Legalise land leasing

By dilly-dallying on the enactment of laws in tune with the NITI Aayog's model bill, state governments are doing a disservice to the farm community

FARM VIEW

SURINDER SUD

Legalisation of land leasing is no longer a potentially gainful agrarian reform but has become an economic necessity. Unlike the post-independence land reforms, which were required to dismantle the feudal land ownership regime and reduce the disparity between haves and have-nots, the need now is to facilitate expansion of farm holdings to make them economically viable. It is needed also to put the idle land belonging to absentee landowners to productive use.

Continual division of land owing to inheritance laws has rendered most farm holdings too small to support average farm households. The last agricultural census (2010-11) showed that nearly 85 per cent of the operational land holdings are less than 2 hectares in size, the average being just 1.15 hectares. Worse still, the count of such small and marginal holdings is swelling annually by 1.5 to 2.0 millions. Disquietingly, even these holdings, in most cases, are not in single pieces but are fragmented into tinier parcels of land located wide apart. As a result, a sizable chunk of them has become economically, as also operationally, unviable. This is one of the reasons for the erosion of profitability of farming and consequential widespread economic distress in the farm sector.

Since the process of land fragmentation is set to persist unless the inheritance laws are amended to check division of property among heirs — which is unlikely — the development of a transparent and legally valid land lease market seems the most practical way to mitigate its ill-effects. Legalised leasing would allow exchange of land among farmers for agricultural use without affecting its ownership. While the holders of small and uncultivated pieces of land would be incentivised to lease them out to their neighbours or others, the small and tiny farmers, in turn, would be able to lease-in additional land to boost their earnings.

In the absence of legal sanctity, most absentee land owners are wary of letting out their land for fear of losing its control. This is the fallout of the old tenancy laws in some states which grant certain enduring rights over land to tenants. Around 25 million hectares of arable land is estimated to remain fallow (untilled) for this reason. Besides, it results in oral or concealed tenancy deals where neither party enjoys any security.

This apart, informal leaseholders, including sharecroppers, suffer from several other disadvantages as well. The most significant among these is the denial of access to cheaper institutional credit, crop insurance, disaster relief and other benefits and subsidies offered by the government to land-owning farmers. They are left out even from the moves like loan waivers and income support. Besides, they do not have any incentive to invest in measures to boost productivity of land and efficiency of farming.

Most of these handicaps can be addressed by making land leases legally valid. The National Institution for Transforming India Aayog (NITI Aayog) has already drafted a Model Land Lease Act to serve as a guide for the states to enact their own land leasing laws. Though this draft was circulated to the states in 2016, only a few of them have shown any interest in amending their land-related statutes on these lines. The mooted legislation seeks to safeguard the legitimate interests of both land owners and tenants. While allowing the lease deals to be finalised through mutual consent, it provides for restoration of land to the owners after the termination of the lease. Besides, it specifically gives leaseholders a status equal to that of land-owning farmers to enable them to get all the benefits available to other cultivators. Another notable feature is that it entitles tenants, who invest in land improvement, to get back the unused value of their investment at the expiry of the tenancy. This would spur investment in measures like land levelling, upgradation of soil health and provision of irrigation on the leased lands. Thus, by dilly-dallying on the enactment of laws in tune with the NITI Aayog's model bill, the state governments are doing a disservice to the farm community.

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CHINESE WHISPERS

'Inspiration to society'

Politicians are in the business of self-promotion. But Bharatiya Janata Party (BJP) National General Secretary Anil Jain took it to a new level on Monday when his office sent a press release informing that his young daughter Arushi, a first-time voter, was an "inspiration" to society. How? She travelled from the US to her hometown "just" to cast her vote. Laudable yes, but the press release was a tad over the top. "Setting up an example before others, Arushi Jain... has rushed back to her hometown... just to cast her vote and thus strengthen our electoral process," the statement declared. It also quoted Arushi to have said, "You might say that a single vote does not make any difference but you also need to understand that when such tendency prevails across the country, collectively there would be crores of people who would skip the voting; and thus it would increase the chances of the unsuitable candidates winning the polls." The press release also said "youths like her are true aspiration (sic) for our society, who talk and act in national interest".

Puzzled punters

As Mumbai Indians (MI) trumped Chennai Super Kings (CSK) in an edge-of-the-seat Indian Premier League (IPL) final on Sunday, the betting market rates reflected the sheer uncertainty around the eventual outcome. If sources are to be believed, MI started as favourites with a rate of 88 paise and strengthened its position before wickets fell in the middle overs. To put it simply, these rates fluctuate after every delivery, depending on how the team is playing and are inversely proportional to the odds of a win. Chennai overturned the equation at the halfway stage with a 50-paisa rate, which kept lowering as the game progressed. The see-saw battle in the second half of CSK's chase saw Mumbai touching as low as 36 paise and CSK bouncing back to 20 paise when they needed five off three balls. As Lasith Malinga started his run-up for the last ball, CSK still remained the favourite but a well-directed yorker from the veteran dashed the hopes of those betting on Chennai.

