Climate stress-tests, robo-cars and more in 2020

Changing weather patterns and urgent need to cut down emissions drastically will dominate discussions

VANDANA GOMBAR

As the markets for solar power, wind power, storage and electric vehicles continue to grow in size and strength, there are other things that will be vying for our attention this year.

Climate and insurance: Australian insurers can absorb growing insurance claims relating to bushfires, S&P Global Ratings said in early January, though "the recent extremes in draught and climate conditions appear to have exacerbated the reach, longevity and intensity of the current bushfire season." Climate change would mean more extreme weather events globally, triggering loss and damage in many instances. The Bank of England is looking at a climate-stress-test of banks and insurers. The design of the exercise will depend on the inputs provided by stakeholders to the discussion paper it published last month. "The exercise will test the resilience of the current business models of the largest banks, insurers and the financial system to climate-related risks and therefore the scale of adjustment that will need to be undertaken in coming decades for the system to remain resilient," it said.

Zero-emission trucks: Across the Atlantic, to cut back on emissions from transportation, regulators in California are proposing mandates to force a higher number of zero-emission medium and heavy trucks on the roads, with targets to 2030. "It is an area where clearly not just California, but the world, is in need of a major technology upgrade," California Air Resources Board Chairwoman, Mary D Nichols, said. The board also announced it is joining with seven other US states and the District of Columbia to develop an action plan to put more zero-emission trucks and buses on the road elsewhere in the country to replace diesel vehicles, which emit nitrogen dioxide, particulate matter and other contaminants into the air.

Robo-cars: Meanwhile, autonomous self-driving robo-cars have been making good progress, with more miles tested. As many as six countries now allow the offer of rides to the general public (in specified areas) without a safety driver on board, according to BloombergNEF. It expects US cities to lead the way in robo-car deployment, but for China to catch up and surpass the US by the early-2030s.

Hydrogen and green hydrogen: The world's first liquefied hydrogen carrier was unveiled in Japan last month. Made by Kawasaki Heavy Industries, the ship will transport liquid hydrogen from Australia to Japan — a distance of over 9,000 kilometers. Construction of the vessel is to be completed by late 2020. Expect to hear more about hydrogen, which could be solution for lower emissions in many hard-to-decarbonise sectors such as steel making and chemicals manufacturing. Denmark's Orsted has a team that is trying to use power generated from offshore wind farms to make "green hydrogen", though cost remains a challenge.

Sustainable finance: Last month, Royal Dutch Shell signed a $10 billion revolving credit facility from a syndicate of 25 banks where "the interest and fees paid on the facility will be linked to Shell's progress towards reaching its short-term Net Carbon Footprint intensity target." Shell aims to reduce the Net Carbon Footprint of the energy products it sells by 2-3 per cent by 2021 (compared to 2016), 20 per cent by 2035 and 50 per cent by 2050. Expect to see more announcements on financing linked to progress on sustainability targets. Goldman Sachs meanwhile announced a tightening of its policy on fossil fuel financing, pledging not to support new thermal coal mines and upstream Arctic oil exploration and development.

The author is editor, global policy, BloombergNEF; vgombar@bloomberg.net

SUSTAINABLE DEBT

Instrument	2018 ($ bn)	2019 ($ bn)
Green bond	181	267
Sustainability bond	16	45
Social bond	38	41
Sustainability linked loan	45	98
Green loan	7	7
Sustainability linked bond	0	4
TOTAL	287	462

Source: BloombergNEF

CHINESE WHISPERS

Postcard politics

Congress General Secretary (in charge of Uttar Pradesh) Priyanka Gandhi Vadra (*pictured*) is today among the most visible and active Opposition leaders attacking the Yogi Adityanath government. To supplement her Twitter posts and mass media communication to the people of Uttar Pradesh, Team Vadra is now sending 10 million New Year greeting postcards to prominent citizens — comprising writers, journalists, social workers, and activists — of the state. Each postcard contains the New Year message and the Preamble of the Constitution, one on each side. It also seeks to reach out to the common people, and is a pitch for the coming panchayat polls and to position the Congress as a strong contender vis-à-vis the Samajwadi Party and the Bahujan Samaj Party.

From protests to more protests

There have been questions within the Congress why its students' and youth units are not coming out in large numbers to join the anti-Citizenship Amendment Act protests. While there were apprehensions that the protests could be short-lived and the Congress only tentatively deployed its resources in opposing the CAA, it is now emboldened with students across the country sustaining the protests. The National Students Union of India (NSUI) and Indian Youth Congress (IYC) have over the past two days held several protests. These include one in Ahmedabad, where NSUI activists were beaten up, and another one in Delhi. Party sources said more such protests were in the offing.

