Poll tattle reaches fever pitch

Bumping into Ruchir Sharma and other election stories from Kolkata and beyond...

NOT FOR PROFIT

NIVEDITA MOOKERJI

It's quite a coincidence for the writer of the last book you have read to turn up in front of you without notice. A friend, excited about the prospect of election reporting in 2019, had advised Ruchir Sharma's *Democracy on the Road*, a 25-year journey chasing the dust and grime and plenty of juicy stuff that election campaigns across the country bring along, as a must-read. So seeing Sharma, also chief global strategist at Morgan Stanley Investment Management, eagerly board the airport bus to catch a plane to Kolkata along with a team that he refers to as "merry band of fellow writers" in the book, was an unexpected start to my election travel to the same city.

Political analysts seem to believe that Kolkata, in fact the whole of West Bengal, is important in the national scheme of things this time more than ever before as the state may witness a *'poriborton'* (change) of a different kind. Therefore, it's buzzing with election noise as much as the heartland and the pundits are converging here like they would in Uttar Pradesh. But there's still time before the people of West Bengal decide on how saffron they want to go. With three more rounds of polling left, things can swing wildly. From the narrative of *'rosogolla'* to who knows what.

Meanwhile, the election buzz can be heard everywhere. At Delhi airport, for instance, group bookings to various destinations have caught up, in the name of election tourism in many cases. What better time to discover the spirit of a city and a state than when the biggest festival of democracy is playing out big time. On Wednesday morning, an entire flight to Ahmedabad was booked by a group of tourists. Voting is over in Gujarat but the verdict is awaited and tourists' endless chatter on poll result possibilities fills up the air in the otherwise "noiseless" airport, which stopped making flight announcements quite some time back.

While betting on the possible numbers and scenarios for May 23, conversations in the airports revolve around issues of interest. Economy, employment, New India , security and also the Jet Airways crisis. Politicians, however, have remained shockingly tight-lipped on the biggest airline collapse of the time and somewhat muted on other serious issues too. The protests so far from the political fraternity have been less than symbolic. The Opposition, while being engaged around non-issues like *'chowkidar'* and *'rosogolla'*, has failed to take up things that matter. The Jet crisis is one such. A bankers' consortium, led by the State Bank of India (SBI), tried various permutations and combinations to work out a rescue package for the 25-year-old airline, but failed to infuse even an emergency fund to run it till bidders took a call.

April 30 was the date set for the submission of binding bids. The date has passed without any noteworthy mention from any political party, though bidders had claimed a solution would emerge by May 10. In the election season, Jet should have been a hot potato issue for everyone, especially as state-owned banks were in the driver's seat while the government (though not on the record at all) was believed to be helping the banks. The common sense assumption was that a resolution would be worked out before the election because Jet grounding was clearly seen as bad news for the government, already facing some tough questions on the lack of adequate jobs. But the bad news has drowned in the midst of other noise even though Jet employees continue with their silent protests against non-payment of dues including medical benefits. In the meantime, a section of the employees has offered a plan to the SBI to run the airline, letters have been written to political leaders including the PM to step in, and a staffer has committed suicide.

That's not bad news enough to move any politician, calling it a private matter of a company, while the election pitch is about to hit a new high in the final phases. That's all for *'Naya Bharat'* (New India) as a co-passenger on the Kolkata flight observed with a hint of sarcasm.

It's Kolkata and beyond now. Ruchir will be around somewhere collecting nuggets, perhaps for a sequel to his latest. "The 2019 ballot will offer a choice of two different political visions, one celebrating the reality of the many Indias, the other aspiring to build on," he wrote in *Democracy on the Road*, adding, "I know where I will be when the carnival begins."

Back on the road.

CHINESE WHISPERS

Hotels win in election season

South Mumbai's low voter turnout is legendary and this time is no exception, with the high-flying ones going abroad, taking advantage of the long weekend (Monday being a holiday because of the polls and Wednesday on account of Maharashtra Day), while others taking state buses/trains to their native places. But hotel companies are not complaining. Most of the hotels, including 3-star ones in the vicinity of Mumbai, jacked up their rates this extended weekend with even the smaller ones in Khandala and Mahabaleshwar charging ₹15,000-20,000 a night. So while politicians continue to rue, hoteliers are listening to the ringing of cash registers.

Strings attached

The government of Tamil Nadu seems to know the right strings to play to usher in the much-needed rains as many parts of the state, including Chennai, are in the grip of severe water scarcity this summer. A circular from the Hindu Religious & Charitable Endowments department, which operates under the aegis of the state government, is doing the rounds in social media. It stipulates that temples across the state conduct prayers using the nadaswaram, violine, flute, veena and other instruments in the *amritavarshini, meghavarshini, kedari, ananda bhairavi, roopakalyani ragams* to please the gods. It has also prescribed special *yagyams* and *poojas* in Siva and Vishnu temples. The temples have been asked to list the *poojas* and offer updates after each *yagyam* is completed.