Gogoi on vacation Bench

Vacation Benches of the Supreme Court, which has just started its long holiday, traditionally consisted of junior judges. But this time, Chief Justice Ranjan Gogoi himself will sit from May 25 to May 30. The days are ominous because the general election results will come on May 23 and a hung verdict is in the air. Last summer, such a power struggle in Karnataka was resolved in the small hours by two judges who sat in the crowded vacation court till sunrise. Vacation Benches sometimes gain unexpected importance as when Justice Krishna Iyer refused to pass an absolute stay on the Allahabad High Court judgment unseating Indira Gandhi, leading to the 1975 Emergency. Perish the thought that something dramatic would come out of the Supreme Court next week.

The super app conundrum

Everyone wants to be one but it is unclear yet whether they work

PATANJALI PAHWA

A *Business Standard* news report recently stated that Jio is preparing to launch 100 services soon including e-commerce. The report hinted it would be a super app. Meanwhile, PhonePe, for a while, has been talking about the need to be a super app. It wanted to imitate the likes of WeChat in China or rather be an Indian version of the very popular chat and commerce unicorn. So serious was Sameer Nigam, founder of PhonePe, about his vision to create India's first super app that he flew his team to China. They surveyed the market, tried to understand the nuances and will now use those learnings to replicate it in India. PhonePe got in Oyo, Faasos, Gaana, Ola and Flipkart all within the same ecosystem.

TAKE TWO

Does this sound familiar? In fact, in March this year, Paytm, too, tried to replicate this. Paytm got Zomato and MakeMyTrip as part of its subscription platform. Two different ways to skin the cat. But does the concept of super app work in India?

On paper, yes. The reason a super app works is frequency of using it.

"There is a need for a super app. Think about it, you take cabs twice a day, you order food thrice a week, you order groceries once a week, you shop online once in two weeks, you pay bills and watch movies once a month and you travel once in two months," says K Ganesh, founder, GrowthStory.

All of this changes the way the customer behaves. It also gives the company immense information about the customer. GPS tells it where the customer took the cab to, restaurant reservation tells the company where the customer ate. Payment tells it how much it all cost. "Now, at this crucial juncture when the customer is heading home, if there was a notification of the phone, which asked the customer to order groceries because it knows this is idle time, you may be able to convert a purchase," he adds.

Apart from its own services, this fabled super app could also promote out of super app services, which would be extremely local. For example, if the customer went to a restaurant next to a mall. It could give the customer coupons to shop next door. This locks the customer in the super app universe.

But in reality this doesn't translate. "A better parallel to PhonePe would be Grab," says Ganesh. He explains that Grab started with a big use case in cabs, added new services, new layers and then became a giant in its own right. But, he says, there are nuances that need to be considered in why these companies take off.

"First you need to start with a use case that defines your company, something that is so basic that everyone comes on to that app every day a few times a day," says a senior executive from Tencent who asked not to be identified. This senior executive is talking about WeChat. He explains that WeChat was an instant messaging platform, which evolved into payments and then commerce. "The primary use case is still chat. People want to talk to one another," he adds. This, he says, is missing with PhonePe or Paytm. "Their primary use case is payments and just for the top 50 million people," he adds. He explains that for PhonePe or Paytm, people get on their apps to pay bills or do mobile top-ups. "Whatever they do, they can't change it. It is a challenge in this market," he says.

STOP-START: ATTEMPTS AT SUPER APP

Paytm

Paytm has been consistently adding services to its wallet such as movie tickets, bus tickets and airline tickets apart from online shopping. It tried to replicate China's WeChat.

NOVEMBER 2017: Paytm launches chat

DECEMBER 2018: Shuts down chat

MARCH 2019: Paytm starts subscription service, which gives access to Zomato Gold, Uber, Eros Now, Sony Liv. Not a super app in the true sense but tries to create an ecosystem which starts from Paytm.

Hike

2012: Since its launch as a messaging platform, Hike had been aiming to be a super app built along the lines of WeChat

JANUARY 2019: Hike abandons plans for a super app

Paytm, for example, did try to introduce mobile gaming like ludo and chat to replicate that texture but abandoned chat in December 2018. But why are payment companies trying to be super apps? "They are taking their cues from banks. Who first sell savings account then insurance and then a demat trading account. These are services that people may find interrelated," adds Ganesh.

