

India's IT Sector: Change, Not Crisis

Laid-off workers must reskill themselves

India's information technology majors are laying off staff, amidst slow revenue growth, restrictions on visa availability for traditional deployment of engineers from India at the client's site for work and disruptive changes in the IT sector. Does this indicate crisis? Should the government intervene to protect laid-off employees? The answer to either question is in the negative. Indian IT companies are being forced to change their business model. This is not crisis. Layers of middle management are being rendered superfluous, thanks to automation and technological change within the IT industry itself. Digital transformation, enabled by cloud computing, data analytics and the Internet of Things, offer huge opportunities for the industry. It needs new skills and new ways of doing things, that is all.

Nasscom forecasts industry revenue to touch \$154 billion in FY 2017 compared to \$143 billion in FY 2016, marking a single-digit 8% growth in the IT and IT-enabled services sector, which contributes half of the country's service exports and around 7.7% of GDP. Bloomberg Intelligence analysts see digital products as the growth drivers of the IT services industry. However, the share of digital at TCS and Wipro ranges 18-22%, compared with 42-45% at IBM and Accenture. This must rise. Industry also worries that regulatory

hurdles and labour regulation that restricts access of Indian manpower in their export market will make software companies less competitive, dent profit margins and hurt their growth. Such concerns are not misplaced, and must drive the industry to move swiftly to shift to high-productivity labour in new areas.

IT engineers who have lost jobs are not exactly the wretched of the earth. They can find new jobs or, better still, create new ones. India's ongoing mobile broadband revolution will create new opportunities aplenty: in financial services, healthcare, education and entertainment. Of course, they might need to learn new skills and unlearn old ones, to grab those opportunities. But that is the new normal of globalised growth. If IT veterans cannot be counted upon to adapt, who can?

A Step in Purposeful Regional Diplomacy

Prime Minister Narendra Modi's visit to Sri Lanka, the second in two years, is part of his administration's neighbourhood focus in foreign policy. The visit takes on greater significance as it comes on the eve of China's big push for its mega One Belt, One Road project. However, it would be a mistake to view the Sri Lanka visit through the China prism.

Like Modi's visits and engagements with other countries in the region, this visit is aimed at reiterating and strengthening the existing partnerships, and to reassure our neighbours that India's quest for rapid economic growth and its ascendancy in the league table of nations should be seen as a collective opportunity for growth and development, without any element of threat. The South Asia Satellite has served to be a recent reminder of India's commitment on this score. The use of soft power, the historical and cultural ties, and the engagements beyond the economic — the flight between Colombo and Varanasi geared to ease Lankan visitors' access to the Buddhist circuit, and the super-specialty hospital in Dickoya — are all part of an engagement that is designed as partnership. The message is a stark contrast to the one being conveyed by Beijing. New Delhi is not looking to the region to serve as feeders to its ambitions and aspirations. India needs to expand the scope of the engagement: areas like adapting to climate change, education and research collaborations must become part of the ties that bind India and the countries in the region.

The PM did not omit to address the Tamil question either. He announced that India would build an additional 10,000 homes for those rendered homeless. The Sri Lankan president helped out, saying that Sinhalese, Tamil and Muslim interests should find common convergence in social justice.

A shameless study concludes that guilt is the new greed. It's good

'Guilty Pleasures are Overrated'

Guilt is a Judeo-Christian device that pagans don't really get. Like the ancient Greeks, it is the culture of shame that drives most of the world, guilt being a more sophisticated (read: covert) lever used by society on unsuspecting individuals. But research from the University of Nottingham is now out to tell all of us — pagans and Chosen Ones — that guilt is good. We can hear Gordon Gekko chuckle. But let's hear the study out before flagellating ourselves. Feeling guilty makes one more amenable to cooperation. The inability to feel guilty leads to non-cooperation movements, say the boffins from Nottingham, ironically, once the home of the most guiltless man in tights, Robin Hood. But instead of Freudian patricidal feelings or any of Dostoyevsky's homicidal axe-wielding students, the study used a more boring set of parameters to come to guilty pleasures: energy usage.

Among those who had consumed more energy in the survey than others, there were two reactions: one, of anger, leading to even more consumption; two, of guilt, leading to moderation. Without guilt, apparently, we would have left the lights on even during the day — as most people reportedly do in energy-rich, energy-gobbling guiltless America. So what's our take? To quote the ever-guilty Franz Kafka: do not despair that you do not despair. Yes, shameful, isn't it?