Government servants in a bind

Political support aside, it is now visibly clear that people across sections have supported the recent students-led protests against the Citizenship Amendment Act and vandalism and violence at universities. However, for government employees, it continues to remain a dilemma whether to join these protests. After talking to some of those at protest sites and a cross-section of others working in public sector undertakings — from banks to oil majors — and other wings of the government, one gets the impression that while they support the protesters' cause, showing up at protest venues or revealing their identities there could mean attracting unwanted attention at workplaces. These could vary from creating a negative perception among seniors or receiving jibes from "overly jingoistic colleagues who question the protesters' loyalty to the state". While none confirmed an official gag order, they weren't exactly happy with the situation and felt that there was an invisible curb on expressing themselves freely. A few still show up and reveal their employer.

Building blocks in the NIP

The Centre's mega-infrastructure plan may founder on a poor enabling environment as much as the availability of finance

JYOTI MUKUL

It is widely recognised that the ₹102 trillion National Infrastructure Portfolio (NIP), announced by Finance Minister Nirmala Sitharaman on the last day of the decade, is a necessary precondition for Prime Minister Narendra Modi's ambition for India becoming a $5 trillion economy by 2025. In a slowing economy, a target-driven approach to infrastructure building is, admittedly, an important enabler for growth. A realistic assessment, however, does not present a particularly optimistic scenario in the near future.

The doubts have as much to do with fund mobilisation, which has been discussed threadbare, as the need for a clear enabling reform path. The NIP is based on the report of a task force that identified "technically feasible and financially/economically viable infrastructure projects" that can be initiated in fiscal 2020 through 2025. Though the exercise involved estimates of investments and capital costs, the most important part of the report reflected policy-makers' understanding of the need for a clearly identified reform path beyond roadshows or tax breaks.

The NIP envisions a 22 per cent private sector share in the identified projects, but the remaining 39 per cent each in the Centre's and the state kitties, too, will need execution by private entities. It is in this context that the task force's six-point reform path needs to be viewed.

Much of the task force's reform programme sets out key measures recommended by earlier committees on infrastructure, an indication that the National Democratic Alliance has not addressed these in its five-and-a-half years in power.

For instance, outlining financial sector reforms, the task force has talked about enabling long-term financing by strengthening banking institutions, particularly the State Bank of India and the India Infrastructure Finance Company. Alongside, it suggested regulatory reforms for enabling and attracting private sector domestic financing institutions.

The important issue here is the problems in the financial sector itself. According to an ICRA report released this week, the trajectory of infrastructure credit from banks and infrastructure finance non-bank companies flattened in the first half of FY2020. "While the infrastructure credit witnessed 19 per cent growth in FY2019 to ₹21.1 trillion, it increased marginally to ₹21.2 trillion in H1 FY2020," the report said.

The ICRA report points out that credit costs have eased during the past 18 months but the profitability of public sector infrastructure finance companies (IFCs) remains lower. "Overall, recoveries from stressed assets remain critical for sustained improvement in profitability of IFCs. In this regard, progress on resolution of stressed assets and developments in the renewable energy sector remain key issues," says Manushree Saggar, vice-president and head — financial sector ratings, ICRA.

Even before the issue of financing comes into play, the crucial determinants will be improving project preparation and enhancing private sector capabilities, according to the task force. Optimal risk taking has been emphasised by adopting international contract standards and undertaking project bidding only after fulfiling precedent conditions such as land acquisition, but the trickier part is honouring contracts.

Here, it would be an understatement to say India's record has not been good. The latest example is the Andhra Pradesh government annulling contracts signed by its predecessor regime for various infrastructure projects, and refusing to honour power purchase agreements with renewable energy companies on grounds that the agreed tariffs are too high.

All that the NIP reform path says is that repudiation of contracts should be "restricted only to situations to be clearly defined in the contract" and that there should be safeguards that quantify termination payments. These features are built into all contracts but the Andhra example shows there is nothing to stop political leaderships reneging on binding contracts to live up to political rhetoric.

When it comes to dispute resolution, the task force quotes amendments made to relevant central laws and how investment in institutions under it could "deliver sound results in enabling speedy resolutions in the next few years". The fact that disputes drag on even when initiated under arbitration has not changed.

The latest case is of Reliance Industries Ltd (RIL) and its partners, currently locked in a court battle with the government over a $4.5 billion arbitration award relating to the Panna, Mukta and Tapti oil and gas fields.

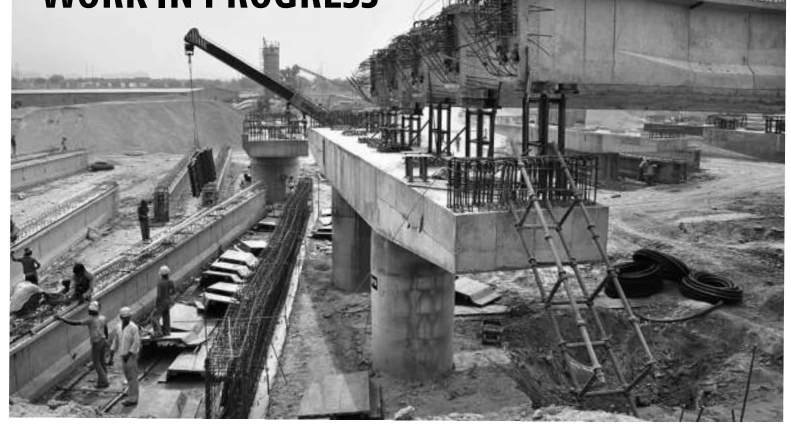
Though these fields have been returned to the government nominee and are no longer in private hands, the dispute relating to them is threatening another RIL deal involving the purchase of 20 per cent of its downstream business by Saudi Aramco.

