MUMBAI | FRIDAY 15 NOVEMBER 2019 Business Standard

Lessons from RCEP negotiations

The conflicting viewpoints on RCEP bring out the need for evidence-based policy-making and information sharing

ANIRUDH SHINGAL

Prime Minister Narendra Modi announced India's decision to opt out of the Regional Comprehensive Economic Partnership (RCEP) negotiations recently, adding the agreement would not serve the country's interests. The RCEP agreement was being negotiated amongst ASEAN+6, that is, the 10 member countries of ASEAN plus Australia, China, India, Japan, New Zealand and South Korea since 2013. The 16 RCEP countries account for nearly 40 per cent of global GDP, almost half the world's population and a third of the global trade in goods and services. Even without India, RCEP would be a mega-regional trade agreement, second only to the EU-US trade agreement (the Transatlantic Trade and Investment Partnership or TTIP), if that were ever negotiated.

Media reports suggest that the absence of a safeguard mechanism against a surge in imports from China, inadequate coverage of India's interests in services and unsatisfactory treatment of NTMs (non-tariff measures) in the agreement being negotiated were among the main reasons for India to pull out of the negotiations. While these may be legitimate grounds, policy-makers, regulators, negotiators and the people of India would all be better served if there were comprehensive impact assessment studies and analysis of the costs and benefits to the country from negotiating trade agreements like the RCEP and if this information were shared publicly.

Unfortunately, there is little in the public domain that suggests that such meaningful analyses were undertaken. Large segments of India's manufacturing and agriculture sectors have consistently spoken against joining the agreement arguing that import competition emanating from the tariff liberalisation under RCEP would affect them adversely. Have there been rigorous impact assessment studies or anecdotal information from stakeholder consultations documenting such effects? If yes, why have these not been shared with the public or made available online? This absence of information-sharing is among the most confounding aspects of all trade agreements, including the RCEP. Each member government claims that such agreements enhance the economic welfare of its citizens. Still, citizens are deprived of the opportunity to independently assess the costs and benefits of these agreements.

The uncomfortable truth is that trade negotiations are held in complete secrecy and India's terms of engagement in these agreements remain unknown. An objective assessment of the claims made by India's farmers and industry has thus become extremely difficult, especially in the absence of quality impact assessment studies. Let alone experts of Indian-origin abroad, there is no dearth of expertise on the subject even within the country — the many think-tanks, academic/policy institutes and university house scholars and researchers adept at the skillset required — to undertake such studies. Then why was such work not commissioned or the findings kept under wraps?

Successful trade negotiations require in-depth knowledge and information. The new trade agreements are not just about tariff liberalisation but also cover a host of non-tariff issues like services regulation, standards, investment, government procurement, competition policy, intellectual property and safeguard mechanisms, to name a few. The European Commission routinely engages in sustainability impact assessments (SIAs) of all major trade agreements that it seeks to negotiate. These studies assess the economic, social and environmental costs and benefits to the EU from the likely agreement, based on rigorous quantitative and qualitative analysis as well as feedback received from stakeholders, and covers both tariff and non-tariff issues in great detail. The reports are available online and inform public debates and policy-making.

India needs to go down this route of evidence-based policy-making and information sharing. There have been enough statements in the media about the increase in India's trade deficit following our agreements with ASEAN, Japan and South Korea. What we need are state-of-the-art SIA studies that can objectively examine such blanket statements. Recently, the EU has begun to analyse data on the utilisation of tariff preferences to examine which of its agreements are effective and to address the challenges in the ineffective agreements. India's agreements with its partners in East Asia have generated enough data to examine the effectiveness of these agreements and to learn from past mistakes, if any, to both inform subsequent trade negotiations with other partners and to address challenges at home that prevent India's exporting firms from utilising negotiated preferences. The government must organise studies to analyse this data and make findings from such work public.

While the fear of import competition may be genuine, all sectors of the Indian economy are inherently uncompetitive for domestic political-economy reasons. Economic theory tells us that preferential tariff liberalisation leads to trade creation, wherein efficient partner country suppliers displace inefficient home country suppliers; and preferential deep integration, that is, addressing non-tariff issues, leads to both home and partner countries gaining unambiguously. While there may be costs from joining the RCEP and India may not be ready yet, there are also gains to be had, especially in the low-growth and protectionist economic scenario at home and abroad. The government needs to do its homework before deciding which path to take and most importantly, keep people informed.

