

The five vows

Powering green buildings and zero-emission vehicles must find a place among the priorities of the new government



VANDANA GOMBAR

The new government will be taking over at a time when power from solar and wind — typically available for less than ₹3 per unit — is cheaper than power from many other conventional sources. That makes a case for electrification of many sectors, including mobility. The five areas that could do with urgent attention are:

Imbalance correction: If a power distribution company buys electricity for

say, ₹4 a unit, and sells it forward at ₹3.70, there is no formula that can make it viable. With every unit sold, it adds to its losses. Either the buying cost has to come down or the selling cost has to go up or a bit of both needs to happen to prevent this fundamental imbalance creating havoc in the sector. It is partly this gap (currently at ₹0.29, as per the government's UDAY portal) that leads to producers of renewable energy being told often not to feed power to the grid (curtailment). For the power that they do inject, they are reportedly facing delayed payments of as much as 12 months, while consumers are still suffering power cuts. There has to be an incentive to produce power, and to supply power in an uninterrupted fashion.

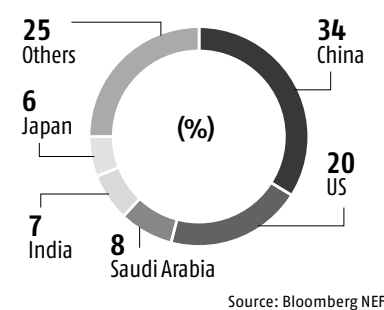
Clean power 2.0: India already has an aggressive clean energy target: 175 gigawatts by 2022, of which 100 gigawatts are solar, and 60 gigawatts are wind. Another policy push is required

to ensure that these targets are met. There should be far more activity in rooftop solar than we are seeing. Solar panels floating on ponds, lakes and dams — that enable better use of existing transmission infrastructure, prevent water evaporation and also manage to skip over people-displacement issues — look promising. The stage also needs to be set for the next set of clean energy targets, beyond 2022. At the consumers' end, they should be able to choose their power supplier, as they do their mobile phone service provider, and have an option to consume only green power.

Green buildings: There is a case for smart construction of buildings using smart materials and design, so that they consume less energy for lighting and cooling. There are smart alternatives to air-conditioning, which accounts for about 9 per cent of current electricity demand globally, and could grow exponentially. Asia is the centre

FOCUS ON ASIA

Global electricity demand for air conditioning (2018)



of air-conditioning growth, with China, India and Indonesia projected to be in the lead over the next few decades, according to BloombergNEF. We also need to use the most efficient air conditioners, as well as move fully to efficient appliances: fans, refrigerators, coolers etc.

Zero-emission vehicles: Electric cars, bikes, buses, trucks and trains are carving their space in the mobility market. The first set of electric buses are already plying in various cities in India, and some electric cars can be seen on the roads. That number will

increase. Last week, Ratan Tata announced an investment in Ola Electric Mobility, which is a unit carved out of ride-hailing firm Ola. Countries like Japan are placing their bets on hydrogen as a fuel. India needs to finalise a strategy so that it can move faster towards a vehicle fleet with zero emissions.

Clean air: The purpose of activity in all the segments above is to reach a stage where the air that we breathe is not poisonous. Rising sales of air purifiers is not a positive sign. The National Clean Air Programme launched in January 2019, focusing on improving the air quality of India's 102 worst cities, is a first step. Real-time air monitoring will trigger real-time action to control pollutants, whether it is temporary closure of coal plants or a short-term limit on the number of vehicles on the road, as was the case in Delhi a couple of years ago. To achieve clean air Nirvana however, the targets need to be far more ambitious, and actual activity on the ground needs to pick up pace.

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Hero revs up for an uphill climb

The two-wheeler maker has stepped up its premium drive to boost sales and fend off competition in its stronghold, but the efforts may be short on results

SHALLY SETH MOHILE

Faced with a number of challenges from rural distress to tougher emission norms and rising input costs, Hero MotoCorp is battling on multiple fronts.

Its dealerships are saddled with unsold stock; its profit in the January-March period has fallen by a quarter to ₹730.32 crore, against ₹967.4 crore in the same period last year; and a pick-up in sales is unlikely over the next few months as dispatches to dealers would be curtailed to reduce the inventory.

If the industry-wide slowdown in auto sales, higher ownership costs due to a switch to stricter fuel emission norms and a change in buyer preference to premium models weren't enough, rival Bajaj Auto's aggressive pricing in its stronghold of entry segment bikes has made its journey even more difficult. Even in a slowing market, having a foot in both premium and entry-level has helped Bajaj Auto boost market share in the motorcycle segment to 19 per cent in FY19 from 16 per cent a year ago. Hero, on the other hand, saw its market share drop to 50.69 per cent from 51.50 per cent. Even in April, while Hero saw its sales in the domestic motorcycle market decline 12 per cent to 0.534 million units over a year ago, Bajaj Auto's sales, albeit from a smaller base, increased 2 per cent to 0.205 million units in the same period a year ago.