The task force has recommended ministry-level committees as mediation mechanisms to resolve complex contractual disputes. This may not amount to much since state governments are often party to the disputes. Even if a dispute involves the central government, officials may be reluctant to take a call unless there is a stamp of some impartial body.

According to ICRA, the construction sector, especially, is likely to be a major beneficiary of this increased investment. Typically, infrastructure projects have a construction intensity of 60-80 per cent, which could result in order inflows of ₹60 trillion over the next five years, it noted in an earlier report.

According to Shubham Jain, senior vice-president and group-head, Corporate Ratings, ICRA, achieving the government's target is achievable but it would require state government and the private sector support. "Reducing bottlenecks and resolving issues that have resulted in significant cost and time overruns will also be vital," he adds. Given that these have plagued infrastructure projects for decades, NIP's target looks challenging even before it has begun.

WORK IN PROGRESS



Annual investment phasing	₹ cr	Implementing agency		Status of projects	(% share)
FY20	13.6	Centre	39%	Under implementation	42
FY21	19.5	State	39%	Under development	19
FY22	19.0	Private	22%	At conceptual stage	31
FY23	13.8			Unclassified	8
FY24	12.8				
FY25	11.1				

The projected investment peak in FY20-21 could spill over to FY23-25. Data for power and some large states not included

Source: National Infrastructure Pipeline, Report of the task force

INSIGHT

How confidential should bank inspection reports be?

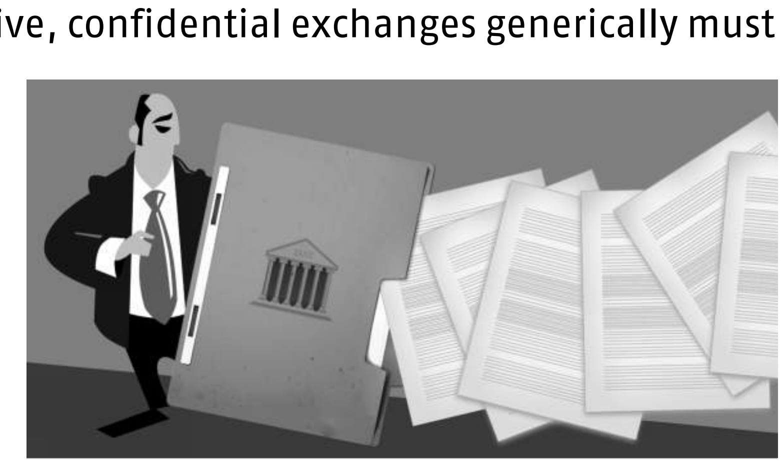
An emotional affirmation to disclose sensitive, confidential exchanges generically must be avoided

KRISHNAVA DUTT

Transparency and maximum disclosure are the immutable cornerstones of an effective democracy. However, absolute and uncontrolled information flow may sometimes be antithetical to the objective this proposition seeks to achieve. It is for this reason that legislation, albeit with circumspection, creates exceptions to this principle. This requires judicial intervention to balance the conflict between the expectation of the information seeker and the right of the information owner and set in harmony the contrariety between transparency and confidentiality. Disclosure being the primary legislative intent in governance is manifested through various statutory and regulatory mandates where regular and time-bound disclosure is mandated for almost all entities. Beyond the realm of the mandatory disclosure requirement is the Right to Information Act (RTI).

Whilst over the last decade, the rule in favour of information sharing has been dealt with extensively. In December 2015, the Supreme Court in the case of *Reserve Bank of India v. Jayantilal N Mistry* was once again faced with the task of having to balance the conflict between information seekers and information owners. This time, the information sought was primarily the "inspection reports" of the Reserve Bank of India (RBI) with respect to the various banks over which RBI exercises supervisory jurisdiction.

RBI as a part of its supervisory responsibility has the power to continually conduct inspection on the constituent bank and may also instruct the bank to take remedial or corrective measures. Inspection reports are repositories of extremely confidential information. They include deliberations and dialogues between the RBI and the bank on myriad complex issues on which proactive or corrective measures may be taken by the bank. It is under this power that RBI constantly manoeuvres the banks to stay the course and avoid any perils. The right to inspect and direct is probably the most influential tool in the hands of the RBI, which allows the banking system as a whole to take protective and pre-emptive measures. Any apprehension of public disclosure of such deliberations and dialogues is bound to inhibit seamless exchange of information between the banks and the RBI. An atmosphere of constant cautiousness and hesitation in sharing information with the RBI would be disastrous for meaningful and effective supervision, which is the most fundamental ingredient for a robust banking framework.



