

Connecting the unconnected

Whatever be the outcome of the AGR verdict on telcos, the government must deliver on its promise towards the other India



NOT FOR PROFIT
NIVEDITA MOOKERJI

The more than 150-page Supreme Court verdict on what constitutes adjusted gross revenue (AGR) disrupting the telecom industry hinges on the link between the right of the government over all communication services, why telcos must share their revenue with the Centre and the National Telecom Policy objective of providing connectivity to the rural, far, hilly and remote corners of the country. While the right

of the government over communication services and its claim over companies' revenues as part of a contract cannot be faulted, the promise to connect the unconnected and the underserved is far from delivered. And that's a weak link in the AGR piece as the government argument is that the revenue-share from telcos is meant to enable it to connect the unconnected. Even 20 years after the New Telecom Policy (NTP) in 1999, which set phased goals to connect all, the rural teledensity (number of telephone connections per 100 individuals in rural India) was pegged at 56.61 as of August 31, 2019, according to the latest subscriber data issued by the Telecom Regulatory Authority of India (Trai). In other words, at least more than 40 individuals out of 100 in any rural or remote part of the country are without any phone connection. Not only that, the Trai numbers also show that rural teledensity declined from 56.67 as of July 31, 2019. The share of urban and rural wireless

subscribers in the total mobile phone universe was 56.6 and 43.4 per cent respectively end of August. The court judgment cites the National Telecom Policy 1999 to say that it ushered in a new regime, giving an option to the licensees to migrate from fixed licence fee to revenue sharing fee. Through NTP 99, the objective of the government was to achieve social and economic goals to provide the service to all uncovered areas including rural, remote, hilly and tribal areas and to create an efficient infrastructure thereby propelling India into an IT superpower and to increase teledensity from 0.4 to 4 by the year 2010 and to provide internet access to all district headquarters by the year 2000. Those numbers were of course met, but connectivity still remained a challenge. The total wireless subscribers increased from 1.16 billion at the end of July 2019 to 1.17 billion as of August 31, 2019, recording a monthly growth rate of 0.23 per cent. While wireless

subscription in urban areas increased from 659.87 million in July-end to 662.74 million in August-end, rural areas showed a drop from 508.45 million at the end of July to 508.25 million on August 31. On a yearly basis, fixed phone subscribers dropped by as much as 6.17 per cent across all circles in August 2019, from the corresponding period last year. Wireless subscribers grew by only 0.35 per cent. In fact, since 2015, rural teledensity has grown only from 48.64 to 56.61, while urban teledensity is up from 151.09 to 161.54. The overall teledensity between August 2015 and 2019 has moved up from 80.44 to 90.34. The overall teledensity graph is interesting — 80.44 in August 2015 to 82.54 in 2016 to as much as 93.71 in 2017. It dipped to 91.11 in 2018 and then to 90.34 in August 2019. As for rural teledensity, it was 48.64 in August 2015, 50.95 in 2016, 56.80 in 2017, 58.61 in 2018 and down to 56.61 in 2019. Urban teledensity inched up from 151.09 in 2015 to 152 in 2016, and then zoomed to 174.01 in 2017 before dropping to 161.07 in 2018. In August 2019, urban teledensity gained a bit to reach 161.54. Between 2015 and 2019, the rural market share in mobile telephony grew from 41.7 per cent in 2015 to 42.43 per cent in 2016. In August 2017, the

rural market share was down to 41.52 per cent and then was up at 43.92 per cent in 2018. In August 2019, it dipped again to 43.4 per cent. The SC judgment states that a "bare perusal of sub-section (1) of Section 4 of the Telegraph Act shows that the Central Government has the exclusive privilege of establishing, maintaining, and working telegraphs. This would mean that only the Central Government, and no other person, has the right to carry on telecommunication activities." However, the Act enables the government to part with "this exclusive privilege in favour of any other person by granting a licence in his favour on such conditions and in consideration of such payments as it thinks fit". It then goes on to say that such a licence is in the nature of a contract between the Central Government and the licensee and therefore the terms and conditions of the licence, including the definition of AGR, are part of a contract between the licensor and the licensee. Soon after, it refers to the telecom policy objectives of reaching out to the remote, tribal and hilly areas. Whatever may be the outcome of the AGR verdict on telcos, the government must revisit its goal of connecting the unconnected more aggressively to power the Other India.

CHINESE WHISPERS

A meditative visit



Congress leader Rahul Gandhi (pictured) is on a "meditative visit" abroad and is likely to return shortly, party sources said on Wednesday. Responding to speculation on

the former Congress president's absence was Congress Chief Spokesperson Randeep Surjewala. Sources in the party added that Gandhi is possibly in Indonesia and will be back home soon. Surjewala said the party's 10-day agitation was formalised at a meeting in which Gandhi participated but neither he nor Sonia Gandhi would be participating in the state and district-level programmes. The Congress has planned a country-wide agitation from November 5 to 15 to highlight the issues of economic slowdown, farm distress, rising unemployment and job losses and the consequences of the Regional Comprehensive Economic Partnership trade agreement. "This entire programme was drafted as per his direction and in consultation with him (Rahul Gandhi). He guided the party on to the various steps and issues that were to be taken," Surjewala said.

