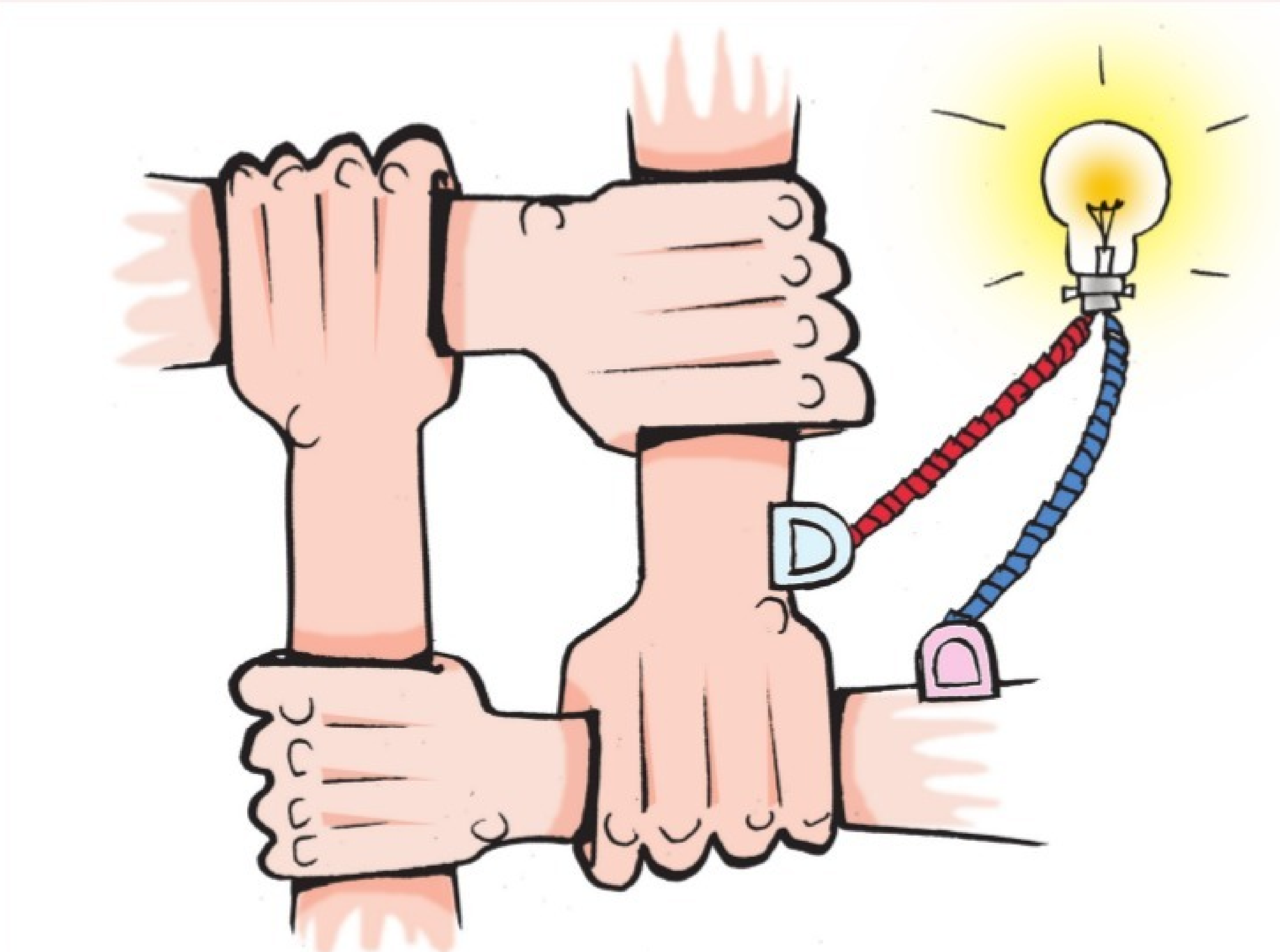

ILLUSTRATION: ROHNIT PHORE

SUBROTO BAGCHI

The author co-founded Mindtree in 1999, where he is known as the Gardener

This thing called culture

Culture is primarily rooted in feelings; many may say it has no significant role in the world of money, and doesn't show up as a balance sheet item. Yet tampering with culture can severely hurt any balance sheet

THE OLDEST SURVIVING organisation in the world is the family. While the basic structure of a family is universal, yet every family is distinct because of its unique culture. Like families, organisations have distinct and unique culture. But, unlike the family, a basic tenet of the workplace is that everyone is tied to each other through a formal contract. Yet, once written, we don't visit it every day. Unlike the contract, what we do visit every day, is culture. Contracts are rational, cut-and-dried, legal. Culture is primarily rooted in feelings; many may say it has no significant role in the world of money, doesn't show up as a balance sheet item. Yet, tampering with culture can severely hurt any balance sheet. What is this invisible item called culture and how does it manifest itself?

