Who wants a central bank job?

The authority of central bankers is being compromised in interesting ways across the world by elected powers

AMOL AGRAWAL

The British government recently advertised for the position of governor of Bank of England whose term gets over in January 2020. Likewise, the European Central Bank president's term is finishing in October 2019. This has led to media speculation over probable candidates for the two coveted jobs. But hang on, are they really coveted? Those interested in the two positions should be mindful of what has been going on with central bankers worldwide.

Take the case of Jeremy Powell. He was appointed by US President Trump only to be openly criticised later by Trump himself. As part of Federal Reserve's oral history project, one of the questions posed to Alan Greenspan was whether the Federal Reserve could say no to the executive. He replied, "It wasn't always a show of confidence. It just was a fact that, if I stood my ground, they could do nothing." Powell has also stood his ground so far but the question is for how long. Even Carney has been criticised for his remarks over Brexit.

Historically, the source of contention between government and central banks has been interest rates. The governments tried to pressurise the central bank to lower interest rates and one tried to manage the tensions. Lately, the contention has encompassed banking regulation and what is more worrisome is unwillingness of governments to manage the tensions but use tactics to undermine central banks.

The most intriguing experience was in Cyprus, where Panicos Demetriades was appointed in May 2012 for a five-year term but resigned two years later in April 2014. Demetriades wrote an account of his experiences in *A Diary of the Euro Crisis in Cyprus*, which is a must-read. Before 2008, Cypriot banks had expanded aggressively becoming 10 times of country's GDP. The banks had invested heavily in Greek government bonds and lent aggressively towards real estate sector, something which was seen across banks in Iceland, Ireland, and US which also faced crises.

Demetriades knew he was sitting on a time bomb and tried to negotiate a solution with the troika of IMF, ECB and European Commission but could not succeed. The politicians continued to underestimate the scale of problem and banks remained highly undercapitalised.

As the banking problem worsened, who better than a central banker to be made the scapegoat. The media anyway disliked Demetriades as he was seen as an outsider. The politicians wanted Demetriades to be ousted but under the Eurosystem the central bank governor could not be fired.

The government did two major things (apart from humiliation) in mid-2013 which pushed Demetriades towards his resignation – firing the deputy governor who backed the governor and pushing the governance powers from governor to the central bank board. Under the new legislation, the government expanded the central bank board membership from five to seven with the two new members becoming executive directors. The ECB protested against this legislation but to no avail. The personal attacks mounted even bringing his family into the picture. In March 2014, he submitted his resignation citing "personal reasons" and difficulties working with the board as the reason for resignation.

Cyprus is not the lone case. In 2017, central bank of Ukraine governor Valeria Gontareva resigned under similar circumstances. She was appointed in 2014 for a seven-year term but resigned after receiving death threats from lawmakers and businesspersons over her tough anti-crisis measures. In 2018, Latvian Ilmārs Rimšēvičs was arrested and his house raided over a bribery case only to be reinstated in March 2019. He has been governor since 2001 and is currently serving his third six-year term.

It is also interesting to note the striking resemblance of events in Cyprus with those in India (2017-18). There was discontent between the government and the RBI governor for rising NPAs, low credit growth and the central bank's high reserves. There were reports on how the powers of governing RBI were shifted from the governor to the RBI board and these battles affecting the governor's health. In the end, the governor resigned after just two years mentioning personal reasons, like just like his Cypriot counterpart.

Compared to above, there have been some lighter frictions. Italy politicians were eyeing its central bank's gold, South African central bank is under attack for not being a nationalised bank and Austria central bank's banking supervision powers are being transferred to financial watchdog FMA.

All these events show that central bank independence may be an important economic idea, but its spirit lies with the government. Paul Tucker, former deputy governor of Bank of England, in his much acclaimed book termed central bankers as unelected powers. Yet, the authority of central bankers is being compromised in interesting ways across the world by elected powers. With rising protectionism and nationalism, the governments are all out to show their supremacy. Those seeking these jobs should be doubly careful as prestige could quickly turn into nightmare.

The author is faculty at Ahmedabad University and runs Mostly Economics

CHINESE WHISPERS

A different *chai pe charcha*

Constantly overshadowed by its vastly larger neighbour China with which it competes fiercely for a share of India's market, Taiwan has now pulled out all the stops to attract Indian businesses. To do that, they've fallen back on Prime Minister Narendra Modi's popularity and the idea that Indians will take selfies with every possible thing. On Thursday, the centrepiece of a trade show in New Delhi was a large selfie wall with a cut-out of a senior Taiwanese official sitting on a roadside bench sipping tea. Delegates, buyers and guests lined up to snap selfies and post them online. "We had seen videos of the PM's *chai pe charcha* and when my car broke down on a Gujarat highway, the connection was immediate," said the visibly pleased official in question.