To counter this trend, Hero is stepping up its premiumisation drive to cre-

ate new demand, and placing faith in freebies to kick-start demand for existing models. It is launching technologically advanced motorcycles in the premium segment — where rivals have a headstart — and bundling free gold coins, helmets and attractive finance schemes with its vehicles to woo buyers during the ongoing "wedding season" in north India, when rural sales typically peak.

This strategy's impact at dealerships is too early to discern, but Chairman Pawan Munjal believes HeroMotoCorp has a winning game-plan.

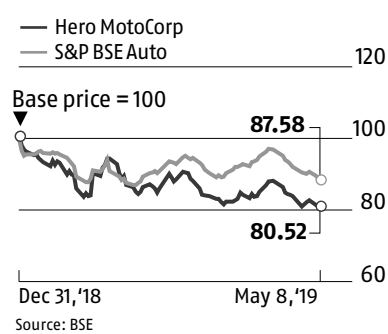
"Over the next 12 months, the domestic two-wheeler industry in India will go through a tectonic shift with the implementation of new safety and emission norms. We are completely geared up for this transition and to lead the industry into the next growth phase in the world's largest two-wheeler market as well as in our global markets," Munjal said in statement on 1 May.

The statement followed a raft of premium motorcycle launches in a bid to entrench Hero in a segment that has been the bastion of rivals including Bajaj Auto and Royal Enfield.

HeroMotoCorp's premium X-range portfolio now comprises the XPulse 200, XPulse200T, Xtreme 200S and the Xtreme200R. The last one went on sale in the second quarter of 2018-19. Priced in the range of ₹94,000 to ₹105,000 (ex-showroom prices), the models, developed ground-up at Hero's Centre of Innovation and Technology in Jaipur are "the reflection of the company's



TRACKING SHARE PRICE



technological capability," says Sanjay Bhan, head of sales and after sales.

Since the separation with Japan's Honda in 2010, HeroMotoCorp has been working on shoring up its research and development capability with a sharper focus on the premium category.

"With the Karizma and CB-Z models, it was Hero that kick-started the premiumisation trend in the Indian motorcycle market," says Bhan, adding that with

the new range, Hero is looking to make a mark in the segment once again.

But analysts remain sceptical of its premiumisation journey when its core brand positioning stands for attractively priced, entry-level bikes. "While Hero's three new launches may lead to some market share gains in the near-term, we do not think Hero will be able to significantly establish its presence," said Bharat Gianani, analyst at Sharekhan.

Another worry is that slowly the premium segment is slowing as well. "Even market leader Bajaj Auto which is well known for its technology has lost market share as multinationals players (Honda, Yamaha and Suzuki) have sharpened focus on the premium segment in India with new launches. They have an established technological prowess having manufacturing worldwide," he said.

Buyers trust Hero's models such as Splendor and Passion blindly, said an analyst who declined to be identified, adding that it remains to be seen whether Hero can pull off similar suc-

cess with its premium bikes.

Its other category, scooters, has been struggling too in the face of competition from players like Honda Motorcycle, TVS and Suzuki Motorcycles. So far, Destini 125, a premium model, is the only product that has done reasonably well. There are quality issues with the Maestro.

Scooter sales skidded to a five-year low of 0.719 million units in fiscal 2018-19, according to Society of Indian Automobile Manufacturers (SIAM). As with motorcycles, here, too, Hero is banking on technologically superior variants of Destini and Pleasure in the 125cc segment to stem the slide in sales. It has also come up with new marketing plans such as buyback offers for scooters in a bid to retain customers and attract new ones.

"Hero's biggest disadvantage, when it comes to the premium segment is, that its R&D is 10 years behind TVS and Bajaj," said Deepesh Rathore, co-founder and director at Emerging Market Automotive Advisory, a consulting firm. Hero will have to keep refreshing the line-up of premium model at regular intervals to keep pace with the ever changing buyer preference, he said.

Its popularity in the entry segment, however, could help its premium products to an extent. On an average, Hero sells 0.6 million-plus two wheelers every month. "Hero boasts of having the highest number of footfalls in its showrooms. So, when a guy walks in to buy a Splendor, he can be upsold a premium bike," pointed Rathore.

"The models, however, cannot afford to be lagging in any aspect as compared to the competition," he said. If that happens, buyers will immediately switch to rival brands.