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CHINESE WHISPERS

Regimes change, disease stays

A viral video clip has left the Congress-led Madhya Pradesh government red-faced. In this video, Dewas Municipal Corporation Commissioner Sanjana Jain could be seen touching the feet of state Public Works Department and Environment Minister Sajjan Singh Verma as he visited a gurdwara in Dewas on the occasion of Gurupurab. Sharing the clip, Bharatiya Janata Party (BJP) state Vice-President Vijesh Lunawat tweeted: "This is the new Madhya Pradesh. Bureaucracy at the feet of the minister." This is not the first time an MP bureaucrat has been caught in a storm. In 2018, then Mandla collector Sufiya Faruqi had carried the *charan paduka* (footwear) of saint Adi Shankaracharya as part of the Shankaracharya Ekatma Yatra. The BJP, then in power in the state, had tweeted her photos and the opposition Congress had said she was being used as a "tool" in a "political event".

Development irregularities

Uttar Pradesh Deputy Chief Minister Keshav Prasad Maurya, once considered a frontrunner to become chief minister in 2017, has written to Chief Minister Yogi Adityanath, alleging large-scale irregularities in the Lucknow Development Authority (LDA). As UP housing and urban planning minister, Adityanath is the head of the development authorities, including the LDA. In his letter, Maurya has alleged a nexus between the LDA and private builders and contractors pertaining to key housing and infrastructure projects in the city. Adityanath has spoken about weeding out corruption from the bureaucracy.

On a sticky wicket

Even after sealing seat distribution with its alliance partners for the upcoming Assembly elections in Jharkhand with relative ease, the state unit of the Congress is struggling to get its act together. Allegations of factionalism aren't letting state unit president Rameshwar Oraon *(pictured)* breathe easy. On Thursday, former state unit president Pradeep Kumar Balmuchu joined the All Jharkhand Students Union and has been assured of a ticket. That makes Balmuchu the third of Oraon's predecessors to contest from rival parties. Ajoy Kumar will be an Aam Aadmi Party candidate and Sukhdeo Bhagat has been given the Bharatiya Janata Party ticket. Earlier on Wednesday, some party workers protested the selection of candidates for two of the three urban seats in Ranchi, accusing the leadership of favouring outsiders. If the party was hoping that Oraon's appointment was going to help arrest factionalism, ears close to the ground say it has only intensified the problem.

Water transport: Still missing the link

It holds out great promise for improving India's logistics and therefore needs to be pushed aggressively

INFRA TALK

VINAYAK CHATTERJEE

In January this year, Union Minister for Shipping, Nitin Gadkari, along with railways minister Piyush Goyal, flagged off Container Corporation of India's (Concor) coastal freight shipping service from Kandla port to Tuticorin via Mangalore and Kochi. What was important was the symbolism — Concor is an Indian railways company, explicitly venturing into coastal shipping. Also important was the fact that the two Union ministers (who between them decide policy on all the major transport infrastructure sectors) were together at the event highlighting the importance of the interconnection between different modes of transport.

Since then Concor has gone further — in September it opened a freight shipping service from Krishnapatnam port in Andhra Pradesh to the port of Chittagong in Bangladesh. This followed the broadening of the Inland Water Transit and Trade protocol between the two countries in 2018 to cover more ports.

These moves, small in themselves, are critical components in the much broader plan of inducing what logistics professionals call the 'modal shift'. Enabling freight to be transported through modes other than roads and railways is key to reducing costs and making Indian goods more competitive in global markets. Waterways has till now been the missing link.

The cost of freight movement by road is ₹2.58 per ton-kilometre, compared with ₹1.41 per ton-km for rail and ₹1.06 per ton-km for waterways. Yet, it is the high cost option, road transport which accounts for the bulk of Indian freight transport – close to 60 per cent. Coastal shipping and inland waterways account for barely 7 per cent of freight transport in India, compared with 24 per cent in China and 11 per cent in Germany. The over-reliance on roads has meant that the cost of logistics as a share of the price of final goods is around 18 per cent in India, compared with just 9-10 per cent in developed countries. Water transport is obviously also less polluting as compared to road transport.

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The need for such a shift has long been recognised by the government. In 2015 it launched the ambitious Sagarmala project to develop water freight transport. The project involved developing new ports, enhancing port connectivity and port linked industrialization. Augmenting inter-modal connectivity is especially important. Much of the cost advantages of waterways get lost if shippers find themselves bogged down at terminals waiting for freight to be moved from truck or rail to ship.

Since the launch of Sagarmala, a slew of other reforms have followed. Amendments passed to the Central Road Fund Act in 2017 aimed to use 2.5 per cent of the funds collected for waterways development (India currently has 14,500 km of navigable inland waterways). Early last year, the Indian government eased cabotage rules to enable foreign flagged container ships to ply freight on local coastal routes. The government has also put in motion the Jal Marg Vikas project to enhance commercial navigation of vessels of size 1,500-2,000 deadweight tons on National Waterway-I between Haldia and Varanasi at a cost of ₹5,369 crore. The project is expected to be completed by 2023. A landmark for the project was reached just a couple of months before Concor's venture into coastal shipping kicked off, when Prime Minister Narendra Modi received the MV Rabindranath Tagore at Varanasi. The ship had moved 16 truckloads of freight belonging to beverages giant Pepsi from Kolkata.