Savvy Diggy

He may be one of the oldest candidates in the fray but former Madhya Pradesh chief minister and the Congress candidate from Bhopal Digvijaya Singh (*pictured*) is way ahead of many younger politicians when it comes to using social media. Election Commission (EC) figures show that at ₹1.5 lakh, Singh has spent the maximum amount on social media. For the first time, the EC is keeping a record of the expenses incurred on platforms such as Twitter and Facebook and adding them to the total expenses incurred by candidates. The interim list from Madhya Pradesh, one of the states with one phase of polling left, has thrown up some other surprises. Singh's main opponent from Bhopal, the Bharatiya Janata Party's Sadhvi Pragya Thakur has spent only ₹21,000, while Nakul Nath, the son of Chief Minister Kamal Nath, has spent a paltry ₹9,000. Rather surprising is the case of Congress' Jyotiraditya Scindia who is contesting from Guna and hasn't spent a single penny on social media.

Arrangements for the results

As the Lok Sabha election results date (May 23) is fast approaching, Delhi Police have conveyed to their officers to make special arrangements when it comes to victory marches on the day. Sources said some communally sensitive areas had been marked where no processions would be allowed. A circular says that each procession will need permission and a police vehicle will lead a procession and another will tail the supporters. An assistant commissioner will be deployed with each procession. Further, a station house officer will be stationed at all counting centres. With some attempts at communal polarisation in East Delhi pockets, the police want to leave no stone unturned, said a senior police officer.

Infra investments: Getting the mojo back

Motivating private capital back to investing in infra is the need of the hour

INFRA TALK

VINAYAK CHATTERJEE

What should be the policy of any new government for the infrastructure sector? Where are the gaps? And what are the reforms needed to plug those gaps?

These are deeply pressing questions today. Between 2007 and 2012, infrastructure investment rose to around 7 per cent of GDP from about 5 per cent for the previous five-year period. A key reason for this jump in infrastructure investment was the role of the private sector, whose share in infra investment rose by 15 per cent compared with the previous five-year period.

In retrospect, that growth was not sustainable because of one serious issue — the infra "boom" happened "despite" serious structural and policy deficiencies. Because of this, it was inevitable that such growth would peter out as those weaknesses — ranging from difficulties in land acquisition, skewed risk allocation, myriad regulatory clearances from multiple agencies, the dominant role that commercial banks played in infra financing, to fuel and discom drags (in the case of power) — became more and more onerous and difficult to surmount.

Thus, after 2013, infrastructure's investment share as percentage of GDP slipped back and remained just above 5 per cent. The private sector's contribution to infra investments, envisaged at 48 per cent between 2013 and 2018, was nowhere close. Instead, the slack has had to be picked up by the public sector in the last few years.

Going forward, this is hardly sustainable, given the fiscal headroom now available. Both the two main national political parties have committed to big expenditures on infrastructure in the next five years, with the BJP committing ₹1 trillion of capital investment by 2024. If such ambitious targets are to be met, as they have to be for pump-priming economic growth, the private sector has to again play a huge role. And this means, addressing those structural weaknesses that caused the private sector to withdraw in the first place.

Luckily, for any new government, there is no need to once again discover the weakness or find fresh solutions. The NDA government, in 2015, had asked Vijay Kelkar to study ways to revitalize public private partnerships in infrastructure. Many, if not all the recommendations made in his report, released in 2015, are equally relevant today.

It recommended the setting up of a PPP Project Review Committee, as well as an Infrastructure PPP Adjudicatory Tribunal (IPAT) which together would be empowered to determine whether terms of a project need to be revisited if the economic context or conditions in which projects were implemented had changed. This would address a key problem faced by many projects — the lack of a clear set of institutional processes by which contracts could be "renegotiated." This is an especially serious problem in infrastructure where concession agreements can go up to 30 years and beyond and the context in which the agreement was signed will almost always have changed beyond recognition.

The committee made it clear that independent sector regulators were an absolute must. In sectors like railways, this is an especially serious issue given that the dominant public sector actor, the Indian Railways, is regulator, developer and policymaker rolled into one, creating serious conflicts of interest. This is also true of the roads sector. And even sectors where there are regulators, the tag of "Independent" is often questionable.

The committee sought significant amendments to the Prevention of Corruption Act 1988, so that genuine commercial errors of judgement by officials are not penalised.

The Kelkar Committee looked beyond just dispute resolution and regulatory issues. It revisited the core structure of PPPs itself. Its key recommendation in this context was the understanding that there are certain risks the private sector can bear and ones it cannot — basically, the risk-allocation matrix. The adoption of one-size-fits-all model concession agreements did not take into account project-specific and sector-specific contexts. Land acquisition for a project for instance, is not something that private sector players do in their normal course of business — such a risk should be borne by the government concerned. Bid documents need to clearly specify upfront the situations wherein renegotiations can take place transparently and fairly.