Amid all this, the pressure on margin is unlikely to ease as Bajaj Auto may continue to pursue the volume-led approach in the months ahead and mount further pressure on Hero and others in the motorcycle market. "We have seen the impact of what Bajaj has done on the margins of all the players including Bajaj itself," said Gianani.

CHINESE WHISPERS

Batting for new leaders?

Why did the star campaigners of both the Bharatiya Janata Party and the Congress avoid campaigning for their most senior leaders in Madhya Pradesh? Prime Minister Narendra Modi addressed seven public meetings in the state but none of them was for a senior leader or minister. He did not visit Morena or Tikamgarh, from where cabinet ministers Narendra Singh Tomar and Virendra Khatri are contesting. Modi also gave Bhopal a miss — Sadhvi Pragya Singh Thakur is contesting against Congress leader Digvijaya Singh from the seat. Congress President Rahul Gandhi has done something similar. He held rallies at 17 locations across the state but did not campaign for Chief Minister Kamal Nath's son Nakul Nath (Chhindwara), Digvijaya Singh (Bhopal), Kantilal Bhuria (Ratlam) or Jyotiraditya Scindia (Guna). Both the leaders preferred to campaign for new leaders.

Maya's suggestion to EC



If Bahujan Samaj Party supremo Mayawati (pictured) has her way, poll candidates would be barred from visiting religious places or offering prayers before an election. "Roadshows and offering prayers have become a fashion during elections, where a lot of money is spent. The Election Commission should add this expense to the candidate's expenditure limit," Mayawati told a gathering on Monday. She added the EC should also pass an order stopping media from showing the candidates while they visit public places or offer prayers when the Model Code of Conduct is in place.

That is it...

Major trade talks involving more than 20 nations on highly contentious issues amidst a gloomy trade climate meant that Commerce department officials were running low on patience on Tuesday evening. Having to face a large battalion of journalists curious to know everything about the World Trade Organisation-backed meet in New Delhi, apparently took a heavier toll. In the cacophony of the press briefing, a crisis broke out when a reporter asked whether the government had invited Pakistan for the talks. While the harassed officials looked incredulous, the Commerce Secretary managed to use the situation to his advantage. "This shows you have run out of questions", he said, standing up to leave.

INSIGHT

The making of a perfect storm

About US sanctions, OPEC Plus policies and oil prices



DP SRIVASTAVA

Iran's president Hassan Rouhani announced on May 8 that Iran would not perform some of its obligations under the nuclear deal or Joint Comprehensive Action Plan (JCPOA) for 60 days. This is not withdrawal from the agreement. It is a temporary measure within the scope of nuclear accord, and can be reversed if EU provides sanctions relief. As Rouhani said: "This surgery is for saving the deal, not destroying it". Rouhani's speech came one year after US President Donald Trump's decision to withdraw from the nuclear deal. The US administration has taken three measures recently to ratchet up pressure on Iran. It designated Iran's Islamic Revolutionary Guard Corps (IRGC) as a terrorist organisation, ended oil sanctions waiver and has deployed a naval task force led by USS Abraham Lincoln in the Middle East in response to perceived Iranian threat to US interests in the region. The attack on two Saudi tankers and a Norwegian ship near Fujairah on May 13 has further escalated tensions.

The increase in geo-political tensions come at a time of supply disruption due to crisis in Venezuela and Libya. OPEC oil basket climbed to \$72.38 per barrel following the Trump administration's April 22 decision to

withdraw the sanctions waiver. It has since come down to \$70.45 per barrel. President Trump has exhorted Saudi Arabia and UAE to make up any shortfall in the market due to "zeroing down" of Iranian exports.

Though Saudi Arabia has spare capacity, it is constrained by its budgetary requirements as well as agreement with non-OPEC oil exporters led by Russia. OPEC cannot set production or price level without the agreement of latter group of countries. OPEC Plus has followed a policy of restricting production to boost prices. It set a target in November 2016 to reduce output by 1.2 million barrel per day (mbd), so that production comes down to 32.5 mbd. By benchmarking production to 2016 level, this formula ignored subsequent two years of growth in world economy and oil demand. The agreement was set to expire in end of last year. Instead, in December 2018, OPEC Plus decided to extend the agreement further.

The fifth OPEC and non-OPEC ministerial meeting on December 7 adopted a new bench-mark of 1.2 million bpd "adjustment" in production from October 2018 level of 32.976 million barrels per day. OPEC's share in this "adjustment" was 800,000 bpd. Thus the new target is 32.176 million bpd. This is below the 2016 benchmark.

Since January 2019, political trouble in Venezuela resulted in loss of 5,00,000 bpd oil production in that country. Saudi Arabia and Russia have also reduced production. The OPEC output reached 30.022 million barrels per day by March 2019, the lowest level of OPEC production in years. This is 2 mbd below the level set in December meeting of OPEC Plus. The March pro-



India stands to lose 3,00,000 bpd of crude oil supply from Iran, and 4,00,000 bpd from Venezuela

duction includes Libyan (1 mbd) and Iranian (1.3 mbd) export, which could disappear precipitously given subsequent developments.

