

# Uttarakhand bypassed

The Kumaon hills are setting new standards in dirt and poor solid waste management



## OUT OF THE BLUE

ANJALI BHARGAVA

A few weeks ago, Madhya Pradesh's Indore won the award for the cleanest city in India... yet again. But even as we are awarding and recognising the cleanest, whoever is in charge of the Swachh Bharat Abhiyan (SBA) needs to institute a parallel award

for the dirtiest towns and cities.

I am recently back from a week in Uttarakhand's Kumaon hills and while I know many cities and towns in the plains of this state are rather dirty, the hills left me astounded. Haldwani, Almora, Kasar Devi, Bageshwar... town after town passes and it's hard to ignore the unchecked and growing mountains of garbage all over. The heaps are mostly outside the towns on the bypasses, and line the highway, which appears at present to be going through a crisis of its own. But it is the town of Almora and Kasar Devi (known for a famous temple) that I happened to pass four times and therefore ended up taking it in more keenly. So let me describe it a bit.

If you enter Almora from the regular road that leads into the main town, you cannot help but notice these large green dustbins every few meters

around which heaps of filth is strewn. Pigs lounge in the squalor and stray dogs and cattle nose around. Strangely, shop owners in the vicinity and locals walking seem totally immune despite the putrid smell. No one even looks at the heaps that had me riveted. I don't envy anyone who has to deal with this mess or actually clean it up — it's hard to even walk past with your nose covered, so disgusting is the mess.

As you head out of Almora on the road to Kasar Devi, things take a turn for the worse. The hillsides turn into large dustbins and you see peels, plastic, sanitary pads hanging precariously down the hill, caked with dirt. This despite the fact that these hills have no factories or local industry to speak of.

On my second day, I decided to find out why things are the way they are. I invited myself for lunch to the house of Asha D'Souza, one of the

most informed people I have met in recent times on solid waste management. D'Souza has recently taken matters in her own hands and set up the Green Hills, a trust dedicated to cleaning up the mess. She spent two hours explaining why things were in the state I saw them and how despite the work done by the trust, things had reached the pathetic state we are currently witnessing.

Based on what I learnt from many locals and D'Souza and her team, I have a few suggestions on whoever is willing to listen. One, Mr Modi or his deputy who heads the SWA needs to line up the heads of the *nagar nigams* and municipal bodies in the area and give them a tight rap on the knuckles, in case a spanking is untenable. The authorities claim that they have neither the funds nor the manpower to manage but offer no explanation on where the funds vanish or what the hundreds of highly paid *safai karamcharis* actually do. If there is one agency that is spectacularly failing to do its job, it is the *nagar nigam* or the *nagar palika* in each of these districts. At the rate things are going, these hills will soon kill their golden goose: tourism.

Who will travel kilometers to visit heaps of filth and dirt?

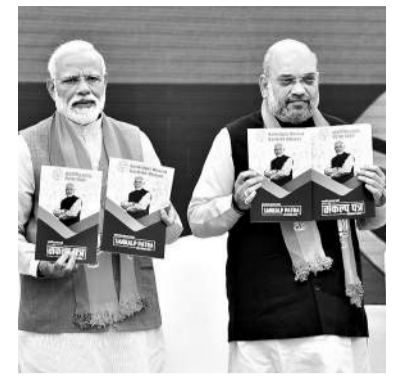
At a macro level, someone needs to question the state government here. Governance in general is at an all-time low in the state but as far as solid waste management goes, there is a black hole. It seems like they have forgotten. Someone needs to find out why the SBA has bypassed Uttarakhand altogether. Who is in charge? Find the culprits, pin the blame and reward them for their indolence and sheer callousness.

Two, this or whichever government is in power next, needs to urgently expand the scope of the SBA. Yes, open defecation needs to be checked but so does the growing garbage menace. The dangers of allowing these dumps to proliferate are only too well known. The SBA is one of the least controversial initiatives by this government and one that seems to have seeped into the country's consciousness. Expand it.

Last, in case anyone in the state administration or the SBA cares or thinks I am overstating the case, I'd be happy to chalk out an itinerary for anyone keen to get a full appreciation of the extent of the problem. Seeing is actually believing.