Image management

Uttar Pradesh Chief Minister Adityanath has realised the importance of having a 360-degree media team for cultivating a positive image of his government ahead of the crucial 2022 elections. Recently, the state dispensation had appointed four senior cabinet ministers as official spokespersons of the government to the existing league of two ministers, thus increasing the bench strength to six. Now, the state has appointed two senior journalists as media advisors to the state information department. Each scribe will be mandated to cater to the print and electronic media respectively. Interestingly, the CM already has a long standing media advisor, who was appointed soon after the Bharatiya Janata Party had come to power in March 2017.

Power dynamics in MP

After winning the Jabhua Assembly by-elections, Kantilal Bhuria of the Congress party has emerged as the fourth power centre in Madhya Pradesh after Chief Minister Kamal Nath, former chief minister Digvijaya Singh and party General Secretary Jyotiraditya Scindia. So much so that talks have already started floating over him being made the next PCC chief, a post that is currently held by Nath himself. Until now, Scindia was a front runner for the coveted post. However, PWD minister Sajjan Singh Verma has voiced his demand for the appointment of Bhuria as the PCC chief. "After 15 years, there is a Congress government in the state. We have 31 MLAs from the tribal reserved seats. Kantilal Bhuria is a big name. He has previously been PCC chief for three years," said Verma.

Coping with resurgent nationalism

In the first of a two-part series, the author talks about the form of nationalism that is being attempted to be dismantled by the Hindu nationalists



PRANAB BARDHAN

Einstein had called nationalism "an infantile disease, the measles of mankind". Many contemporary cosmopolitan liberals are similarly sceptical, contemptuous or dismissive, as its current epidemic rages all around the world particularly in the form of right-wing extremist or populist movements. While I understand the liberal attitude, I think it'll be irresponsible of us to let the illiberals meanwhile, hijack the idea of nationalism for their nefarious purpose. Nationalism is too passionate and historically explosive an issue to be left to their tender mercies. It is important to fight the virulent forms of the disease with an appropriate antidote and try to vaccinate as many as possible particularly in the younger generations. Populists advocate a culturally narrow, narcissistic, nostalgic, xenophobic form of ethnic nationalism — from the Christian nationalism of evangelicals in the United States or the Catholics in Poland or the Slavic Orthodox-church followers in Russia to the Islamic nationalism in Turkey or Indonesia to the Hindu nationalism in India. The

alternative, more inclusive, form of nationalism often counterposed to this is some variant of what is called "civic" nationalism.

But first a brief historical note. As a form of community bonding on the basis of some tribal or ethnic-territorial roots proto-nationalisms of different kinds have been quite old and durable in different societies. But as Ernest Gellner, one of the foremost theorists of nationalism, pointed out, nationalism in the form as we know it is of relatively recent origin. Of course, historical memories and myths (mythology is often blurred into historical facts and legends), symbols and traditions are constantly invoked in the name of ethnic nationalism, even though, as the distinguished historian, Eric Hobsbawm famously pointed out, many of the so-called traditions are actually of recent "invention". The influential 19th-century French scholar, Ernest Renan had pointed out how "historical error" is used in the creation of a nation. Gellner even points to cases of nationalism based on not a great deal of history: "The Estonians created nationalism out of thin air in the course of the 19th century".

But it is often overlooked that there is a clear distinction between nationalism based on some social bonding principle and the nation-state that became a predominant political unit, at least in Europe since the Treaty of Westphalia (1648). The former refers to a sociological community based on some homogeneous binding element like religion, language, ethnicity or culture, whereas the latter is a political community that



ILLUSTRATION BY BINAY SINHA

need not contain a singular sociological nationality. Yet the European idea of the nation-state where the sociological and the political communities are congruent has become the basis of the predominant idea on nationalism, and both Gellner and Hobsbawm essentially adhere to this idea. But what about multi-national societies? Even in western Europe, Switzerland, Spain or Belgium are examples of nation-states with diverse linguistic-sociological communities, where the singular principle of national binding does not work. Let us now take possibly the largest such multi-national society in the world, India. Here Indian social thinkers had made contributions more than a hundred years back that have been under-appreciated in the western theories of nationalism. I have particularly in mind the thoughts of Gandhi and Tagore on nationalism expressed in various forms (essays and lectures