The Kelkar Committee report also acknowledged another key element of the infrastructure landscape — the fact that many projects built on an engineering, procurement and construction (EPC) basis, had actually moved past the construction stage and were now into the operations and maintenance (O&M) stage. It was critical therefore that the standard of service delivery to users and consumers be up front and transparent. The management of such O&M contracts could be bid out to private players with the experience and skills to manage such activities. This is true even when government is monetising state-owned utilities under an asset-recycling policy.

Four years on, it is clear that the Kelkar report was a practical and foundational document, and even today provides a clear roadmap on the way forward for the next few years. Certain other issues too need to be addressed — like preventing irrational bidding or allowing Swiss Challenge as a recognised format, or even pushing friendlier PPP formats like plug and play.

What is now required by a new government is the political will to implement such a PPP-revival process.

The author is chairman, Feedback Infra

INSIGHT

How a promise evaporated

MIKE ISAAC, MICHAEL J. DE LA MERCED & ANDREW ROSS SORKIN

Last September, Uber's top executives were pitched by some of Wall Street's biggest banks, Morgan Stanley and Goldman Sachs.

The bankers' presentations calculated Uber's valuation almost identically, hovering around one particular number: $120 billion.

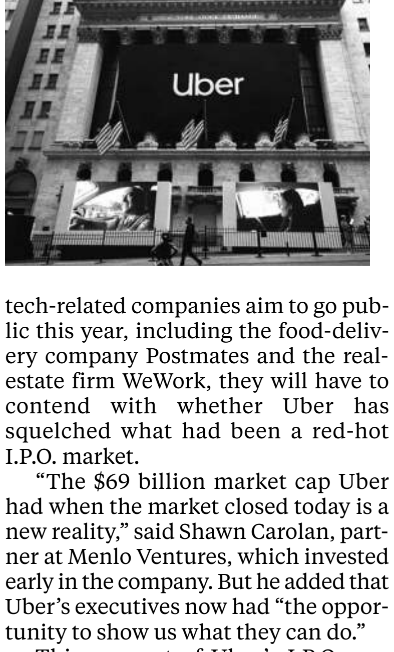
That was the figure the bankers said they could convince investors Uber was worth when it listed its shares on the stock market, according to three people with knowledge of the talks. Uber's chief executive, Dara Khosrowshahi, and chief financial officer, Nelson Chai, listened and discussed the presentations, these people said. Then they hired Morgan Stanley and Goldman Sachs to take the company public — and to effectively make the $120 billion valuation a reality.

Nine months later, Uber is worth about half that figure. The ride-hailing firm went public last week at $45 a share and has since dropped to around $41, pegging Uber's market capitalisation at $69 billion — and officially crowning it as the stock market debut that lost more in dollar terms than any other American initial public offering since 1975.

How Uber's offering turned into what some are now openly calling a "train wreck" began with the $120 billion number that the bankers floated. The figure leaked last year, whipping up a frenzy over how Uber could soon become the biggest American company to list on an American stock exchange — larger even than Facebook, which went public in 2012 at a whopping $104 billion valuation.

The result has created a host of pointed questions for all involved in Uber's I.P.O., from Mr. Khosrowshahi and Mr. Chai to the lead underwriters at Morgan Stanley, Goldman Sachs and Bank of America. While Uber raised $8.1 billion from its offering and reaped billions of dollars in returns for its early investors and founders, what should have been a climactic moment for a transportation colossus instead became an embarrassment.

The extent of the fallout may not be clear for a while, and it is too early to judge how Uber will ultimately fare in the public markets. But as many other tech-related companies aim to go public this year, including the food-delivery company Postmates and the real-estate firm WeWork, they will have to contend with whether Uber has squelched what had been a red-hot I.P.O. market.



"The $69 billion market cap Uber had when the market closed today is a new reality," said Shawn Carolan, partner at Menlo Ventures, which invested early in the company. But he added that Uber's executives now had "the opportunity to show us what they can do."

This account of Uber's I.P.O. was based on interviews with a dozen people involved in or briefed on the process. Many asked to remain anonymous because they were not authorized to speak publicly. Representatives from Uber, Morgan Stanley and Goldman Sachs declined to comment.

For years, Uber was an investor darling. As a privately held company, it gorged on capital from venture capital firms like Benchmark and GV, mutual fund firms like Fidelity Investments, and companies like SoftBank. Its private valuation shot up from $60 million in 2011 to $76 billion by August.

Some investors were also resisting because they had earlier invested in Uber at cheaper prices. Since its founding in 2009, Uber has taken in more than $10 billion from mutual fund firms, private equity investors and others, meaning that its stock was already widely held among those institutions that traditionally buy shares in an I.P.O. So the I.P.O. essentially became an exercise in getting existing investors to purchase more shares — a tough sell, especially at a higher price.

The slowing growth led to lukewarm investor demand for Uber's shares, according to two of the people involved in the matter. Some investors argued that Uber needed to price its offering lower, these people said.