Establishing draft rules for a no-fly list is a good idea. But they need to be more unambiguous

Airtight, for Air Travellers



R K Vaidyanathan & Mansi Singh

India is one of the fastest-growing aviation markets in the world, fuelled by factors such as rising income levels and competitive airfares. With airlines, particularly low-cost ones, expanding their fleet and network by the day, they are increasingly confronted with instances of unruly behaviour by passengers.

The issue received some much deserved attention in the aftermath of a deplorable assault on an Air India staff member by Shiv Sena MP Ravindra Galkwad. In a somewhat belligerent and unprecedented counterattack that pleased the general public, Air India and all private airlines banned the MP from flying on their aircraft.

While the ban was short-lived because of the protagonists involved, and the perpetrator walked free despite media blitzkrieg, the incident highlighted the issue of legality of no-fly lists in India. It was soon realised that no-fly lists had no legal basis and that something had to be done soon to fix it.

The ministry of civil aviation swung into action and the Directorate General of Civil Aviation (DGCA) floated draft rules last week for amending the civil aviation requirements on 'handling of unruly/disruptive passengers' and to establish a national no-fly list. The draft rules aim to enhance the safety and security of passengers, crew as well as airlines.

The draft rules envisage a central database of unruly passengers. If an airline decides to ban a passenger for

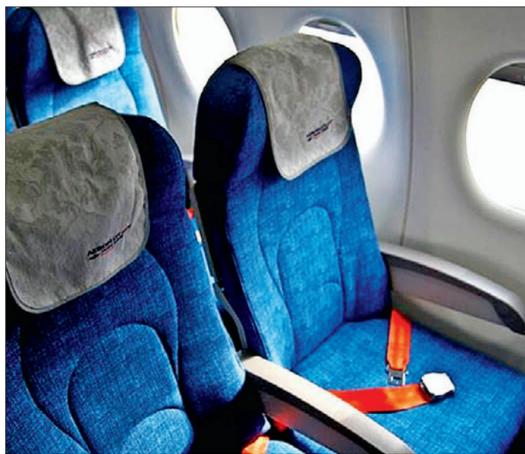
unruly behaviour, it will inform the DGCA and other airlines, and the passenger will become a part of the national no-fly list. Individuals considered by the ministry of home affairs as national security threats will also form a part of the national no-fly list.

On receipt of a complaint of unruly behaviour by a passenger, the airline will refer the matter to an internal committee that will then decide on the further course of action within 10 days. A passenger banned by one airline may be banned by other airlines at their sole discretion. The enquiring airline will inform the passenger in writing that he or she has been added to the no-fly list, the reasons for such addition, and the duration of the ban. A passenger aggrieved by the ban can approach the appellate committee that will be set up by the ministry of civil aviation.

Air Brake

Three categories of unruly behaviour have been identified based on the severity of the misconduct. Level 1 includes disruptive behaviour, such as physical gestures, for which a passenger can be banned for up to three months. Level 2 includes physically abusive behaviour and sexual harassment, for which a passenger can be banned for up to six months. Level 3 includes life-threatening behaviour and damage to aircraft, for which a passenger can be banned for a minimum period of two years, which may be extended to an indefinite period. This means that a passenger may never be able to fly again if he commits a serious offence.

While any mechanism to control objectionable flight behaviour and punish misdemeanours is welcome, the draft rules appear to have missed the plot. Instead of a centralised mechanism with uniform standards to deal with such incidents, each airline is now tasked to form its own internal enquiry committees. With enquiry



Fasten your unruly passenger

being separate, determination subjective and the outcome confined entirely to the airline involved, the ill-behaved passenger will merrily migrate to other airlines.

This way, one airline may choose to fly a passenger who is refused travel by another airline, thereby rubbing salt over the wounds of the affected airline. It is worth considering if such a situation defeats the entire purpose of having a national no-fly list.

In what could prove to be a fatal legal flaw, the draft rules do not provide for prior hearing to the affected passenger before he is grounded. Needless to say, such orders will be set aside by the courts for the asking, notwithstanding the severity of the alleged misdemeanour.

What happens if the ban is wrongfully imposed? What is the nature of evidence that will be considered prior to imposing the ban? Should a passenger not be entitled to compensation if the allegations against him are proved wrong on appeal and he is defamed in the process? These are some of the questions that remain unanswered in the draft rules. Another shortcoming of the draft

rules is that the internal committees have the discretion to determine the duration of the ban. It is possible that certain internal committees adopt a more stricter approach than the others. This could be a perfect recipe for chaos. The ban duration prescribed for particular offences should have been unambiguous and standardised.