## CHINESE WHISPERS

### Picture in picture

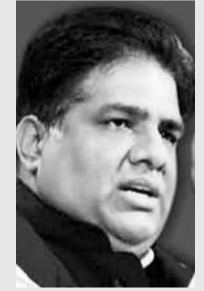


The Bharatiya Janata Party (BJP) on Monday released its manifesto, or a *Sankalp Patra* as the party calls it. The *Sankalp Patra* has made some interesting changes to the party's 2014 manifesto. The cover of the 2014 manifesto had pictures of all its prominent leaders — Atal Bihari Vajpayee, L K Advani, Murli Manohar Joshi and Rajnath Singh — on one side, and Narendra Modi depicted as first among equals along with leaders such as Vasundhara Raje, Raman Singh, Shivraj Singh Chouhan, Arun Jaitley, Manohar Parrikar and Sushma Swaraj. The 2019 manifesto has only the picture of Prime Minister Modi on its cover page.

### Sound effect

During the 2014 Lok Sabha polls, Narendra Modi and Rajnath Singh, who was the party chief then, were projected as the BJP's 'jodi number 1', particularly in Singh's home state of Uttar Pradesh. In the next five years, in most party events where Modi and current party chief Amit Shah spoke, it was rare for other leaders to speak. Monday's manifesto-unveiling event marked a departure from this rule. Those who spoke included Singh, who headed the manifesto-drafting committee, besides other senior leaders like Sushma Swaraj and Arun Jaitley. Only Nitin Gadkari was missing as he was busy campaigning.

### Margin of error



The BJP manifesto-unveiling event had its share of bloopers — the document itself had a mistake. At the launch, party leader Bhupender Yadav (pictured) introduced Arun Jaitley as home minister of the country. He corrected himself and introduced Jaitley again as finance minister when journalists present pointed out the mistake. In the section titled "education for all" in the manifesto, the party has recognised the "yeoman service" rendered by the Kendriya "Vidyalayas". The misprint led Congress social media teams to accuse the BJP of showing its "unflinching commitment to privatisation of education". "They will convert 'Vidyalayas' to Vidya for Lalas," a Congress functionary tweeted with the hashtag *BJP jumla* manifesto.

# 'Desi Bofors' enters the arsenal

OFB gives army Dhanush guns in a breakthrough for artillery modernisation

AJAI SHUKLA

In an important step towards upgrading the combat power of the artillery, the Ordnance Factory Board (OFB) on Monday handed over the first six Dhanush 155 millimetre (mm) artillery guns to the army. This is part of an order for 114 guns being delivered by the OFB's Gun Carriage Factory, Jabalpur.

The Dhanush is also called the "Desi Bofors", having been developed from blueprints supplied by Bofors in the 1980s, when India bought 400 Swedish FH-77B howitzers (or, interchangeably, guns). Embroiled in scandal, the Bofors manufacturing blueprints were never used. Only after the gun proved its worth in the Kargil conflict did the United Progressive Alliance (UPA) encourage OFB to upgrade the 155 millimetre (mm)/39 calibre gun to 45 calibre and manufacture it in numbers for the army.

The National Democratic Alliance (NDA) government has taken this forward, putting the Dhanush through rigorous trials to meet the army's requirements. MoD sources say the gun has fired over 4,500 rounds in trials.

The bore of an artillery gun — in this case, 155 mm — represents the internal width of the barrel and governs the weight of explosive packed into each shell, i.e its destructive power. The calibre — 39/45/52, as the case may be — governs the length of the barrel, which, in turns, affects its range. The longer the barrel, the longer the range, allowing guns to fire from so far that the enemy cannot respond.

In upgrading the 39 calibre Bofors FH-77B to a 45 calibre Dhanush, the OFB has effectively increased the gun's range. It has also increased the indi-

genisation content to 81 per cent, which would be boosted as production stabilises.

The Defence Acquisition Council has cleared the purchase of 414 Dhanush guns, but the army is placing orders in tranches so that the OFB can continue refining the gun.

Artillery is a key combat enabler and has been the primary killer in every major battle since the American Civil War. The artillery supports an attack by pounding the target and keeping the enemy's head down, preventing them from firing at attacking troops. While supporting the defence, artillery seeks to cause casualties on attackers in the open.