Hike, a unicorn run by Kavin Bharti Mittal, came closest to replicating WeChat. It started with chat and then tried to add other services. But that didn't work either, and he changed tack in early 2019. "In 2019, we continue to double down on both Social and Content but we're going to do it with an evolved approach. We're going to do it across multiple apps. That means, in 2019 we're going to go from building a Super App that encompass everything, to Multiple Apps solving one thing really well," he said in January this year.

The reasons for Hike's failure were several. But the key was that it just missed the bus when it came to chat. WhatsApp had taken over in every which way possible. It was the most popular chat engine in the country spreading across demographics. And even when Hike tried to offer services it didn't quite agree with its audience. Because Indians like choice.

K Ganesh agrees. He says that Indians like width in their options even for the top 50 million. Customers want to check Amazon and Flipkart. BigBasket and Grofers. Swiggy and Zomato. "There is very little loyalty," he says. And because all options compete so heavily with each other for the quality of service there is no need for one solution.

But there is one that has the ability to be a super app. But in a different way. Reliance Jio. "The thing about Jio is that it is the first time people were exposed to the internet. Jio is the internet for many people," Ganesh adds. "For 300 million people, Jio will be what introduces them to e-commerce." Arvind Singhal, chairman and managing director, Technopak agrees. "Jio closes the loop that none of them has been able to before," Singhal says. It doesn't have to be an app, he argues, it can be a service.

Now, the question is: Does PhonePe or Paytm fall into the heap of those who have failed before it or will they manage to find a different answer? India may well be ready for the answers and if the answers are right.

ON THE JOB

Nitin Gadkari's wishes must come true

MAHESH VYAS

Nitin Gadkari made BJP's first tangible forward-looking statement on the unemployment rate of the country. In response to a question by Karan Thapar on his show *UpFront with Karan Thapar* on Monday, May 13, the very business-like minister stated that the unemployment rate would climb down from the current 7.5 per cent to 3-4 per cent within two years.

Mr.Gadkari said this with confidence. Yet, Karan played upon the projection and went ahead to extract a guarantee, a hundred per cent guarantee, as stated by the minister that the unemployment rate would come down to 3-4 per cent in two years.

Television interviews can be treacherous. I don't think Karan forced the minister to make that forecast. It was not necessary for the minister to stick his neck out. But, he did. Unprovoked.

Mr.Gadkari has not been the labour minister or the statistics minister or the finance minister. Yet, he was confident that the unemployment rate would come down to 3-4 per cent in two years. Mr.Gadkari does not make loose statements and he is smart enough to be on extra guard when interviewed by a Tim Sebastian of Indian journalists, like Karan Thapar.

So, I am inclined to take Mr.Gadkari's prediction seriously. I have no intention to hold him to the forecast after two years if his party comes back to power this summer. Forecasts can go wrong. And even if they do go wrong, they are important. What I take away from this television interaction is that Mr.Gadkari has good reason to believe that the unemployment rate will come down to 3-4 per cent. He believes it will come down because the BJP government has been encouraging investments, creating more industries, innovating in infrastructure, etc. While this is debatable, a takeaway can be that he believes that the unemployment rate will come down because of the investments the government envisages.

This makes sense. He did not say that employment/unemployment is not measured correctly in India like many of his cabinet colleagues have been saying. He did not actively dispute that the unemployment rate has indeed risen to 7.5 per cent. That was a relief!

He did not say that the BJP promises to provide a certain number of million jobs. That would have been foolish. Mr.Modi is still asked to account for such a promise he reportedly made before he became the Prime Minister.

Targeting a desirable unemployment rate is a good idea. Forecasting it is chivalry but targeting it is certainly sensible. And targeting an unemployment rate of 3-4 per cent is, I'd venture to say, a good target to have.

India is not used to discussing the unemployment rate as a macroeconomic problem. Economists don't debate it, journalists don't discuss it, law makers ignore it as a macro-economic variable of any importance. Its high time we recognized this elephant in the room before it runs amok.

We have made a fetish of fiscal deficit and inflation targets. It makes senseto bring the unemployment rate to share the same space among macroeconomic indicators.

Educated middle-class Indians began discussing a government's performance on the basis of macroeconomic indicators like the fiscal deficit and core inflation a decade ago. People have started talking in terms of the unemployment rate only recently. The demand for jobs is irrational and not sustainable. It leads to demands for reservations. But, a demand for an acceptable level of unemployment rate should be considered as a reasonable ask.

Mr.Gadkari may be pleased to know that the unemployment rate has declined from the 7.5 per cent Karan Thapar mentioned during the interview to 7.3 per cent as of May 12. In fact, the decline is from 7.6 per cent in April 2019.

