Taking ayurveda to the world

With the whole world turning to natural products, the time for its rebirth is just right

AMBI PARAMESWARAN

As a speaker in the third Global Ayurveda Summit, I was worried. Unseasonal rains were lashing Kochi that day and at the scheduled time for start at 10 am, the hall was hardly full. The organisers pushed the start time by 15 minutes. I was not sure if the hall would even get half full. I should not have worried. In just under 20 minutes, the hotel staff was scurrying around adding chairs at the back of the hall. While I spoke about the need for better branding of ayurvedic brands, a young speaker after me from Amazon spoke about the firm's channel for global customers of ayurvedic products.

Incidentally, the summit attracted a significant number of global participants and also hosted well over 30 well-appointed exhibition stalls. But a question remained in my mind: What is ayurveda and are all ayurvedic brands the same?

Perhaps the biggest-selling so-called "ayurvedic medicine" brand in India is not really ayurvedic. In the mid-1980s, the government decided that ayurvedic medicines will attract zero excise duty. The excise duty on all forms of over the counter medicines was around 15 per cent. Spotting the anomaly, one of the early MNC brands to jump on to the ayurvedic bandwagon was Vicks vaporub. Halls and Vicks cough drops were soon to follow. This is what I would call the "switchover ayurveda" brands.

The next category of ayurvedic brands are those that are not even touting their ayurvedic heritage. The oldest and the biggest in this category is Liv52 from Himalaya. It has been around for decades but the ayurvedic origin is not trumpeted as much as its natural ingredients. Himalaya has rolled out a brand globally for hangovers called PartySmart; it does not speak of its ayurvedic origin and is presented as an all-natural product.

There are numerous ayurvedic brands that are sold for multiple remedies -- from aches and pains to indigestion and hair fall. The brand Indulekha, which now belongs to Hindustan Unilever, is expected to hit a ₹2,000 crore valuation mark in the next five years.

Then there are ayurvedic brands that are sold as prophylactic. The biggest in this group would be chyawanprash. This product, if sold as "chyawanprash", did not attract any excise duty during the excise duty era. The moment you brand it as, say, "HealthyFit", it came under the excise duty regime.

So much for individual brands that have been promoted and built in India.

Traditionally, ayurvedic brands were sold under an umbrella brand. These brands spoke of many years of heritage and legacy. For example, this year, Kottakkal Arya Vaidya Sala celebrated its 150th year. Dabur too is almost 140 years old. Many global pharmaceutical companies may not be that old.

In the last few decades, there have been many efforts to modernise ayurveda with better branding, better technology and better retailing. The first to tread this path is perhaps Biotique. There is also work happening in companies such as Indus Biotech to identify and extract valuable natural ingredients with medicinal properties. So when we talk of ayurveda, the field encompasses multiple shades of nature-based cures. Not all of them are called ayurveda of course.

In the last decade, two ayurvedic brands have managed to invest heavily in design and high-street outlets — Forest Essentials and Kama Ayurveda. They offer a wide range of products, all with roots in ayurveda. But while Forest Essentials speaks of natural ingredients more than ayurveda, Kama has ayurveda in its front-facing branding. Estee Lauder, the super-premium beauty brand, took a minority stake in Forest Essentials 10 years ago. Don't be too surprised if you start seeing Forest Essentials in the shopping malls of the developed world.

Encouraged by their success, numerous brands are venturing into the market with premium displays in airports and malls. What they need to keep in mind is that Forest Essentials and Kama Ayurveda have been at it for almost 20 years.

The new brands on display in Kochi are still working on their go-to-market strategies. Is there a need to have a few arrow-head offerings (hair-fall cream; under-eye gel; natural hair colour)? What to tout more — natural, botanical, ayurveda? Should the pricing be premium, super premium or affordable?

Given the excitement around ayurvedic brands, even ayurvedic doctors are getting a new glow. A start up, Nirogstreet, is trying to create a network of ayurvedic practitioners. Hopefully all these efforts will help ayurvedic practices, products and offerings reach a wider target audience. With the whole world turning to more natural, botanical products, the time for the rebirth of ayurveda is just right.

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CHINESE WHISPERS

Parallel celebrations

The Congress has been celebrating its 135th foundation day (December 28) across the country. Some expelled leaders of its Uttar Pradesh unit have also been celebrating the occasion separately while simultaneously slamming the party for cracking down on them. Last month, 10 senior state unit leaders, including All India Congress Committee member Santosh Singh and former UP legislator Siraj Mehndi, were expelled for six years on charges of indiscipline. While the "official" Congress unit of UP was busy hosting party General Secretary Priyanka Gandhi Vadra in Lucknow, the expelled leaders claimed they constituted the "real" Congress and that the current disciplinary panel of the party had no business easing them out because it comprised mostly people with a criminal history.