Knock, knock. Who's there?

After chasing down trade deficits and industrial red tape, commerce ministry bureaucrats have been on a different kind of hunt in April. Over the past two weeks, they have been trying to figure out the identity of a new colleague. Earlier in April, the government had announced the names of nine individuals selected for direct lateral entry into joint secretary level positions across ministries. But officials had been stumped by the seeming lack of detail regarding Arun Goel, who had been nominated to the ministry. Their long search came to an end on Tuesday when online marketplace Shopclues revealed Goel had served as the company's vice-president of product management since August 2015.

Maruti's loss, foreign car makers' gain

The market leader's diesel pullout won't be mimicked by all

PAVAN LALL

MOVING OUT

▪Maruti Suzuki Brezza

STAYING IN THE GAME

▪Tata Nexon
▪Honda BRV ▪Hyundai XXX ▪Mahindra XUV 300

Last week, Maruti Suzuki, the country's largest auto maker, announced it would move away from making a large section of cars equipped with diesel engines. Those include the Swift, the D'Zire, the Baleno, the Brezza, and they constitute some 400,000 cars or a quarter of their annual volumes. The cause for Maruti's radical call was a combination of factors that included weak growth forecasts, fuel price deregulation that has narrowed the gap between diesel and petrol, and stricter emission norms.

Think of it as a Hobson's Choice when volumes are incumbent on a technology or a genre to swift changes in regulation or a technology that may become obsolete. Across the world, and especially after Volkswagen got busted in America for installing a cheat device on its diesel cars to beat emissions norms, diesel, whose best feature is fuel-efficiency, faces a pull-back worldwide partly because there are cleaner technologies available and partly because it has a negative impact on human health and the environment.

TAKE TWO

For 1.5 litre petrol engines however, NOx (nitric oxides) and PM (particulate matter) emissions are lower to start with and upgrades would cost the original equipment manufacturer between ₹5,000 and ₹15,000 per engine, and the car-maker would then incrementally increase car prices by ₹10,000 to ₹25,000.

Most of Maruti's diesel engines, which are of the 1.3 litre spec, are made by under licence from Fiat. It does have a 1.5 litre in-house diesel engine which is used in the Ciaz sedan currently but whether it will be upgraded next year or after 2020 to fit cars hasn't been decided yet by Maruti.

So while, Maruti is silent on how it plans to shore up the looming absence of volumes it will face, two things are crystal clear.One, in the short term that it won't have had the market leadership it did without diesel engines and second, what is poison to it may become meat for other competitors. Especially foreign ones are watching, and temporarily could make rapid market share gains with the right mix of marketing aggression and discounting.

"The point is most manufacturers will stop their diesel options in A and B segments because prices will become unaffordable," says Suraj Ghosh, principal analyst South Asia Powertrain Forecasts, IHS Markit. Equally, there are some who plan to push right along with their diesel offerings. Honda, for example, is one such who makes compact diesel cars that include the the Amaze, the Jazz, and the W-RV.

Though BS VI compliance, which goes into effect in April 2020, would impact everyone's cost strategies and volumes, Hyundai, Tata, Mahindra and Honda would seem to benefit given they plan to retain a number of diesel products. Hyundai Motor India, the second largest auto player, confirms that it will retain all its diesel models per market demand (its petrol-diesel mix is 60:40). And while it acknowledges the petrolisation of mobility the company will continue making small diesel cars such as the i20, the Xcent and others, a spokesperson said.

Where will the gaps emerge? Take the nifty-looking 1.3 litre-engined Brezza. It's a compact and trendy SUV that is available in only diesel, promises mileage of 24 km/l and retails for around ₹8 lakh. It's also a bonafide blockbuster hit sold 200,000 units in under two years when it launched. Once gone, in its category, diesel cars that will stay in the game include Mahindra's XUV 300, Honda's WRV, Tata's Nexon, and Hyundai's Venue, that is going to be launched soon.

While Maruti wouldn't comment on what stage of redeveloping their small diesel engines they were at before they threw in the towel, such overhauls come at a price. For BS VI compliance, diesel vehicles have to be equipped with after-treatment devices for NOx and PM control. For a diesel engine that is 1.5 litre in size, the upgrade could cost car manufacturers between ₹65,000 and ₹70,000 per engine that would lead to a net increase in prices per car between ₹1 lakh and ₹1.5 lakh.

Sources aware of plans at Mahindra & Mahindra, whose entire fleet has diesel models, say that the SUV-maker will be ready for BSVI with all the models they aim to sell at the time, and the view inside the company is that diesel will not vanish but continue in SUVs and sedans while small cars will predominantly become petrol.