It will be difficult for shale oil to bridge the gap of this scale in global supply-demand situation. Though America has been exporting crude oil in recent years, in March 2019 its net imports (crude oil and products) actually increased by 516,000 bpd according to OPEC monthly report for April. Will the Venezuelan and Libyan situation get resolved in the short term to allow supply situation to normalise? Russia and China have sent "advisors" to Venezuela. In Libya, general Khalifa Haftar controls most of the oil export terminals, while the Tripoli-based government has the backing of the UN Security Council to declare any crude oil export without its consent illegal. This stalemate is likely to continue.

Saudi Arabia's geo-political interests in containing Iran coincide with US policy. But will it risk a break with OPEC Plus, whose support it needs to maintain high prices to meet its budgetary demands? Russian president Vladimir Putin said in a media comments that his country has not

received any message from Saudi Arabia to increase production.

What if Iran accepts the US terms? This could help lift US sanctions and normalise supply-demand situation. Rouhani's speech of May 8 suggests this is unlikely. The Iranian leadership suspects that the US is bent on a regime change. The moderates are weakened by US decision to pull out of JCPOA. The US decision to declare IRGC as a terrorist organisation means hard-liners have no interest in negotiating new accord. Neither US nor Iran may want a war, but increased tensions carry the risk of mis-calculation.

India stands to lose 3,00,000 bpd of crude oil supply from Iran, and 4,00,000 bpd from Venezuela. This would amount to roughly a sixth of India's current imports of 4.4 million bpd. The challenge is not simply to find alternate sources, but at prices we can afford. Apart from credit terms, Iranian crude is cheaper. The spread between Iranian Heavy and Arab Heavy has in fact widened from \$1 to more than \$5 per barrel in recent days. The US commerce secretary stated recently that the administration cannot intervene in pricing issue, as oil trade is in private sector.

The Indian crude oil basket averaged \$47.6 per barrel in FY 2017. This went up in two years to \$69.4 per barrel in FY 19. It stands at \$70.59 per barrel. An increase of \$10 per barrel translates into more than \$16 billion or Rs 100,000 crore per annum in terms of import bill. The high US oil inventory and fear of tariff war between US and China may have dampened demand for the time being and moderated crude prices. The oil price is holding after the incident of attack on the tankers on May 13. But the combination of increased geo-political tensions and supply disruption could be the making of a perfect storm.

The author is a former ambassador to Iran

LETTERS

Just grab it

This refers to your front page report "China hits back, markets slip" (May 14). China's (widely expected) response to the US action of raising tariffs on imports from China has, without doubt, set in motion the process of derailing of the global economy. Unless better sense returns and both sides agree to sit across the table and find some common meeting ground, there's every likelihood of the world markets going on a downward spiral and possibility of a depression setting in.

Sadistic as it may sound, I think the situation offers a great opportunity to India. If we pull up our socks, we can certainly replace some of the Chinese goods in the huge US market. And, may be, it can be for good. India was indeed exporting a lot of these items to US before the Chinese juggernaut set in and made our goods relatively too expensive and our deliveries too undependable. Here's a golden chance to reclaim our lost markets. Our exporters will have to be bold, look at the long run benefits, accept some price cuts at this stage, bolster their productivity and production efficiency even if that means investments in mechanisation and go all out to win over the US importers facing a vacuum. It is indeed doable. We just need the guts. The Indian exporter community can also learn some lessons from your fine editorial today — "Smaller peers racing ahead" — and endeavour to emulate Bangladesh and Vietnam. Opportunity doesn't knock always; go out and grab it. I am sure the government will go out of its way to facilitate everything.

Perhaps, we can also have a good look at the possibility of our replacing some of the

US exports to China.

Krishnan Kalra Gurugram

All eggs in one basket

A prolonged election schedule has accentuated an already acerbic campaign to increasingly pit Narendra Modi as the lone face of the Bharatiya Janata Party (BJP). On innumerable podiums, across geographies, he bears the brunt as the lone speaker and is compelled to touch contradictory themes. And the blame must entirely go to the party for such extreme overload on the circuit.

Then, the Modi-centric campaign of the BJP for 2019 is but an extension of its strategy for the Uttar Pradesh elections of 2017. The Sangh ethos has never promoted individualism has forced it to put all eggs in one basket. If it had earlier smarted under the Congress heyday of "India is Indira", it surely is as circumspect with "Modi is BJP", an amorphous approach that it has not been able to alter. This has led to an unsteady sojourn — far back into the Nehru era for faulting on policy and governance and the Rajiv one for lack of probity — if only to showcase a perceived contrast. Not an edifying pitch to take but there was no other way. If the BJP pulls through on May 23, it would be despite its party and not because of it.