by both, and in the case of Tagore, also in literature with several poems and at least three novels — one of which later was the basis of a widely-known Satyajit Ray movie, *The Home and the World*) in the first three decades of the 20th century. They were, of course, both anti-imperialists, thus sharing in the popular movements of nationalism against colonial rulers, but they wanted to go beyond this to think about a more positive basis of nationalism when the colonial rulers were to leave. Both of them found the nation-state of European history, with a singular social homogenising principle and militarised borders and jingoistic mobilisation against supposed enemy states, unacceptable and unsuitable for India's diverse heterogeneous society. Instead they both drew upon the long folk-syncretic tradition of Indian society (which grew out of the layers of sediments formed by the successive waves of social reform and rebellion, called the Bhakti movements, against the dominance of the rigid Hindu Brahminical system, over many centuries in different parts of India, as well as the Sufi sects of Islam) extolling inter-faith tolerance and pluralism, and wanted to make that the constructive basis of Indian nationalism.

Gandhi, who had described himself as an "enlightened anarchist" was not favourably disposed to the modern state. Tagore was less averse to modernity, but he was trenchant in his criticism of the western idea of the nation-state, "with all its paraphernalia of power and prosperity, its flags and pious hymns... its mock thunders of

patriotic bragging", and of how it stokes a national conceit that makes society lose its moral balance. Nehru, who was personally close to Gandhi but ideologically closer to Tagore, saw that the modern state is essential, for providing a unifying structure in a divided society and for unleashing the forces of planned economic development, in a world of economic and military competition.

By the time the Indian constitution was framed both Gandhi and Tagore were dead. Nehru (along with Ambedkar) in leading the way drew upon the society-centric pluralistic idea of nationalism of Gandhi and Tagore and gave it legal-judicial form in the Indian constitution. The Nehru-Ambedkar idea of nationalism, forged and refined through the elaborate deliberations of the Constituent Assembly, gave India the basis of its civic nationalism that prevailed for many decades. It is this inclusive idea of civic nationalism that is now being attempted to be dismantled by the Hindu nationalists. Even at the time of the framing of the constitution RSS, their main ideological base organisation, had opposed the constitution as "Western", even though in their earlier history many of their leaders used to admire the ethnic basis of nationalism in Germany (their revered leaders like Savarkar and Golwalkar had expressed open admiration for the efficient Nazi system of mobilising and organising the German nation). Earlier the Japanese nation-state had also been inspired by German history. It is not surprising that Tagore's lectures in Japan as early as 1916 against the aggrandising nation-state did not make him popular with the Japanese.

(The second part will appear on Friday)

The article was first published on 3 Quarks Daily. The writer is professor of Graduate School at University of California, Berkeley

INSIGHT

How business travellers are being taken for a ride



VIJAY VERGHSE

Any labouring swain nervously awaiting his date for that hotel lobby by assignment will have marvelled at the time-keeping skills of woman so adept at making their man hang on till that last point when — all energy, pride, confidence, irritation and hope drained — he looks up to see her glide in, the picture of innocent radiance. Gone are the admonitions. Out come the drooping flowers. "Oh, have you been waiting? Just 45 minutes! That's not too late is it?" Well, that's the question. How late is late? Men are dismal with timings as well. They are called slob. Executives who are habitually late are later referred to as "unemployed". Women sail through unscathed. What about aeroplanes? As any frequent business traveller would have noticed, timings are being incessantly put back. You may be on a one hour, 50 minutes flight from Hong Kong to Manila that departs 40 minutes late yet miraculously arrives early, a mathematical impossibility. This is the marvel of technology or maybe it's these new-fangled jets. I suspect it's because we travellers refer to planes in the feminine gender. Thirty years ago, an on-time flight was one that took off or landed within 15 minutes of its scheduled time, plain and simple. Airline accountants — and nerds — might have preferred the chocks-off time

of the aircraft was pushed back. Fast turnarounds are the lifeblood of regional airlines that need to maximise an aircraft's in-air time. An idle plane equals the revenue lost. Padded flight times are neither smart nor workable and point to growing acceptance of sloppy standards as airlines get comfortable with flight schedule quackery. So why are planes flying later and later these days while the technology to ensure fast turnarounds, quicker embarkation and deplaning and baggage handling, has grown exponentially? In China, the issue is straightforward. A paltry 30 per cent of the airspace is available for commercial planes whereas in America by comparison, as much as 80 per cent might be free (enabling several flight corridors at any given time for commercial and private jets). Much of Chinese airspace is controlled by the military. As a result, aircraft can be inordinately delayed in cities like Beijing and Shanghai with a serious knock-on effect on connecting flights at hub airports like Hong Kong. Our skies are getting crowded and airports are running out of landing and take-off slots. Yet even with the huge pressure on runways and congestion in the skies, airlines like India's Indigo manage on-time performance (OTP) rates of 80 per cent or higher. The Official Airline Guide (OAG) regularly ranks the Japanese carriers Japan Airlines (JAL) and All Nippon Airways (ANA) as top performers, perhaps unsurprising in a country where watches can be set by the arrival or departure of a shinkansen bullet train. A 2019 OAG report "Defining Late" looks at the validity of the unofficial 15-minute punctuality rule. It notes, some feel "... a move to a longer standard for OTP — perhaps 30 minutes — may feel appropriate," though it cautions that this fails to cater for connecting flights. While it is true that departure delays