There are just of couple of more important metrics we must target besides the unemployment rate. Like the unemployment rate, the employment rate and the labour participation rate are also very important. These have fallen sharply after demonetisation and need to rise even as the unemployment rate should fall. Because, a fall in the unemployment rate with a falling labour participation rate is not at all desirable.

It is not at all easy to raise the labour participation rate and bring down the unemployment rate. But, that's what we would expect from great political leadership. We wish that Mr.Gadkari's projections come true.

The author is the MD & CEO of CMIE

LETTERS

Wrong inference

This refers to "The Next Election" (May 13) by Nitin Desai. While I totally agree with his opinion on the quality and civility of the campaign in this election, I apportion the blame to all and sundry. There is no holy cow in this and there is plague in every house. But what I disagree with is the theory the article has tried to build up around a single party majority and the federal structure. In the bargain, the article almost accuses any political party of winning a majority. The article prays that no single party should get majority and the government at the Centre should be a coalition government making it a model of federalism. Better still if a stalemate throws up the government rather than a pre-election formation. I find this strange.

First, any party that gets majority on its own needs to win seats in all four regions of India. Is it not federalism if a single party wins across India? When most of the states vote for a single party, be it the Congress or the Bharatiya Janata Party (BJP), that would tantamount to federalism also. The party with a clear majority has to have MPs from all major states. What the article concludes is that a BJP MP from West Bengal does not represent federalism in case BJP wins a clear majority but the same MP from the Trinamool or the Communist Party of India (Marxist) or the Congress are cases of federalism since no clear majority had evolved! This is a very strange and convoluted logic.

Secondly, a coalition out of helplessness doesn't augur well for a country like India. The post-poll coalition partners would be in a strong position of blackmail and would result in arm twisting of the worst kind. Don't bank on the fact that Jayalalithaa is dead and the art of blackmail has also died with her.

Mayawati and Mamata Banerjee are very good at it. So is the Dravida Munnetra Kazhagam. We have seen the cases of helpless coalitions. The coalition captain Manmohan Singh has a great experience of these arm twisting tactics when he could not act against Shibu Soren or A Raja citing coalition compulsions. Coalitions of helplessness is no good for a country and the article has done no service to the nation by praying for a state of stalemate so that "federalism" could be celebrated. But yes, a coalition of principles is a good idea as we have seen in West Bengal where the Left coalitions survived for 34 years.

Deba Pratim Ghatak Durgapur

Changing times

This refers to "Salesforce eyes financial services market using AI" (May 13). Soon, we will have a customer asking, "Alexa which is the best deposit rate in which bank?" He can ask the Google assistant about mutual funds consistently giving good returns or the updated value of his SIPs. This out of the world experience awaits the millennial. The artificial intelligence salesforce will be a set of globally competitive, foresighted heroes. It is going to be a step further from mobile banking where chat bots will be offering all kinds of counselling on all kinds of banking products and services on the app itself.

A major churning is on the cards with banks and fin-techs leading from the front and customers can look forward to amazing customer service. Way back in late sixties, my retired father would go to a bank for pension in Bayana in Rajasthan where he had to stand in a queue with a token and wait for his pension payment amount which forced him to return only by the afternoon. We moved to new era in 1994 with ATMs and computerisation making strong presence across India. The reimagining of financial services is sure to charm the way of customers and take breath away.

N K Bakshi Vadodara

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HAMBONE

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Smaller peers racing ahead

India must focus on pvt investment, exports for higher growth

A forecast of global growth till 2030 conducted by economists at Standard Chartered Bank has concluded that five economies in Asia and two in Africa will grow at 7 per cent over the period. While the economists conclude that India will be one of these economies, it is useful to note how it performs significantly below some other competitors. The economists predict, for example, that by 2030 Bangladesh will have a per capita income higher than India's. Meanwhile, Vietnam, which has a per capita income of only 30 per cent more than India now, will by then have a per capita income of above $10,000 a year and be almost twice as rich as India on a per capita basis. Though all such projections are subjective and not to be taken as definitive, the comparison to its peers is not reassuring from an Indian point of view. It is no longer enough to be satisfied that India is beating China or other "large" economies when smaller peers are doing so much better. What can be done to ensure that India manages to outperform its competitor economies over this period?

When considering sustainable routes to growth between now and 2030, the Standard Chartered economists predict that economies that can export commodities or manufactured goods will do well. This is worth considering, given that both Bangladesh and Vietnam have done better than India in terms of exports growth over the past few years. Part of the reason is a lack of competitiveness of Indian manufacturing, including but not limited to the apparel sector. A turn towards protectionism in recent years has not helped, as it minimises the incentive to lock India into global supply chains. Arbitrary behaviour with investors, including those who have made big investments into such infrastructure-creation sectors as e-commerce, can also be considered a disincentive in this respect. The next government will have to reverse this impression, and instead work towards creating the notion that India is a stable environment for foreign investment and foreign trade, and as a location for components of the global supply chain.