Stick to the script

Maharashtra Governor Bhagat Singh Koshyari (*pictured*) had a tough time administering the oath of office to some ministers on Monday. He reprimanded two ministers on the dais during the swearing-in ceremony for deviating from the text of the oath. Koshyari first intervened when Congress MLA Varsha Gaikwad invoked Dalit icon B R Ambedkar while taking the oath. The governor stopped Gaikwad, a four-term MLA from Dharavi in Mumbai, and asked her to stick to the written words of the oath. Then, while taking oath as a cabinet minister in the state government, Congress MLA KC Padvi added a few lines of gratitude for his voters. Koshyari directed the seven-term legislator, who represents Akkalkuva in north Maharashtra, to take the oath again.

Jharkhand clean-up

The new government in Jharkhand on Monday removed senior IAS officer Sunil Kumar Barnwal as principal secretary to the chief minister. Barnwal held the post since 2015 and was considered close to former chief minister Raghubar Das of the Bharatiya Janata Party. Sources said the clout he enjoyed in the previous regime had sparked speculation of his removal and that of some others. However, since the state Budget has to be tabled shortly, the Jharkhand Mukti Morcha-led government is focusing only on critical positions. It is rumoured that anticipating the outcome, Barnwal had applied for a central posting just before the election results were announced but it is not known what happened after that. As of now, he is attached to the Department of Personnel, Administrative Reforms & Rajbhasha, the coordinating agency of the state government in personnel matters.

Flickers of interest in power distribution

Drawn by structural reforms, private players are hesitantly entering the customer-facing end of the business

JYOTI MUKUL

Power distribution, the end of the electricity value chain that involves selling to customers, has been the most problematic element of the sector. Predicated on the political compulsions of selling power below cost to large swathes of rural consumers, power distribution has been the root cause of the losses right from generation and sometimes even from the source of the fuel supply. Reform attempts by successive governments — including the current government's UDAY scheme that ends in March 2020 — have brought no fundamental change. Even so, there are signs of a realignment led by private sector players in areas where power pricing is more flexible.

TAKE TWO
ANALYSIS BEHIND THE HEADLINES

Earlier this month, for instance, Adani Transmission announced that it was offloading its 25.1 per cent stake in its Mumbai distribution business to Qatar Investment Authority for ₹3,200 crore at a small profit over the value the group paid for the business to Reliance Infrastructure in August 2018. The agreement requires 30 per cent sourcing of power from renewable alternatives for distribution in Mumbai by 2023. The transaction is likely to be completed by early 2020, subject to regulatory and other approvals.

There have been a few others in the recent past. Mumbai-based private equity player Bessemer Venture Partners' investment in Spanco Power, power distributor in Nagpur, in 2012 and Asia-focused private equity player ADV Partners' invested in Feedback Infra, which is into power and road management services, in 2018. There would well have been more such deals, according to Sambitosh Mohapatra, partner, advisory, power & utilities, PwC, were it not for the fact that "the opportunities were very few and even within that the success stories limited".

What explains this shift in private sector interest? After all, as Mohapatra points out, the performance of the distribution business remains largely in the hands of state-owned discoms. A good part of the reason lies in recent structural reforms introduced via the Electricity Act. The critical one is content carriage segregration, which separates power distribution from the generation business by allowing multiple licensees to supply power to consumers based on market-based pricing principles. This move to what is also known as open access systems (since it enables consumers to get a choice of supplier) is, in turn, expected to expand the market for large investments in networks and base systems (transformers and so on).

Metering, data-driven infrastructure to optimise demand patterns and so on are expected to be the growth areas, as will such non-tariff revenue sources — for instance, the increasing level and volatility of power prices also increases value of energy management services.

Several markets and business models are emerging and will co-exist in India. The emergence of local island grids is one of them. It is this potential that has attracted a big player like Tata Power in direct competition with energy supply companies that are essentially small enterprises currently facing pressure from grid power given by state-owned discoms. Tata Power has floated TP Renewables in tie-up with the Rockefeller Foundation for offgrid power generation and distribution in rural areas.

In parallel, traditional privatisation of the distribution business, meanwhile, got a booster with the Odisha government deciding earlier this month to give licences for five circles to Tata Power under a 25-year-old contract. With this, the company will add 2.5 million consumers to its existing base of 2.5 million in Mumbai, Delhi and Ajmer. Tata Power will be responsible both for procurement and distribution of power in the Odisha circles.

