

Dispense With Those Riders, Sebi

Restructuring bad debt is the highest priority

Sebi's move to ease rules for investors buying distressed companies from banks is one more welcome step to help resolve bad loans. Sebi had already allowed a bank that comes to hold a controlling stake in a company following strategic debt restructuring from having to make an open offer to minority shareholders, as would happen in a normal takeover. Now, that concession has been extended to investors who buy a controlling interest in a stressed company from its lenders. This would allow vulture funds and other investors who hope to make a profit by either turning the stressed company around or by liquidating its assets to bring their muscle also to the debt restructuring process.

However, the new relaxation comes with some riders: the new investors must get the approval of shareholders through a special resolution and agree to a three-year lock-in. These riders would be counterproductive and should be dispensed with. Minority shareholders would gain, along with those who have acquired a controlling stake, if the company is turned around. If that turnaround happens, why ask for a three-year lock-in? Let these specialist investors turn their expertise and capital to other stressed firms that would gain from their attention. If the company fails to be turned around and can only be liquidated, minority shareholder rights would be protected so long as there are no differential rights for any class of shareholders. This equality of shareholders must be enforced, that is all. If there is anything left over after meeting the claims of those higher up than equity holders in their right to the proceeds of liquidation, every share should get an equal amount. This calls for enforcing the law of the land, not a special resolution from shareholders.



Allowing a group of shareholders to oppose transfer of a controlling stake by creditors of the stressed company would encourage vested interests to scupper the restructuring process. Equity is risk capital. Those who hold it take the risk of losing their money, if things go bad. Risking restructuring of bad debt to cosset them is a bad idea.

Minority shareholders would gain, along with those who have acquired a controlling stake, if the company is turned around. If that turnaround happens, why ask for a three-year lock-in? Let these specialist investors turn their expertise and capital to other stressed firms that would gain from their attention. If the company fails to be turned around and can only be liquidated, minority shareholder rights would be protected so long as there are no differential rights for any class of shareholders. This equality of shareholders must be enforced, that is all. If there is anything left over after meeting the claims of those higher up than equity holders in their right to the proceeds of liquidation, every share should get an equal amount. This calls for enforcing the law of the land, not a special resolution from shareholders.

Gorkha Hills Need More Autonomy

After nearly two decades of calm, violence has erupted in north Bengal, between chief minister Mamata Banerjee and Bimal Gurung, chairman of Gorkha Janmukti Morcha (GJM), as well as several local outfits. In 2014, of the four Lok Sabha seats that comprise Gorkhaland, Banerjee's party TMC won three; Bharatiya Janata Party's (BJP) S S Ahluwalia won Darjeeling backed by GJM; in 2009, BJP's Jaswant Singh achieved the same feat. After decimating the Left and Congress opposition, Banerjee's last target is the BJP, especially in Darjeeling, heartland of the Gorkhaland movement.

This began in the early 1980s, led by Subhash Ghising's Gorkha National Liberation Front (GNLF), but was successfully resolved in 1988, when then-chief minister Jyoti Basu engineered a deal to grant some autonomy to the Darjeeling Gorkha Hill Council. In 2007, hardliners in the GNLF quit their parent party and formed GJM, led by Gurung: their demand was nothing short of full statehood for Darjeeling, and foothills of the Terai and Doars.

But courts ruled that Gorkhas did not have adequate claim over the last two areas. Banerjee struck a deal to form a Gorkhaland Territorial Administration (GTA) with administrative, executive and financial powers, but no authority to legislate.

Statehood for Gorkhaland is practically and politically impossible. It is too small an area to be self-sustainable. Politically, TMC will never grant statehood to Gorkhaland, because it will drive away the vast majority of plains-dwelling voters, who oppose division of the state. The BJP does not know whether to support or ditch the demand for statehood. So, GJM and TMC must negotiate, the state perhaps ceding greater autonomy and financial assistance to revive tourism and Darjeeling's storied tea plantations.

One of the best solutions to a common problem scientists have ever offered

What To Do When the Wheelie Wobbles

There are some things that appear to beggar scientific explanation — and solution. Like why toasts burn suddenly, why teapots drip inevitably, why some songs just keep buzzing round in the head, why your own voice sounds different when you hear it from a gadget rather than when speaking. But most, if not all, of these conundrums do have logical reasons, even if many people do not always buy the arguments. While the information that coffee spills are due to fluid dynamics cannot obviate on-the-go disasters, knowing that alkaline breads made with baking soda will crisp up faster than acidic ones is good to remember in the morning. However, a resolution of the issue of wobbly wheelie suitcases — one of the banes of modern-day travel — is certainly more pressing, with the holiday season in full swing.

The annoying sway that "strollies" have just when passengers are making a dash for the boarding gates of trains and planes are called "undamped rocking oscillations" in science-speak. That scientists have recently pinpointed that "translational motion and the three-dimensional rotational motion drives the rocking instability" is less enlightening and useful than the very handy and counterintuitive tip they have offered as a result of their discovery: that it is better to speed up when the wheelie wobbles rather than slow down.

NOW & THEN An India-US energy tie-up can raise efficiency, spread new tech everywhere

Energise This Relationship



Jaideep Mishra

Prime Minister Narendra Modi needs to purposefully energise the US-India strategic partnership when he visits Washington next week.

It is a matter of regret that President Donald Trump has decided the withdrawal of the US from the Paris Agreement on climate change.

But the pullout is no disaster. The US is quite likely to meet its Paris commitment to reduce greenhouse gas emissions by 26-28% below 2005 levels by 2025, thanks to switching of fuels, pledges by states and the dynamic ecosystem for innovation and diffusion there. Also, coal usage in the thermal power sector in the US has declined by about 30% in a decade or so.