The broader question is how growth can recover without an increase in private investment. Investment currently is well below the heights it scaled in past years, and has been relatively stagnant over the past four to five years — albeit with some minor signs of revival in the last few quarters. It is important to try and ensure that investor confidence is revived. It is also important that private corporate savings increase so that companies have more wherewithal to make these investments. Considerable capital is still locked up in the system — the debt overhang from the boom and stimulus years has not been completely worked out, and many balance sheets are still burdened. But the need is to create more investment opportunities and possibilities for earnings, including through exports. New capital expenditure — especially when it's not merely for maintaining existing facilities — will create jobs, thus boosting households' financial savings. This must be priority if India is to be a best-in-class emerging economy. It is also important to ensure that the workforce is prepared for growth and opportunity — in other words, education, skilling and health need to continue to be priorities for the government.

The Facebook question

Breaking it up is likely to spur competition

Should social media giant Facebook (FB) be broken up into multiple companies? One of its co-founders, Chris Hughes, has said it should. He contends that this would not only foster competition but also give social media users a better chance at retaining privacy. The rationale behind the argument is interesting. Facebook is dominant in three social media spaces; it is very profitable and highly valued. The platform itself has 2.5 billion monthly users, most of whom also use FB Messenger service. Its subsidiaries, WhatsApp and Instagram, have around 1.5 billion users each. FB has used its money power to acquire potential rivals, as was the case with WhatsApp and Instagram. It has also leveraged its user-base to launch copycat offers that smothered challenges from potential rivals such as Snapchat and Twitter's Vine feature. This has stifled investment in social media. As of now, a breach of privacy in FB would not necessarily expose a user's WhatsApp number or Instagram account. But FB is said to be considering an integration where users could seamlessly run FB, Instagram and messenger services from a single account. This would break down silos between the separate services and, thus, put more data at risk in breaches.

Facebook has survived multiple scandals involving data breaches and fake news, especially for advancing political agenda in several countries. The network also faces a fine of up to $5 billion by America's Federal Trade Commission for its poor privacy practices. However, FB is big enough to pay up and shrug. Moreover, Chief Executive Officer Mark Zuckerberg controls 60 per cent of voting stock, which gives him absolute powers in setting the direction on FB's algorithms. And since FB is also the biggest global platform for aggregated news, this level of media control concentrated in one man's hands is unprecedented. Although most users know, and many have misgivings about privacy issues, there are no alternatives due to the monopolistic dominance. Now, suppose FB was broken up into several different companies, and Instagram and WhatsApp were spun off again as separate entities. It's likely that this would foster competition. There would be investment in creating competing social networks. In order to differentiate themselves, these new networks would create models and every player would be more vigilant about privacy. Users would get a better shot at using alternatives, which suited their personal privacy thresholds. There would be more innovation in the wider social media space as smaller companies would not be afraid of being stifled, or getting bought out.

Breaking up companies that dominate highly concentrated markets, or even threatening to break up such companies, can lead to more innovation and competition. This has also created more shareholder value, even for the targeted companies. Standard Oil and AT&T are two often-cited examples of breakups that led to better practices in energy and telecom, as well as more options for users, and higher shareholder returns. Threatening to break up Microsoft, and earlier IBM, sparked innovation in IT. FB does present a unique case due to the added concerns of privacy and its unprecedented grip on news dissemination. But policymakers should certainly consider this option.

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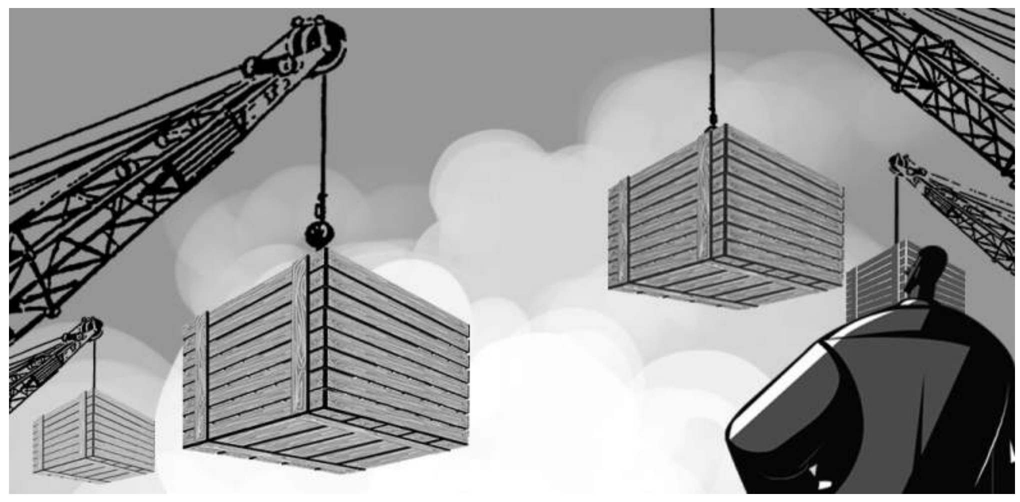