on long-haul flights often do not translate into late arrivals, as aircraft make up time en route, this is not true of shorter regional flights where a small delay will compound as the airline continues its later and later turnarounds through the day. This brings OAG's focus to the "first wave of flights" or the morning departures, whose on-time performance hugely impacts following services. Perhaps punctuality standards could be set higher for these flights? Yet, there are other players involved — ubercool travellers who swan into the airport 45 minutes before their flight leaving no wiggle room for immigration and customs; crowded airports struggling with their passenger flow charts, labour strikes and inclement weather; and of course the airlines themselves, which have varying standards of regulation and professionalism. Late connecting flights are problematic as airlines often hold back departures to gather traffic if loads are lean. And politics can enter into it too as when Qatar is denied access to UAE airspace or Pakistan blocks Indian overflights necessitating longer flight times. A growing issue, however, is the "institutionalisation" of endemic delays with hugely padded flight times. Just check the in-flight magazine's route timings with your own ticket stub and you'll spot the discrepancy. Padded flight times are neither smart nor workable and their usage points to a growing acceptance of sloppy standards with the result that airports stop striving to get things back on track while airlines get comfortable with flight schedule quackery. The travel industry must reclaim and set professional standards. Passengers — especially frequent flyers enlisted with loyalty programmes — must manifest their disapproval with airline ledgerdemean that freely substitutes "flight time" for "waiting time". Passengers cannot be penalised for airline and airport inefficiency. On several near-monopoly routes

demand is inelastic regardless of delays as passengers are unwilling to give up the "convenience" of a preferred carrier. And travellers have to get from A to B. Yet, in many instances, passengers can vote with their wallets. Airlines know this. So make your voice heard. Gone are the insouciant days when in countries like India flights, like buses, set off as soon as seats were filled. Shocked latecomers were simply told, "Sorry sir, your flight was postponed." Pacific island hopping flights often do the same. Imagine that happening with a legacy airline today. But you might fancy your on-time chances flying JAL or ANA (both rigorously punctual) to an airport like Tokyo's Haneda (ranked no. 1 among worldwide mega airports by OAG in 2018) with an 86.75 per cent on-time record. If flights across Japan's crowded skies can be on time so can flights across Asia. It makes no sense for airports to squeeze in ever more flights (and bigger aircraft) without extra runways and terminal capacity and then wring their hands at the unmanageable mess they've created. If irate passengers aim their ire at airports it is often because many of these architectural icons have far exceeded their capacity. Bangkok's Suvarnabhumi Airport has a passenger capacity of 45 million but already handles 60 million and could be stretched to 100 million over the next decade. The superefficient Hong Kong International Airport handles over 72 million passengers annually. These vastly overstretched airports as with others across Asia are ramping up expansions. Singapore seems to have got it right with its four terminals and more planned. It is time for airlines and airports to end endemic inefficiency, fix the issues, and stop pulling wool over customers' eyes. And it is time for passengers to say "enough".

The author is a Hong Kong-based journalist and the editor of AsianConversations.com and SmartTravelAsia.com

LETTERS

Not business as usual

With reference to the article "Tread warily on privatisation" (October 29), here are a few points. The proverbial remark that "business is not government's business" is nothing but exaggeration as the slowdown in economy does not look manageable. The government cannot shed its financial as well as social responsibilities through such comments. It is not considered prudent to overrule any predefined policy framework. In this context, if Air India's outright sale, after absorbing its sizeable debts, fetches market-driven valuation, will eliminate further infusion of high cost bearing capital in future. From the utilisation point of view, how the proceeds of this non-tax revenue through disinvestment exercise is finalised is also a matter that again needs a well-devised policy framework. **Vivek P Nagpur**

Remove restrictions

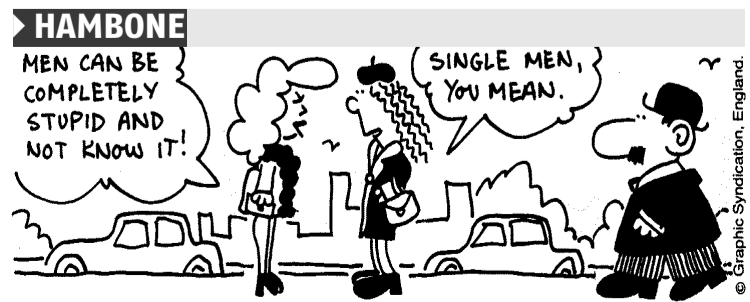
The criticism emanating from the Opposition parties over the visit of 23 members of European Union to Jammu and Kashmir is not without any rationale. Barring a few leaders, no other leader from the Opposition camp has been allowed to visit J&K since August 5. It is time the government lifts restrictions imposed on the people and restore fundamental rights guaranteed by our Constitution to them without

any delay. Absence or lack of efforts to address the growing apprehensions from international community over human rights violations in J&K would only erode the support it enjoyed at present over its decision to abrogate Article 370 on the ground. **M Jeyaram** Tamil Nadu