In *RBI v. Jayantilal N Mistry*, the counsel for RBI strenuously argued that inspection reports reflect the supervisors' critical assessment of banks and their functions, disclosures of which may prematurely and unnecessarily create misunderstanding and misinterpretation in the minds of the public. The counsel also argued that, apart from such disclosures specifically being restricted under the Banking Regulation Act, such disclosure would be counter productive and adversely impact public confidence in the banking system.

The Supreme Court comprehensively rejected the contention of the RBI and ruled in favour of complete disclosure of the inspection reports. Interestingly, while rejecting the contentions of the RBI, the Supreme Court did observe that "*it is equally true that there is some information which if published or released publicly, might actually cause more harm than good to our national interest … disclosure of information about …the regulation or supervision of banking, insurance and other financial institutions, … could in some cases harm the national economy, particularly if released prematurely*". However, despite the observation, the Supreme Court allowed unobstructed disclosure of the inspection reports. The issue is far from closed and the Supreme Court may need to relook at the same.

In USA, the principle behind the need to not disclose inspection/examination reports was most appositely articulated by the Court of Appeals for the District of Columbia Circuit where the court held that *the bank examination privilege is firmly rooted in practical necessity. Bank safety and soundness of supervision is an iterative process of comment by the regulators and response by the bank. The success of the supervision therefore depends vitally upon the quality of communication between the regulated banking firm and the bank regulatory agency. This relationship is both extensive and informal. It is extensive in that bank examiners concern themselves with all manner of a bank's affairs. Not only the classification of assets and the review of financial transactions, but also the adequacy of security systems and of internal reporting requirements, and even the quality of managerial personnel are of concern to the examiners. The supervisory relationship is informal in the sense that it calls for adjustment, not adjudication. In the process of comment and response, the bank may agree to change some aspect of its operation or accounting; alternatively, if the bank and the examiners reach impasse, then their dispute may be elevated for resolution at higher levels within the bank regulatory agency. It is the very rare dispute, however, that culminates in any formal action… Because bank supervision is relatively informal and more or less continuous, so too must be the flow of communication between the bank and the regulatory agency. Bank management must be open and forthcoming in response to the inquiries of bank examiners, and the examiners must in turn be frank in expressing their concerns about the bank. These conditions simply could not be met as well if communications between the bank and its regulators were not privileged.*

The CJEU aptly observed that *effective implementation of the prudential supervision regime requires that both the institutions and the authorities can have confidence that the confidential information provided will remain confidential. The absence of such confidence is liable to compromise the smooth transmission of the confidential information that is necessary for prudential monitoring.*

The courts and the authorities must be especially mindful that in the age of social media, sensitive information in the hand of irresponsible persons may have uncontrollable and catastrophic consequences. It is true that recent revelations with respect to certain financial institutions have taken the entire nation by surprise. An emotional affirmation of the need to disclose inspection reports generically as a reaction to specific governance failures is exactly what must be avoided. Apart from unfairly painting all banks and NBFCs with the same brush, it will irreparably damage the entire banking framework by permanently impeding effective supervision by the RBI.

Dutt is managing partner, Argus Partners and was assisted in research by his associates Kshitija Naik & Ishita Malhotra

LETTERS

Mob attack at JNU

The brutal attacks on Jawaharlal Nehru University (JNU) students and teachers by masked goons armed with lethal weapons, in collusion with the JNU administration and the Delhi police, appalled the public. What was going on in the JNU campus was a nightmare. The image of JNU student's union President Aishe Ghosh bleeding profusely from a gash on her head was no advertisement for Beti Bachao, Beti Padhao campaign.

When Ghosh and other students were attacked, it needed no great intelligence or exertion of the mind to know the identity of the "masked goons". It is futile to try to shift the blame to the Left-leaning students when they were the victims of mob attack at the JNU. The Akhil Bharatiya Vidyarthi Parisha's grouse was that the Left "ruined the JNU campus and turned it into a Naxal citadel. The Hindu Right hates JNU for being a bulwark against virulent nationalism and would not mind its shutdown.

The pre-planned cowardly attack on JNU students and teachers was a corollary to the manifest failure of the Hindutva forces to fight them ideologically. It was a sequel to the students' just protest against fee hike and their campaign to save the Constitution and their solidarity with the anti-Citizenship Amendment Act protesters. Fracturing the skulls of young compatriots on a university campus with iron rods, albeit to the accompaniment of chants of *Bharat Mata Ki Jai* and *Jai Shri Ram*, cannot, by any stretch of the imagination, be glorified as an act of patriotism. Thrashing professors by members of a party's students' wing is at odds with the *guru-shishya parampara* (teacher-disciple tradition).