Time to re-visit India's trade policy

We need to recognise the importance of aligning with evolving regional trade formations and utilising preferential trade mechanisms

In early May, global trade tensions escalated as the United States increased its tariffs from 10 per cent to 25 per cent on $200 billion worth of Chinese goods. China retaliated on Monday, with the Chinese finance ministry announcing its plans to hike import tariffs ranging from 5 per cent to 25 per cent on a target list worth $60 billion of US goods. The renewed US-China trade war and related uncertainty is likely to have a negative impact far beyond the US-China bilateral trade on global growth. The WTO, in its revised estimates last month, has already trimmed world trade growth forecast for 2019 to 2.6 per cent from the earlier forecasted 3.7 per cent. In India, withdrawal of the generalized system of preferences (GSP) by the US, which is likely to commence in early June, end of sanction waivers for crude oil imports from Iran, and severe criticism of India's protectionist tariff regime and complex business environment over this past week by the visiting US Commerce Secretary Wilbur Ross has led to heightened tensions regarding US-India bilateral economic relations and trade diplomacy. The goods trade deficit reached a high of $176 billion in 2018-19 and at $331 billion, exports, though the highest since 2013-14, have been well below the target of the Ministry of Commerce (MoC) for the year. There is an urgency, therefore, for India to re-visit its trade policy. While an export push in traditional sectors is being appropriately worked on by a newly set up MoC working group, these challenging circumstances require a deeper understanding of global value chain (GVC)-led trade as it has evolved in recent times and the facilitating role of preferential trading agreements (PTAs) therein. In particular, India needs to recognise the importance of aligning with evolving regional trade formations and utilising PTAs in its global value chain integration strategy.

AMITA BATRA

India's exports continue to be predominantly low skill and labour intensive commodities. Gems and jewels, cotton, articles of apparel and footwear have together accounted for 25-35per cent of exports for India over a decade and half. Over the same period, the most dynamic sectors globally, with highest production fragmentation based sectoral relocation across borders, which is characteristic of GVC led trade, have been sectors like office machinery, communication equipment and textiles and apparel. Office machinery, with almost 40 per cent of exports relocating across countries, has been the most dynamic sector. However, corresponding sectors of electrical equipment and machinery account for only 4-5 per cent of India's exports, thus, reflecting India's insignificant integration in global GVCs. The only sector where India has been able to share gains of sectoral dynamism is textiles and apparel, though this has been alongside other countries such as China, Bangladesh and Vietnam. Even in this sector, over time, India's share in global exports has declined from a constant of about 5 per cent in 2000-2012 to 4 per cent in 2017. Over the same period, competing countries like Bangladesh have registered an increase in their share of global exports from 4.5 per cent to 8.1 per cent. China leads with a share of 37 per cent in global exports in textiles and apparel. Other Indian top export sectors like leather goods, chemicals, and motor vehicles have been among the less dynamic sectors with lower relocation shares. India's export basket has not, therefore, evolved in line with the pattern of dynamic GVC-led trade.

At present, GVCs are undergoing a transformation with greater domestic content and regional consolidation, particularly in East Asia and in sectors like automotives, computers and electronics. East Asia emerged as the global manufacturing hub centered around China early on in the process of GVC-led trade. The EU and North America were the other GVC hubs. As trade and growth in the EU is yet to gain its pre-global financial crisis momentum and the US grapples with trade disputes, East Asia remains the most resilient regional manufacturing hub in the world. It becomes imperative, therefore, that India seek a trade strategy towards greater integration with East Asia. Regional comprehensive Economic Partnership (RCEP) offers India this opportunity.

Unfortunately, India's perception of the RCEP is limited by its bilateral trade deficit with the largest economy in the trade formation — China. For fear of being overwhelmed by Chinese goods under a preferential arrangement, India's stance in the RCEP negotiations has been mainly defensive in seeking differential and lower levels of preferential market access for its non-FTA partners such as China and Australia/New Zealand. However, the RCEP is not merely about trading with China, which is in any case inevitable, given that China is the largest trading partner for almost all nations in the world. Chinese goods will, therefore, find access, maybe even preferential access, to the Indian market through some or the other trading partner. The RCEP has to be seen as a mega regional trade agreement, which is a means to both trade liberalisation and integration with regional value chains or GVCs through East Asia.