Focus on revenue

This refers to "Deep discounting isn't part of ease of doing biz, govt tells e-tailers" (October 29). Big discounts continue to rule on e-commerce websites thereby affecting the GST revenue. The customers are going online because of the unbelievable discounts compared to the offline market. The government is not taking any serious decisions except for few actions against discounts. Some retailers are complaining that the new FDI rules have not helped in decreasing the sales of e-commerce firms. If this continues then the retailers in the online market will get less income. The government needs to focus on increasing the revenue on GST and help the retailers achieve a good margin. **Sudhakar Yadav** Bathinda

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



HAMBONE

MEN CAN BE COMPLETELY STUPID AND NOT KNOW IT!

SINGLE MEN, YOU MEAN.

Graphic Syndicator, England

No real plan for exports

Advisory report on trade promotion misses the mark

Last year, the Union ministry of commerce and industry set up a High-Level Advisory Group to recommend ways in which India could improve its export performance. This report has now been made public, and provides a useful indicator of the thinking in government circles about trade policy. From that point of view, it makes for worrying reading. While it accepts that much has gone wrong with India's export performance, its recommendations are simply not up to the job. The report correctly points out that Indian exports are in severe trouble. This is not something that can be blamed upon deglobalisation or larger problems with world trade. The fact is that, as the report points out, India's "relative trade performance has worsened precisely at the time that absolute levels of world trade growth have collapsed". In other words, there are India-specific problems that are plaguing its exports performance. These are what need to be addressed. Unfortunately, the report, while including some useful recommendations, does not go far enough in answering the question on how exports can be enhanced. In fact, in some ways — such as in its approach to trade — it suggests moving backwards. For example, when it comes to the textiles and apparel sector, it suggests that India needs to examine the dangers of free trade with Bangladesh. Is that really the problem? The issue is that Bangladeshi textile and apparel production is globally competitive in a way that the domestic sector is not. The question surely should be how to ensure that Indian garment exporters can take global market share away from producers in Bangladesh and Southeast Asia, not ways in which they deserve further protection.

On the macro side, the suggestions of the report are in line with concerns expressed elsewhere about constraints on investment, including poor transmission of monetary policy, thanks to the existence of small savings schemes. On trade promotion specifically, the report's recommendations are infected by a bureaucratic mindset and insufficiently ambitious. For example, it suggests that the current investment promotion agency should be empowered to grant incentives, and that a trade promotion agency be created. None of this answers the central problem, which is that trade negotiation and management in India is crippled by being under line ministries rather than directly under the chief executive, the prime minister. In the United States, for example, the president is often granted fast-track authority to free negotiations from legislative oversight (but not approval) and the office of the United States Trade Representative reports directly to the White House.

The report also suffers in at least one case from too much optimism: It seems to believe that an export strategy can come from "big data analytics" from a "reputed institution outside the ministry". This may be good news for think tanks or IT consultancies, but it is hardly likely that it will improve policy-making, and merely create another set of inputs that can be ignored. The central problem is and will remain one of competitiveness of domestic industry. It needs cheaper and more reliable inputs, flexible factor markets, and less red tape as well as lower taxes. This is not rocket science. It merely needs political will.

Unsatisfactory progress

Air quality in the capital remains unhealthy

The Delhi government's contention that air pollution during this Diwali was the lowest in the past five years, though backed by credible data, provides only cold comfort. An analysis of the Air Quality Index (AQI) numbers for recent years indeed shows that the air's content of PM 2.5 (the most harmful tiny pollutants) averaged around 289 on the Diwali day this year, against 958 in 2016, 497 in 2017, and 482 in 2018. Besides, the AQI bulletin of the Central Pollution Control Board also did not list Delhi among the country's top 10 most polluted cities. In fact, the metropolis is placed only at number 13, with its satellite towns like Noida and Ghaziabad figuring among the top five. This could have been a matter of satisfaction but for the fact that the air quality still fell in the "very poor" to "severe" category with the concentration of pollutants being 16 to 18 times higher than the safe limits, at different times of the day. Thus, the fight against air pollution is still a work-in-progress and there is no room for any laxity.