R Narayanan Navi Mumbai

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Race to the bottom

Opposition has matched BJP in spewing venom

Each national election leaves its own legacy. The last one in 2014, for instance, was marked by a vigorous debate about how to bring about “vikas” or development in the country. However, the election campaigning that is underway has offered nothing but venom and vitriol, pushing the country several steps down on the ladder of civil discourse in a democracy. Amid the barrage of irresponsible utterances, very little attention is being given to the core economic and social issues that afflict India. The Election Commission has hauled up a few politicians, but that has hardly discouraged others from making malicious personal attacks, often unfounded and intended to mislead the electorate. All political parties seem to be united in this: While several key leaders of the ruling Bharatiya Janata Party have been justly criticised for this, Opposition leaders have hardly distinguished themselves.

For instance, in January, Trinamool Congress chief Mamata Banerjee refused to allow BJP President Amit Shah’s helicopter to land for a key election rally in Malda. Surely this was preventing a fair election, and she should have been censured by the Election Commission. Prime Minister Narendra Modi is frequently accused of being autocratic, but Ms Banerjee’s conduct puts her in a league of her own. Another recent example of this is the case of a girl being sent to two weeks’ judicial custody after she displayed a morphed picture of Ms Banerjee on her Facebook wall. She has been given bail but the Supreme Court asked her to apologise. But Ms Banerjee is not the only Opposition leader guilty of such excesses. The BSP’s Mayawati’s reference to Mr Modi and the BJP women being nervous about their husbands meeting Mr Modi are full of innuendo, and completely out of order. Similarly, Trinamool Congress Spokesperson Derek O’Brien calling Mr Shah a “low life” is yet another example of arrogance, and suggests that Opposition politicians think that they can say anything about Mr Modi (and Mr Shah), who has already listed more than 50 terms of abuse that have been hurled at him over the years — including Congress President Rahul Gandhi continuing to call him a thief on the basis of no evidence.

Indeed, the Congress has likened the Rashtriya Swayamsevak Sangh, the BJP’s ideological parent, to the Islamic State — another statement that is clearly over the top. Senior Congress leader Mani Shankar Aiyar has added his two bits: He has justified his 2017 “*neech aadmi*” remark against Mr Modi and called him the most “foul-mouthed” prime minister India has ever seen. Even political newbies such as Kamal Haasan have given a poor account of themselves by saying Nathuram Godse, who shot and killed Mahatma Gandhi, was a “terrorist”. Surely he should know the difference between an assassin and a terrorist. This has been a sorry election in terms of how low the level of debate, if it can be called such, has sunk. Mr Modi has made his own contribution to this — while also providing for levity with his dreamy comments about cloud cover for the Balakot strike, taking digital photos in the 1980s, and so on. But the Opposition should know that it is as responsible as the BJP.

A new Cold War?

US–China confrontation may spill over from trade

The trade war between the US and China has entered a new phase, one in which the earlier hopes of a compromise are rapidly receding. After coming close to an agreement, the US side accused the Chinese side of reneging on large parts of the agreed-upon deal. As a consequence, President Donald Trump’s threatened escalation of tariffs on Chinese goods has kicked in. Beijing has retaliated in kind, saying it would raise tariffs on nearly \$60 billion worth of US exports to China, including alcohol, apparel, and liquefied natural gas. The Trump administration had already increased tariffs to 25 per cent on \$200 billion of Chinese exports to the US, and has released a plan to impose similar tariffs on the remaining \$300 billion.

Altogether, there will now be price increases on goods across the board. And the price of this trade war will be paid by consumers and companies in both countries. American consumers will face higher prices on basic goods. Meanwhile, American producers of key goods such as soybeans in politically sensitive states that are crucial to Mr Trump’s re-election prospects will be hurt by Chinese retaliation. American companies producing in China will be hurt, but so will their Chinese-owned subcontractors. These are two very integrated economies. Under these circumstances, some wonder if the trade war makes political sense for either side, but particularly for the US administration — and therefore these people doubt that it will be followed through on with energy. However, there is every reason to believe that Mr Trump intends to prosecute this war to the fullest — it was a leitmotif of his political campaign and indeed a constant refrain of his even before he entered politics. The Chinese president will also be facing pressure at home to avoid being seen to back down. Under such circumstances, some economic pain will be seen as politically bearable by both sides.