Culture & leadership style

Leaders play a hugely important part in shaping the destiny of their organisations. What makes one organisation very different from another is the leadership *style*. It gets replicated in every part of the organisation. At Mindtree, we discourage the leaders from drawing attention to self. In Mindtree's public spaces, like the cafeteria or work areas, you cannot determine by looking around, who is the leader. Mindtree has not been designed like a totem pole or a pyramid. It is designed as a geodesic structure. Geodesic structures don't have load-bearing pillars. The roof sits on top of a network of identically strong, connected, equidistant nodes, such that the structure throws out its weight into the sky and not to the ground. The job of a Mindtree leader is to quietly tend to the geodesic structure. Every leader at Mindtree must know who she is serving today, who she must make superbly successful so that the organisation succeeds. Mindtree leaders create a trusting atmosphere in which people are not afraid to say, "I don't know", when they don't, and to say, "I am sorry", when they have messed up. Finally, a leader at Mindtree must always be accessible in the time, space and form in which their people want them.

Culture is about equality

That people are important for any organisation is oft-repeated. The question is: how important?

From the very beginning, we emphasised equality among all our people. No one in Mindtree addresses anyone as "Sir" or "Ma'am". Everyone is called a Mindtree Mind. It is a moniker that continues. We all are a Mindtree Mind first, a role next, a title thereafter. When the spirit of equality goes deep and wide, entitlement simply recedes.

Access to information is a critical step towards fostering a sense of equality. When we have the information, we are equipped to question, understand and build ownership. For long, we prided ourselves on a 95:95:95 rule: 95% of our people would have access to 95% of all information, for 95% of the time. After the company was publicly listed, regulatory requirements on information dissemination are respected but the idea is still valued and practised. There are no separate toilets for top management in any Mindtree office; there are no private dining areas, the Chairman, the CEO, and the COO share one room; no separate elevators for them; no one opens the car door for them; and they have no reserved parking spots. No family member of a Mindtree founder has a place in the organisation. On the occasional visit, family members must sign a visitor's register, take a badge, be escorted in and out by someone, as is the protocol for every other visitor.

Culture creates innovation

The most vibrant place on Earth is the rainforest where a complex ecosystem of flora and fauna works to produce a rich, life-sustaining place. In the rainforest, life is continuously evolving, and in it everyone succeeds. A critical invisible force in the rainforest is the microbe.

Mindtree mimics the rainforest where the microbes are the Geeks and Nerds, capable of great innovation. Microbes multiply when they feel safe. When you bind them with authority, they wither away, go someplace else. Microbes can also be high maintenance because they question everything, they rebel. But when they are given the space, nurtured with care, they innovate. Mindtree microbes are responsible for the ground-breaking platform that powers Aadhaar, the world's largest unique identification system. Chances are one in three that the Bluetooth device you use has technology licensed by Mindtree, built by our microbes. A culture that sustains life like a rainforest, builds ground-up innovation, impactful business and societal value.

Culture is about integrity

At Mindtree, the idea of integrity is non-negotiable; it is what binds Mindtree Minds together. Across the organisation, the idea of integrity is understood uniformly. When conflicted, we choose what is right over what may be convenient. This is not to say there hasn't been the occasional breach of integrity. But when integrity is steeped in culture, the organisation deals with breaches of integrity with remarkable speed and simplicity, irrespective of who is involved and what may be the business implication. Our approach to integrity and the culture it has defined has made enormous business sense because the organisation has consistently attracted a certain kind of individual as employee and, in turn, a certain kind of customer. Of the World's 50 Most Respected Companies named by the *Fortune* magazine, 10 have a long-standing relationship with Mindtree. They can buy competence in many places but money doesn't buy integrity.

Culture is about respect

In general, when we speak of people in an organisation, seldom do we mean security guards, janitors, housekeepers and cafeteria staff. Yet, they do seemingly small but significant work. Mindtree respects these as professionals. When the Chairman arrives, security guards don't stand up, nor do they salute. If their eyes are on people in authority, their eyes are off the CCTV console or the turnstile.

And what about janitors? There are 20,000 Mindtree Minds. On any given day, 16,000 may come to work. That means, our washrooms get used 64,000 times a day. When Mindtree Minds visit a washroom, they see a sign that reads: "A human being cleans after me. Let me be considerate." This culture of consideration and respect is best exemplified in a tradition kept alive for 20 years: on the first day of the year, leaders don't go around shaking hands with their staff, they spend the day with security guards, janitors and cafeteria hands to honour them in every location.