That sort of thinking is best reflected through a peek at Skoda India's product portfolio that includes a compact sedan (68 percent of volumes come from diesel) the Octavia (35 per cent from diesel), the Superb (37 per cent from diesel) and the Kodiaq SUV which is only available in diesel.

Like Maruti, other Indian manufacturers are also hesitant about new diesel motors. A Tata Motors spokesperson said that "new BSVI compliance will make small diesel cars expensive and that those high costs won't justify developing a new small capacity engine." The company said it will not be upgrading diesel engines for its Tiago hatchback nor its Tigor sedan.

Players like Honda have a portfolio whose diesel share goes like this: 55 per cent for the WR-V, 30 per cent for the Amaze, and 20 per cent for the Honda City. Honda's overall mix was 70 per cent petrol and 30 per cent diesel, with the Amaze accounting for the highest model-wise sales among diesel models followed by WR-V.

"We believe it is a bit tough for market to accept the sudden change in one day. Therefore, we will continue to offer the diesel models in line with market demand and gradually move towards future alternatives," says Rajesh Goel, senior vice president and director of sales and marketing for Honda Cars India.

As Kavan Mukhtyar, partner and leader Automotive, PwC India, points out, "Diesel will always be a polluting fuel, no matter how well it is treated but cars with diesel engines will be viable for the immediate future because it also offers value-for-money economics with no parallel." For example, the mileage for Honda's W-RV petrol car is 17.5 km per litre. For the diesel version it is 25.5 km per litre. That sort of advantage is impossible to ignore.

INSIGHT

Future expansion of higher education in India

The new government must do its best to put education and skill building in focus. That's the way the unemployment challenge can be tackled

HASMUKH ADHIA

While the political executive is busy with elections, some top class bureaucrats are busy making future plans for India. One such initiative came to my notice. The secretary of Department of Higher Education in government of India collected 70 people out of the who's who of education in Lal Bahadur Shastri National Academy of Administration (LBSNAA) Mussoorie for three days to brainstorm on strategies of higher education for India under the initiative of EQUIP, Education Quality Upgradation and Inclusion Programme. This consultation exercise made one thing very clear -- we need to completely redo the higher education landscape of India.

India is the sixth largest economy in the world and soon aspiring to be fifth. It has 14 crore population in the age group of 18 to 23, which is an age when most of them should be in colleges or polytechnic. However, only about 3.66 crore out of this group are found pursuing tertiary education, which is counted as gross enrolment rate (GER) of 26 per cent.

The comparable GER of Russia is 81 per cent and that of China is 51 per cent. The GER of most advance countries of North America and Europe is in excess of 80 per cent. The GER of India doubled in the last 10 years, the speed at which it may take us another 10 years to reach where China is today. When it comes to scheduled castes and scheduled tribes, the GER of this group is 21.8 per cent and 15.9 per cent.

While it is logical to aspire to double our GER in five years, it is neither feasible nor desirable. More than 80 per cent of the students passing out of class 12 are now entering higher education. Unless our GER for higher secondary goes up substantially, we can't reach there. Also the programmes offered and accepted by students at present are not making them employable.

About 81 per cent of the total students in higher education are pursuing top 10 programmes only, which include: BA, 26.4 per cent; BA (Honours), 4.13 per cent; MA, 4.38 per cent; BSc, 13.38 per cent; B Com, 11.14 per cent; B Tech, 5.89 per cent; BE, 5.05 per cent; Diploma, 5.92 per cent; B. Ed, 2.89 per cent; and MSc., 1.97 per cent. While 50 per cent of the population depends on agriculture, less than 1 per cent are studying agriculture.

It is obvious that there is a huge chasm between the skill requirements of the Indian economy and the supply of graduates. While BA and MA degrees can make more aware citizens, their ability to contribute to the needs of the economy is low. As a result, we have already created a situation of having a huge pool of unemployed graduates and post graduates. Their failure to get economic returns from their education contributes to their social frustration.

Therefore, without re-orienting the entire higher education system towards meeting the economic aspirations of today's youth, there is no gain in simply ballooning the student enrolment numbers in the existing manner. This will mean bringing in a lot of vocational and skill education in every degree programme.

What then are the choices before us? Business as usual is not the choice. For giving a big push to education, the public expenditure on education needs to be increased by at least 25 per cent more in one year and 15 per cent more in the successive years to reach the target of 6 per cent of GDP. As per Reserve Bank of India reports, the total state governments' expenditure on education in 2017-18 was only 2.8 per cent of GDP, and if we add to that Central Government's annual expenditure in that year, the total expenditure of state and centre is not exceeding 3.5 per cent of GDP.