Odisha's is the first full privatisation of distribution companies in 17 years since the privatisation of Delhi power distribution. The state government is offering three more circles over the next six months. Explaining the private interest in the Odisha circles, Mohapatra says, "The private sector is interested in any well-structured transaction with appropriate risk return framework, reasonable size and scale of business and regulatory certainty. Political stability and administrative support were also key factors. Odisha was providing all of that." The private operator also draws comfort from 49 per cent state government equity in the privatised entity. PwC was the transaction advisor for the Odisha deal.

Before this, companies such as Feedback Infra, Essel and Tata Power had explored the franchisee model. This model only privatises billing and metering part of the distribution business leaving generation to state companies. In states such as Madhya Pradesh, the franchise model hit a wall when the state government did not allow for a tariff hike for the Indore circle.

The political pressure on tariffs remains the key sticking point to the expansion of private sector interest in the sector. This was the focus of the 2015 Ujjwal Discom Assurance Yojana (UDAY) programmes, which asked states to take over 75 per cent of discom debt and repay lenders by selling bonds. The central assumption of this financial revival programme was that state governments would raise power tariffs. The results have been mixed, with some states retaining subsidies to rural consumers and raising the cross-subsidy from other users. Even so, discoms have not been able to eliminate the gap between the average cost of supply and the revenue realised (ACS-ARR gap) or reduce their aggregate technical and commercial (AT&C) losses to 15 per cent.

Nonetheless, Uday was successful in bringing down the cost of funds for discoms from 13-14 per cent to 8-9 per cent. "That's substantial savings when we look at around ₹2 trillion of borrowings. The scheme, however, put the onus of driving operational efficiency improvement and investments on the owners of the business — state governments. That didn't work out at the step jump level expected but incremental gains happened," Mohapatra says.

The way the power paradigm is playing out therefore is this. State government-owned discoms will have to balance the challenge of losses with the responsibility of universal electrification whereas private investors are innovating with investment models even as they keep away from the generation business.

ON THE JOB

Unemployment cannot cause agitations

Campuses provide the critical mass of an aggrieved population necessary for a political movement

MAHESH VYAS

The best part of Shekhar Gupta's columns is the rich experience they reflect of his journalistic journey. To those who lived through the Emergency and through Gulzar's *Mere Apne*, his "Back to the inglorious past" (*Business Standard*, December 28) will connect vividly. To the rest, it is the best sketch of those times in under thousand words.

Mere Apne highlighted joblessness in the late 1960s and early 1970s. And, as Shekhar describes, this was followed with a period of heightened nationalism and eventually the Emergency. Today's joblessness is also followed by heightened nationalism. But his hypothesis, that once people have suffered joblessness and economic stall for a length of time, nationalism will no longer calm their anger, remains to be tested.

I may venture to wager that the link between unemployment and political agitations is not causal but is catalytical, at best. People do not get sufficiently angry to agitate because of prolonged joblessness or economic stall. Not in India.

It is true that we do face high joblessness today. The unemployment rate is of the order of 8 per cent according to CMIE's Consumer Pyramids Household Survey. According to official statistics, at 6.1 per cent in 2017-18, it was at a 45 year high.

The agitation in campuses and across towns in India is not an agitation against this unemployment. It is an agitation against the CAA, NRC, NPR and against high-handedness of the government in many places. It is not a demand for jobs.

A high rate of unemployment in the educated youth can be a catalyst in the germination of these movements in campuses and can be used to accelerate any political process. Campuses provide the critical mass of an aggrieved population necessary for a political movement. But, the connection between a large stock of unemployed and a particular political movement is tenuous, at least in India. Disillusioned youth can be rallied against CAA/NRC just as much as they can be for CAA/NRC. In fact, the deployment of youth for NRC is easier since it carries a potential reward that reduces the competition for scarce jobs by eliminating a few migrants from the competition. It is therefore facile to assume unidirectionally that the high stock of unemployed youth will help movements against the political dispensation of the day.

The BJP is a better organised party than any other in India and therefore, it is more likely to be successful in mobilising the stock of unemployed than others.

Independent of the particular case of CAA/NRC, it is difficult to appreciate that an unemployment rate of 6 per cent or even 8 or 10 per cent is a politically potent problem. Unemployment among graduates is much higher at 17 per cent. But, even if such unemployment generates anger, it is not enough to be a serious political problem. Here's why.