Overall, the army has 218 field artillery regiments that are equipped with guns like the Dhanush. With practically no artillery being bought since the 1980s owing to the ghost of the Bofors scandal, more than half of these are equipped with light field guns, of 105 and 130 calibre, which damage the target less effectively than the 155 mm guns that the army has now chosen as its standard bore.

That requires the urgent replacement of light field guns with about 110 regiments. With each regiment authorised 20 howitzers, that demands the procurement of about 2,200 guns. Furthermore, since the existing 155 mm guns are also decades old, another 2,200 guns are needed to replace them.

After two decades of procrastination, the army is proceeding on four tracks to modernise the artillery.

The first breakthrough came with the purchase of 145 M777 ultralight howitzers (ULH) from BAE Systems Inc. for about \$700 million. The first batch of M777 guns was handed over to the army at Deolali on November 9, 2018



Quantity	Type of Gun	Supplier	Use	Induction
145	M777 155 mm/39 calibre ultralight howitzers	BAE Systems	For mountain regiments	Began in Nov 2018
100	K-9 Vajra 155 mm/52 calibre self-propelled guns	L&T/Hanwha Land Systems	For armoured strike corps	Began in Nov 2018
414	Dhanush 155 mm/45 calibre howitzers	OFB	For mountain and plains	Began in Apr 2019
1,580	155 mm/52 calibre towed guns	Elbit is L-1 vendor	For mountain and plains	Under negotiation
1,500 to 2,000	155 mm/52 calibre advanced towed artillery gun: ATAGS	DRDO, Kalyani Group and Tatas	For plains and desert terrain	Under development

Source: Industry and ministry sources

and the rest are being manufactured. These light, agile guns will equip seven artillery regiments in the northeast, where the shortage of roads and tracks make its portability extremely useful. With the induction of the Chinook helicopter last month, the M777 can now be

shifted rapidly between high-altitude gun positions by slinging them under the Chinook's belly.

Also inducted was the first batch of K-9 Vajra self-propelled (SP) howitzers, which Larsen & Toubro is building outside Pune with technology from South

## ON THE JOB

# Jobs and outcomes



MAHESH VYAS

A potentially powerful feature of the Congress party's manifesto with respect to jobs is its proposal to expand employment through expansion of health and education services. It "pledges to create lakhs of jobs for qualified teachers, doctors, nurses, paramedics, technicians, instructors and administrators through a massive expansion of the education and health sectors."

There is no doubt that there is great need to increase the quantity and quality of education and health services in India at all levels. We need to spread such services to a very large section of the population that is still under-served.

Unlike manufacturing industries, these services cannot be provided solely by machines. Automation is no threat to humans in these fields. Machines can be used by human beings to deliver these services better, but the need for human beings is very high.

If hundreds of thousands of additional professionals can be harnessed to provide these services, we would do a great service to the nation while also providing jobs to the technically qualified.

India lacks in health and medical services so severely that we can easily raise the demand for professionals in these

areas significantly. If implemented well, it can possibly remove or at least reduce the bias in favour of engineering and MBA education by raising the demand for health and education professionals.

Hopefully, the Congress manifesto's suggestion implies that the government will directly employ these professionals by expanding these services itself. This will ensure quality jobs.

However, the ultimate objective here should be to provide services, and not just jobs. Mixing the objective with the means can be disastrous. The outcomes should be measured in terms of the spread of the services and the quality of the services delivered. It would be appalling if jobs are provided but services are not delivered correspondingly.

The manifesto suggests an increase in funding to support para-state workers in health service and an increase in the number of ASHA workers.

The Congress party's most direct suggestion on the jobs front is to fill all of the four lakh vacancies in the central government and central government enterprises by March 2020. It would also work towards getting 20 lakh vacancies in health and education sectors in state governments filled in.

Governments mostly fall short in providing services and so it does make sense to fill in vacant posts. So, this is a direct assault on unemployment. However, it is worth pausing and wondering that if government services were not hurt because some posts were vacant then there may be no good reason to fill them. If the posts are indeed filled then we must expect better services from the government. The objective is, again, to provide services and not just provide jobs that do not provide services.

The Congress party has suggested

some economic liberalisation measures to help improve the jobs situation in India. This includes lowering of the effective direct tax rates and lowering of contributions to corporate social responsibility funds by select job-creating sectors. Lowering of tax rates for the creation of jobs seems to be a good idea.