In order to make education aligned to the needs of the economy, we would suggest that all degree courses, including BA, BSc, BCom, should have anything between 20 per cent and 35 per cent of their course content as vocational. This can easily be done using the vocational modules of Massive Open Online Course (MOOC) and aided by local artisan/ expert who can be hired on contractual basis. Bringing about improvement in the quality and relevance of courses will itself give a boost to GER.

The least expensive and the fastest way for expanding higher education is by using technology and by expanding the availability of open and distance learning (ODL) in the open universities as well as conventional universities. However, having a rigorous assessment and quality certification system is a must for ODL education. The perception about low quality of ODL graduate will improve largely by this measure. The course material used for distance learning can be a blend of MOOC modules and physical form.

The government can develop a network of MOOC delivery centres spread throughout the country, which can also function as the study centres of open universities and conventional universities. The current study centres can be upgraded with necessary IT and internet facilities. There is also a need to have all the available MOOCs translated in all the vernacular languages, which can be used by ODL system and by conventional universities also.

Recognition of National Skill Qualification Framework (NSQF) equivalent levels in recruitment rules for all government agencies and employers will result in increasing the attractiveness of qualifications through multiple means provided in NSQF framework and thus will incentivise young pass-outs from school to opt for NSQF based courses.

We do hope that the new government will do its best to put education and skill building in focus. That's the way the big challenge of unemployment can be tackled.

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LETTERS

Lose-lose situation

This refers to "Oil at $100? What it means for India, world economy" (April 30). The abrupt scaling up of oil prices by the US will only have a short-term advantage for them. Oil is a basic supporting commodity for most economic activities and not an independent product. Emerging economies with large fiscal deficit will exercise restraint in the import of oil, resulting in an economic slowdown. This will impact the global balance of trade negatively. Although in the short run, the rise in oil prices will be neutralised by trade in other commodities, inflation will subsequently impact all economic activity even in developed economies.

The impact of inflation will be apparent in the US economy also. The US being a developed economy with adequate raw material, its capacity to meet global demands along with other oil rich nations will be insufficient. Hence, it has to ultimately align its oil trade policies in favour of India for an amicable exchange of trade. The impact of inflation will thus be as economically damaging to them as it is for other global nations. Central banks also need not fear a flight of capital as there is no scope for a shift in investment in stagnant global environment. Finally, an aggressive approach with frequent devaluations and revaluations of currency will add to market uncertainty coupled with uncertain currency exchange values. Accordingly, in the long run, everyone loses and no one wins.

C Gopinath Nair Kochi

Wadia's Jinnah connect

This refers to "Japan court hands suspended prison term to Ness Wadia" (May 1). Your report says that Ness is the son of Wadia group patriarch Nusli Wadia but doesn't mention a more significant fact about his ancestory, that is, he is the great grandson of Muhammad Ali Jinnah, the legendary founder of Pakistan. Ness' maternal grandmother, Dina Wadia, was Jinnah's only child estranged from him as she married a Parsi (non-Muslim). Jinnah's wife Rattanbai was also born a Parsi but she converted to Islam before marriage. Dina never migrated to Pakistan and remained an Indian for most part of her life, though in her later years, she lived in the US and acquired its citizenship.

There are no Pakistanis in the posterity of Pakistan's founder; they are largely Indians or ones with home and hearths in India. The only immovable property Jinnah ever had is a house in Malabar Hills in Mumbai. He died in Pakistan, remembering it.

R C Mody New Delhi

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HAMBONE

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Wake-up call for NSE

Sebi, exchanges have to work out a robust policy on co-location

After an investigation process that dragged on for years, the Securities and Exchange Board of India (Sebi) on Tuesday released a comprehensive set of orders on the National Stock Exchange (NSE) co-location controversy. The regulator said there was no evidence of fraud committed by the NSE, but the exchange did not exercise adequate due diligence while selecting its trading architecture, thereby creating an environment in which information dissemination was asymmetric. The exchange has also been indicted for "bad governance", and criticised for its inconsistent "dark fibre" policy. The punishment has been severe: The exchange has been debarred from accessing the capital market for six months and asked to pay over ₹1,000 crore. The regulator has also punished multiple individuals, who are current or former NSE executives, including two former managing directors. Sebi has also debarred Delhi-based OPG Securities from accessing the capital markets for five years, denied it the right to enrol new clients, and fined it ₹15.57 crore for securing unfair access to the NSE's systems. The regulator has further directed the NSE to overhaul its algorithmic trading systems and co-location processes and to subject these to regular systemic audits. Several service providers and advisers to the NSE have been indicted, and debarred from working in market-related areas. (One of these advisors, Ajay Shah, is a columnist with *Business Standard*.)