Unemployment hurts few. A 10 per cent unemployment means that 10 per cent of the people who are actively looking for jobs are unable to find one. This means that 90 per cent of the people who were looking for jobs did find one. And, most of the 10 per cent who are still unemployed remain hopeful that like the rest, they too will eventually find jobs. So, the number of people really agitated for not having found a job are really too few to make a political difference.

A high rate of unemployment in the educated youth can be a catalyst in the germination of movements in campuses and can be used to accelerate any political process

Since unemployment hurts very few it is not considered to be a societal problem, or the government's problem, but a shortcoming of the individuals who are left unemployed. The unemployed is ridiculed for his or her lack of effort or ability. In India, unemployment is not recognised as a macro-economic problem.

Unemployment is tolerated. We have seen that when jobs are lost, people do not agitate on the streets. They simply stop looking for jobs and leave the labour force. Quietly. They do not seek a change in the political dispensation. The twin shocks of demonetisation and GST was followed by a 10 million fall in jobs in 2018. There were no agitations. The unemployment rate has been rising steadily since then. Yet, in 2019, the same political dispensation was rewarded with a bigger mandate.

There have been agitations for reservations in government jobs. But there are no agitations for good jobs in general. There are no agitations against the rise of contractual labour which compromises job security for those who have jobs.

There are two possible reasons for the lack of agitations against unemployment. First, the number of households with no adult person employed has not increased even as unemployment has increased.

And second, unilateral government (centre and state) transfers to households have increased. This has cushioned the impact of unemployment on households.

The pain of unemployment is too local unlike the pain of inflation which has universal impact. When inflation rises, everyone is hurt. The pain is felt more by some compared to others but, everyone pays the price of high inflation. Inflation is therefore politically a lot more potent than unemployment.

Further, governments are seen capable of handling inflation -- they can bring in price controls, change trade policy, control stocks with traders and crack down on "hoarders" etc. An agitation against inflation can be effective. And a government that fails to control inflation can be punished. But this is not the case with unemployment. Political parties may promise jobs but the electorate knows that those are empty promises across the political spectrum. If an incumbent government cannot provide jobs, others cannot either.

Slowing growth and joblessness can impoverish us. They are can be a catalysts for change but they are not sufficiently potent to morph into political agitations.

The author is managing director & CEO, CMIE

LETTERS

Fear exaggerated

This refers to the report "Banks need not fear probe agencies: FM" (December 29) that talks about Finance Minister Nirmala Sitaraman meeting the heads of the public sector banks or PSBs. She has performed yeoman service to the cause of promoting the health and efficiency of the banking system by assuring them in the presence of the director of the Central Bureau of Investigations (CBI) that granting of loans or any other financial decision should not be influenced by the fear of being hounded by the CBI. A similar meeting with the Enforcement Directorate and the Directorate of Revenue Intelligence will also take place and that is good.

Concerns about undue harassment by the Central Vigilance Commission and Comptroller and Auditor General of India (CAG) were also expressed (incidentally, CAG has no audit jurisdiction over banks). A frank discussion and the assurance by the PM earlier and the FM now will be of great value to the bureaucracy in the banking world. The FM has assured that "no action will be initiated if genuine commercial actions turned bad".

My view is that while this assurance needs to be reiterated, there should be no presumption that CBI has been harassing bankers and bureaucrats for genuine mistakes. All these CBI cases relating to banks reported in the newspapers are not cases of genuine mistakes but of deliberate fraud. I have worked in the revenue department for more than three decades. My view about the efficacy of CBI should be more reliable than of one who has worked in the CBI itself. I am not talking of political cases but of cases in the revenue department and the banking department. There, I have not found any case of harassment by the CBI. These (CBI) cases take a long time to get decided which is not because of the CBI but due to court delays. Even failures cannot be attributable to the weakness of the basic charge-sheet made out by the CBI but largely to court decisions. I dare say that I have not found any honest and good officer in our department punished by the CBI.

My firm view is that the fear of the three "Cs" is highly exaggerated. Slothful and corrupt fellows use this imaginary fear for not taking decisions. But the FM's assurance is useful and soothing.

Sukumar Mukhopadhyay
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Via email

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HAMBONE

Business Standard
Volume XXIV Number 98
MUMBAI | TUESDAY, 31 DECEMBER 2019

Restore data credibility

Govt move to set up new panel of statisticians welcome

It is welcome news that a high-level panel under former chief statistician Pronab Sen has been set up to examine currently used surveys of employment, industry, and services. These surveys are essential inputs into various major official statistics, in particular the estimates of gross domestic product (GDP). The 28-member committee has its work cut out. India's official statistics have recently been widely questioned, as on occasion they seem to work at cross-purposes with other high-frequency indicators of the economy. More worryingly, their credibility and independence from political interference have also come under fire. Government choices in terms of concealing some data — such as a recent round of the National Sample Survey — have not helped in dispelling these concerns. The setting up of this committee, as well as its chairmanship by Dr Sen and the inclusion of other academics who have questioned official statistics recently, might go some way towards recovering and repairing the reputation of Indian data.