I find three problems in the Congress party's suggestions on jobs. First, it pledges to give the highest priority to protecting existing jobs and creating new ones. It is not a good idea to protect all existing jobs because many of them need to perish and be replaced with new ones. Second, it proposes to create a ministry of industry, services and employment because, it says, there is a link between the growth of these industries and jobs. The problem here is that often there is an inverse link. Some industries need to shed jobs to grow and others need to invest more in capital than in labour to grow. These conflicts cannot be resolved within a single ministry. Particularly because we already have a ministry of labour and there could be no case to merge this with the new proposed ministry. Third, it is not a good idea to impose apprenticeship on companies as suggested by the Congress manifesto.

The Congress manifesto has made 18 specific suggestions on the jobs front. The BJP manifesto released on Monday has made no specific suggestion on jobs.

It is good that none of the parties is promising millions of jobs. Hopefully, they will not make such promises during their rallies. Jobs alone are not important. It is what the jobs deliver in terms of goods and services and in terms of a good quality of life for the provider of labour that is important.

The author is the MD & CEO of CMIE

## LETTERS

### Why is Mamata upset? Book on GST



West Bengal Chief Minister Mamata Banerjee (pictured) has been crying foul over the transfer of police officers in the state. She has made uncharitable remarks on the Election Commission (EC) alleging that the EC has acted at the behest of the Bharatiya Janata Party. The EC has asserted that it is well within its powers to transfer and appoint officers when the model code of conduct is in force. Banerjee has also accused the EC of taking the decision arbitrarily. Amidst all this, she needs to explain why she is insisting that the same police officers continue. What is her problem when the officers posted in place of the transferred ones are of similar seniority and from the same West Bengal cadre only? The decision to transfer is said to be based on "cumulative feedback" from one of the EC's top officials and the special police observer. The deputy election commissioner has stated in the letter addressed to Banerjee that special police observers have also been appointed for several other states and West Bengal has not been singled out. If the special observers' recommendation for transfers does not carry weight, the very purpose of appointing them is defeated. Banerjee crying hoarse on transfer of officers looks funny.

K V Seetharamiah Hassan

My former PhD student who has reviewed my GST book (*Distorted criticisms on GST*, published on March 27) seems to have read the book only in bits and missed the key aspects.

I have presented the arguments of the proponents of GST and then critiqued them, like the merger of taxes into three taxes and the change in definition of the tax. I have presented the summary of the various reports on indirect taxes since 1978, including why they favour the "wider VAT". Chelliah's arguments are in his 1993 report and Bagchi was a member of that committee. So, how have I ignored them or the international experts whose arguments are in these reports?

The book points to issues such as why in spite of RNR, GST has been inflationary, and why in spite of being a destination tax the less developed states would lose out. I have argued that the benefit of computerisation should not be attributed to GST. I have pointed to the problems in the earlier system and that is why I do not propose a return to that system but an alternative. Finally, I point to the key problem in GST being structural and not just due to poor implementation.

Arun Kumar Gurgaon

### HAMBONE



Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard, Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi 110 002. Fax: (011) 23720201. E-mail: letters@bsmail.in. All letters must have a postal address and telephone number.

## The next crisis?

Spike in Mudra lending before elections is worrying

The Pradhan Mantri Mudra Yojana (PMMY) has been one of the National Democratic Alliance's flagship economic initiatives. This repackaging of Small Industries Development Bank of India's (Sidbi's) refinancing of micro and small-sized loans has been touted as an answer to claims and concerns that job growth has not been sufficient in recent years. The loans were considered attractive as most are collateral-free. It was hoped that the Micro Units Development and Refinance Agency (Mudra) loans were being used for productive purposes, and thus entrepreneurship was spreading. It had also been the case that, as of 2018, the official data said that repayment levels of Mudra loans were high. The bad loans were between 5 per cent and 6 per cent as of March 2018, which made a pleasant change from public sector banks' overall indebtedness. However, some concerns should now be raised.