This is, by far, the most stringent order issued by Sebi. Indeed, the case was so complex and multi-dimensional that the regulator issued five separate sets of orders, covering different aspects of the case. It has determined that the tick-by-tick co-location system deployed by the NSE allowed discriminatory access to several brokers. It has also determined large conflicts of interest with advisers who were given access to confidential data, which allowed them to develop algorithmic trading software that could be used for personal gains. The regulator has directed the NSE to start legal proceedings against these advisers. The orders will not affect the daily functioning of the NSE, which will be a relief to the ordinary investor. In any case, the exchange is under a new regime now. But it is possible that there will be legal challenges.

Policy issues arising from the increasing use of algorithmic trading systems and from the use of co-location processes are highly complex. Similar problems have arisen elsewhere as financial exchanges have deployed new technology. Co-location (setting up trading terminals in the same physical space as the exchanges' servers), along with the use of dark fibre (dedicated cable lines transmitting only exchange data), gives users a significant advantage in data-access, especially in an era where AI-based algorithmic trading systems can exploit milli-seconds. While traders will pay more for such services, it also creates an asymmetric information environment. Regulators and exchanges have to work out a robust policy to oversee this and prevent abuse. There are increasing volumes of algorithmic trading on India's financial exchanges. These orders demonstrate the regulator has developed a grasp of the technology and policy issues and it is willing to crack the whip to ensure an equitable environment. However, Sebi will have to evolve to stay abreast of changes in technology to cope with inevitable future changes.

Hot potato

PepsiCo has unfairly targeted Indian farmers

PepsiCo's move to sue four Gujarat farmers for alleged illegal cultivation of its registered potato variety has boomeranged. PepsiCo India Holdings, which owns the proprietary rights for the FC-5 potato variety, used for making its Lay's brand of chips, alleged that these farmers were unlawfully growing the variety by obtaining the seed from the licensed farmers of Punjab. Though the Ahmedabad city commercial court has passed an ex-parte ad-interim order restraining the farmers from growing this strain, the backlash generated by the lawsuit seems to have unnerved PepsiCo, forcing it to offer an out-of-court settlement. Unsurprisingly, farm unions, farmers' rights activists and political parties have been quick to lend support to the farmers. They maintain the company has unfairly targeted the cultivators who have been merely following the age-old practice of sowing unlabelled seeds sourced informally from other growers.

The mere presence of the FC-5 potato variety's DNA in these seeds, as claimed by PepsiCo quoting test results from public sector laboratories, does not make the growers guilty of infringing PepsiCo's rights. Many of the farmers' sympathisers have, notably, warned PepsiCo that if it does not retract its step straightaway, they will call for boycotting the company's products. If that happens, it will cost the multinational company dear. The executives at PepsiCo's headquarters and its Asia-Pacific office have reportedly taken a serious note of the potential adverse fallout of this event on the company's business prospects and have counselled its Indian subsidiary to resolve the issue at the earliest. Little wonder, therefore, that PepsiCo India has softened its stance and has expressed willingness to settle the issue if farmers refrain from using the registered variety or obtain a licence from it to continue its cultivation.

However, the farmers, buoyed by public backing, have turned down this conditional deal. Launching a counter-offensive, they have, in fact, accused PepsiCo of violating the Protection of Plant Varieties and Farmers' Rights Act (PPV&FRA), which aims, among other things, at encouraging the development and cultivation of improved plant varieties. Unlike the plant variety protection laws of many other countries, the sui generis legislation enacted in India for this purpose is unique in several respects, particularly in preserving the traditional rights of the farmers and the age-old practices followed by them. This, significantly, has been done without infringing the global agreement on Trade-Related Intellectual Property Rights (TRIPs). Section 39 of the PPV&FRA specifically allows a farmer "to save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a variety protected under this Act". The only caveat is that the self-grown seeds cannot be sold under the registered brand names. Equally importantly, Section 42 of this statute insulates the farmers against "innocent infringements" attributable to lack of awareness about the registration of the variety. Keeping these stipulations in view, PepsiCo will be well-advised to review its action against the farmers and withdraw the case unconditionally. Otherwise, it will not only undermine the company's own business interests but will also sully the atmosphere for other corporate houses wanting to engage with the farmers for mutual gains.

Democracy, digital India and networks

Digitisation and democracy are ruled by the ineluctable dynamics of networks

There's no escaping the blessing or the curse of the Digital Age in India, any more than the benefits and challenges of democracy. The headlong rush into digitised networks provides incredible benefits of reach and efficiency in many different ways, at the individual and many collective levels — of family, friends, community, nation, polity, work, domain, and so on. It also lends itself to the dark side, plumbing the depths of social, religious, or political factions and tribalism, bigotry, autocracy and fascism, anarchy, social dysfunction, and the rest. Yet, there's no denying that for India, with all its needs, talents, foibles, and contradictions, digitisation is a great enabler.