The JNU administration and the Delhi police would never be able to live down the way they allowed the thugs to go on the rampage and "vent their anger" for hours on end but for the tacit approval of the higher-ups in the university and the Modi government.

G David Milton Maruthancode

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Over to the Budget

Advance estimates show growth revival remains a daunting task

The National Statistical Office's first advance estimates of gross domestic product (GDP) for the current fiscal year have projected India's economic growth at 5 per cent, which is not a surprise, given that it is in line with what the Reserve Bank of India has given. But this is significantly lower than the 7 per cent projected by the Economic Survey in July. According to the government data, manufacturing is expected to grow by 2 per cent in the current year, compared with 6.9 per cent in the previous year. Similarly, growth in the construction sector, which is vital for jobs, is expected to collapse this year to 3.2 per cent, compared with 8.7 per cent in the last fiscal year. The growth in gross fixed capital formation is particularly worrying, as it is projected to collapse to just 1 per cent compared with 10 per cent in FY19. What has expanded at a faster pace compared with last fiscal year is government activity. However, with the given fiscal situation, this also has been coming under pressure.

In nominal terms, the economy is expected to grow by just 7.5 per cent, compared with the assumption of 12 per cent in the July Budget. Slower than expected growth will itself complicate matters. For instance, even if the fiscal deficit in absolute terms is contained at the targeted level, lower than expected growth in the size of the economy will push up the deficit as a percentage of GDP. Besides, the government has to deal with a possible revenue shortfall of at least ₹2 trillion. The fact that it may not be able to achieve the disinvestment target will only add to the problem. Consequently, the government is likely to compress expenditure by about ₹2.2 trillion. Given the revenue situation, some expenditure rationalisation would be indispensable, but the government will need to be mindful of its impact on economic activity. As the data shows, without the support of government expenditure, growth would have been even weaker. Slower nominal growth will also affect Indian businesses and make debt repayment more difficult. This can put pressure on the banking system and affect the flow of credit.

Chances of revival have been further clouded by renewed geopolitical tension in West Asia. A possible disruption in crude oil supplies and higher prices will affect both global and domestic growth. The rise in oil prices and the depreciation of the rupee can push up the headline inflation rate, which will reduce the possibility of an interest rate cut in the near term. While an orderly depreciation of the rupee will help Indian exporters, a rise in global risk aversion could lead to higher volatility in the currency market. Nevertheless, as things stand today, risks in financial markets would somewhat be balanced by the accommodative stance of large central banks. Although there are global risks to growth, India's challenges at the moment are mainly domestic. Therefore, with a fresh assessment of the state of the economy, which clearly is not encouraging, all stakeholders would now look forward to the Union Budget to see how the government plans to revive growth. The first step towards this goal would be to accept the real economic and fiscal situation.

Dealing with GST fraud

Balance between ease of doing business and compliance is tricky

The Central Board of Indirect Taxes and Customs (CBIC) has reportedly reached out to the Directorate General of Foreign Trade (DGFT) to make the accreditation system for star exporters more robust. The CBIC's concern, as expressed to the DGFT in a letter, is that exporters that enjoy a "star" status from the DGFT are allowed various concessions, including reduced paperwork and inspections. The CBIC feels that some of the star exporters are misusing this facility. In particular, investigations by the Directorate General of GST Intelligence and Directorate General of Revenue Intelligence over the past months have identified exporters who have fraudulently claimed refunds of integrated goods and services tax (IGST) payments. According to the authorities, the problem of fake invoices is widespread; using these fake invoices, the exporters claim crores of rupees in input tax credit and then they use that for the payment of IGST for exports. Subsequently, they claim IGST cash refunds. This scam relies on mis-declaration of shipments and of inputs. However, the availability of large connected data sets on the subject of invoicing and tax has made tracking down such mis-declaration easier, according to the CBIC.

It is important that the government increase the degrees of checks and balances in the system to ensure that there is no large-scale fraud occurring. However, in this case, it is clear that the requirements of the DGFT and of the CBIC are at odds. A higher level balancing of the two needs is required. The CBIC will naturally think purely in terms of what is required from the point of view of restoring GST revenues closer to what was earlier expected. The DGFT, meanwhile, needs to prioritise the longer-term requirements of the Indian economy, namely ensuring that exporters are not subject to intrusive and troublesome paperwork. Naturally, it is incumbent on businesses to file taxes honestly, and the government should reach out to industry associations if need be to spread awareness of the costs and benefits of complying with GST. Businesses that do not comply will naturally wind up being subject to investigation, and so it is in industry's interests to ensure that compliance is more widespread.