For one, it has been reported that in March 2019 alone, banks disbursed over ₹70,000 crore as Mudra loans. That amounts to a quarter of the target for the full year. The timing of this bonanza raises valid concerns, as it comes just weeks before the general elections. The number of Mudra loans sanctioned now stands at over 54 million. This spurt of lending should set off alarm bells. Aside from the propriety of using loans in this manner so close to the general elections, there are also questions to be asked about the quality of lending under these circumstances. Mudra loans are supposed to be easy to qualify for. But when ₹70,000 crore is lent in a month, it is open to question as to whether banks are asking any relevant questions about the borrowers at all even if they are not supposed to demand collateral. The contingent liabilities being built up by Sidbi for these and related loans will clearly have an impact on the government's fiscal standing, even if they do not reflect in the fiscal deficit numbers. It is also worrying that private sector banks, which have generally been better at minimising non-performing assets, or NPAs, have not gone all in on Mudra lending the way that public sector banks have.

The Mudra loans scheme is already showing signs of becoming the next source of major NPAs. The number of NPAs in the scheme reportedly went up by 53 per cent in the past year. According to credit-rating agencies, the ratio of NPAs in the scheme is now being underestimated and may be between 10 and 15 per cent of advances. While the very nature of the business of borrowers under Mudra is susceptible to volatility and annual cycles, the surge in NPAs shows banks are not putting in efforts to monitor them to ensure timely repayment.

The sharp increase in disbursements in March is also worrying because they bring back memories of election-focused loan melas in the past, which have always been a source of financial instability. While the government might well argue that this robust increase in loans is a sign of economic optimism, it is also clear that building up NPAs in this manner for political reasons cannot be considered a responsible development strategy. The Reserve Bank of India, as the banking regulator, should examine the situation in the PMMY more closely and see if some regulatory intervention is required.

## Fragmented populism

The BJP manifesto plays to its base but lacks a big idea

The Bharatiya Janata Party (BJP) took about a week after the Congress to release its election manifesto, raising expectations that it would outdo its national rival's big-bang announcement of the Nyuntam Aay Yojana (NYAY) scheme to provide annual income support of ₹72,000 to the poorest of the poor 20 per cent households. The ruling party's manifesto contains no announcement of similar magnitude, which is a relief as the party appears to have resisted the temptation of gung-ho populism. But it is instructive that the markets spotted enough competitive populism in the manifesto to greet it with a thumbs down, just as it did with the Congress' NYAY-led manifesto. While the Congress had focused on the poor, the BJP has addressed the aspirational, nationalist vision of India, which appeals to India's rising middle class. Its opening proposals, therefore, talk in terms of national security, terrorism ("zero tolerance"), accelerating purchases of defence-related equipment and self-reliance, building on the popularity that it may have got after the strike on the Balakot terrorist camp. A reiteration of support for the Citizenship Amendment Bill, which has proven unpopular with its north-eastern allies, and for abrogating Articles 370 and 35A "to ensure peace in Jammu & Kashmir", reflecting a continuing misunderstanding of the legal implications of both provisions, also finds mention.

There is no shortage of ambitious vision in this Sankalp Patra. It talks of making India a \$10-trillion economy by 2032 and the world's third-largest by 2030, and has set out a series of steps that are familiar from the recent Budget speech — simplifying the goods and services tax, lowering the tax rate and broadening compliance, and making a capital investment of ₹100 trillion in infrastructure by 2024. Mystifyingly, promoting yoga globally forms part of this section. The manifesto includes the prime minister's 2018 Independence Day promise to double farmers' income by 2022, a courageous promise, given the diminishing returns for, and consequent rising unrest of, small and medium farmers over the past few years. Big commitments figure: A *pucca* house for everyone living in a *kutcha* house, piped water connections to all households by 2024, connecting all gram panchayats by high-speed optical fibre by 2022, plus a massive rural road upgrade programme.

The proposals for implicit hand-outs are scattered throughout the document: Interest-free loans and a pension scheme for small and marginal farmers and a pension scheme for small shopkeepers. The Ram mandir finds an obligatory mention as does the uniform civil code and a promise to submit a review petition before the Supreme Court on its ruling allowing women to worship at Sabarimala, though all of this is hedged by caveats about the Constitutional framework. In its attempts to cover all bases, women, tourism, sport, anti-corruption, alternative energy, tribal freedom fighters' museums, and elder care all find a mention. It is significant that the section on "inclusive development" has a line on the "development of dignity for all minorities (Muslims, Christians, Sikhs, Buddhists, Jains, Parsis, etc)". Given the all-encompassing nature of this latest statement of resolutions, it is possible to speculate on how much of this the BJP can really achieve should it come back to power or whether this is merely a proforma exercise.