Other than unilateral opening up, most of the trade liberalisation in the past two decades has been at the regional level. As of 2017, about half of the world trade has occurred under some or the other PTA. India's trade strategy to work through multilateralism may once have been an option, but today when the WTO is struggling to remain relevant, mega regional PTAs have become dominant trade vehicles. With agreement on major trade disciplines across their large membership, mega regionals play a facilitating role in making possible efficient multiple border crossings for goods that are fundamental to GVCs. And, the RCEP is the only mega regional trade agreement in Asia-Pacific of which both India and China are members.

Other RCEP member countries are either members (Malaysia, Brunei, Japan, Vietnam, Singapore, Australia, New Zealand) or have already expressed interest (Indonesia, Thailand, Korea) to join Comprehensive and Progressive Trans Pacific Partnership, CPTPP, the other mega regional trade agreement effective in the Asia -Pacific. Neither India nor China is a member of the CPTPP. Also, of the two, the RCEP is a trade light mega regional agreement, which is as yet working on liberalisation of trade in goods and services unlike the CPTPP that, with its WTO plus provisions, is far more ambitious in its coverage. It would, therefore, be in India's interest to make sure that the RCEP negotiations are concluded at the earliest.

Furthermore, as China is caught in a trade war with the US, India using its large, alternative market advantage could work out a bilateral deal with China within the larger mega-regional trade framework. As RCEP negotiations await completion of electoral processes and government formation in some member countries, Indian trade diplomacy should set to work on a framework for such a deal.

The writer is professor, School of International Studies, JNU

The case for climate tariffs

As Australia heads toward a federal election on May 18, the national debate on cutting carbon dioxide emissions is heating up. Yet the discussion highlights the limits of what Australia or any other individual country can do to combat global warming. Rather, the world must step up its collective efforts to tackle climate change. And, strange as it may sound, US President Donald Trump's aggressive trade policies could point to a way forward.

In Australia, the opposition Labor Party wants the country to reduce its greenhouse-gas emissions by 45per cent relative to their 2005 level by 2030. But achieving this lofty goal would impose high costs on Australians in terms of foregone income and actual taxes — estimated by economist Brian Fischer to be AUD10,000-20,000 ($7,000-14,000) per capita over a decade. Even if Australia manages to cut emissions by this amount, the overall impact would be small, because the country accounts for less than 2 per cent of the global economy.

SHANG-JIN WEI

The Labor Party's claim that the benefit of the plan would be fewer floods, hurricanes, landslides, and other natural disasters is only half true, because Australian actions alone will not have much effect on the frequency and severity of such events. Enough other countries would have to cut their own greenhouse-gas emissions further to make a difference.

Until recently, the world's best hope for combating global warming was the 2015 Paris climate agreement, which has been signed by 197 parties, including the world's two largest cumulative emitters of greenhouse gases (the United States and the European Union) and the leading current emitter (China). All signatories have pledged to meet numerical targets to lower drastically their own emissions relative to a business-as-usual path.

At the time, many thought that the Paris agreement was the limit of what was politically feasible. Yet most climate-change models predict that even if all countries fulfilled their pledges, their efforts would not keep the increase in global temperature below 2°C above pre-industrial levels — the critical threshold beyond which catastrophic outcomes, including higher sea levels and more frequent natural disasters, would become inevitable.

Worse still, the US under Trump has taken a giant step backward by withdrawing from the Paris agreement and pushing for more coal production and coal-fired power plants without carbon-capture requirements. This is doubly damaging: In addition to increasing America's emissions, Trump has given other countries an excuse to avoid meeting their own Paris commitments.

Leading US progressives such as Democratic Congresswoman Alexandria Ocasio-Cortez have championed a "Green New Deal" based on publicly financed investment. This initiative faces a similar problem to the Australian Labor Party's proposal: It would impose costs on US firms and households, while the benefits of lower emissions would be diffused around the world.

True, a successful Green New Deal would have a bigger global effect, because the US accounts for about one-quarter of the world's economy. But even America cannot save the world if other countries fail to take equally aggressive steps to reduce emissions. In fact, others might even emit more, because US actions could reduce the cost of tradable emissions permits.

Ironically, Trump's own readiness to impose large import tariffs could provide the basis for a new collective approach. Because the US is the world's biggest economy and possesses enormous political and military power, most countries have to accommodate America's demands in some way. In that respect, Trump's tariff wars have "worked" (although whether they are good for the US economy is another matter).

A future US government could perhaps use tariffs, or the threat of them, to push other countries to reduce their emissions more aggressively — especially those countries that are, or will be, sizable contributors to global warming. This would be different from a border-adjustment tax based on the carbon content of the imports, but a way to raise the cost of inaction for countries that are not making sufficient contributions to the global effort.