Likewise democracy. Romanticised notions of it are pure fluff, epitomised by selfies at the Parthenon, conjectures about Vaishali, or the spectacle and pageantry of electioneering. The reality was, and is, much harsher, whether then or now. Then, it was the practice of a privileged elite. Now, the reality of democracy in India with universal franchise and an insufficiently prepared polity is a space captured by politicians, many of them fractious opportunists, not really prepared or equipped for the complex analysis and decision-making that governance requires. Most citizens, however, have an illusory freedom of choice, despite the choice being restricted to accepting or rejecting incumbents, or choosing replacements from among these very politicians. This is where digitisation has a direct role and enormous impact through media in all its forms, including the nexus between money and politics as in the Cambridge Analytica episode.

SHYAM PONAPPA

According to McKinsey's 'Digital India' report of 2019, the benefits of digitising India are impressive, although only 40 per cent of the population has internet access, and there is uneven adoption in businesses, leaving considerable room for improvement. Yet, newly digitising sectors have experienced tremendous gains. For example, in logistics, fleet turnaround time has been reduced by 50 to 70 per cent, and digitised supply chains helped companies reduce inventory by 20 per cent. The question is whether and how this can be managed to yield more benefits than detriments, while preserving privacy, social convergence, and harmony, while avoiding divergence, repression, and instability through disharmony.

The imperative for conscious regulation

Network science tells us that real-world networks share two characteristics. The first is growth with time, and the second is that new nodes link more often to more connected nodes, or hubs. Growth and preferential attachment result in the emergence of a few, highly connected, dominant hubs in all networks, whether the networks are of the cells in our bodies, computer chips, transport networks for airlines, social networks connecting people, or the World Wide Web. These characteristics are common across networks of any size and are scale-free (*see http://networksciencebook.com/ by Albert-Laszlo Barabasi*).

The dominance manifested by companies such as Facebook, Amazon, Netflix, and Google, combined with the attenuated influence of less connected nodes highlights the role of regulation and structure for equitable development and outcomes in networks. The same issues of dominance and the need for regulation arise in democracy. In India, outrageous changes introduced recently with regard to election funding have increased opacity and the potential for abuse at the heart of democratic processes. Political parties can now receive foreign or domestic funding from any source without constraint, and funds can be anonymous through electoral bonds. Introduced with retrospective effect, both the National Democratic Alliance and the Congress benefitted, as previous adverse judgments were nullified. Therefore, one pointer is the need for regulation and appropriate controls applied in a host of areas including news and social media.

Evidence-based policies

An entirely constructive aspect of digitisation relates to the application of network science to issues by mapping the links between factors and actionable policies. Examples are the connection between genes and diseases for effective treatment,[1] or the feasibility of upgrading products and exports for countries. An example of how proximate products and exports developed over 20 years is visualised in Chart 1, showing the Revealed Comparative Advantage (RCA) of Colombia (COL) and Malaysia (MYS) in production and exports from 1980 to 2000. The premise is that most upscale products are from a densely connected core, while lower order products are in a less connected periphery. Countries tend to move to products close to those for which they have specialised skills.

The lower chart is for Malaysia alone (it helps to view enlarged images in colour on a screen to trace the progression).

India's manufacturing and export opportunities in its product space in 2017 are in Chart 2.

Such interactive charts are available and can help in planning for product areas such as automobile parts, chemicals, or electric motors.[2]

A great deal of appropriate regulation followed by planning and execution is needed, incorporating insights such as these in areas like governance, healthcare and industrial policy. Realpolitik and preoccupation with obscurantism, religiosity, and caste/tribe, require that changes be driven by unraveling the nexus between politics and funding, evolving a transparent, state-funded system. Is such a transformation possible? Recent developments that have overtaken earlier attempts at electoral reform such as the Goswami Committee (1990) and the Vohra Committee (1993) emphasise an urgent need. But can public opinion and opportunistic opposition interests converge to effect appropriate changes in political funding? And elicit enlightened government action in public interest projects for health, manufacturing and export policies, agriculture, finance, construction, and so on? A tall order. Perhaps the best hope is that reactions to phenomena such as Brexit help create more equitable practices.