ILLUSTRATION: AJAY MOHANTY



## The best trade of the last decade

No need for fancy stock-picking. Investors have made a fortune simply by betting against government ownership

As one of my good friends keeps reminding me, the simplest and most profitable trade over the last decade would have been to avoid or go short on any company connected to the government in any form or fashion and go long quality stocks in the rest of the market. If one had had this simple insight a decade ago, one would have massively outperformed any benchmark. No need for fancy stock-picking or deep fundamental analysis, just one macro insight and you could have built an impressive track record, reputation and following. The value migration has been so intense that it has overpowered every other factor.

When he says connected to the government, he means either where the government is the majority owner, or where the government is the principal supplier of inputs for the business or where the government is the main buyer of the product or service and situations where the government is the principal counterparty. This broad definition covers PSUs (public sector undertakings), as well as sectors like real estate, infrastructure, telecom, power etc. Wherever the government has been involved, these stocks and sectors have underperformed. Just look at the data.

Over the last 10 years, the BSE 500 has delivered a return of 310 per cent. Compared to this, the BSE PSU index has delivered a return of 36 per cent. The BSE realty index has delivered a return of 19 per cent and the BSE power index has delivered a return of 4.6 per cent. The Nifty PSU banks index has delivered a return of 98 per cent. These broad indices hide the real damage. If one takes out the oil companies, almost every other large PSU has declined

in absolute terms. Just look at BHEL and MTNL. If one were to take out SBI, there has been a bloodbath in almost every other PSU bank. The huge NPA cycle, which destroyed the balance sheet of most corporate banks in India (NPAs surged to between 12 and 15 per cent for most banks) is also linked more to this dynamic of the government being a poor counterparty than most realise. All NPAs are not promoter fraud.

What are the broader implications of this data? How will this impact our pattern of growth and its funding going forward? First of all, the government is a poor owner of commercial businesses. Investors understand this and have made a fortune betting against government ownership. In sector after sector, the playbook has been, bet against the incumbent PSU as soon as a private sector player enters. We have seen this play out in financial services, telecom and aviation—to name just a few sectors. Given our incentive and governance structures, this value migration is inevitable. The government must take heed of this dynamic and realise value from its assets. Once private players are allowed entry into a sector, the longer the government holds on to its assets the more value they lose. Witness what has happened to BHEL and MTNL—there was at one point serious strategic interest in both assets from private players at high valuations. Had the government sold a strategic stake then, it would have realised a much higher value than the market cap of both today. Similar is the case with Air India. It is far better to realise strategic value for these assets and recycle that money into the economy than to just let them wither away.



AKASH PRAKASH

## Festive democracy, yes, but accountable?

Some questions two days before what is vigorously hyped as "the Festival of Democracy" (even the staid Election Commission has chimed in with a multi-media campaign) begins:

Who is your Member of Parliament (MP) and when was the last time you saw her/him? Where is the MP's constituency office? When did the MP last address a constituency meeting? How many sittings of the House did the MP attend in the last term and how many questions did (s)he raise? How much of the MP local area development fund was spent and on what activities?

Barring the precincts of a few star MPs, even well-informed citizens elsewhere would be hard put to answer most of these. We seek such details when we consider engaging staff or recommending people for positions, but when it comes to our parliamentary "sevaks", to use the term favoured by no less a personage than the prime minister, we are mostly in the dark.

I set up residence in Vadodara in 1982. I have diligently voted in all the nine general elections and state assembly elections thereafter. We have had eight MPs, two from the Congress, one from the then Janata Dal and the rest from the Bharatiya Janata Party (BJP). One was from the family that ruled the former princely state of Baroda, another was the lead actress of *Ramayana* on television who never visited us after the election, four were typical party functionaries, one was a fluke winner by 17 votes who did my printing occasionally and later grabbed headlines in the Kochi Tuskers franchise scandal of the Indian Premier League. In 2014, we elected the day's premier leader, who abandoned the seat in favour of Varanasi while promising to look after Vadodara too, but those *achchhe din* are yet to come.

I take a keen interest in civic issues, and have offered my services to the MPs or their parties. All that has come to nought, except for a chance meeting with the 17-vote wonder on a train journey. He proposed we should meet regularly to discuss urgent matters. That was the last I heard from him.