In March, another problem cropped up. Uber's rival in North America, Lyft, went public and promptly fell below its offering price on its second day of trading. Investors appeared skeptical about whether Lyft could make money, setting a troublesome precedent for Uber.

By the time Uber made its I.P.O. prospectus available in April, it had already told some existing investors that its offering could value it at up to $100 billion — down from the initial $120 billion.

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LETTERS

Reality check

This refers to "The narrative of joblessness at its highest in decades is misinformed" (May 16). It is surprising to see the chief economic advisor (CEA) simply brushing aside the very valid concerns on joblessness and economic growth. Professional bodies such as the National Sample Survey Office and Centre for Monitoring Indian Economy, who have a proven expertise in analysing economic data, have highlighted a very grim unemployment situation. Moreover, their conclusions only corroborate a job crisis that is already very apparent across all sectors. The CEA cannot attribute the high unemployment figures to a sampling methodology. As regards economic growth, when we are faced with an IIP growth in negative territory and an export growth at a dismal 0.64 per cent, it is difficult to understand the reason behind the CEA's optimism. Political parties will always interpret economic data according to their convenience but one would have expected the CEA to have at least done a reality check.

S B Bhalerao Mumbai

EC too partisan

The Election Commission's (EC's) unprecedented decision to cut short election campaign in West Bengal while ensuring that prime minister goes ahead with two of his election rallies already scheduled for Thursday in the state is a brazen misuse of Article 324 of our Constitution. If the ground for such a move was indeed growing incidents of disruption and violence during the campaigning, then, as the opposition parties rightly questioned, why not a clamp down on campaigning with immediate effect? The motive behind the EC's timing of the ban order is suspect.

Relieving DG CID Rajiv Kumar facing heat from the Central Bureau of Investigation in the Sarada case with a direction to report to the Ministry of Home Affairs by 10 am on Thursday is equally baffling. And it doesn't stop here, the EC has also relieved the state principal home secretary Attri Bhattacharya of his duties for alleged interference in the process of conducting of elections citing his letter of May 13 to the state' chief electoral officer (CEO). This is also totally uncalled for. By his letter now in public domain, Bhattacharya had only sought to bring to the CEO's notice certain instances of disproportionate use of force by the central armed police forces and offered some constructive suggestions for consideration by the commission. By no stretch of imagination, such a letter can be construed as interfering with the conduct of elections. Being so partisan, the EC has failed to act as a neutral election watchdog under the Constitution. This should be matter of concern.

S K Choudhury Bengaluru

Blessing in disguise?

When the bicentennial year of birth anniversary of Pundit Ishwar Chandra Vidyasagar (born 1820) is knocking at the door, the vandalising of his statue has become the focal point of Lok Sabha elections in West Bengal after as bust was targeted during clashes between the Trinamool Congress (TMC) and the Bharatiya Janata Party workers during a roadshow by BJP President Amit Shah. According to the TV and video reports, the BJP foot soldiers forced their way into Vidyasagar College, smashed the bust of Vidyasagar, the great educationist, the man who changed the Bengali alphabet and type, Sanskrit scholar, reformer who fought for women's education against Hindu orthodoxy, that flowed into the Bengal Renaissance. Alas! Modi *bhakts* don't know what they are vandalising. Interestingly, the vandalism has come as a boon for the TMC also.

Bidyut Kumar Chatterjee
Faridabad

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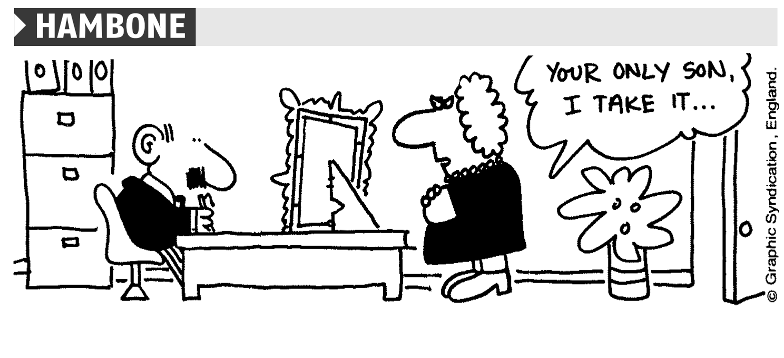
HAMBONE



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Exports weak, again

Hopes of a revival prove to be short-lived

The official data on India's balance of trade for April has been released, and it makes for disquieting reading. While exports may have grown in April as they did in March, February and January, growth was barely there. At 0.64 per cent, it was the lowest year-on-year growth in exports seen so far this calendar year. While the numbers themselves may not be disquieting, the worry is that what appeared to be a modest revival in exports does not appear to be sustainable. Meanwhile, imports of gold shot up by as much as 54 per cent year-on-year, and oil by 9.3 per cent, driving overall imports up by 4.5 per cent. The trade deficit, correspondingly, rose to a five-month high of $15.3 billion.