Progress on Sagarmala too, four years on, has been encouraging. The government claims that as of September, 125 projects have been completed under the programme, at a total cost of ₹31,447 crore. These include LNG terminals at Ennore and Mundra port, each at the cost of over ₹5,000 crore, and modernisation of JNPT port for a total of ₹6,600 crore. But it's early days yet — a whopping ₹5.7 trillion of projects (1,314 projects in total) is in the pipeline.

Over the next few years, around ₹90,000 crore is required to be invested in the water transport sector, according to an estimate by Jagannarayan Padmanabhan of Crisil and Sudipta Saha in an article last year. The authors call for tax subsidies to incentivise transport by water over road, and for efficient handling of cargo at inland terminals. Incentivising industries adjacent to national waterways to use water transport is also an option. At the other end, governments could also impose heavier taxes for long-haul road transport of coal and inflammable material and 'nudge' transporters to shift to waterways for long-haul carriage (where the efficiencies of water transport kick in).

For a long time, the focus was on encouraging shippers to move from roads to railways. But with investments in Sagarmala taking off and other enabling policy changes getting the go-ahead, it looks like it will actually be waterways, hitherto a much-neglected sector, finally getting the attention it deserves. But this effort needs to be pushed harder.

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INSIGHT

Filling up the lacuna in corporate lending

Criminalising the lender and the defaulter shifts the focus away from the inefficiencies in the corporate lending process

DEEP NARAYAN MUKHERJEE

Various reasons have been attributed to the current corporate NPA crisis. That includes legal events, commodity cycle bust and most prominently, errant promoter — and at times senior banker — behaviour. One may conclude that banks have successfully externalised the problem with the message that had it not been for errant promoters and the alleged white color corruption — India's bad debt problem would not have arisen. It is becoming a regular practice for lenders to ask for forensic audit in the event of a big-ticket default. But is everything okay in the banking sector's corporate risk management practices? Take the trend of doubting the quality of the borrower's financial statement post default even though the bank had been assessing those same balance sheets for decades. Then these companies had been getting enhanced credit amounts regularly. Time to raise questions on the effectiveness and competency of the corporate lending process itself.

Post the huge corporate lending losses, very few lenders have meaningfully rehauled their lending processes. In most cases, there have been minor tinkering only. The lending decisions, which were subjective to begin with, have swung to one of extreme risk aversion, creating an illusion of stringent credit standards but arguably with no improvement in the quality of the credit decisions. Currently, even good businesses are getting starved for credit and even honest businessman are being looked at with suspicion.

This is very different from what happened in the aftermath of India's retail credit blow-up of 2007-08. That time, the shortcomings of the existing processes were acknowledged. As a result, the systems and processes were redesigned. Judgmental decision-making was replaced by data- and analysis-supported decision making. The result: the retail lending story has been running successfully for a decade. Corporate lending needs to go through a similar transformation. The time has come to make the process more objective and efficient with better governance.

More focus is needed on structuring the credit committee. Overloading them with credit or risk representatives after NPA blow-ups is as ineffective as allowing the business to run on the unfettered veto power of relationship managers during credit up-cycles

The scope of model-driven automated decision-making in corporate credit on the lines of a retail loan is currently limited. Corporate lending is underwritten on a case-by-case basis. Of course, there are credit policy rules but often they are quite broad and subject to wide interpretation. In addition, the decision-making structures allow for veto rights to credit committee chairpersons, who sometimes use it without well-articulated reasons. In cases where a bespoke quantitative model exists, it is found that the model inputs give high weight to entirely subjective elements such a "quality of management". The cumulative impact is inconsistency credit underwriting decisions. While one credit profile may be rejected in a branch, a comparable profile may get a credit from another. Worse, the whole decision-making process sways under bouts of aggression followed by risk-aversion.

A bare minimum requirement is creating exhaustive benchmarks with more focus on cash-based ratios rather than the current accrual-based ones. Policy rules need more granularity and need to be regularly analysed and backtested for their risk efficacy. More advanced banks may start with statistical models to support decision-making and move out of the throes of untested 'expert' models.