Much, however, will depend upon what the panel feels empowered to do and how transparently it can restructure the statistical system. The committee has been told to examine various government data sets — such as its surveys of industries and service sector enterprises, of the labour force, and the widely watched index of industrial production, among others. While the committee's remit might appear limited to ensuring the data sets square with one another and are broadly consistent, as well as to identify gaps in data collection, it is also supposed to oversee the finalisation of the survey reports and to determine problems in the compilation of administrative statistics. This means that it has, if it so wishes, relatively broad powers to overhaul India's statistical approach. It is important that the government accepts what disinterested experts have to say. There are major problems with the statistical system that are regime-agnostic and need to be addressed. A case in point is the divergence in consumption between what is shown by the consumption survey and what is revealed by the national accounts. The GDP calculation, which perhaps overstates the formal sector through the use of Ministry of Corporate Affairs data, will also need to be looked into. Other crucial details will include how deflators are calculated and whether the corporate data is being extrapolated correctly.

The government has released draft legislation that intends to put the National Statistical Commission on a secure legal footing as the apex body for national statistics. It is to be presumed that the Standing Committee on Economic Statistics will discuss and evaluate what must be done to conduct immediate repairs and then create a blueprint for future reform on data collection and analysis, and the National Statistical Commission will be in charge of implementing it on a consistent basis. What is important, however, is that the institutional footing and powers of the NSC be sound. It should be independent and autonomous as well as having the powers to oversee the distribution and release of officially collected statistics, so that there is no longer any suspicion that inconvenient statistics are being concealed or manipulated for political reasons by the government or its bureaucrats. The NSC Bill does not go far enough.

Who's afraid of NPR?

The strong link with NRC and other rules raises concern

Union Home Minister Amit Shah's statements that Indians have nothing to fear from the National Population Register (NPR), which is set to begin countrywide from March 2020 through September (except Assam), and that there is no link with the National Register of Citizens (NRC) are misleading on several levels. The impression that is being sought to be created is that the NPR is a benign enumeration exercise for the Census, as it was in 2010. There is, first, a critical difference with the decadal census exercise. The Census is conducted under the Census Act, 1948, and is done on the basis of self-declaration by people, without any verification. The NPR, however, is a coercive exercise; it is compulsory for everyone to share data, and there are penalties stipulated for non-cooperation. The NPR is defined as a database of usual residents in an area demarcated by the Registrar General of Citizen Registration, and it defines "usual resident" as someone who has resided in a local area for the past six months or more or a person who intends to reside in that area for the next six months or more. Second, the rules for both the NPR and NRC were framed in 2003 under the Citizenship Act, 1955. The Registrar General's office is responsible for both exercises. The rules also explicitly state that the NRC data will be duly verified by the data from the NPR. In effect, the NPR forms the foundation for the NRC.

The government has clarified that no documents or biometrics will be required for the NPR. This should be reassuring, but the concern that arises is the level of discretion vested in local officials if the NRC exercise follows, as the government had stated several times (including in Parliament) until Prime Minister Narendra Modi denied it at a rally in New Delhi recently. The rules empower the local register to mark out a category of "doubtful citizens" after the verification exercise, and duly inform the individual or family concerned. This level of discretion raises the spectre of arbitrary exclusions of the kind that were seen in the Assam NRC exercise and opens the door for corruption. Even more worrying, the rules enable any person to file objections against the inclusion of someone in the local register of citizens, widening the ambit for abuse even further. The exercise becomes all the more fraught for those who are poor and uneducated.

The demographic details under the 2010 NPR required roughly 14 kinds of data, such as parents' name, nationality, occupation and address. The 2020 exercise has added the requirement of the date of birth and place of birth of one's parents. Apart from pointing to yet another link between the NPR and NRC, the significance of this new data requirement is that, following amendments to the Citizenship Act in 1987 and 2003, the citizenship status of the parents determines whether someone is an Indian citizen by birth. Indeed, when the Census data and a near nationwide Aadhaar database (verified via documents and biometrics) already exist, it is difficult to understand the need for the NPR, still less for the government to spend ₹3,941 crore for this exercise unless it is the starting point for determining citizenship within the ruling party's political paradigms.