Examining the data more closely provides little relief on two counts. First, non-oil, non-gold imports continued to shrink. In February 2019, they shrank by 1.9 per cent; in March 2019 by 2.7 per cent; and in April 2019 by 2.2 per cent. While this is not necessarily bad news, to the extent it reflects a broader narrative about weak consumer demand in India, it should be of concern. India's growth story has rested for the past years on strong consumer demand, and multiple indicators — including now non-oil, non-gold imports — suggest this story has run its course. The increase in oil imports by value also may reflect the changes in oil prices globally and increased tensions between the United States and Iran. Meanwhile, the break-up of exports is even more worrying. While they may have grown overall, non-oil exports, in particular, shrank by 3.1 per cent. This reflects an unexpected and sharp contraction in engineering goods exports, which shrank for the first time after two months of growth. It had been hoped that the earlier growth was sustainable, but after the release of the April data, it is no longer possible to be sanguine about that.

Slow domestic demand may not be good news for growth, but it does mean that worries about the external account may not prove to amount to much in the coming months at least. Economists predict that the current account deficit in 2019 will fall to 2.1 per cent of gross domestic product as distinct from 2.4 per cent in 2018. Of course, if there is a particularly sharp spike in oil prices then all bets are off. But the real lesson of this data print is that exports from India, particularly in engineering, textiles and chemicals, will not revive without closer attention from policymakers. So far, the policy has focused on reducing imports through import substitution mechanisms and tariff policy. However, the most sustainable way of managing the trade deficit is through increasing exports — which will also create jobs and address the overcapacity problem faced by domestic manufacturing. While the complaints made by exporters about the mechanism by which the goods and services tax cut into working capital must be addressed, there are also stark choices to be made by the next government about how to drastically cut red tape and frictions at the border faced by exporters.

Lessons from 2019

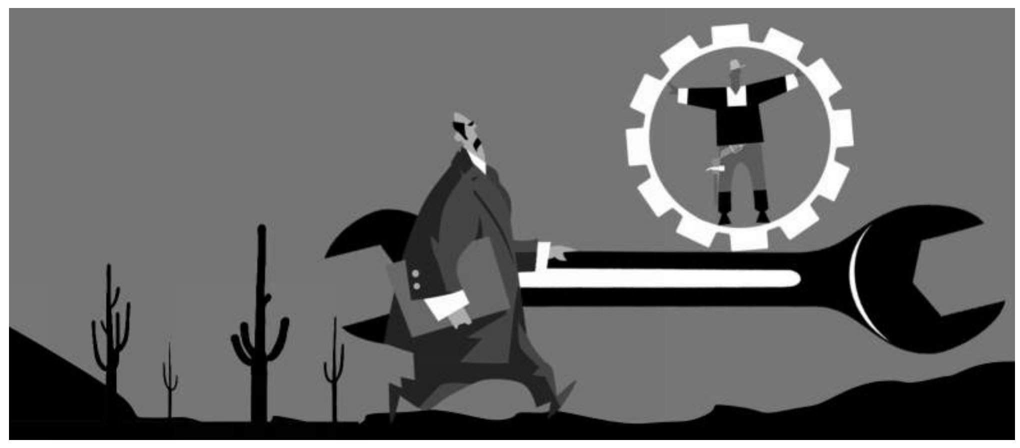
Election schedule needs shortening

Till recently, election fatigue was a term associated with the United Kingdom, where the electorate faced two general elections and one momentous referendum on Brexit in the space of just two years, apart from sundry local elections. In 2019, it is fair to say that India has reached that stage in a little over a month, thanks to a seven-phase election schedule. The diminishing enthusiasm is evident in the progressive dip in voter turnout: 69.5 and 69.4 in phases one and two, respectively, to 68.4 per cent in phase 3; 65.5 per cent in phase 4; 65 per cent in phase 5 and 63 per cent in phase 6. This makes for a rough turnout average of 66 per cent — comparable to the turnout in the record-setting nine-phase election of 2014. But considering that the registered electorate has swelled from 814.5 million voters in 2014 to nearly 900 million, and the issues at stake are no less consequential, it was reasonable to have expected a larger turnout. It is possible that voter ennui will change in the last phase, on May 19, but the contrast with the excitement of 2014 is palpable. The big takeaway from the 2019 elections, then, is the importance of shortening the schedule.

To be sure, the increasingly extended election schedules are a result of logistics that come with an exponentially expanding electorate: Electoral rules decree a polling station within 2 km of every habitation, posing unique challenges in terms of mobilising security and administrative personnel, especially in jungle or mountainous areas. But some of the schedules are hard to justify: Why, for instance, should West Bengal and Bihar, with 42 and 40 seats, respectively, have seven phases, the same as Uttar Pradesh with 80 seats? This extended schedule also enables political parties to exploit a loophole in the model code of conduct. The code stipulates a no-campaign or silent period 48 hours before the vote to give voters some downtime to consider their choices. This includes proscribing political advertisements and press conferences. This stricture, however, does not cover social media, which is far more ubiquitous and insidious in its influence. A 24X7 information environment, therefore, enables politicians to stay in campaign mode for the duration, a situation that disproportionately benefits the larger national parties. The code proscribes campaigners elsewhere from addressing voters of poll-bound constituencies but that acts as a minor check.