While both the Centre and the state government are doing their bit to restrain pollution, the role of the people cannot be disregarded. The awareness of this issue, especially among schoolchildren, seems to have grown substantially. This was reflected in the reduction in bursting of crackers, as also the pollution caused by them, in many parts of the city in the pre- and post-Diwali period. But, on the Diwali day, even the apex court's order of using only less polluting, or green crackers between 8 pm and 10 pm was brazenly flouted in many areas.

The torching of paddy residues in the neighbouring states of Punjab, Haryana and Uttar Pradesh is routinely blamed for vitiating Delhi's atmosphere. This is true but only partly. The notable point is that stubble burning is a seasonal factor, lasting only three to four weeks, while pollution persists the year-round. This year, the incidence of agricultural fires has surged because the paddy harvesting period has shrunk due to extended monsoon-driven delay in crop maturity. Moreover, a favourable wind direction (northwesterly) has helped the smoke to drift towards the capital, mix with local pollutants and form low-hanging smog. Therefore, while curbing straw flaming is essential, this alone will not rid Delhi of its pollution menace. Enduring results cannot be obtained without taming the local factors, such as vehicular emissions, burning of wastes, dust from construction sites, polluting industries, thermal power plants, diesel-operated power generators and brick kilns. Worthwhile action on this front is woefully inadequate.

Some significant anti-pollution measures that have contributed to gradual reduction in pollution levels over the years include building of eastern and western peripheral highways to reduce the number of vehicles entering Delhi, leapfrogging from the Bharat Stage (BS) IV to BS-VI vehicular fuel and incentives for electric vehicles. A few other steps that have been initiated but need to be pursued with greater vigour are closure of polluting industries and power plants in and around Delhi and introduction of improved technology in the brick kilns. Result-oriented action on all these fronts is vital to make Delhi's air breathable. Merely grumbling about external factors like farm fires would not serve the purpose.

ILLUSTRATION: BINAY SINHA



Don't bet on BSNL, MTNL's revival

The four-point turnaround plan for the public sector telcos is a set of necessary steps but is far from sufficient

The government just announced a "revival plan" for the ailing public sector telcos, BSNL and MTNL. The four-point plan comprises: Raising cash through issue of sovereign bonds (₹15,000 crore) allocating 4G spectrum (at government cost) to create a new revenue stream; monetising assets (mainly land) to mobilise ₹38,000 crore; and reducing employee strength through an attractive voluntary retirement scheme (VRS). The announcement should be welcomed: The government has finally decided to act.

First, some history. MTNL has been in serious distress for over a decade — grossly overstaffed, dwindling customers and revenues, and no internal resources for investment. In contrast, BSNL was profitable and financially healthy a decade ago. Two events shaped their economic fortunes.

The 3G auction in 2010 irreparably damaged their finances. BSNL and MTNL were compelled to purchase 3G and Broadband Wireless Access (BWA) spectrum. MTNL was already in trouble and its entry into 3G was clearly inadvisable. BSNL at least had a fighting chance with 3G; it had built up surpluses. But the BWA spectrum was simply foisted on them; neither wanted it. BSNL and MTNL were "commanded" by an imperious Ministry of Finance (MoF) to cough up. In short, the MoF raided the companies' reserves to fill a budgetary hole. Worse yet, it created a permanent recurring liability to service a useless asset (the BWA spectrum). BSNL was stripped of cash it could

have used to invest, compelling it to borrow. MTNL was saddled with 3G spectrum it could not possibly utilise optimally.

The second significant event was the entry of the private sector in the telecom sector. In all of a few years, the huge technical staff of the Department of Telecom (DoT) was rendered superfluous. Services hitherto provided departmentally now had new providers. Suddenly, there were qualified telecom engineers with little to do; and, line-men and staff from a different tech era were rendered redundant. The DoT moved the "surplus" staff to BSNL and MTNL. The staff was "absorbed" by the telcos (and guaranteed a government pension). The wage bill of BSNL and MTNL ballooned; no surprise, then, that the wage cost-to-revenue ratio is 77 per cent for BSNL and 87 per cent for MTNL.

Prima facie, the plan appears eminently sensible: Augment revenues, cut costs and sell assets to generate resources for the core business. But don't bet on it just yet. Here's why.

The VRS solution has been attempted before, unsuccessfully. MTNL staff (16,000) is predominantly old (and many unskilled in terms of modern needs). Yet, they have held on steadfastly, rebuffing VRS offers. BSNL has 170,000 employees with a more balanced age-profile; but, most have not been willing to leave. The job market is really tight right now. Prospects for telecom engineers and other tech staff are bleak. And, do not underestimate the "social" value of being employed as against being



RAHUL KHULLAR

China and India's neighbourhood

China's economic power has enabled it to build up its presence on India's northern and eastern borders by cultivating good relations with Nepal, Bangladesh and Myanmar. China's long-term strengthening of ties and its connectivity with these countries have been especially obvious over the last six months. The enhanced tie with Nepal was marked by President Xi Jinping's recent visit to Kathmandu, immediately after he left New Delhi in mid-October. Earlier, in July, Bangladesh's Prime Minister Sheikh Hasina paid an official visit to Beijing. In April, Myanmar's State Counsellor Aung San Suu Kyi signed agreements on trade and technology when she attended the Belt and Road (BRI) meeting in Beijing.