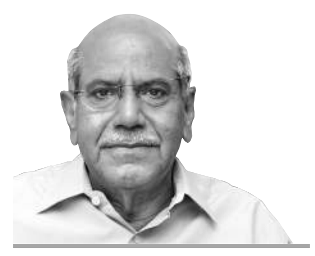
However, the balance between intrusive checks and investigations and ensuring compliance is tricky, and any changes to ease of doing business regulations must be carefully thought through. The CBIC must make a case that export fraud is indeed so nationally significant a problem that it requires a reversal of the ease of doing business agenda. Beyond that, it will be a political decision how stringent such a reversal, such as more checks for star exporters, will be. What is necessary is that out-of-the-box thinking be applied to the causes of the problem. Systems should be designed to minimise the possibility of large-scale fraud. In this case, the payment of IGST, which is then refunded, may be what is at the heart of the problem. It is one of the many aspects of the GST structure that requires a fresh look. The government and the GST Council should consider setting up a committee of experts to examine the issue.

ILLUSTRATION: BINAY SINHA

Implications of a majoritarian agenda

This will make the country vulnerable to hostile external forces

The brutal violence unleashed against students and faculty of Jawaharlal Nehru University (JNU) on January 5 by storm troopers, whose masked faces did nothing to hide their political and ideological affiliations, was a calculated message to academic institutions, civil society and minorities, that they would be bludgeoned into submission if they dare to resist the reconstruction of the Indian state and society in accordance with a majoritarian blueprint. What we saw unfold at JNU was a continuation of the blood-stained saga that began at Jamia Milia Islamia, spread to Aligarh Muslim University (AMU) and then enveloped the state of Uttar Pradesh, whose chief minister sought "revenge" against those protesting against the Citizenship Amendment Act (CAA). In all these instances, the law and order machinery charged with safeguarding the lives and property of citizens became instead the complicit instruments of inflicting indiscriminate violence and destruction against whomsoever the state deemed as inimical to the pursuit of its ideological and political agenda. There is a level of ruthlessness in the State's response to dissent, which is disturbing. It is spreading fear and anxiety and is designed to silence any opposition. This sharper polarisation may yield political dividends as we have witnessed in the recent past. This is a dangerous game with no holds barred, which could severely and adversely impact the country's future.



SHYAM SARAN

What is unfolding is polarisation on religious and ideological lines, which often become intertwined. The Muslim minority and the Left Wing are lumped together as antithetical to national interests. The use of a compliant law and order machinery, as in Jamia and AMU and later in UP or violent storm troopers of the kind we saw at JNU, will confront the Modi government with an expanding circle of resistance. States with non-Bharatiya Janata Party (BJP) governments will encourage such resistance. This is already happening and it would be prudent for the government to respond with a degree of accommodation and reassurance. Failure to do so may well expand opposition and some elements may well resort to retaliatory violence. There will be a temptation then to use the security imperative to respond with increasing firepower.Increasingly onerous limitations will be placed on the rights guaranteed to citizens under the Constitution. There is a danger that democracy in India will get hollowed out in the process.

It will be a monumental tragedy if we end up in a spiral of disaffection and escalating violence. It will make the country acutely vulnerable to hostile external forces. We must not forget that China exploited insurgencies in the North East in the past to undermine India's security. Pakistan has exploited politically disturbed conditions in Punjab and Kashmir. If political turmoil strikes at the heart of the Indian state, our national security will be threatened like never before. Securing our unsettled land borders will become more challenging than it already is.

We also have the example of dealing with Left Wing Extremism (LWE), where despite the deployment of immense coercive power by the state, only limited success has been achieved. The resort to armed suppression by the state rarely stays limited to perpetrators of violence. By its very nature it ends up targeting a much larger catchment area and population. This breeds even more disaffection and violent resistance. Successful end to such insurgencies has almost always required a willingness to engage in a dialogue and being open to compromise which democratic processes are best suited for.

In Jammu and Kashmir, a virtual lockdown continues into its sixth month since the change in the status of the state. The situation there should alert us to what may happen in other parts of the country if recourse to coercive measures is the instrument of choice to deal with an alienated population. It is not wise to push dissent into disaffection.

There is an unspoken confidence within government that its pursuit of a majoritarian agenda will have minimal foreign policy impacts. That India being a major power and a dynamically growing economy will mute critical voices both among friends and adversaries. This confidence is misplaced. For one thing, the state of the Indian economy cannot be insulated from the political turmoil engendered by the pursuit of policies which are creating rising disquiet and anger in particular among the minority community. Areas that have been affected by LWE and the Kashmir Valley are not exactly the favourite locations for investment and for doing business. The current slowdown in the economy will be exacerbated under the impact of the spreading unrest in different parts of the country. Sentiment among foreign investors will be negatively affected. Our diplomatic space will also shrink.

Nor is there an appreciation that India has built up considerable political capital over the past seven decades as a successful multi-religious, multi-cultural and multi-lingual plural democracy. This is soft power which reinforces the efficacy of hard power derived from expanded economic and military capabilities. The series of actions that have followed Prime Minister Modi's second term, including the change in the constitutional status of Kashmir, the judgement on the building of a Ram temple in Ayodhya and now the CAA, have had a negative perceptional impact externally. The images from JNU will not help. The pressures on India may come explicitly from civil society and media in foreign countries, but these will create opportunities for governments of friends and adversaries alike to derive advantage at India's expense. This, too, will undermine national security.