However, it is unlikely that this confrontation will now remain limited to the trade sphere. In order to sell the economic pain to their domestic constituencies, both leaders will have to re-invigorate a narrative of strategic rivalry. Pocket-book pain is politically palatable when it is seen as being part of a larger national cause. The concern, therefore, must be that in other areas, in particular maritime security, the US and China will now increase their level of confrontation. Hopefully, countries will not be asked to “pick sides”. Yet, it is likely that India, which has made a mantra of strategic autonomy, will have to manage a much more tricky international situation. There may, of course, be benefits to be garnered: Markets may be opened to Indian exports by Beijing at a much more rapid pace than earlier, in order to ensure that Washington DC does not build a coalition of countries dissatisfied with Chinese trade practices. But confrontation in the South China Sea and in Eurasia more broadly might become more visible. A new Cold War looms on the horizon.

ILLUSTRATION: BINAY SINHA



Policymaking with happiness

Despite challenges, policymakers are monitoring and evaluating well-being¹

There should be little disagreement that the likely answer to the difficult question, “What is happiness”, is easy, “I wonder.” From the literature, however, what emerges is that there are two levels. The World Happiness Index (WHI), for example, uses qualitative — emotional spot reactions to freedom, corruption, societal support — responses, as well as quantitative — income, longevity — indicators. At the outset I admit that the literature is vast so that I have had to be partial in my coverage, my limited objective being assessing the WHI²

The earliest recognition of happiness appears in Rama’s instruction to reign to Bharata before he withdraws to the forest, and in the *Bhagawat Gita*, Krishna’s song to Arjuna. Then came descriptions from Aristotle and Plato, later Bentham and others. In contemporary society, Rabindranath Tagore is replete with happiness (and sadness). Gross National Happiness (GNH) was coined in 1972 by Bhutan’s former king Jigme Singye Wangchuck to signal his commitment to building a culture-based economy (www.gross-nationalhappiness.com).

Measurement of happiness is more recent. Attempts to define, measure, analyse and suggest policy regarding wellbeing — with its variations, happiness, quality of life, life satisfaction — have crowded social science space from health sciences, psychology and finally economics since the 1980s. Today, it is a “multidimensional, trans-disciplinary, multifaceted but incomplete” discipline (Carlos Moreno-Leguizamon, 2011). And happiness has taken on “public policy change and political action to minimise objective reality harmful to individual, family, community or social wellbeing” (Allan McNaught, 2011).

The criticism “...economists whose philosophical ancestry is logical empiricism still write as if the old positivist fact/value dichotomy were beyond chal-

lenge” (H Putnam, 2006) has been assuaged by the recent development of the concept of subjective wellbeing (SWB). SWB incorporates both an individual’s feelings as well as the outcomes of interactions with others in a socio-economic, cultural and political environment. Data sources such as the World Values Survey, Physical Quality of Life Index, Happy Planet Index, Gallup World Poll, Gallup-Healthways Wellbeing Index, Human Development Index and others have produced numerous usable data sets.

Perhaps the existence of a fertile field prompted a 2009 UK Commission (Stiglitz-Sen-Fitoussi), set up to recommend which measures of SWB should be included for policymaking, to comment, “it is possible to collect meaningful and reliable data on subjective and objective wellbeing. SWB encompasses cognitive evaluations of one’s life, happiness, satisfaction, positive emotions such as joy and pride, and negative emotions such as pain and worry.” Nevertheless, specific or narrower senses of inequality — rate of growth of income inequality, employment, deteriorating ecology, climate change, ethnicity, condoning gender-related provocations, nature or intensity of disability, exclusions from and placement in the life cycle, religious location — marginal, minority, majority — and sexual orientation — LGBTQ — that affect SWB, have yet to be adequately incorporated in SWB or WHI estimates.

In a comprehensive review of different methodologies, Andrew Clark (2018) includes the WHI methodology. The 2019 World Happiness Report (WHR) also elaborates. WHI is a good beginning to assess cross-country (un)happiness. Different sample sizes are used for different countries, over 150 countries every year. India’s sample size has been 3,000 individuals and that of China 5,000 for the last several years.

WHI is based on only six explanatory variables — GDP per capita, healthy life expectation, social support in times of trouble, freedom to choose, altruism or



PARTHASARATHI SHOME

Who is truly afraid of the bully?

It has been some time that the bullying tactics of President Donald Trump have ceased generating bewilderment or outrage to become a routine. It is however useful to assess their real efficiency. And here some interesting observations can be made.

One can realise that the offensive style of the US President is having a much more destabilising impact on America’s traditional allies than on its adversaries. Suffices to look at the way Mr Trump’s declarations on NATO and his questioning of Article five, stipulating that an attack against one of the members of the Alliance would be considered as an attack against all of its members and thus prompting the use of US military might, have created a very disturbing precedent; suspicions about the reliability of Washington’s commitment will linger on.