All three countries are India's friendly neighbours. But do they have stronger ties with a more prosperous China? Unlike India, all three have joined China's BRI, which aims to advance Beijing's economic and strategic interests. China is also the largest investor in all three countries. Two of them — Bangladesh and Myanmar — are among China's top three arms buyers. Myanmar buys 60 per cent of its weapons from China, Bangladesh 70 per cent. All are strategically important to China: Bangladesh and Myanmar can increase its access to the Bay of Bengal, from where it could challenge India's traditional clout.

The BRI stems from China's progress over the last 40 years. The reality is that Beijing has been able to build trade and investment ties with Nepal, Bangladesh and Myanmar to a degree that New Delhi has not been able to because India is an economic slowcoach. China has gained ground by investing in important sectors for which these countries have failed to get comparable funding from India.

Mr Xi was the first Chinese president to visit Nepal in more than two decades. During his visit several agreements were signed. One of the most important

accords seeks to promote connectivity by railway between China's Tibet and Nepal through the Himalayas. Mr Xi assured Nepal that the rail project would transform it from a land-locked country to a land-linked one.

Nepal and China also signed security agreements expanding cooperation between the police, intelligence, border management and law enforcement agencies. Beijing has helped Nepal to build and upgrade highways, airports and power plants.

Following Mr Xi's visit, it was announced that China will give the Nepalese army about \$21 million in unspecified "disaster relief materials" over the next three years.

Further to India's east the amicable tie between China and Bangladesh became visible last July when Ms Hasina and Mr Xi signed a slew of agreements which overcame the hesitations of history. In 1971, India created Bangladesh by breaking up Pakistan. But China supported the Bangladesh Liberation War, vetoed its admission to the United Nations and recognised the new state only in 1976.

History, though, is about change. As South Asia's fastest-growing economy, Bangladesh has welcomed China's investment of \$38 billion. That is China's largest investment in South Asia, after Pakistan, where it has invested \$46 billion. Moreover, China has established itself as the largest trading partner of Bangladesh. The total volume of trade between the two countries was \$12.4 billion in 2017-18. Trade between India and Bangladesh amounted to \$9.5 billion in the same year. Twenty-two per cent of Bangladesh's imports come from China and only 1.3 per cent from India; a mere 1.7 per cent of its exports come to India, and 2.3 per cent to China. China's ties with Myanmar tell an analogous story



ANITA INDER SINGH

unemployed. So, much depends on the perceived sweetness of the VRS handshake. Lastly, overstaffing is across all age-groups. Can the VRS address this problem?

It is important to get a fix on the magnitude of the financial turnaround required. The combined earnings before interest, taxation, depreciation and amortisation (EBITDA) margin for both companies was (-)20 per cent in 2018-19. The math is simple. A 40 per cent reduction in employees (74,000 employees opting for VRS — a tall order) would yield a 31 per cent reduction in the wage bill-to-revenue ratio. If all that went straight to the bottom line, the EBITDA would rise to 11 per cent, which is not enough. Even with debt at ₹45,000 crore, the minimum EBITDA needed to book a profit is 35 per cent. A turnaround, therefore, hinges on large cost savings and a solid revenue boost.

Monetising assets takes time and is not easy in the public sector context. Asset sales, specially land, invariably invite allegations of graft. Decision-making in public sector units (PSUs) is tardy, cautious and driven by risk-aversion. This has worsened in a time when the Enforcement Directorate, the Central Bureau of Investigation and other enforcement arms of the government are in full cry. The experience with disinvestment in the past five years is not particularly encouraging. It would be optimistic to believe that resources from assets will become easily available.

Infusing capital through sovereign bonds provides immediate succour. But, like recapitalisation of banks, it is far from sufficient. BSNL's track record is not inspiring. Its management is not renowned for commercial prowess or success. If management practices and the organisational culture do not change, the bottom line will not either. More on this anon.

Press reports mention that the plan envisages an investment of ₹10,000 crore to operationalise 4G services. That is a gross underestimate. It took Jio over five years and a lot of money to deliver quality 4G services. True, BSNL has infrastructure and an extensive network. However, it is both naïve and rash to expect that a new revenue stream will materialise quickly and that too with so small an investment. Resources for the huge investment will not come quickly (the asset sale problem). Finally, in the cutthroat world of telecom, does BSNL, given its management, have a fighting chance to survive the competition?