Such measures might run counter to existing global trade rules. But they could be justified on efficiency grounds, because avoiding the destruction of the planet is good for everyone. Moreover, this approach would be fair if it resulted in all countries sharing the costs of combating climate change more evenly (all of them would share the benefits of a healthier planet).

Ideally, such an initiative would also acquire a legal basis through future reforms of World Trade Organization rules. It would be even better if many countries committed to coordinating their tariff policies to help enforce any agreement on further emissions cuts.

Of course, tariffs are not — and should not be — the only tool for combating global warming. Nonetheless, given the lack of a powerful enforcement mechanism in the current climate agreement, they could be a useful and potentially effective complement to the next round of global climate negotiations. This, however, requires that America has a leader who understands the climate-change threat.

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Even if it ain't broken, fix it

BOOK REVIEW

SANJAY KUMAR SINGH

A corporation's recruitment, training, evaluation and promotion practices have a far-reaching impact on its employees. Over the years, however, many of them become ossified, as they begin to be treated as settled truths. But examine them closely, say the authors of this insightful book, and you find that they have become divorced from reality. Far from boosting productivity, they have turned into hindrances. The authors examine nine such widespread corporate beliefs and practices, reveal their flaws, and offer alternative approaches.

Consider the belief that people care which company they work for. Companies tout their pay packages, perks, facilities, and leave policies to attract talent. In the authors' opinion, these are just plumage. Once in, how long a person stays at a company is far more likely to be determined by the environment within her team. Next time you think of joining a company, make a few discreet enquiries about the team you are likely to join. For team leaders this presents an opportunity. While they cannot influence their company's policies on big issues, it is within their power to create a conducive environment within their team.

The authors then scrutinise the notion that the best plan always wins. The reality, they say, is that in a rapidly-changing world most plans become obsolete by the time they are ready. Instead of a planning system, they suggest, companies today need to create intelligence systems, which gather the latest and most useful information and disseminate it rapidly and widely to those on the frontlines. Then leave it to the initiative of those in the fray to act on that information.

The authors next train their microscope on the belief that the best people are well-rounded. Well, try telling Lionel Messi that. He is predominantly left-footed. No coach would dream of asking Messi to reduce his dependence on his left foot. But companies demand precisely that of their employees. They use the competency model, which consists of a list of attributes the ideal employee should possess. Each employee is measured against those competencies. Those with a low score on any one of them are asked to shape up.

The underlying belief here is that well-rounded people are better. In the real world, the authors argue, each person is unique. Growth comes from figuring out the areas where your maximum ability lies and harnessing them to create the most impact. That should be a person's priority, instead of spending his energies pulling himself up in all those areas where he is weak. Instead of asking team members to conform to a theoretical ideal, team leaders should assign them tasks that match their strengths.

The book's most inspiring chapter is the one that examines the belief that work-life balance matters the most. The widely-held assumption is that work is toil. It stresses us out. Unless we are careful, it could lead to physical exhaustion, depression, and burnout. Hence, we need life to rejuvenate ourselves.

A survey by the Mayo Clinic found that 52 per cent of physicians are burnt out, and 15 per cent suffer from post-traumatic stress disorder, higher than the level even among war veterans. But then the authors came across Miles, a UK-based anaesthesiologist who says he absolutely loves the stress of keeping a patient hovering between life and death. A person under anaesthesia is never stable. His consciousness keeps bobbing up and down, and the anaesthetist's job is to keep him as stable as he can. It is like flying a plane--one wrong move could send it into a deathly downward spiral. But Miles says this stress is what gets his adrenaline pumping.

The authors suggest that more than striving for work-life balance, finding love-in-work is what should matter most. The Mayo Clinic study found that physicians who reported spending at least 20 per cent of their time doing things they love had dramatically lower risk of burnout. The authors suggest the following exercise. Take a pad around with you at work for a week. Create a column for "loved it" and another for "loathed it". Once the exercise is over, next week onward try adding more of the activities you love to your workday. If you can spend more than 20 per cent of your time on such activities, you will feel stronger, perform better, and bounce back faster. For team leaders the opportunity lies in helping team members identify such activities.

Some of what the authors suggest may sound idealistic. The real life work place is cut-throat. Will any of these idealistic nostrums work there? Robert Browning wrote that a man's reach must exceed his grasp. If you are a team leader, read the book and try out what it prescribes. At the worst you will fail and be back to square one. But if you succeed you will gain a reputation for being a benevolent boss whom everyone will compete to work for.

NINE LIES ABOUT WORK
A freethinking leader's guide to the real world
Marcus Buckingham & Ashley Goodall
Harvard Business Review Press
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