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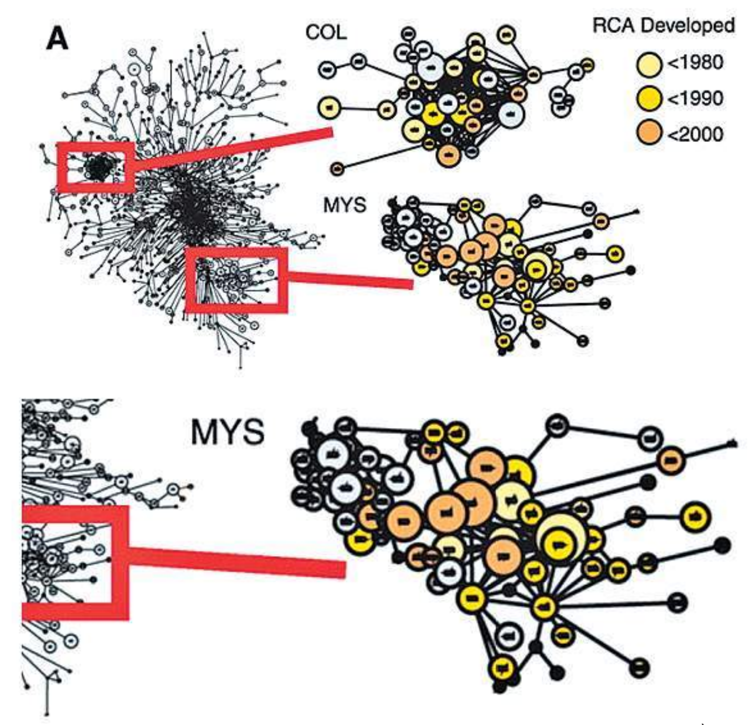
1. For connections between diseases and genes, see Alex J. Cornish et al: https://genomemedicine.biomedcentral.com/articles/10.1186/s13073-015-0212-9
2. https://atlas.media.mit.edu/en/ AJG Simoes, CA Hidalgo. The Economic Complexity Observatory

CHART 1: REVEALED COMPARATIVE ADVANTAGE – COLUMBIA AND MALAYSIA



Source: Hidalgo et al: 'The Product Space Conditions the Development of Nations – Science, 27 Jul 2007). https://science.sciencemag.org/content/317/5837/482

CHART 2: WHAT ARE THE EXPORT OPPORTUNITIES FOR INDIA (2017)

Hidalgo:
https://atlas.media.mit.edu/en/visualize/network/hs92/export/ind/all/show/2017/

Crossing the Vishaka bar

In 1997, the Supreme Court broke new ground for women's rights by setting out explicit guidelines requiring organisations to set up sexual harassment complaints committees. In 2013, these guidelines, known as the Vishaka guidelines, morphed into an Act that virtually replicated those rules with some modified definitions and procedures. In 2019, the apex court appears to be setting new trends in handling sexual harassment complaints in the workplace — and little of it is reassuring for working women.

As a beacon for tackling the vexed question of sexual harassment complaints against powerful organisational heads, the Supreme Court also holds out dim hope so far. There are two prominent cases involving organisational chiefs currently in the courts — against *Tehelka* magazine editor and promoter Tarun Tejpal, and against R K Pachauri, director-general of the respected environmental think tank TERI. In the first case, the trial began in February last year though the complaint was made in 2013. In the second, which came to trial earlier this year on a complaint filed in 2015, the complainant has moved an application for expunging her name from an order passed by the lower court. Which is to say, she is asking the court to follow the law that requires anonymity for victims of sexual harassment and assault.

The handling of the charges against the Chief Justice of India (CJI) would have proved an invaluable opportunity for the apex court to set out the guardrails for the functioning of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, colloquially known as the POSH Act. So far, there have been scant signs of them.

True, the complainant did not follow procedure. Doing so would have required her to file her complaint before the Supreme Court's internal complaints committee, not, as she did, before the CJI's colleagues. But consider the anomaly here: The CJI's permission is required to proceed with any complaint. It is possible that the complainant doubted that the CJI would voluntarily sign off on serious charges against himself.

SWOT

KANIKA DATTA

He justified her apprehensions when he unilaterally constituted a three-member special bench comprising himself and two other male judges to protest his innocence and integrity. Why should he do this when he had not been pronounced guilty by any formal enquiry committee? After all, no matter how sensational, these are still the unproven allegations of just one employee.

Nor was the complainant called upon to parry his various counter-accusations. Instead, his brother judges obligingly swallowed his (non) explanation and passed an order referring to "wild and scandalous" allegations — but without acknowledging the CJI's presence on the bench. For a judge who had displayed extraordinary moral courage just last year by participating in that memorable press conference to highlight procedural irregularities by then CJI Dipak Misra, this was unusual conduct by any yardstick.

After a barrage of criticism, including from senior lawyers (male and female), a committee was constituted. Did this conform to the POSH Act? That is, did it have a senior woman as presiding officer, at least two women members and an external member, preferably from an NGO or an association representing women's rights? No, instead the committee had two male judges and one female judge. When the complainant pointed out that this composition did not conform to the law, one male judge was replaced by a female judge. External member? Still none.