A divided country is an insecure country. A united country made up of diverse peoples can only be built as an inclusive country. Those leading the current political dispensation, whether at the central or the state level, must recognise the enormous risks that their divisive policies are creating for the national security and well being of the country. They must acknowledge the deep anxiety and fear, which their policies are creating among India's minorities, civil society in general and business and industry and reach out to reassure them. Without this, India will be unable to deal effectively with the mounting challenge of reviving a slowing economy and coping with a complex and rapidly changing geopolitical landscape.

Shyam Saran is a former foreign secretary and is currently senior fellow CPR.

CEOs on Social: Will the ego land in 2020?

According to a recent global study of 20 of the largest companies in 21 countries, only 17 per cent of chief executive officers (CEOs) globally were active on Twitter, with India lagging at just 10 per cent. Globally, and in India, CEOs are more comfortable with LinkedIn, where discourse is more civil and the noise controlled; 58 per cent of CEOs surveyed globally were active here but less than 20 per cent of Indian CEOs. This is not surprising because the former now resembles Iraq — dynamic and dangerous — while the latter is more akin to Singapore — efficient and predictable.

However, this may change in 2020. Glancing through CEOs' new year pink paper resolutions, there is a definite desire to embrace social media. And with good reason. Their personal presence will get them a direct connect with a variety of stakeholders; an avenue to establish themselves as real, thoughtful leaders with millions of ardent followers; and, get a raw feel without filters for the pulse of millennials — the new generation of customers and employees their firms covet. And above all, a presence gives CEOs relevance at a time when Twitter dominates social discourse, throwing a shade on other communication platforms.

THE NUTGRAF

PRADIPTA BAGCHI

Today, an entire industry has sprung up to support the narrative that CEOs need to be highly social. A strategy to build a social presence is the first bullet on any reputation management deck for CEOs. And there are great examples of CEOs making an impact: Richard Branson, who lost his Twitter virginity in 2007, has used his personal brand since to drive Virgin's new businesses through adventure, sport, and luxury. Closer home there's Anand Mahindra, whose sustained efforts at producing thought-provoking or celebratory content as well as engaging with followers have gained him over seven million loyal followers. Mr Mahindra is a rare example of a CEO who has been able to increase his effectiveness as a social leader in part by creating a social flotilla — enlisting the M&M leadership team to successfully engage with his followers and navigate their sentiments.

Now some Indian CEOs are beginning to follow Mr Mahindra's lead and make an impact on Twitter. Harsh Goenka, with self-deprecating humour, observational wit, and insights, has over 1.5 million followers, while Nandan Nilekani, with his perspectives on digital India and Aadhaar, has over 2.5 million.

One point of divergence between India and the world is that tech and start-up CEOs dominate leader boards globally — Tim Cook, Bill Gates, Elon Musk, Satya Nadella, and Jack Dorsey have massive followings. In contrast, Indian unicorns have not really made much of an impact on social media with the founders of Snapdeal and Flipkart having less than 250,000 followers.

Despite these stray successes, LinkedIn remains the safe zone for CEOs. Although its audience is significantly smaller, there are no nasty trolls. Moreover, conversations on LinkedIn, where people still turn up hoping to find great job offers, are yet to sink to the polarised, reactionary, hateful, toxic depths that trolls have turned Twitter to. Plus, CEOs can become "influencers", which allows them to engage their followers from an elevated level, with a corporate bias and additional troll protection. But no one will deny that if its impact and fast access to a vast audience one is seeking, then Twitter's 280-character play remains the mass channel of choice.

Beyond trolling, CEOs have feared social media for many reasons. Societal polarisation has been forcing Big Business leaders to take a stand on many issues, which they are uncomfortable airing publicly. Having a social presence means that they are often compelled to megaphone their views, despite their hesitance on polarising points like Balakot or the Citizenship Amendment Act.

For CEOs helming companies with consumer businesses, their personalities also become the sole target for frustrated and dissatisfied customers of their brands. Ratan Tata's mentions (he tops the India CEO list with over 7.5 million followers but tweets rarely) are filled with complaints about car troubles, satellite TV disruptions, and hiring malpractices despite relinquishing his formal charge almost a decade ago.

Then there's the privacy angle. While social media allows leaders to put up cutesy videos and family holiday pics to show off their human side, it is often a tough act to balance. To showcase one's personal lifestyle while being very conscious that the average salary differential between a CEO and his or her follower is 287 times is a tough balance, especially in the austere Indian context. Plus, there's privacy, or the lack of it. Once a personal brand goes social and popular, your followers could become stans (stalker and fan) posting forced selfies, private appearances and events, or even trespassing on privacy.