As a result, voters all over India have been bombarded non-stop with election rhetoric well before April 11, the day the elections started. Leaders from all parties have not hesitated to take full advantage of this loophole to raise the level of obnoxious rhetoric about their opposition in one part of the country just ahead of voting in another part. This coarsening of the public discourse is, perhaps, the most urgent lesson the Election Commission (EC) needs to take on board. The EC's somewhat mild response to transgressions of the code has only encouraged this trend. It is a pity that the Supreme Court had to remind the EC of the powers that it always had to rein in their worst instincts. That perhaps prompted the EC to take the unprecedented decision to invoke its special powers under Article 324 of the Constitution to prematurely end the election campaign in West Bengal ahead of schedule following violence that erupted during campaigning on Tuesday. The need for such unambiguous no-tolerance policy from the EC remains the most compelling lesson of the 2019 elections.

ILLUSTRATION: BINAY SINHA



Skilling: The way forward

India's youth desire jobs that have prospects for upward mobility, and our skilling schemes must be crafted to meet their aspirations

PAHLE INDIA

RAJIV KUMAR

A well-recognised paradox in our country is that ours is a labour-surplus but skill-shortage economy. At the same time, we do export some skills and professional talent, thereby earning $79 billion in 2018 as foreign remittances. Therefore, skill shortages in some sectors are perhaps more a result of relatively low wages in the domestic economy. In other sectors, these would be a result of supply shortages.

It is evident from the worldwide experience of extensive public sector intervention that given the "public goods" nature of human resources development, a purely market-based skill generation system will be inevitably characterised by supply shortages. This pushes up wage costs higher than warranted by the country's demographic and workforce profile. For these reasons, the Indian government has also intervened extensively at all levels of education for ensuring adequate supply of skills. As a part of these efforts, the National Skill Development Corporation (NSDC) was set up in 2008, on the public-private partnership (PPP) model. It was moved, in 2015, to the Ministry of Skill Development and Entrepreneurship (MSDE), which owns 49 per cent of NSDC's equity. The majority is held by private partners. The Skill India programme was launched in 2015.

Since its establishment, the NSDC has expanded its presence across the country. In the process, it has acquired 443 training partners; opened 8,503 training centres; prepared 1,870 job descriptions; worked closely with 38 sector skill councils; and has trained nearly 9.9 million persons. Its placement record shows that its private sector training partners found jobs for about 47 per cent of their trainees. Under other government schemes, placement has been a mere 15-18 per cent. Additionally, 19 other ministries run another 44 schemes. Some collaboration between the MSDE and some of these ministries has recently been initiated as reflected in the collaboration between Skill India and a few line ministries like Agriculture, Sanitation and Drinking Water and NITI Aayog's Aspirational Districts programme.

It has not been easy to find jobs for those trained under various schemes. Either jobs on offer do not meet the trainee's aspirations or skills acquired do not match industry requirements, which are in great flux due to tremendous pressure on the domestic industry to adopt new technologies being spawned by Industry 4.0. It would, therefore, be virtually impossible to satisfactorily gauge the volume and quality of demand for different skills across the economy's spectrum. Any attempt to anticipate emerging skill requirements for an economy as technologically dynamic and open as ours is bound to consistently and significantly fall behind the curve.

It is also worth recognising that present skilling programmes generally do not offer possibility of continued up-grading of skills and a movement up the skills-talent ladder. They could be perceived as an inferior channel for the much desired upward mobility. The palpable risk is that the extensive NSDC training network may meet the same fate as Nai Taleem. This programme, conceived of in the latter fifties, died an early death because, despite famous proponents like Zakir Hussain and K D Shrimali, it was seen as consigning the trainees to a lifelong inferior status of vocational workers with no prospect of upward mobility.

There is thus an urgent need for thinking of alternatives. Apprenticeships, combined with a system of continued education that allows candidates to improve their skill and education profile may well be the way forward. The 1961 National Apprenticeship Law stipulates that apprentices should make up a minimum of 2.5 per cent of the workforce and this figure can go up to 10 per cent. At present, apprentices probably account for less than 0.3 per cent of the workforce, while China's is about 1.3 per cent. Germany has 3.7 per cent of its workforce as apprentices. Doubling or even tripling the government apprenticeship stipend amount from the present level of ₹1,500 and effectively controlling labour inspectors may well be the two necessary conditions for apprenticeship schemes to prosper in our country.