The corporate lending decision-making process is inefficient, taking anywhere between 30 to 120 days. The most palpable manifestation of the quality of decision is the credit memo. The memo embodies the needle-in-a-haystack syndrome. Even for mid-sized companies pages are filled with undifferentiated industry outlook and economic commentary. Quantitative analysis on how the company behaved in different economic or industry situations is given a miss. Likewise, the approaches to the projection of balance sheet are ad hoc and at times amateurish. Such exercises are prone to manipulation. Sometimes the decision flow requires circuitous routing of the credit memo with limited value-addition. This increases the workload of a already overburdened credit team leading to either errors or herd-mentality in decision-making. The result is a credit call which ultimately has limited defensibility and tractability

More focus is needed on structuring the credit committee with nuanced understanding of the incentives for committee members. Overloading the committees with credit or risk representatives after NPA blow-ups is as ineffective as allowing the business to run on the unfettered veto power of relationship managers during credit up-cycles. More governance is required around the decision-making process but that does not mean more documentation. In several instances, credit calls are collectively taken without detailed minutes being produced which captures the views and voting patterns as well as the rationale of the veto if exercised. What is required is objective decision-making. That is different from the current practice of stating that the committee was 'comfortable' with the credit and to create an illusion of detail orientation, an unwieldy credit memo is attached.

It is critical to redesign the corporate lending process to support the next round of growth. Criminalising the lender and the defaulter shifts the focus away from the lack of rigour and inefficiencies in the corporate lending process.

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LETTERS

Lessons from Maha

Apropos "Political circus" (November 14), it's no surprise that the Centre has used its power to get a longer window to manipulate a majority. It is a shame that while the BJP and the Shiv Sena fought elections together and got the required mandate to run the government, voters have been left in limbo as the two are fighting and don't want to share power as agreed before the elections. It is obvious that the BJP, having got more seats than the Shiv Sena, is attempting to arm-twist the latter to expand its base. What is happening in Maharashtra is a warning signal for other regional parties and in particular, dynasties. The AIADMK in Tamil Nadu should understand that if the BJP can attempt to junk its oldest ideological partner for the sake of power, it can do the same to regional parties and that it will no longer be a "Congress-mukt" but a "vipaksh-mukt" Bharat before 2024.

N Nagarajan Secunderabad

Need of the hour

This refers to "Screening test for independent directors" (November 11). Independent directors (IDs) have a significant role in improving corporate governance. They are expected to objectively participate in the decision making process at the board level. They are obliged to put their domain knowledge and rich experience to good use and help the board to take unbiased decisions for company's growth. Therefore, the mandatory condition of qualifying the online self-assessment proficiency test to get a place in the data bank for IDs seems a sensible move by the government. However, more than well qualified, the IDs should be objective in their assessment and not merely toe the management line. For corporate governance to improve, the IDs need to play a meaningful role.

Here are a few suggestions, First, minority shareholders should have a substantial say in appointment of IDs, thereby discouraging the promoters to pick their favourites for the job. Second, IDs must have direct interactive and feedback sessions with senior and middle level management of the company. Third, in the annual report, the IDs' views should find a place in the directors' report section. Forth, statutory auditors should consult IDs to get their point of views on important matters. Finally, the audit committee of a board should include at least one of the IDs as member.

As corporate governance is the need of the hour, IDs should feel empowered to deliver.

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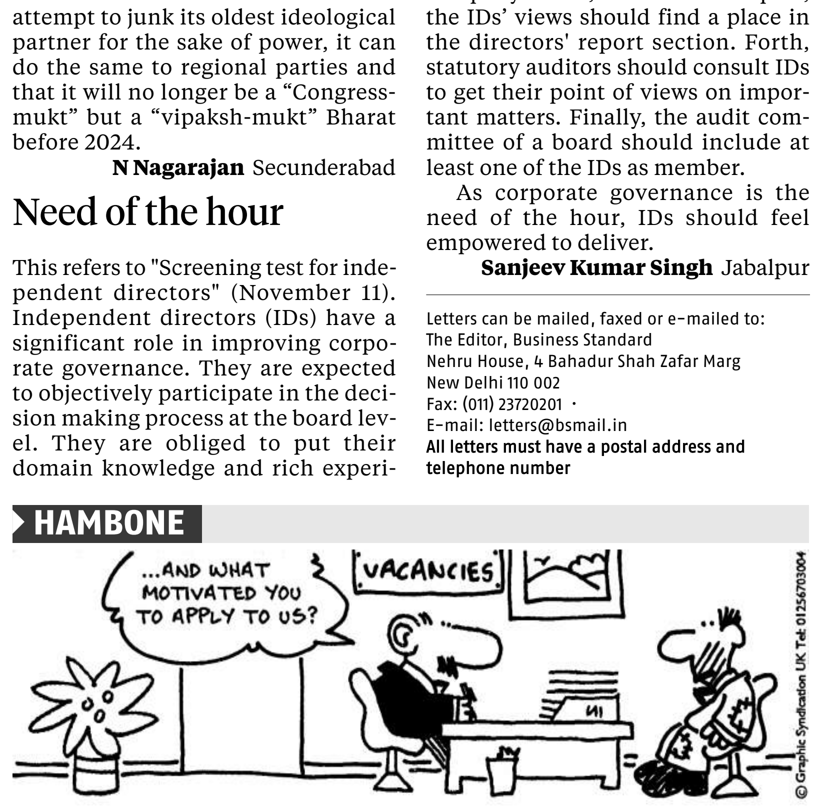
HAMBONE