Escape Chute

The ambiguity also extends to the list of offences classified under various levels. Effective implementation will further depend on evolving a clear mechanism to confirm the identity of passengers at the time of booking an airline ticket.

Most importantly, will such bans transgress the fundamental right of free movement within the country guaranteed by the Constitution? Are airlines that form an integral part of the public transportation network akin to a club or a hotel that can get away with a placard stating 'Rights of admission reserved'?

Vaidyanathan and Singh are partner and associate, respectively, Advaya Legal

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"Falling in love consists merely in uncorking the imagination and bottling the common sense."

Helen Rowland
Humorist

WIT & WISDOM

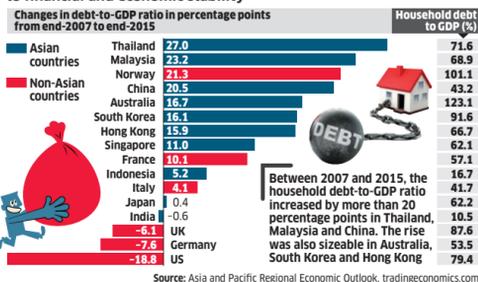
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Asia's Rising Household Debt

Household debt has risen rapidly in a wide range of countries since the global financial crisis, and continues to increase rapidly. While the level of household debt is quite heterogeneous across Asian economies — ranging from 10.5% of GDP in India to 123% of GDP in Australia in 2015 — such debt has been growing rapidly in most countries of the region...

High and rapidly rising levels of household debt can pose risks to financial and economic stability



Source: Asia and Pacific Regional Economic Outlook, tradingeconomics.com

MEME'S THE WORD



MEDICAL REGULATION

Treating Unhealthy Devices



Swaminathan Subramaniam

Regulating new healthcare technologies entails deciding which products have scientific and clinical merit, and then, based on economic considerations, deciding which treatments should be covered by insurance. This is an enormously complex undertaking. When this has to be done in a highly resource-constrained and complex healthcare delivery environments as in India, the importance of the regulatory process is amplified manifold.

Indian regulatory institutions have not built the requisite capabilities to do this fairly and proactively. This is exemplified through the example of cardiac stents. In January, shortly after cardiac stents were notified under the Drug Price Control Order, the National Pharmaceutical Pricing Authority (NPPA) uncovered a fact already well-known to healthcare consumers, "... huge unethical mark-ups are charged at each stage in the supply chain of coronary stents resulting in irrational, restrictive and exorbitant prices".

In public interest, the NPPA notified ceiling prices for coronary stents. The ceiling price for the Cadillac of stents, the BVS stent (bioresorbable vascular scaffold), was fixed at ₹29,600 against the prevailing market price of ₹1.5-1.75 lakh.

If you are in need of a stent, you are in hospital dealing with a critical illness, a time when you are unlikely to be negotiating lower prices with your doctor. This allows an invisible daisy chain of middlemen price gougers to exponentially increase the stent's price that can have you end-

ing up paying as much as 5-10 times the actual price.

The stent manufacturer connives with the daisy chain, especially the prescribing doctor, ensuring that demand for stents is kept artificially high. Roughly 50% of stent placements are medically unnecessary.

The regulatory mechanism in India for medical devices has historically been laissez-faire. Some checks and balances were introduced when the NPPA stepped in to apply price ceilings on stents, similar to what they have been doing in the area of drugs for decades. Apart from adhering to the price ceiling, hospitals will now have to bill separately for stents, thus ensuring transparency of pricing to the end-consumer.

The price caps will, to a large extent, address the issue of exploitative price gouging. However, two other critical issues remain unaddressed. One, the improper application of stents when there are equal or better alternatives. Two, the pre-

mature adoption of unproven or inferior stent technologies.

The latest and most expensive stent technology is the bioresorbable stent. The Absorb GT1 BVS, which dissolves and disappears after some time, costs patients 10-15 times the price of cheaper stents. One would assume that this type of stent has real advantages. It doesn't. The US Food and Drug Administration (FDA) approval in July 2016 advises caution in their use, while pointing out that they are not superior in terms of clinical outcomes to the older stent technologies. According to October 2016 data, the Absorb GT1 stents performed worse than older-generation stents on several counts.

In response to the NPPA applying a ceiling on its bioresorbable stent, the manufacturer, Abbott Vascular, applied to withdraw the product, claiming that it was no longer economical to sell it in India. In Europe, Abbott has already put restrictions on its use. In India, quite inexplicably, no

restrictions have been implemented by the manufacturer or mandated by the regulator.