When we speak of people in an office, seldom do we mean guards or janitors. Yet they do seemingly small but significant work, and they must be respected as professionals

Culture is built through learning

Mindtree's greatest tribute to the idea of learning is Mindtree Kalinga, its 20-acre Global Learning Centre in Bhubaneswar. Fresh engineers graduate from this campus as "Campus Minds" after a 90-day immersive experience. The entire pedagogy is experiential with the end-objective of creating E^{1}: Engineers for Tomorrow. Here young people, nearly 50% of them women, are guided through three values: of curiosity, courage and responsibility—curious to learn, courageous in action and responsible for the consequences of their actions. There are many amazing ideas at work at Mindtree Kalinga including the fact that it doesn't have regular faculty. Mindtree's leaders take time out to come and guide the learning process. Mindtree Kalinga has attracted global attention. CIOs of *Fortune 500* companies routinely come here to teach, to experience how Gen-Z sees the world, and sometimes to test out their own ideas about the future.

And finally, culture is good for business

At the end, we must ask, what does culture do for a business? Is it a warm, fuzzy, nice-to-have thing that doesn't really deliver the cents? At Mindtree, culture is fungible. Mindtree is just one of two Indian IT services company born without the parentage of a larger, existing business to hit the billion-dollar mark. Mindtree punches above its weight as a leader in the digital space. Our people practices have resulted in lower attrition of 12-13% in an industry where upwards of 20% is par for course. This, in turn, has direct impact on customer satisfaction. Mindtree remains at the top decile of third-party customer satisfaction surveys. At 18% CAGR, the company has better than industry's revenue growth rate for the last five years. All these translate into stellar, shared wealth creation at 40% CAGR since the company was listed in 2007.

None of this would be possible without this thing called culture.

WATER CRISIS

Water and time are running out

RAJAN AIYER

The author is MD, Trimble, India & SAARC

How to effectively deal with India's imminent water crisis

FOR MANY INDIAN cities, a crippling water supply crisis is expected to hit home sooner than we imagined. A NITI Aayog report published last year predicted that Delhi and 20 other large cities are going to run out of water by 2020. When this happens, local municipalities may have to stop supplying water. Meanwhile, the Central Ground Water Board (CGWB) has projected that more than 60 large and small cities in India are on the verge of water scarcity. The reason for this imminent crisis is an over-reliance on groundwater extraction, for most Indian cities are simply unable to meet their water demand with existing supply. This rampant extraction will likely lead to zero groundwater levels in Delhi, Bangalore and Hyderabad by 2020, says the NITI Aayog report, affecting water supply for no less than 10 crore people.

Excess groundwater extraction has already led to a 61% decline in groundwater level in wells in India between 2007 and 2017. The depth of this crisis this time is unprecedented and will only grow severe, if we do not take immediate action. Even today, nearly three-fourths of Indian households do not have access to drinking water supply at home. Nearly 70% of water is contaminated and, as a result, India is placed 120th amongst 122 countries in the water quality index.

Poor agriculture practices can be blamed for the most part for depleting groundwater reserves. As of today, use of water for irrigation accounts for 80% of the total available water. Water-intensive crops like rice and sugar cane are widely grown in many northern states, often in blatant disregard to the available water supply.

To avert or postpone this crisis, we need to act. The government must disincentivise paddy and sugar cane cultivation in areas where soil and water supply conditions are not conducive for these crops. States with sinking groundwater need to appropriate those cropping patterns that suit their agro-climatic zones. The dominance of paddy-wheat crop rotation in Punjab is a case in point—it led to a rapid decline of water table. Switching to less water-intensive crops will enhance their irrigation water efficiency. Also, policymakers at both the Centre and states must encourage adoption of precision farming technologies, such as laser-guided land levelling, which can cut water use by as much as 30%.

Poor agriculture practices are a major reason for depleting groundwater in India. As of today, the use of water for irrigation accounts for 80% of the total available water

At the same time, drip or micro irrigation ought to be incentivised amongst farmers in severely water-deficient states, like Punjab, Haryana, Uttar Pradesh, Maharashtra, Telangana and Tamil Nadu. Drip irrigation has higher efficiency of 90% vis-à-vis flood irrigation techniques, which is 60-70% effective. Another key focus point can be command area development (CAD). Now a part of the Pradhan Mantri Krishi Sinchayee Yojana, the CAD initiative centres on "more crop per drop" to increase water-use efficiency in irrigation.

Free or cheap electricity is another culprit. As per a recent study, on average, a 10% reduction in electricity subsidy generated a 6.7% decrease in groundwater extraction. In order to make this move go down well with farmers who are used to free electricity, governments can incentivise power saving per unit with cash compensation for farmers.

Lastly, we must conduct a systematic analysis of groundwater conservation methods. While Maharashtra got presidential approval on its recent groundwater draft, there's a long way to go for other states. In regions that get heavy rainfall, state water boards ought to run mass campaigns promoting rainwater harvesting. Cities like Bangalore have mandated the construction of rainwater harvesting facilities at homes, which can help replenish groundwater supplies. If executed correctly, this policy alone could give the city 2,740 million litres of water a day, as per an expert.