Business Standard
Volume XXIV Number 66
MUMBAI | FRIDAY, 15 NOVEMBER 2019

USTR, made in India

India needs an apex body for trade negotiations

India's decision to stay away from the Regional Comprehensive Economic Partnership (RCEP), at least for now, has raised serious concerns among economists and policy analysts. While the talking heads of the government are calling it a bold decision, the fact is that Indian exports to RCEP countries will suffer because of higher tariffs. Protecting domestic businesses from competition and raising tariffs will not help. India tried this for decades with disastrous consequences before the start of liberalisation in the 1990s. It can be argued without any doubt that similar policies are unlikely to yield different results now. India is now looking for closer ties with the West, but neither the US nor the European Union will enter into any trade agreement solely on India's terms. In any case, India's decision to withdraw from the RCEP has reduced its bargaining power considerably.

Therefore, the Indian policy establishment needs to work with an overarching view and not look at issues in isolation. In this context, the government would do well to pay attention to some of the suggestions made by experts in terms of reforming India's trade and policy administration. Trade economist and former NITI Aayog vice-chairman Arvind Panagariya, for instance, in a recent interview to *The Indian Express* suggested the country needed a separate body such as the office of United States Trade Representative (USTR) for trade negotiations as part of the Prime Minister's Office or the ministry of external affairs. It could be headed by a political person and manned by professionals. Mr Panagariya further noted that the commerce ministry, historically, has been very protectionist. So it is very difficult that any liberalising reform will end up originating in that ministry. This is a serious constraint for India and should be addressed. Besides, in the absence of trade barriers on its imports, India would have had an opportunity to integrate itself into regional and global value-chains, where its participation has been low.

Similar suggestions have also been put forward by former economic advisor to commerce ministry Jayanta Roy. In an article published in this newspaper, he suggested creating an apex entity, which has a clear mandate from the prime minister to consult all stakeholders and develop the trade strategy. This will make sure all agencies, including the state government and line ministries, know what they are expected to do. All this will help streamline India's trade strategy and allow the government to make interventions at appropriate levels.

At a broader level, it is important to acknowledge that avoiding trade challenges is no longer an option for India because it directly affects investment, economic growth, and job creation. India should use trade opportunities to push reforms in the domestic market and increase competitiveness. Countries from where India's imports have increased significantly in recent years, irrespective of a trade agreement, are competitive economies. Therefore, apart from reforming trade administration, India needs to improve competitiveness by pushing structural reforms and reorienting investments. The country will need export growth to attain higher sustainable economic growth and create jobs for its rising workforce. By staying away from the RCEP, India has lost an opportunity to grow its market by forcing domestic industry to compete with the best.

Edible oils deficiency

Farmers need stable policy environment for investment

The commerce ministry's plea to the agriculture ministry to work out a plan for self-sufficiency in edible oils is based on sound economic reasoning and, therefore, merits urgent action. Purchases from abroad account for 65-70 per cent of the domestic requirements for cooking oil, making it the largest import item after crude oil and gold. Pricing policies and tariffs have turned oilseeds cultivation uneconomical vis-à-vis imports. They have also imperilled the viability of the domestic oilseeds-processing industry. A sizable part of the local vegetable oils-crushing capacity is lying idle or underutilised. Oil-meal exports, too, have been adversely hit.

It is, indeed, not for the first time that attention has been drawn to the need to shed such critical dependence on shipments from abroad for a mass-consumed essential item like a cooking medium. Union Finance Minister Nirmala Sitharaman, too, had called for attaining self-reliance in oilseeds in her Budget speech earlier this year. She had cited the example of pulses, where such a feat has recently been achieved. However, what is often not realised is that pulses and oilseeds are wholly different things, facing different challenges and requiring different strategies for breakthrough in production. Though both have been victims of imprudent policy regimes and misguided market interventions, their response to these irritants has been dissimilar. This is chiefly because of external factors, notably availability and price trends in the international market. While the domestic prices of pulses were not affected much by the frequent changes in import duties due to limited supplies in the global market, those of the abundantly available oilseeds tended to get depressed. This has served as the biggest disincentive for the farmers to raise oilseeds production.