Beyond SWOTs and risk mitigation, a robust social presence boils down to personalities. If one is an introvert and easily offended, Twitter can be too hectic, whereas LinkedIn gives CEOs the luxury to immerse slowly based on a framework and a hands-off strategy. In India at least, social business icons remain the leaders of the old industrial economy. And just as their firms are embracing digital to compete and thrive, will they reimagine their communication strategy using social? Where will the ego land in 2020?

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China's sister act

BOOK REVIEW

KANIKA DATTA

Jung Chang's first book *Wild Swans: Three Daughters of China* caused a sensation in the West. Published around the time the Soviet Union imploded and China's economic miracle presaged the country's swift rise to superpowerdom, it was the first semi-autobiographical account by a Chinese citizen of three generations of women — her grandmother, her mother and herself – during a seminal period of Chinese history. Unlike in China, where Mao's successor Deng Xiaoping shrewdly kept the cult of the Great Helmsman intact as he systematically dismantled his ideology, *Wild Swans* provided a triumphant capitalist West with compelling evidence of Mao's (and communism's) malign regime.

This latest offering, *Big Sister, Little Sister, Red Sister,* could be considered a complement to *Wild Swans* because it covers the story of three women over roughly the same span of Chinese history, though all were from the same generation. The similarity ends there, though, because the Soong Sisters came from a background that are as distant from the author's as the earth is from Mars. They were what we would call a "Page 3" family, from a western-educated, comfortably circumstanced Christian elite (their father made a fortune printing Bibles). Ms Chang's background was rooted in dutiful, mid-level party functionaries (she was born Chang Jung and reversed the surname later). Over the course of their lives, spanning the last days of the empire to the death of the youngest in 2003, the sisters became part of a powerful dynasty that dictated the fate of modern China. The sisters also remained the focus of intense scurrilous gossip in China (example: one bathed in milk every day, another had an affair with her young bodyguard). What made them worthy of a joint biography?

Two things, as Ms Chang explains in the introduction. First, they were all married to men who played a critical role in 20th century Chinese history. And second, by virtue of those marriages, the lives of all three intertwined with the tectonic changes in the fortunes of China in first half of the 20th century.

BIG SISTER, LITTLE SISTER, RED SISTER: THREE WOMEN AT THE HEART OF TWENTIETH CENTURY CHINA
Author: Jung Chang
Publisher: Penguin Random House
Price: ₹699

The youngest, May-ling, Little Sister, was the best known to the outside world. She married Chiang Kai Shek, who styled himself Generalissimo, resisted the Japanese, forced Mao on the Long March and became the United States' wayward wartime ally. Then there was May-ling's confidante, Ei-ling, the protective Big Sister, who married H H Kung, Chiang's venal finance minister. Finally, there was Ching-ling, who married Sun Yat Sen, known (erroneously if this book is to be believed) as the "Father of China", and leveraged that status to acquire a powerful position in Mao's regime. In Chinese lore, one loved money (Big Sister Ei-ling), one loved power (Little Sister May-ling) and one loved her country (Red Sister Ching-ling).

Ms Chang explains that her book initially started out as a biography of Sun Yat-Sen but the "depth of character of his wife and sisters emerged" and captured her imagination. It is a pity that she did not persist with Sun's biography because there are few popular histories about him. Ms Chang's book suggests that his role in the overthrow of the Manchu dynasty and the creation of the republic is overrated, the artificial construct of, first, Chiang and, then, Mao to serve their own political ends. (It is ironic that the current Chinese administration is trying to resurrect Chiang's reputation — deservedly flawed -- as part of its outreach to Taiwan.)

The result, however, is a somewhat lightweight, gossipy narrative history, worthy of a casual weekend read. The subject is fascinating enough to keep you turning the pages. Perhaps the most remarkable part of the story is how the three sisters remained extremely close even though Ching-ling aligned herself with Mao and eventually actively worked against the interests of her youngest sister after World War II. Ching-ling's fraught relationship with Mao, trading on her status as Madame Sun, is also well told.

But Ms Chang does not contextualise the story sufficiently within the fabric of Chinese history. How did China's absolute monarchy morph into a republic? What role did the warlords play in this transition (they must have, because Sun certainly aligned himself with some of them)? She tells us that Chiang decided to align himself with the Soongs because he could not trust anyone else. Why should someone who had won a civil war (also given the lightest of treatment) not have confidants outside his in-laws' circle? She writes that Big Sister, Ei-ling, became an influential advisor to Chiang but does not offer any examples of what this influential advice might be.

Ms Chang may have been hampered by the fact that she needed to keep the focus on the sisters, who were actors at one remove — bar May-ling, undoubtedly the most extraordinary of the three and deserving of her own biography. My own takeaway from the book is that Sun Yat-Sen, far from being a wise Confucian-type figure we are given to believe, was a horrible fellow who conspired with gangsters and mistreated his concubines and his wives (including Ching-ling, his second wife, whom he once used as cover to escape his rivals). All of this is useful for future drawing room gossip. But my attempt to learn more about a critical period of Chinese history, which is surely the responsibility of any professional historian-biographer, did not make much headway.