Pharmaceutical companies and medical device manufacturers will continue to play their role in innovating new products, including providing newer versions of their older products. Without this, and in the face of generic competitors, they will not be able to grow revenues or satisfy shareholders.

This imperative sometimes clashes with the imperative to launch only those products that are better than existing and cheaper alternatives. It is the regulator who plays the role of a patient's advocate to ensure that the right balance is met between releasing products based on new technologies too early or too late.

Policies on healthcare technologies have to take cognisance of local economic reality. The costs of doing a coronary artery bypass graft surgery in India are comparable to the cost of using stents. This is unlike in the West where the costs of applying a stent are much lower. So, for India, there will be more situations where a bypass graft is the treatment of choice and not a stent.

The debate on stent pricing may seem largely irrelevant in a country where the vast majority still struggles to access rudimentary healthcare. But similar issues arise in the adoption of technologies such as vaccines and anti-cancer medicines. We need institutional capability and capacity to address complex scientific issues as a prerequisite for making trade-offs between competing healthcare technologies.

The Indian government should not drag its feet any longer in building this institutional capability. In its absence, regulations can become irrational and reactive, or worse, become the handmaiden of the for-profit medical-industrial complex. If that happens, the Indian healthcare consumer will be the loser.



One non-essential stent coming right up!



the speaking tree

Renounce & be Happy

AMRIT GANGAR

On September 22, 1931, two icons of the West and the East met in a humble tenement in London. Mahatma Gandhi impressed Charlie Chaplin with his view that supreme independence meant shedding oneself of unnecessary things. Chaplin believed this principle was the basis of Gandhi's political-economic-spiritual argument against machinery. However, what Gandhi told Chaplin that day echoes the Jain principle of aparigraha (the first letter 'a' is pronounced as 'u' in upper). Simply put, aparigraha means non-possession or non-acquisition. As we know, Gandhi was deeply influenced by Jainism.

Right knowledge, right faith and right conduct are the three basic prerequisites for attaining liberation. In order to acquire these qualities, Jainism prescribes observance of the five great vows: ahimsa, or non-violence; satya, or truth; asteya, or non-stealing; brahmacharya, or celibacy; and aparigraha, or non-attachment.

Acquisition of material goods leads one to attachment and, hence, pain if, for some reason, the goods or wealth are lost. Happiness is about freedom from pain, which can only accrue from leading a life of simplicity and non-attachment. That is the message of aparigraha.

The thrust of aparigraha is to create a balanced society with balanced individuals. The absolutely neutral principle of aparigraha — not to allow greed to dominate our thoughts and actions — can help overcome our tendency to overaccumulate.

Citings

Increase Resilience

BONNIE ST JOHN

The growth was stunted in my leg when I was born, so I had braces. But they amputated it when I was five, and I got a new artificial leg and had to learn to walk again. But becoming an international athlete was not a natural trajectory from there.

Well, not only did I lose my leg and then become an athlete, but I grew up in San Diego and became a skier. Yes, there was no snow, and I am black. I am actually the first African-American to win a medal in a Winter Olympics. So, there was no sitting in San Diego thinking, "Yeah, I'm going to be the black ski racer."

What I say the funniest part is, my family did not have any money. My mom was a single mom on a schoolteacher's salary. We did not have money left at the end of the month — we had month left at the end of the money, and I mean that literally. It is one thing to go skiing with one leg, but it is really hard to go skiing with no money. ... We coined the term "micro-resilience".

When you look at resilience research out there, it is always about the big things: rebuilding a town after a hurricane or rebuilding your life after a divorce. It is really big, and then you go, "Gosh, resilience is really hard!" But if you define [resilience] as small [steps to take] — "How can I be more resilient in the next hour?" What matters is not just rebuilding after a crisis, but "How can I be more competitive?" That is really what micro-resilience, and the research it came out of, is about: how to get that competitive edge.

From 'An Olympian Shares the Five Steps to Developing Resilience'

Chat Room

No to Voluntary Unemployment

Niti Aayog member Bibek Debroy has said that voluntary unemployment is rising in the country where people choose not to work below a certain income level after investing in education. It is imperative that job seekers understand that they need experience to get a lucrative salary. If they wait for high remuneration package in the beginning of their career, it may not be possible. Further, this type of voluntary employment is a waste of human resources. It impedes the nation's economic growth. The government should encourage investment to tap the human potential and maximise economic growth.

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