But an even better model is available. Dr Vivek Sawant, formerly deputy head of the Centre for Advanced Computing, Pune (C-DAC, the organisation which successfully developed India's super computer, Param), accepted the challenge of turning around the Maharashtra Knowledge Corporation Ltd (MKCL), established as a PPP entity in 2001 in Pune. Since 2012, MKLC has been running a successful pilot that successfully combines apprenticeship with continued education.

By July 2019, a total of 204 students would have graduated from the three-year course offered part-time by MKCL with a BBA degree from the Yashwantrao Chavan Maharashtra Open University. These students, all hailing from the lowest social strata, work five days a week as apprentices in Pune-based companies, after completing three months of job readiness training in digital skills, English language, and other soft skills. They earn a stipend of ₹8,000 (which makes the scheme attractive to young trainees who also send a part of the stipend to support their poor parents) paid entirely by the companies from the first day of their enrolment. All the trainees have been given individual laptops and received real-life work experience in industry while also acquiring explicit theoretical knowledge over weekends in courses organised by MKCL. Each one of them was successfully placed in companies like Federal Express, Tata, Amazon, NEC etc with an average salary of ₹12,000 per month and strong promotion prospects. Currently, 400 students are enrolled. The lesson is that India's aspirational youth is no longer satisfied with any job. They desire good quality jobs that have prospects for further education and upward mobility. All our skilling schemes have to be suitably crafted.

The pilot run by MKCL is now ready to be rolled out at the national level and at a much larger scale. MKCL is willing and capable of leading the nationwide effort. The University Grants Commission and the Indira Gandhi National Open University now need to step forward and work with and empower MKCL to offer the programme at the national level. Skill India will also do well to support this programme to successfully launch it nationally. Let's hope that we see this happening within this financial year.

The writer is Vice Chairman , NITI Aayog. Views are personal.

The curious case of Infibeam vs auditor

POWER POINT

SHYAMAL MAJUMDAR

Infibeam Avenues has called an extraordinary general meeting on May 30 to ratify its board's decision to fire the auditors, SRBC & Co. The matter will then be put up for approval of regulatory authorities. The audit arm of EY would probably be happy if Infibeam shareholders give their stamp of approval to the proposal.

That's because SRBC apparently wanted to resign much earlier, but the market regulator did not allow it to do so for reasons unknown. In that context, SRBC must be hoping that the Infibeam EGM hastens its exit. The reason is obvious: The trust factor between the company and its auditor has been zero for quite some time, leading to public mudslinging. While it's natural for the relationship between a company and its auditors to be delicate, they certainly can't become adversaries. In this case, adversary is too mild a term to describe the relationship between Infibeam and SRBC, which took up the audit assignment in September 2016. KPMG was then the joint auditor but it resigned during financial year 2017-18.

The EY arm's misery is, however, unlikely to end after Infibeam's EGM as the company has made a serious charge of insider trading. Leakage of unpublished price sensitive information is a violation of Sebi insider trading norms and if proven, is a serious lapse of auditor responsibility. Infibeam has also written to the National Financial Reporting Authority (NFRA) and the ministry of corporate affairs (MCA). The regulation to prevent insider trading requires that no insider shall communicate, provide, or allow access to any unpublished price sensitive information of a company to any person unless in the furtherance of legitimate purposes. A violation of insider trading rules can lead to a fine of ₹25 crore and being barred from securities markets.

In its complaint, Infibeam has cited SRBC's admission that one of its employees had passed on information about the company's quarterly financial results to various third parties prior to such results being disclosed to the stock exchanges on multiple occasions leading to breach of trust and loss of faith. On its part, SRBC has denied the allegations. Its argument goes like this: SRBC examined official email accounts of 28 audit team members who worked on the Infibeam account between November 2016 and February 2019. On one occasion, one employee "inadvertently" sent some information to a third party — a chief financial officer of another company by mistake. The audit firm thinks it was a genuine mistake. The CFO's name was the same as that of his boss, and the mail was marked to Infibeam as well. Nobody, it argues, would try to do insider trading through a mail where the company officials are also marked.

The matter is surely serious, but Infibeam is perhaps taking it as a golden opportunity to get rid of its auditor. After all, SRBC has already offered itself for a third party/regulatory investigation. So why make such a big song and dance about it?

Infibeam had its fair share of other controversies as well. A WhatsApp message alleging lack of corporate governance had eroded about ₹9,200 crore market capitalisation in a single day last year. It was the largest stock fall after Satyam Computers Services in January 2009.

That all is not well between the two has been evident for some time now. SRBC qualified the company's results for nearly three quarters, and had raised questions about ₹122 crore advances to subsidiaries, which on-lent the amount to project vendors. The management failed to clarify and provide adequate information about the rationale behind the transaction, terms and conditions and how it selected the vendors, according to the auditors. They had also raised concerns about the lack of "robust documentation" for ₹32 crore revenue recognised during the quarter and have asked the company to perform an independent investigation in relation to certain matters connected to Infibeam's merger with Avenues India Pvt Ltd, which operated payment gateway CCAvenue. Infibeam had acquired the company at a valuation of ₹2,000 crore in an all-stock deal.