Take now Mr Trump’s criticism and disparaging attitude towards the European Union — a reversal of the traditional US policy of support towards the process of European integration. This is having quite a divisive and disturbing impact on what is supposed to be America’s most important ally and support in its policy towards Putin’s Russia.

Another point in case is Washington’s threats to impose punitive tariffs against the EU — and more specifically Germany — and Japanese car exports to the US which would deal a serious blow to their respective economies. Tokyo, Brussels and Berlin are scrambling to find ways to avoid these sanctions; and this acrimony on trade relations and profound unease towards America’s new aggressive mercantilism can only add to their reluctance to fully align themselves with Washington’s policies towards China.

One could add many other examples of the disruptive impact of the Trump administration’s bullying on its relationship with its allies such as its stubborn rejection of the reality of climate change and the urgent priority for concerted global policies to fight against it.

Let us now turn to what is happening with respect

to America’s adversaries and the way Mr Trump’s bullying tactics are impacting their attitude. In that respect, four cases are of particular relevance: China, Iran, North Korea and Venezuela. They are relevant because — to a large extent — they have come to represent a kind of litmus test of America’s continuing ability to exert influence as the prominent super power and to shape global events.

Turning first to China, looking at the latest developments in the two countries’ trade negotiations, it is becoming clear that bullying through increasingly high import tariffs against Chinese goods is not making Beijing bend to Washington’s will. There have been concessions from China on issues such as greater protection of Intellectual Property, opening up of some sectors to foreign companies, officially limiting or ending technology transfers as a condition for operating on the Chinese market. These are not, however, the structural changes that the Trump administration tactics are trying to force on the Beijing leadership. And it is more than doubtful that President Xi Jinping will

move in that direction, as this would be undermining the very nature and legitimacy of the regime. So, after the deadlock reached this last week-end, the key challenge is now to find ways to resume the dialogue once the tariffs war and the bluster will prove to be inconclusive. It is not a given that Beijing will be less resilient than Washington on sustaining its position.

Looking at Iran, the unilateral withdrawal from the nuclear deal and the tightening of sanctions have clearly no other objective than to engineer regime change in Tehran. While Washington’s moves on Iran have created deep divisions with the EU, there are major doubts that this will succeed — whatever one may think about the nature of the Iranian regime. The key question is whether this will not rather aggravate the crisis and make the Iranian regime tougher its position, like increasing its uranium enrichment and intensifying

charitableness, and sense of societal corruption. The first two are positivist indicators obtained from economic data while the last four are collected on the basis of binary (yes/no) responses. By incorporating the last four, the WHI traverses a distance from pure positivism towards inclusion of values.

Three dependent variables are as follows. Sample individuals are asked to give an overall life evaluation on a 0-10 scale (Cantril ladder, Variable V1). (b) A positive “affect” variable is generated as the average frequency (for each sample individual) of happiness, laughter and enjoyment on the previous day (V2); and (c) a negative “affect” variable is the average frequency of worry, sadness and anger on the previous day (V3). Both V2 and V3 are calculated from binary responses. (See WHR Technical Box 1 and statistical Appendix 1.)

Results appear in WHR’s Table 2.1, page 20. Three quarters of the variation in life evaluation V1 are explained by the independent variables. Of the latter, per-capita income and healthy life expectancy have significant effects on V1. On the other hand, social support, freedom and generosity have larger influences on positive affect V2 than on V1. The negative affect V3 is much less explained by the six variables.

In an extension, a further question is explored by adding V2 and V3 to the explanatory variables list with V1 as the dependent variable. In other words, more possibilities to explain life evaluation are included in the analysis. This exercise reveals that positive affect V2 has a highly significant impact on V1 while negative affect V3 has no influence. Thus, positive affect experienced the previous day does influence life evaluation but negative affect does not. Humans appear to be an optimistic lot!

After measurement, how is SWB to be used? Paul Dolan *et al* (2011) delineate the use of SWB for public policy. They point to the need for theoretical rigour, policy relevance and empirical robustness in the use of SWB in policy design and appraisal. They list different categories of questions that should be asked for policy design and appraisal. For wellbeing projects in particular, Moreno-Leguizamon *et al* (2011) point to possible alternatives of results-based and outcome mapping approaches. The former attempts wellbeing improvement, while the latter targets fundamental human change. The sequence of project development, monitoring and evaluation (M&E) is specified in significant detail, signalling that wellbeing projects are here to stay.

In conclusion, happiness is absolute and relative. It comes from within; but it is also influenced or determined by others. As Cicero, Roman orator, advocate and senator, commented about Julius Caesar and Gnaeus Pompeius Magnus (Pompey), two of Rome’s greatest generals, “Do you think there is no understanding between them, that no agreement has ever been possible? Today there is a possibility. But neither of them has our happiness as their aim. They both want to be kings” (Nigel Cawthorne, 2005).