Thankfully, the technology (read high-yielding crop varieties and improved agronomic techniques) to step up oilseeds output already exists. The huge gap in yields recorded at the research farms and the farmers' fields is clear evidence of that. However, oilseeds growers are wary of investing in this technology because of uncertainties about the returns under the present pro-consumer but anti-producer policy regime. That the key to self-sufficiency in cooking oils is the remunerative prices for the produce was appreciated even in the past when high prices had transformed India from the world's largest vegetable oil importers into a net exporter in the late 1980s and the early 1990s. The trigger for what was then hailed as the "yellow revolution" was the setting up of the Oilseed Technology Mission in 1986 with unbridled freedom to formulate and implement policies concerning the import, export, and domestic pricing of oilseeds. The Mission allowed oilseeds and edible oil prices to fluctuate freely within a stipulated band that guarded the interests of both producers and consumers. Market interventions were carried out only when the prices tended to breach the set limits. Unfortunately, this Mission was allowed to gradually degenerate by curbing its autonomy and expanding its workload in the mid-1990s, squandering the gains and pushing the country back to the cooking oil-deficit era. An avatar of the original technology mission, with the same kind of powers and following a similar remunerative prices-based strategy, is needed again to resurrect the yellow revolution and achieve self-sufficiency in edible oils.

ILLUSTRATION: BINAY SINHA

The problem with demonising Jinnah

It has shrunk the political space for Muslims in India

The demonisation of M A Jinnah has allowed India to avoid a discussion on power-sharing in democracy. Partition is explained away in our textbooks and in the common understanding as the doing of one evil man. Indeed, Pakistan itself is still portrayed in 2019 as a source of constant mischief in the public imagination and the embodiment of evil. Bangladesh is the producer of parasites ("termites" in the words of our home minister) and not much good for anything else. We would be happier if neither existed or if we had different neighbours.

The fact that India was divided because the Hindus, represented by the Congress party, were unable to agree on sharing power with Muslims is not the way Indians understand Pakistan. It is seen instead as an act of malice which dismembered our beloved Bharat Mata.

AAKAR PATEL

Across the border, there is less demonisation of Gandhi and Nehru than there is of Jinnah on our side. Partition in Pakistan is primarily about the denial of rights to Muslims under a permanently Hindu majority. That is how the Pakistani middle class views it. Yes, there is an aspect to partition that is linked to an Islamic utopia, such as dreamed up by Mohd Iqbal and then Maududi, but it is marginal. The groups pushing for this have never been powerful in the popular realm, meaning democratic politics. Their importance was latterly inflated because of support to their militias from the state. Another aspect is Pakistan's bullying of minorities, a disappointingly common theme in the subcontinent. This has helped Indians adjust to the brutalisation of their own minorities.

However, it has become clear that Muslims will have to occupy some political space through uniting because India has pretty comprehensively shed its pretence of pluralism. The polity has become nastily majoritarian to popular applause. The justice system is complicit. Our actions in Kashmir, Assam, Ayodhya, and on issues ranging from beef to citizenship leave no room for ambiguity.

Hindutva under a messianic leader has captured the imagination of voters: In two consecutive Lok Sabha elections we have had minimal representation of Muslims . This is not unusual and there has never been a time in India's entire electoral history going back to 1952 that Muslims have had the 10 per cent or more representation that is their due. This compares abysmally with how any large group is represented whether through language or caste.

The number of Muslims in the Lok Sabha now stands at 27. It was 23 in the previous Lok Sabha and all of them represent Muslim majority constituencies, meaning that they would not have been there if their own community had not dominated. The fallout of poor representation has been an assault on the rights and dignity of Muslims.

Rafiq Zakaria in his work *Sardar Patel and India Muslims* pointed out that Muslims themselves took away their right to reserved seats and separate electorates in the Constituent Assembly. They felt that after Partition, this was no longer appropriate. But it has long been the case that they regret doing this. Gandhi was able to blackmail Ambedkar into giving up separate electorates for Dalits, and they regret this also. The data shows us that they are right to regret it and wrong to have put their faith in the goodwill of the majority.

It was the responsibility of Hindus to accommodate them in the power structure, and we have shown no enthusiasm or willingness to do so. This has happened through the denial of tickets to Muslim candidates at the level of the party. At the level of the voter, India's tribal voting instincts have put paid to any expectations of broad accommodation.

The man who speaks nationally for Muslims is Asaduddin Owaisi of the Majlis e Ittehadul Muslimeen. The word *ittehad* (unity) should tell us what the party seeks to achieve. Owaisi rejected the ruling on the Babri issue, saying, quite correctly, that the Supreme Court is not infallible. He also asked that the court not patronise Muslims by offering them twice the land that was taken away from them. He said: "I speak for my party, we do not want this '*khairat*' (charity). Our fight was for a legal right, for a Babri Masjid. Our fight was not to get this piece of land. Why did we have this patience so long? If it was a piece of land, we could have accepted it somewhere else."