While Infibeam's decision to fire the auditor and raise insider trading charges against it may not be a case of tit for tat, this aspect needs to be investigated. The role of the audit committee also should be looked into — did the committee inform Sebi after discovering the alleged insider trading norm breaches by the auditor?

This sordid saga could have perhaps been avoided if Sebi had allowed SRBC to resign much earlier. After all, SRBC was not the only auditor to have offered to resign, and its request should have been accepted if it had given enough disclosure on the reasons. To avoid such confusion, Sebi must come out with detailed disclosure requirements for allowing an auditor to resign. The entire auditing fraternity and India Inc would now wait for the results of the investigations.

Beyond the burqa

BOOK REVIEW

SEEMA GOSWAMI

Mariam Khan, the editor of this selection of essays by Muslim women of colour who live in the West, sets the tone of this book in her introduction. "Muslim women are more than burqas, more than hijabs, and more than society has allowed us to be until now," she writes. "We are not asking for permission any more. We are taking up space. We've listened to a lot of people talking about who Muslim women are without actually hearing Muslim women. So now, we are speaking. And now, it's your turn to listen."

And if you do care to listen — or more accurately, read — then this book provides many insights into the lived experiences of Muslim women who try to navigate Western societies, while remaining true to the tenets of their faith. And while the title of the book assures us that *It's Not About the Burqa*, many of the essays in the book do, in fact, deal with the issue of hijab, and the inability of Western society in general, and Western feminists in particular, to see beyond it. The world these Muslim women inhabit seems unable to look behind the veil that some of these women have chosen to wear — and that leaves them feeling both unseen and unacknowledged as people with agency.

My favourite essay that deals with this subject is the one written by Mariam Khan herself, provocatively titled, *Feminism needs to die*. Ms Khan describes how she came to identify as a feminist, but how feminism (or 'White feminism' as she terms it) fails to stand up for Muslim women like her who choose to wear the hijab. "I am tired of being asked about the way I dress as a Muslim woman...These people are looking for ways to tell me I am not a feminist. Those people want to tell me how oppressed I am," she writes. In her view, "feminism as we know it needs to die so it can stop building walls, so it can develop and move forward to nurture a sisterhood of Intersectional Feminists."

Another interesting take comes from Afshan D'Souza Lodhi who writes movingly about being a "kinda Muslim, fat, South Asian hijabi" who is gay, and has an on-off relationship with the hijab. "The period of wearing hijab and not wearing hijab didn't exist in isolation. I didn't just wake up one day and become a non-hijabi. There were transition phases," she explains. The world, she says, constructs a "hijab binary" that doesn't allow for complex, contradictory people to exist. And she was a walking contradiction: "a queer Muslim".

Except that Ms Lodhi no longer sees that as a contradiction at all. She no longer sees Islam and queerness as oppositions. And she constantly reminds herself that just because people don't accept her doesn't mean that Islam or Allah won't. So, now Ms Lodhi is fearless in embracing both her faith and her sexuality. You can hear that bravery in her voice as she proclaims, "I'm done engaging in conversation with people who don't understand that human beings are complex. That I can wear a hijab and a dress. That I can be queer and Muslim. That I can exist."

Whatever the subject matter, the one theme that runs through all these essays is that of being "othered", of being seen as something exotic and foreign, as someone who doesn't really belong

As the women who people this book constantly remind us, while the hijab or veil may be the first thing the world sees when it looks at Muslim women, there is a lot more to their lived experiences. Hence the essays in the book are about so much more than Islam and the veil.

Some are about the immigrant experience, that strange feeling of displacement you feel when you are the product of a place and yet not of it. There are others that emanate from South Asian culture, where patriarchy is solidly entrenched and the family honour is heavily invested in the bodies of women. Others are about such tricky subjects as trying to have a love life outside of the bonds of a marriage (that would render the sex "halal" rather than "haram").

One of the more interesting essays is by Sufiya Ahmed (titled *The First Feminist*) who grew up seeking validation in the life story of Khadija Bint Khuwaylid, the first wife of the Prophet (they married when she was 40 and he was 25), who was both a divorcee and a businesswoman.

The essay by Amna Saleem (*Shame, Shame, It Knows Your Name*), that explores the concept of "shame" and "honour" within south Asian communities, will resonate with every woman, irrespective of her religion or colour. "Ultimately, at its creepy centre," she writes evocatively, "misogyny against Muslim women is just two sides of the same grubby coin. Zealots to the left of me, racists to the right, forcing the rest of us into the middle with their nonsense."

Whatever the subject matter, the one theme that runs through all these essays is that of being "othered", of being seen as something exotic and foreign, as someone who doesn't really belong. It is that sense of alienation that gives this book its power.

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Mariam Khan (ed)
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