¹This column is best read with last month’s column on India dated 15 April 2019

²I have cited the years of the references though title details can be accessed from the Net.

The supreme ideal



BOOK REVIEW

M J ANTONY

The Supreme Court is undoubtedly going through one of the worst phases in its history. While the 1975 Emergency was traumatic for judiciary, it did not last long enough to destroy the institution. The current tribulations tend to corrode slowly. The court has tried to defend its independence by three constitution bench judgments, devising a collegium to buffer against government interference in appointment and transfer of judges. But this mechanism itself is under severe attack. Conflict broke out

within the camp itself when four senior judges came out in public last year, warning against threats to the independence of judiciary from within. The most unexpected development is the running debate on the efficacy of the in-house mechanism contrived by the court when a judge is accused of misbehaviour. This also appears to have divided the judges. Linked to all this is the accountability of the institution to the public.

The book under review, *Independence & Accountability of the Higher Indian Judiciary*, goes straight into the heart of the matter which is likely to remain a topic of debate for a long time to come. It is a monograph based on author Arghya Sengupta’s doctoral work at Oxford. Naturally it is no easy read, unlike the recent books on the Supreme Court such as Fali Nariman’s *God Save the Supreme Court*, Abhinav Chandrachud’s *Supreme Whispers* or Arun Shourie’s *Anita Gets Bail*.

This academic work delves deep into various episodes in the Supreme Court and its judgments dealing with the two seminal aspects of higher judiciary and the author gives his own suggestions to clear the cloudy field.

The founding fathers did not envisage the current imbroglio in appointments and transfers caused by recurring confrontations between the judiciary and the government. Nor the question of accountability. Therefore, they did not lay down a procedure for selection of judges and a mechanism when judges themselves are accused of misbehaviour. Impeachment has been proved to be ineffective. Therefore opaque conventions developed involving chief justices, chief ministers and investigation reports. In appointments, seniority and competence were prominent but due to the vastness and diversity of the country, considerations of region, religion and caste also crept in. Indira Gandhi’s scheme to pack the court with “committed judges” was mercifully junked but could be revived by another strong leader.

Mr Sengupta devotes a large part of this 300-page book on the complexity of

the process of selection of judges and how the constitution benches attempted to settle the issues unsatisfactorily. He assails the collegium system on various counts. The author suggests an alternative system towards the end of the book. It might sound a little complex and need constitutional amendments.

Mr Sengupta has narrated several instances where the court has failed in asserting its independence and accountability. In fact, he disclosed at a recentclave that the unsavoury Justice Dinakaran episode of 2009 prompted him to take to the legal field. This led him to become the Research Director at Vidhi Centre for Legal Policy, a think tank.

Independence of the judiciary is an accepted concept, but the judiciary is accused of being the only arm of the state with no accountability to the people. This has become a new point of accusation, mainly by those in the government. The word of the Supreme Court is final, though it is not infallible. It is not answerable to anyone and what it interprets is the law. Even when the conduct of individual judges comes under the scanner, there is

no clear remedy and what the judges choose to do is final even if they are knee-jerk reactions.

An interesting section is on post-retirement jobs accepted by judges. It contains a detailed chart naming judges who took up government assignments, sometimes without even conferring on themselves a few days of well-deserved rest. Most of them have headed commissions. Judicial talent is scarce and there are scores of tribunals and government bodies which need it. If judges are kept out of them, retired civil servants will be delighted to wear the judicial hat. The Supreme Court has repeatedly foiled their efforts to head tribunals by cleverly drafting laws.

If the talent of retired judges is not utilised for public purposes, they would serve the corporations by taking to arbitration and gather lucre which they missed while sitting on the bench and watching lawyers getting richer by the minute. Mr Sengupta is critical of judges taking up government posts because post-retirement offers would colour their judgments. It is famously said that loyalty and ambition are the main threats to judges’ indepen-

dence. He suggests a three-year cooling off period before taking up such posts. The trouble is that within that period they might have found consultation and arbitration more attractive than the demands of public office. His proposal for raising the retirement age of judges from 65 years to 70 will find support from the legal fraternity.

The book has come at a time when the country is expecting sea-changes in the political field. The problems of the judiciary have been ignored by successive governments leading to the present stalemate. Many of the author’s suggestions call for urgent attention of the new government. The erosion in the dignity and respect commanded by the judiciary in the past must be restored and this book is a cry from the heart of a young academic.

INDEPENDENCE & ACCOUNTABILITY OF THE HIGHER INDIAN JUDICIARY

Arghya Sengupta
Cambridge University Press
₹795, 342 pages