ILLUSTRATION: AJAY MOHANTY

Indo-US ties: Sailing into choppy waters

Questions over India's democratic stability and economic upturn will weigh on the ties between the two countries in 2020

What is the outlook for the Indo-US tie in 2020? The upswing in the relationship that was highlighted by the signing of the civilian nuclear deal in 2008 started abating when Donald Trump became president of the US in 2017. Economic progress was the outstanding reason why India went up in America's estimation after 1991. Its high growth rates over a 15-year period persuaded Washington to believe that it could become a counterpoise to rising authoritarian China. Additionally, India's stability as a multicultural democracy also impressed the US, especially after the collapse of the authoritarian Soviet Union and Yugoslavia in 1991.

ANITA INDER SINGH

By 2019, however, it was obvious to the world that India's economy had fallen into decline over the last six years. Moreover, political and social polarisation, symbolised by increasing communal violence since 2014 and the large-scale protests over the Citizenship Amendment Act (CAA) have raised questions about the quality of its democracy.

The economic downturn and New Delhi's ruling out of a quick recovery brings into question India's ability to counter China in Mr Trump's "Indo-Pacific". Over the last decade, India and the US have signed more than $15 billion worth of arms deals — and Washington recently offered India another $1 billion worth of naval guns. But to New Delhi's chagrin, the US still refuses to transfer sensitive military technology because India is not a formal ally. While sovereignty decrees that India has a right to buy Russia's S-400 missile, this air defence system blocks closer military ties with the US, which sees Russia as a security threat. If the absence of an alliance reflects India's determination to uphold its strategic autonomy, it simultaneously makes Washington doubtful about the viability of the Indo-US tie.

Trade issues are another sticking point in their tie. India's cat's cradle of red tape and protectionist tariffs irk Washington. They take the sheen off India as a trading partner. A mere 2.1 per cent of US exports come to India; and 2.2 per cent of imports come from India. Fifteen per cent of India's imports come from the US, 16 per cent of its exports go to the US.

As India's economy has taken a nosedive, China has shown off its economic progress by expanding its Belt and Road Initiative (BRI) worldwide. Several member-states of the European Union and all of India's neighbours have joined the BRI. China's financial clout has established it as the largest investor in their economies. It is also the largest arms seller to Myanmar and Bangladesh. Its growing presence in the Indian Ocean poses tough queries about India's standing as the dominant South Asian power.

The other domestic development — the passing of the CAA and the large-scale protests that it provoked — have led many in the US to question India's secular democratic credentials. Even before that, the State Department in June reported that religious intolerance in India had grown under Prime Minister Narendra Modi's government. India predictably riposted that a foreign government had "no right" to comment on the country's internal affairs.

At December's 2 +2 dialogue in Washington, US Secretary of State Mike Pompeo said that the US cared deeply about protecting minorities and religious rights everywhere. He voiced confidence in the Indo-Pacific partnership, as being grounded in democratic values.

Official Washington speaks in more than once voice. If Pompeo's statement appeared to dispel any idea that the Trump administration was putting pressure on New Delhi on domestic conflicts, the attitude of US lawmakers told a different story.

The situation in Kashmir since last August and the strong-arm tactics used to deal with popular protests against the CAA have led the US Congress to question India's commitment to secularism — implying equal rights for all communities and the maturity of its democracy. Foreign Minister S Jaishankar's recent refusal to meet the Congressional committee on foreign affairs to discuss Kashmir sparked the response that shutting out US lawmakers who were standing up for human rights was what they expected from authoritarian regimes — not New Delhi.

Despite the strategic partnership, the Indo-US relationship will sail on choppy waters in 2020. But the economic gap between India and China raises questions about India's value as a contributor to Mr Trump's game plan for the Indo-Pacific. China's gross domestic product per capita is more than four times that of India. At $177.6 billion, China's 2019 defence budget was over three times that of India. And as China aims to build a world class military by 2050, India is finding it hard to upgrade its armed forces.

The fact of India's economic and military dependence on the US rankles with New Delhi and annoys Washington. The Trump administration likes prosperous allies because they are better able to face common threats.

As the New Year approaches, India's democratic stability and economic upturn appear uncertain. Although the widespread anti-CAA protests also reflect anger at declining job opportunities, the government shows little sign of harnessing financial and human resources to overcome India's economic and socio-political crises. Instead, its insistence on going ahead with the CAA shows that it ignores warnings that any move away from secular democracy could spark destabilising conflicts.

India's strategic position in the Indian Ocean rules out its being ignored by the US. But 2020 will show whether India's troubled domestic economic and political house reveals a mismatch in their strategic association or whether a closer strategic tie is yet possible.