My interactions with state assembly members have fared no better. I could contact only one, a former city police commissioner who gained fame by dancing the *garba* in Navaratri. He parlayed it into a self-created aura of a civic-conscious politician.

He served as mayor before entering the Assembly. I had to tick him off for jumping the queue at the Indian Airlines reservation counter. He became a minister after some party hopping. I sought his intervention in evicting a local gangster who had grabbed public land in our neighbourhood. "You disturbed my siesta," he said, but even later, was not on the scene when the police finally threw out the offender.

I mention these because they show how little our elected representatives are involved in our community and civic affairs. These worthies are beholden only to the party leadership which shares some loaves and fishes in the form of constituency and local area development allowances. It keeps them under an iron grip of whips and anti-defection provisions. And the members think this is how it should be. Sumitra Mahajan, who has represented Indore eight times, said recently "the nominations are decided by the... organisation [which] would take an appropriate decision on Indore at an appropriate time." With respect, Madame (retiring) Speaker, that is exactly what ails Indian democracy at the grass-roots because members think they are accountable only to those who nominate them, and not those who elect them.



ET CETERA  
SHREEKANT SAMBRANI

## Inspiration sans instruction



### BOOK REVIEW

R GOPALAKRISHNAN

Whether you gain from reading this book or not depends on the mindset with which you approach the reading. Is this opening statement obvious and too general? Well, so is this book. It states the obvious in a highly readable manner.

It is unclear why this book has been given the title of *Jugaad 3.0*, apart from the fact that the author had co-authored an earlier book bearing that word. I may not be quite up-to-date, but is there a

well-accepted 2.0 and 1.0 that has preceded this version? To an Indian, *Jugaad* suggests a practical and short-term problem solution, an ingenious quick-fix approach. These 190 pages are not about that, but it bears the name *Jugaad*. Perhaps the appeal of the title will be to non-Indian readers—there are impressive endorsements from foreigners—who may think that they have stumbled on to a new Indian technique like yoga and meditation.

The book must get high marks for this virtue of being readable. The early chapters dwell on why innovation is so hard, accompanied by stories: for example, the story of how Belanda Atis joined L'Oréal in 1999 and, along with two colleagues, "satisfied a massive customer need that had existed for generations." Simone Bhan Ahuja's story reminds me of a 40-year-old event from my own

experience when Dr Girish Mathur and Dr M J Mulky of Hindustan Lever Research Centre innovated a world-class brand called Fair and Lovely.

The subsequent chapters in the book are neatly arranged into eight DIY principles, which deserve to be stated in this review: (i) keep it frugal, (ii) make it permission-less, (iii) let customers lead, (iv) keep it fluid, (v) maximise return on intelligence (vi) create the commons (vii) engage passion and purpose (viii) add discipline to disruption. There are rich anecdotes and explanations, which are what make the book so enjoyable. Is the book inspirational? Yes, certainly.

Is it instructive? Well, maybe not so much. It states the obvious in a charming way, an approach that can inspire, but cannot instruct. The practical issue that leaders within institutions face is about how to implement all those eight things,

given where they are. The author almost suggests that there is a new species called the Jugaad 3.0 disruptor. She has presented a table on the differences between the traditional intrapreneur and the Jugaad 3.0 disruptor, but goes on to claim that "for the first time, intrapreneurs are starting to be developed, recruited, systematically supported and celebrated." Really? This reviewer cannot understand how the author came to such a profound conclusion. The eight principles are easy to read and comprehend, but deeply contextual to implement, given where the institution stands at a point of time. And, for the reader, in that reality lies the "irritating and annoying sand in the boots".

To take a fitness metaphor, merely being told to do deep breathing and stretching for an hour each morning leaves you with many issues, for exam-

ple, how to find those 60 minutes. If an exercise junky were to write about and even demonstrate how to keep trim and fit, what issues would a middle-aged, out-of-shape reader face? There is the self-motivational issue, there is the "how long" issue, the "how will others respond" issue, and, to be honest, there is the self-doubt whether this will really work! It is precisely that kind of mental obstacle that a reader may face upon reading this book. The book describes a journey through platitudes without reference to overcoming the

obstacles from where you are standing or where you want to go. Can a 190-page book tell you that much? Perhaps not. And that might have influenced the author. It is true that there is that much that an author can tell through a book, and no more. Once you accept such a limitation, this book is worth its inspirational read.