Two hearings in, the complainant chose to withdraw from the enquiry committee saying she was not allowed to have a lawyer present and was not informed of the procedure. Her complaint is a long one (including, oddly, that the proceedings were not recorded), but let's look at a couple of salient points. First, should she have been allowed her lawyer during the enquiry (she claimed a hearing disability and general nervousness to justify this request)? The POSH Act is silent on this. Given that she is up against an array of officials who report to the CJI, minimum ethics dictated that her request should have been granted. Second, should the committee have admitted her application to take on board call records, WhatsApp messages and chat records from designated mobile numbers? Recall, her complaint stated that the CJI had asked her to delete some of these. The Act says the committee has the power to require the discovery and production of documents.

But here's the strangest thing: The complainant says the committee informed her that it was neither an in-house committee nor a proceeding under Vishakha (which would have given it the powers of a civil court), but an informal proceeding. To what end? How was it independent of the CJI?

The general disquiet over the Supreme Court's approach to this landmark controversy has been strong enough for over 250 women, from rights groups, lawyers and feminists to issue a joint statement last week demanding an independent enquiry perhaps headed by a former CJI and for the incumbent to step aside from his duties while the investigation is underway. The integrity of the Supreme Court depends on such a course.

Managing the Hydra

BOOK REVIEW

TCA SRINIVASA RAGHAVAN

In Greek and Roman mythology there is a big monster called Hydra which has many heads. For every head chopped off, it grows two.

But a very small real version also actually exists which is of interest to biologists because of this regenerative ability. This fresh water organism does not appear to die of old age, or even grow old. This is the sense I took away from this book. One of its authors is a good friend; the other I have not met.

Had the book not been technically adequate, one could have said that the authors have tried to bite off more than they can chew. But that is not so and, therefore, one review of 800 words is not enough. This book needs at least three separate reviews, each dealing with one of the three sections that comprise it.

Section 1 is about the rise of finance, especially in the past 30 years. It has become a major indicator and driver of the level and health of economic activity in a country. Its contribution to GDP has grown to an unprecedented level.

This has come to be known as financialisation where, to put it crudely — but effectively — money is used to produce more money and profits, rather than to produce more goods and profits. So pervasive has this phenomenon become that making money by trading in money has become a major part of overall economic activity.

The authors say that the Federal Reserve of the US, and Alan Greenspan who headed it for 20 years, are to blame. They made the production of financial products displace the production of real goods by creating more and more money via their decision to keep its price low. They also aided the creation of ever-increasing debt whose repayment had to be helped by keeping asset prices high. And so on, in a round-robin game that culminated in what Rakesh Mohan, a former RBI deputy governor, calls the North Atlantic financial crisis of 2008.

Section 2 is about the consequences of financialisation, which are many. All of them add up to a clutch of perverse incentives and socially bad outcomes such as bad resource allocation; a rise in inequality via a disproportionate share of wages going to finance at the expense of others; and monetary policy getting captured by the 'too-big-to-fail' argument.

Section 3 is about what to do about this state of affairs. There are several related prescriptions, not stated in any particular order of priority or preference. But they all add up to one unified thought: This nonsense has to stop, and monetary policy must lead rather than wag its tail to the diktats of American vested interests via what has come to be known as unconventional monetary policy.

At the core of all this, says the authors, lies the problem that was first identified by William Buiter — guru of our own Urjit Patel — and then developed by Paul Tucker, a former deputy governor of the Bank of England. This problem is that all these guys who make monetary policy and the guys who benefit from it wield power without accountability.

The authors perhaps don't know it but this issue was first flagged in during the course of a seminar on regulation 2002 by Yashwant Sinha. Who are these regulators, he asked, when it is we politicians who are accountable in Parliament?

No one could answer his pained question. It is clear from reading this book that no one has been able to.

If the book suffers from a weakness, it is that it is virtually bereft of economics. Whether you can discuss money without some economic framework on which you drape your analysis is a moot point. You can, but should you?

The authors should consider doing so in the second edition, which I think will surely be there. It will give the book intellectual rigour, and thus strengthen its appeal. Indeed, the answer to their question — how did all this happen — may well lie in economics and its application to politics.

If I may suggest, the authors would benefit hugely from re-visiting Keynesian theory and that all important identity — Y = C+I+G+X-M — which has been driving both politics and economics since the 1960s. Milton Friedman's groans and shrieks notwithstanding, this identity has codified fiscal dominance in democratic societies and nailed monetary policy to the fiscal cross. The reaction has been that if fiscal policy is there to serve the poor, monetary policy is there to serve the rich, a fact deeply lamented by the authors.

The rest, as they say in the Punjab secretariat, is detail *di gal* — a matter of detail.

THE RISE OF FINANCE: CAUSES, CONSEQUENCES, CURES
V Anantha Nageswaran and Gulzar Natarajan
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