The plan is a set of necessary steps but is far from sufficient. The VRS "carrot" will need a veiled "stick" for suasion. Without that, VRS will not take off. Faster flow of resources to fund investment will be inescapable; else by the time BSNL gets to 4G, the rest of the sector would have moved on to 5G. And, without management reform all this amounts to nothing. The revival plan, as the phrase goes, is on a wing and a prayer.

The writer is former chairman, Telecom Regulatory Authority of India

Tomorrow's people



BOOK REVIEW

VIKRAM JOHRI

In his latest collection of profiles that were either published elsewhere or written exclusively for this book, Vir Sanghvi chronicles the lives of 10 game changers, men and women who he thinks have shaped Indian society and opinions of it over the past decade or so.

The list is fairly uneven, comprising two chefs, a Bollywood personality and a bevy of businesspersons. The profiles of the more famous among these — such as Nandan Nilekani and Kiran Mazumdar Shaw — offer little that is not already known.

But first, the chefs. Mr Sanghvi goes deep into the background of both Asma Khan and Gaggan Anand as he charts the story of their rise into globally recognised purveyors of south Asian cuisine. These profiles are intimate, if at times too focused on indelicate details of their personal lives. It is possible that the profiles were shaped by Mr Sanghvi's interest in the subject (he has been a long-time writer on food and drink), yet two gastronomy profiles out of 10 seem a tad lot.

From Bollywood, Mr Sanghvi profiles Karan Johar, freely acknowledging that he borrows from the film director's memoir *An Unsuitable Boy* in drawing his portrait. The profile, which only cursorily discusses Mr Johar's film and TV career, is an extended meditation on Mr Johar's sexuality. Here too, Mr Sanghvi's aim to portray Mr Johar as an evangelist for a franker public discussion of sexuality is muddled by an excessive interest in the

private. It is one thing for Mr Johar to speak about his inexperience with sex; quite another for Mr Sanghvi to build a profile on that foundation.

Some profiles fare better. The one on Ameera Shah, the managing director of Metropolis Healthcare, touches upon the challenges faced by women entrepreneurs and melds that into a narrative about business triumph. The profile is also a nice counterpoint to the ones of Mr Nilekani and Ms Shaw. Yet, the question of how Mr Sanghvi chose his subjects is not answered satisfactorily. Why, for instance, Ms Shah and not another female entrepreneur?

The profile on Arnab Goswami is apposite in that the newsman has reshaped English news television. As with most other profiles in the collection, the writer takes the reader through the early stages of Mr Goswami's life and his work at NDTV before he set up Times Now. The profile is even-handed, bucking the

trend of other senior journalists criticising Mr Goswami for his politics or the way he conducts news.

In the chapter on Shashi Tharoor, Mr Sanghvi credits the politician-writer with showing a young generation the difference between Hinduism and Hindutva. While Mr Sanghvi does not criticise the BJP, he presents Mr Tharoor as a viable antidote to what he describes as the ideological moorings of the party, naming the Rashtriya Swayamsevak Sangh (RSS) and other Hindu organisations. He adds that it was confounding to many that despite Mr Tharoor's anti-RSS book doing well, the BJP still returned for a second term.

The chapter on Mr Tharoor, thus, says more about the writer than the subject of the profile. One, that the political circles he moves in lean a certain direction ideologically, a direction that may not be restricted to one party but which has some common features. Two, Mr Sanghvi's anal-

yses — while acknowledging the rapid rise of non-English languages in, say, social media — focus largely on the English-speaking world and the game changers that emerge from it. I was surprised that Mr Sanghvi sought to make a connection between the success of a book and the way the wind was blowing politically.

There are other commonalities in how Mr Sanghvi captures the men and women he profiles. He is attuned to their background, especially to their financial status before they became famous. So, we learn that Mr Johar's family was "comfortably off in an upper middle class, Malabar Hill sort of way, but they were not rich" or that Paytm's Vijay Shekhar Sharma came from such a poor background that "if he had to go to a wedding, he was made to wear his school uniform because those were the only nice clothes he had."

While appropriate biographically, such details do not necessarily say much of real

significance about those profiled. If anything, a comfortable financial background takes the sheen off the success of some of those Mr Sanghvi writes about (not to mention that bald — but largely meaningless — gap between Malabar Hill comfortable and rich). The focus on business also leaves out game changers from other fields such as sustainable energy and innovation, fields that are arguably more important to a rising economy than, say, cheffing.

Mr Sanghvi writes in the beginning of his desire to profile those who will remain relevant 10 years from now. That is a tall order for a nation on the move, but it is likely that some of the rising stars in this list will continue to make news. All of them are ambitious, driven and eminently newsworthy. Whether they are game changers is not as neatly settled as that.

THE GAME CHANGERS: Transforming India
Vir Sanghvi

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