Even worse than withering away, is the example of Air India and the PSU banks where the government has had to pump in thousands of crores just to keep them afloat. Rather than realising value, they become a drain on the exchequer.

The second implication is on funding for infrastructure. No government in India has the resources to fund all the infrastructure needs of the country. We need private sector involvement. We had at one point the most ambitious PPP (public private partnership) programme in the world. This whole initiative is now in shambles. There is absolutely no public equity available for infrastructure. All the players in this space are in retreat and trying to sell operational assets to de-leverage their balance sheets. Given how much money has been lost, it is unlikely that public equity markets will fund infrastructure any time soon. You will need a generational change in money managers to erase the memories of these losses. Our best bet is to sell operational assets to sovereign wealth funds and global pension funds, who are attracted by the yield, and recycle these funds back into infrastructure. Exactly what is happening in the roads sector. Another similar option is to use REIT like structures for both infrastructure and real estate assets to attract domestic yield-based buyers. This model will, however, require the government to take all the pre-operating, construction and regulatory risk. We will need to build up the balance sheet and execution capacity of select public sector organisations in the infrastructure space to enable this build, sell and recycle model. Will our institutional constraints allow this? Hopefully we will manage, as these public infrastructure developers will face no private sector competition.

The government has also to become a better counterparty. There are numerous reports of various government entities routinely delaying payments to suppliers and project developers. The working capital intensity of government business is insane in many cases. We also had the courts driven cancellation of various government licences due to governance failures. Coal mines, telecom licences and various other regulatory approvals were cancelled, in many cases with projects dependent on these approvals midway through their construction cycle. We need to rebuild the credibility of sovereign risk. A government contract or licence should on paper be the safest contract you can sign. It has been far from that in India over the last decade.

Most investors are very bullish on domestic equity flows over the coming years. Morgan Stanley just put out a report forecasting equity inflows of \$550 billion over the coming decade into mutual funds, insurance plans and retirement funds. This is a huge number. We have to find a way to channel some of these flows into infrastructure and other government-linked sectors. Currently, this channel is clogged. Declogging this should be one of the top priorities of whoever wins the 2019 election.

The writer is with Amansa Capital

Compare this to what happens elsewhere. In the United States, Congressional nominees come up through primary elections and are grilled in many town-hall meetings. In the United Kingdom, local party councils decide their candidates long before elections and MPs strive to retain support through visible presence in their boroughs. Smriti Irani recently coined a term, *lapata saansad* (absconding MP). Such politicians would stand little chance of re-election elsewhere in the world.

Our elected representatives have now reduced parliamentary democracy to be in evidence in ever fewer sessions of short durations of the respective houses, passing business without debate amidst unseemly din and inevitable adjournments. They are seldom seen in the constituencies.

We could still make accountability the cornerstone of a functioning democracy by adopting some simple measures. For starters, representatives should be required to widely publicise their constituency offices and be available there on a fixed day and time every month. A report on complaints received and their resolution must be mandatory, much like companies are required to do. The representative must file an annual statement of attendance of sessions and the nature and extent of participation in legislative business. This should be published in full in the district newspapers at the member's cost. Annual audits of schemes under the local area development funds covering procedural, performance and effectiveness aspects must be conducted and filed with respective house secretariats. Members should also be required to disseminate them in their constituencies. All these must be parts of the nomination documents to be filed by members seeking re-election.

The title of the world's largest democracy has to be earned through being accountable, and not just the optics of a five-yearly "festival" of balloting.

The writer is an economist

Many years ago, when Atal Bihari Vajpayee was the prime minister, McKinsey Global Institute presented to him and his cabinet ministers an enthralling power-point presentation on how to realise the admittedly high potential that the Indian economy had. This reviewer does not recall the precise points, but they sounded like "Remove subsidies", "Discourage caste-based policies" and "Improve farmers' profitability". After many supra-intelligent discussions and debates by those present at the meeting, the PM was accorded the last say. In the thoughtful and reflective style that was his hallmark, he said, "Yeh sab baathein to theek hain, magar yeh sab hoga kaise?"

**JUGAAD 3.0: Hacking the Corporation to make it fast, fluid and frugal**

Simone Bhan Ahuja, Penguin Portfolio; ₹499, 288 pages