He continued: "Attempts are being made to make Muslims second class citizens in India. Keep watching. Political disempowerment is happening. Nobody can deny this... with the NRC, the Citizenship Amendment Bill, what message are you sending? My regret is that all secular parties, their mouths are shut."

To me what Owaisi says is absolutely unexceptionable. It is appalling for a great nation to do this to its own people. However, no Hindu politician, whether secular, liberal, urbane or whatever other category exists outside the majoritarian fold, can speak in such direct and honest terms. Because the fact is that the non-Muslim parties will make the calculation and crunch the numbers and be unable to take sides, lest their position be referred to as "appeasement" (a particularly cruel use of the word given the reality).

Muslims must stand up for themselves and fight for their rights, by uniting, because nobody else is going to do it for them. There is no other way that they will be heard.

The demonisation of Jinnah has long helped us avoid an honest discussion on the issue of both our major communities being stakeholders in our democracy. India's Muslims must unite and demand that this change.

India's role in Asia after RCEP

Where does India stand in Asia? Has its position changed after its rejection of the Regional Comprehensive Economic Partnership (RCEP), which has been on Asean's agenda since 2012? India's absence from the Asia-Pacific Economic Conference (APEC) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) rules it out from influencing the blocs that will define Asia's economic future. To the dismay of India's friends, including Japan, that absence also leaves the field open for China to dominate the RCEP and to wield economic power over Asia.

India's "no" to RCEP reflects one of the many opportunities it has missed to become a solid global manufacturing base. Since economics and strategy are linked, how many Asian countries will now share New Delhi's image of India as a world power? New Delhi has said that Asean has centrality in the Indo-Pacific. But it simultaneously seems to have subscribed to US President Donald Trump's vague Indo-Pacific concept because it has interpreted the idea as signifying the extension of India's economic and security profile, beyond the Indian Ocean into the western Pacific. This appears to be a pipe-dream. For India is a no-show in any economic group that includes Southeast and East Asian countries.

ANITA INDER SINGH

Washington itself has done little to clear the air about its Indo-Pacific concept. Trump's National Security Strategy (NSS) in 2017 underlined that "Indo-Pacific" was about a strategy to counter China's economic and military rise.

Mr Trump himself announced the concept at the meeting of APEC CEOs in Da Nang, Vietnam, in November 2017. He then hailed Vietnam as being in the very heart of the Indo-Pacific (note, India is not a member of APEC). The NSS described APEC and Asean as "centerpieces" of the Indo-Pacific. Washington had not placed India at the centre of its Indo-Pacific, even if it continues to see India as playing an important role in the area.

Moreover, the uncomfortable reality is that Asean countries — with which India wishes to strengthen its ties under its Act East policy — dislike Mr Trump's Indo-Pacific. To them, the absence of the word Asia from the concept ignores the centrality of Asean and its consent to any strategy that affects its member-states.

Last June, Asean presented its own outlook on the Indo-Pacific, which highlights the Asia-Pacific and Indian Ocean regions through a wide-angle economic lens. Since the end of World War II, Asia-Pacific has had a historical meaning for the Southeast Asian and East Asian countries, which became America's friends and allies. Asean's outlook does not mention India. In fact, the US and its Asian friends have since long perceived India as a South Asian country.

Even America's strongest Asian allies, Japan and South Korea — are divided over Washington's Indo-Pacific. It was Japan's Prime Minister Shinzo Abe who coined the term. But against the history of Japan's annexation of Korea between 1910 and 1945 — and this year's Japan-South Korea trade war — Seoul distrusts Japan and sees little benefit in backing a Japanese initiative to link Japan with the US, Australia, and India. With China as its foremost trading partner, and as the country which has the most leverage over North Korea, South Korea treads a difficult tightrope between the US and China.

True, Asean countries are fearful of China's territorial expansionism but are dependent on it for trade and investment. So they do not want to be forced to choose between the US and China. Not an American ally, India itself must balance its wish for a strong partnership with the US and the need to stabilise ties with China.

Economics comprises the outstanding component of India's ties with Southeast and East Asia. In these regions India has strengthened security relationships with Japan, Australia, several Asean countries — and the US, which remains Asia's primary power. But have all these relationships made India a Pacific power? Hardly. China is the strongest Asian military power and the largest trading partner of Asean countries. China's GDP is nearly $15 trillion; India's $ 3 trillion. China's defence spending is around $250 billion. India's $66 billion. China's trade with Asean stands at $288 billion; India's at $142 billion. Unlike Asean member-states, India has stayed out of China's transcontinental Belt and Road Initiative. This fact alone explains why India and Asean countries disagree on handling China — and a China-backed RCEP.

At another level, the intertwining of economics and military power signify that India is unable to expand its military influence in the Pacific in a manner analogous to the way in which China has increased its economic and military clout in the Indian Ocean. As China increases its presence in the Indian Ocean and in India's neighbourhood, India's economic and naval power simply does not match that of China.