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Argentina's bright young hope

Judging by his appointment of a first-rate economist to his cabinet as Minister of Economy, Argentina's new president, Alberto Fernández, is off to a good start in confronting his country's economic problems. Martin Guzmán, with whom I have frequently collaborated in recent years, is among the world's leading experts on sovereign debt and the problems it can cause, making him the right person in the right place at the right time.

After completing his PhD at Brown University under Peter Howitt (co-author with Philippe Aghion of seminal work in modern growth theory), Guzmán obtained a coveted position at Columbia University, where he forged an academic career and became an influential expert on crucial policy debates at the domestic and global level. He has testified before the US Congress on Puerto Rico's debt crisis and spoken at the United Nations about the need for a better international system for resolving sovereign debt crises. In recent years, he has divided his time between New York and Argentina, where he is a professor of macroeconomics at the University of Buenos Aires.

JOSEPH E STIGLITZ

When former President Mauricio Macri took office, his economic team openly admitted that while they had inherited many problems, they started with one major advantage: A low level of debt. They gambled on a set of policies — making, for instance, untimely and unnecessarily large cuts in export taxes, paying off old, defaulted debt to so-called vulture funds with unconscionably high returns, and taking on new high-interest, long-term, dollar-denominated debt, all in the hope that market-friendly signals would lead to a rush of growth-spurring foreign investment. Even at the time I thought it was a foolhardy gamble.

The rest is history. It didn't work out, and as matters went from bad to worse, Macri compounded the mistakes. More borrowing, including a $57 billion programme with the International Monetary Fund. Austerity. Misguided sterilisation efforts to prevent inflation, which built up a debt overhang. The worst of all possible worlds was soon at hand: More inflation (reaching almost 60 per cent in the current year), higher unemployment (already at double digits and rising), and the re-imposition of the exchange controls, the removal of which Macri had hailed at the outset of his administration as the cornerstone of his economic policy.

As a result, Fernández inherits a far worse economic situation than Macri confronted: Higher inflation, higher unemployment, and now, a debt beyond Argentina's ability to service. Doubling down on a failed policy won't work; nor will returning to what preceded it. That's why it's so important that Fernández has appointed a knowledgeable, brilliant economist who combines youthful energy with a wisdom well beyond his 37 years.

Given the mess that Macri has handed Fernández, there are no magic bullets. It is easier to say what not to do. As Fernández has put it, one doesn't solve a problem of excessive debt by taking on more debt. Nor does one solve a problem of recession and unemployment by imposing more austerity, which in every recession always leads to more economic contraction. The reality is that there will be no substantial private-sector flows in the immediate future, no matter what policies the government enacts.

But Argentina must husband its limited resources, devoting them to reigniting the economy. One hopes that the multilateral development banks will provide countercyclical lending for investment projects that spur growth and poverty alleviation (under Macri, poverty has once again grown enormously, to more than 35 per cent of the population). There is enormous potential. Tourism, for example, boomed after the last major devaluation. Argentina has first-rate universities and large numbers of highly educated, entrepreneurial people.

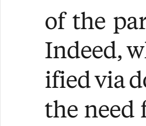
Bondholders won't necessarily be thinking, however, of Argentina's people or of the country's long-run potential. Many of them will be thinking only of the short-run gains from squeezing Argentina into more austerity. They will spin a story about a profligate country that lived beyond its means once again, even though they encouraged Macri in his misconceived policies and gave him the money that led Argentina into its current debt crisis. Presumably, they knew there was a risk: That's why they demanded and received such high interest rates. Some may be more thoughtful and understand that restoring Argentina's debt-service capacity depends on economic recovery.

In recent months, many other countries in the region have confronted political instability and economic turmoil. It is in no one's interest that Argentina be added to that list. We should celebrate the orderly transfer of power, and the commitment on all sides to maintain and defend democracy. We should also celebrate the shared vision that any effective economic programme must involve not only shared sacrifice but also shared prosperity when the fruits of that programme are achieved.

Fernández, with Guzmán, appears to be formulating a programme of moderation, avoiding the extremes of the past. Unlike Macri's agenda, the Fernández programme is not based on big gambles and wishful thinking. It is based on the hard realities of the situation that he has inherited. It represents Argentina's best chance to achieve gradual restoration of growth. Obviously, the more assistance the international community can provide, the faster and more robust the recovery will be.