How difficult are these policies to implement? To a large extent, the question boils down to political will, for the immediate repercussions will no doubt inconvenience or anger our farmers, who are already aggrieved for a variety of reasons. But equally moot is the question as to how long can our policymakers turn a blind eye to what will arguably become the most crippling crisis to affect an even larger population, affecting public health and food security. Along with the water, our time is running out.

US-INDIA BONHOMIE

Towards a 'gilded age'

How US-India partnership can steer the global economic future

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FROM TIME IMMEMORIAL, India has dazzled the world with its contrasting yet peaceful coexistence, making it one of the most unique modern day economic growth stories. So, if I were to tell you that India is perhaps a country that not only hosts the earth's largest human congregation beating the Vatican City and Monaco in sheer size, but also boasts of housing the world's fastest growing population of millionaires, it shouldn't come as a surprise. Now imagine this, while on the one hand, as a nation, we are expected to become the world's largest consumer of fossil fuels by 2030, on the other, it is clear that we will be the front runners on climate advocacy and action to help drive a more sustainable future for the planet. Contemporary India is more assertive and growing with a sense of responsibility and inclusiveness.

Taking a cue, our balanced monetary and fiscal policies, along with several structural reforms, have ushered the country to a new era of abundance, economic growth and sectoral opportunities. KPMG in India's latest report 'US-India Partnership: Road to Prosperity' provides a glimpse of this massive opportunity across sectors and themes such as agriculture, manufacturing, healthcare, jobs, people-to-people ties, etc, and are all befitting opportunities for natural allies like the US to explore and participate in, as India moves forward with its ambition to become a $10 trillion economy by 2030.

Regional fellowship

With India evolving as a prominent factor in international geopolitics and economic policy, it is increasingly finding its relevance in the Asia Pacific region, where the global fulcrum of power is seen to be shifting. Being an important conduit of this evolving geopolitical construct, it is creating unprecedented opportunities of strategic and commercial collaboration.

The Quad (partnership between the US, India, Australia and Japan) has emerged as a coalition for economic and technological modernisation in the Asia Pacific. No coalition is complete without a purpose, which, in this case, rests on the values of 'look and act East ideology' for an inclusive Indo-Pacific. Besides traditional areas of cooperation, the partnership is exploring opportunities to collaborate in social development, maritime security, energy cooperation, advanced technology, etc.

Partnership for change

While India offers the US strategic collaboration opportunities to trade, invest and grow, the ensuing US-China trade rift can further provide unprecedented opportunity for India to provide alternatives for US investments in this region. While the race to become the alternative destination amongst South Asian countries is gathering steam, India's multilayered partnership with the US can play the true differentiator in this evolving landscape.

While there have been some trifling trade issues between the countries over the past few years, diplomatic ties have continued to remain strong. Last month saw the US-India commercial dialogue and a new CEO forum delivered successfully in Delhi, bringing with it the promise of concerted efforts from both ends to converge on unresolved issues ranging from trade, tariff and immigration, which seem to have caught the attention of policymakers and industry alike. The recent announcement by the US to build six nuclear power plants in India exemplifies the commitment of both nations to boost the bilateral civil nuclear energy cooperation. Having said this, Indian administration has certainly shown its displeasure with the recent indicators of GSP withdrawal for India and will likely leave a temporary unsavoury after-taste in the otherwise palatable relationship.

Five milestones

First, it is imperative to put a bilateral investment and trade treaty in place to accelerate trade ties in focus sectors like infrastructure, aerospace, defence and energy. This move will aid competitiveness for Indian industry in the global arena.

Second, it is becoming increasingly clear that the enterprise segment of business (SMBs) will play a critical role in this bilateral dynamic and, therefore, more efforts needs to be made in creating a conducive ecosystem for cross-border engagement and investments.

Third, there needs to be an increased focus for creating a bridge in growth sectors such as agriculture, clean tech, renewables, infrastructure (Smart Cities), advanced manufacturing, among others.

Fourth, both nations thrive on competitive federalism where states play a prominent role in driving growth. Drawing from this, state-state and city-city partnerships would be vital in steering bilateral ties at a cultural (people-to-people), business and diplomatic level. The evolution of Indian states and cities into multibillion dollar economies would provide a transformative opportunity for US states.

Lastly, to sustain India's growing digital ecosystem, partnership with US technology firms will be ideal for infrastructure development and helping propel further the fast-paced digital transformation that India is already experiencing.

In recent years, several positive levers have not only helped stabilise but also further this two-country dynamic, to arrive at a foundation on which rests the future leadership, growth and business sentiment steering our global economic future.