India's decision to stay out of the RCEP, the world's largest trade pact, will not stop the advocates of the partnership from going ahead with it. Actually, New Delhi's fear that lowering of tariffs will result in China dumping goods on India only highlights its failure to tackle India's economic weakness. This stems in part from its protectionism and continual failure to untangle red tape. Can protectionist India, with a lower GDP per capita than most Asean countries, Japan and South Korea, display convincing credentials as a strong Asian power? And since economic and military power are intertwined, can India really be perceived as a counterpoise to a rising China in Asia? New Delhi must answer those tough questions.

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A fortune from binge-watching

BOOK REVIEW

DHRUV MUNJAL

It's terribly easy to forget that Netflix was founded way back in 1997, a time when terms such as binge-watch and streaming wars were completely unheard of. The world was a simple place back then: If you wanted to watch a film at home, all you needed to do was to head to your nearest video store and rent a VHS tape, those clunky relics from that antiquated era.

Just that Marc Randolph wanted to make everything even simpler. He was a restless entrepreneur always seeking the next big thing, tireless in his obsession of taking an idea and turning into something that would revolutionise an entire industry. Before he came up with Netflix, Mr Randolph considered selling customised versions of dog food, baseball bats and shampoo over the internet, all seemingly ludicrous suggestions that were shot down by Reed Hastings, whose software company had acquired a start-up that the former had co-founded. Mr Hastings was the man with the cash, and a shrewd businessman who reserved little room for sentiment when it came to business.

Despite their many disagreements, the two were certain about one thing — their new venture just had to involve the internet. They had just seen Jeff Bezos take books — solely a property of physical stores in those days — and put them out online, and were impressed by the rapid progress that Amazon had made.

Both flirted with the idea of allowing customers to rent videocassettes online, but the plan was shelved after some initial promise — tardy postal services, high procurement and shipping costs, and the uncertainty of getting the tapes back meant that the economics never quite worked out. Instead, they decided to try their luck with DVDs, a new technology that was launched in Japan the previous year and was slowly making its way to the US. Neither had ever watched a film on DVD, nor were there many people with DVD players at home, but they were somehow convinced that the idea had potential.

That Will Never Work: The Birth of Netflix and the Amazing Life of an Idea is the story of how Mr Randolph, the company's first CEO, and Mr Hastings, the current chairman and CEO, took that very potential and transformed it into a streaming service with over 150 million subscribers; of how they were able to take on ubiquitous brick-and-mortar stores, survive the dot-com crash and even resist the temptation to sell the company to Amazon when business seemed destined for collapse soon after they had launched.

In the process, Netflix also bought movie rights from studios, before coming up with their own originals. Now, of course, Netflix is such a media behemoth that it's even challenging the might of multiplexes. Martin Scorsese's *The Irishman*, for instance, a big-ticket film starring the likes of Al Pacino, Robert De Niro and Joe Pesci, only had a limited theatrical release on November 1. It will be available on Netflix as early as November 27.

Mr Randolph's book is not so much about Netflix's recent heady success as it is about how it began on shaky ground, with few backers and catastrophe lurking at every difficult moment. He writes about how the deals he managed to strike with Toshiba and Sony — ones that would direct new owners of DVD players straight to Netflix — almost never happened, and that the subscription model was a desperate move to keep business afloat after initial DVD sales tapered off. "If you had asked me on launch day to describe what Netflix would eventually look like, I never would have come up with a monthly subscription service," he says.

Mr Randolph's honesty is precisely what makes this book tick. When deciding on the name Netflix — it was initially NetFlix.com — Mr Randolph confesses that he thought the name wasn't perfect and sounded a little "porn-y". On the decline of the DVD rental business, he unhesitatingly claims that his advisors, including Mr Hastings, were right in the first place — that the technology was just a flash in the pan and no one was going to adopt it long-term.

Such candour makes *That Will Never Work* a brilliantly entertaining read filled with tales of luck, risk and doggedness. While most of it is written like a memoir, a part of the book also features management lessons, "Randolph's Rules for Success", which offer quite a handy glimpse into what goes into running a giant like Netflix.

Mr Randolph is no longer associated with Netflix — he left the company in 2003, soon after it went public. He still holds some shares — mainly for sentimental reasons — but buys a monthly subscription like anyone else. In another display of brute honesty, he claims that his skill-set was always more suited to running a start-up than managing the success of a large corporation. Thankfully for him and millions of binge watchers around the world, despite him leaving, his idea is not only working but is already perhaps the biggest disruptor the entertainment industry has ever seen.

THAT WILL NEVER WORK: The Birth Of Netflix And The Amazing Life Of An Idea
Marc Randolph
Hachette India
₹699, 312 pages