The writer is a Nobel laureate in economics, University Professor at Columbia University and Chief Economist at the Roosevelt Institute. His most recent book is People, Power, and Profits: Progressive Capitalism for an Age of Discontent *© Project Syndicate, 2019*

Memoirs of a turnaround artist



BOOK REVIEW

SANJAY KUMAR SINGH

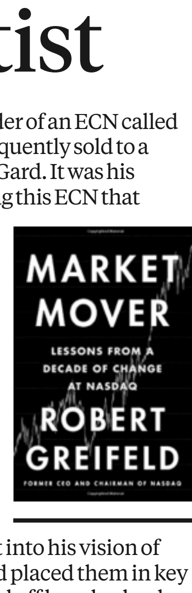
The author of the book under review was the chief executive officer (CEO) of Nasdaq from 2003 to 2016. When he took over the reins, the business was caught in a deathly tailspin. Robert Greifeld chronicles how he first stabilised Nasdaq and then over time built it into one of the world's preeminent stock exchanges, leaving its more storied rival, the New York Stock Exchange, in its slipstream.

In 2003, Nasdaq was in deep trouble and Mr Greifeld often wondered if he had taken on a hopeless assignment. Very few new tech companies were listing on exchanges in the aftermath of the dotcom bust. Transaction volumes had also plummeted. But the most serious threat arose from the fact that Nasdaq faced technological obsolescence.

In those days, customers could watch the buy and sell quotes of stocks on a computer screen. But to place orders they had to pick up a phone and call a Nasdaq dealer. The process was tedious and time-consuming. Prices would often have moved by the time a trade was executed, causing losses to traders.

The threat to Nasdaq came from start-ups called Electronic Communications Networks (ECNs), which were providing an alternative virtual platform for stock trading. On the ECNs, the customer did not have to call up a dealer. Order matching and execution occurred electronically. Mr Greifeld had won his spurs as the co-founder of an ECN called ASC, which he subsequently sold to a company called SunGard. It was his experience in creating this ECN that made him a prized catch for the Nasdaq board.

On the people's front, Nasdaq was bureaucratic and slow-moving. Even before he joined, Mr Greifeld carried out an evaluation of its manpower. He hunted high and low within Nasdaq for people who would fit into his vision of the organisation, and placed them in key positions. He also laid off hundreds who he felt were not suited for the new, more driven and fast-paced culture that he planned to usher in. Only for positions he could not fill with insiders did he turn to outsiders. Readers will find many insights in the chapter called "People first" on how a leader should go about putting an appropriate team in place.



MARKET MOVER: Lessons From a Decade of Change at Nasdaq
Author: Robert Greifeld
Publisher: Nicholas Brealey Publishing
Price: ₹599

A CEO who is trying to engineer a turnaround has limited time and resources. He must possess the ability to triage, or determine which businesses and tasks need to be accorded higher priority. If he spends time on non-essential matters, he could win numerous battles and yet end up losing the war. Nasdaq's core business was transactions (exchanges earn a small commission on every transaction). Its dealer-based system had become obsolete. Mr Greifeld had two choices: He could develop either in-house the software for automating order matching and execution, or he could purchase it from outside. The former route is usually more cost-effective but slow. In a rapidly-evolving business, where time is of the essence, it is sometimes wiser to buy a company that possesses the much-needed technology. Though doing so requires paying a premium, it is justified when survival is at stake. What you also get by adopting this route is a proven winner that has bested several rivals.

Mr Greifeld used Nasdaq's cash hoard, and even took a loan, to buy an ECN called Instinet. By acquiring and further building upon it, he was able to transform Nasdaq from a technological laggard into a leader.

The first part of the book is a veritable manual on how to turn around a moribund, bureaucratic, and technologically obsolete organisation. In the latter half, Mr Greifeld writes about the multiple acquisitions he undertook. This part contains insights on why international takeovers have become imperative, the pressures one faces as a negotiator, and why some succeed while others fail.

Grace under pressure is an essential quality in a leader. In 2012, Facebook chose to list on Nasdaq. Unfortunately, high trading volumes on listing day caused Nasdaq's systems to falter. It was the worst fiasco of Mr Greifeld's career for which he was roundly criticised, even lampooned, in the media. He explains in a calm and sober tone why the failure occurred, how he dealt with the barrage of criticism, and the steps he took to make Nasdaq's systems more fool proof.

Most people learn from their mistakes and try not to repeat them. But the really smart ones learn from the experiences of others. Reading books such as this one may not turn you into a management wizard overnight, but they definitely have the power to shape your instincts. When faced with challenges in her own career, the reader will be better equipped to come up with appropriate responses. This book should surely find a place on the shelf of anyone keen to augment her leadership skills.