Don't be a Fossil

It is likely to fall further in the medium term and beyond, although it was only in 2016 that natural gas exceeded coal in the US electricity generation mix. But coal consumption in the US is high: nearly 50% higher than Coal India's output of a little over 500 MT.

Trump now seeks flexibility to ramp up coal consumption. The US Energy Information Administration (EIA), in its latest report, expects an uptick in coal usage, due to reasons like higher gas prices in the US. But the availability of conventional fossil-fuelled power is actually likely to boost green renewable solar and wind power generation, not lower it.

When it comes to renewables like solar power, there's very high variability and uncertainty, particularly in cooler climates. So, pending utility-scale energy storage, what's required is conventional power to effectively step up renewables.

Which brings us to the ground reality of a heavy dependence on coal for years. For example, coal consumption in China is a gargantuan 3.3 BT a year, which clearly needs to be proactively reduced. Elsewhere, in Germany, for instance, coal usage remains substantial. Estimates suggest that coal accounts for almost half of all emissions worldwide.

The EIA's projection is US coal usage at about 600 MT in 2040. But this is almost certainly a gross overestimation that does not take into account the ongoing structural shifts in the energy field the world over.

Nevertheless, the US and India need to join hands to proactively rev up thermal efficiency in coal usage. It would raise productivity in the coal sector, which, in turn, is more likely to provide jobs in the US coal belt, and, most importantly, would also stem carbon emissions that cause environmental harm, global warming and climate change.

Sure, the US and India must stay engaged bilaterally for research and development in the domain of renewables, energy storage and smart grids, apart from maintaining multilateral association in fora such as Mission Innovation. But it makes no sense to ignore the elephant in the room: coal.

The policy wonks may see no big deal in a dirty fuel. But there's huge potential for systematically and substantially increasing thermal efficiency in coal-powered plants and consequently sharply bringing down emissions here. And, concurrently, there's the need to jack up attendant productivity



Power points

ty for coal to stay relevant in a highly competitive economy like the US.

The Modi-Trump talks must explore options for serious bilateral engagement in the conventional thermal sector. To begin with, the forum to share best practices and processes in thermal stations needs reviving. Recent reported innovations like quick-starting thermal plants, which require disembodied technical change and skills training, need to be widely diffused both in India and the US.

Large Thermal Blanket

It would lead to synergy in the energy domain, and better integration with renewables like solar power for increased overall economic efficiency. This would, of course, also reduce carbon emissions.

Further, the US needs to leverage its resource base to commercialise technologies like coal gasification-combined cycle plants to achieve almost 60% thermal efficiency in coal. It should then be very well possible to compete with natural gas. Additionally, the US needs to aim to have 'carbon capture and use' technology.

Note that most Indian thermal stations have plant efficiency of about 30%. Plants incorporating supercritical boilers have efficiency levels at least a third higher. And we are now building plants with ultra-supercritical

cal boilers. Also, the cabinet committee on economic affairs has reportedly given the green signal to have indigenous advanced ultra-supercritical technology ready by 2020.

A vigorous bilateral US-India engagement in the thermal power sector would better disseminate best practices and innovation, and shore up sector productivity while reducing emissions. In the medium term, it should be possible to indigenise coal gasification technology to run combined-cycle plants using Indian resource endowments.

Fortunately, the Clean Environment Cess of ₹400 levied per tonne of coal now adds 'billions and billions and billions' (in US funds) to the corpus annually. The funds can be leveraged to have, for instance, solar-powered lighting, water pumps and chargers for e-vehicles. One estimate suggests the potential for 100 GW power capacity simply as infrastructure for e-vehicles, which is almost one-third of India's current generation capacity. So, more requirement for funds.

The bottomline is that an India-US focused energy tie-up can very much raise efficiency and productivity and spread innovative technology for mutual benefit and gains. It would pay rich bilateral dividends.

jaideep.mishra@timesgroup.com

A US-India engagement in thermal power would better disseminate best practices and innovation, and shore up sector productivity while reducing emissions

WIT & WISDOM

"I never expected to see the day when girls would get sunburned in the places they now do."

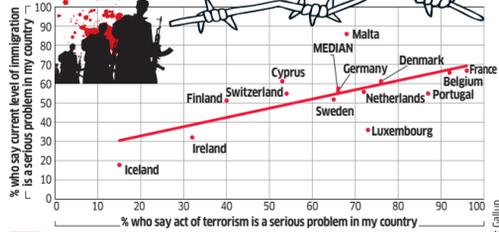
Will Rogers
Actor

Terrorism & Immigration

In Europe, residents' tendency to view immigration as a serious problem in their country rises with their likelihood to describe terrorist attacks the same way, even though some of the recent attacks in Europe have been carried out by native-born residents rather than recent migrants. See the chart below...

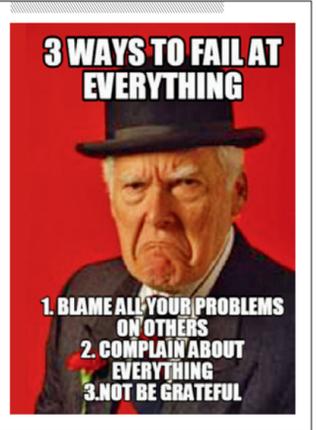
Concerns about immigration rise with terrorism fears in Europe

Q. Do you think each of the following is a serious problem in your country? (Percentage who say...is a serious problem)



Across 14 European countries that Gallup surveyed last year, a median of 66% of residents say acts of terrorism by non-residents are a serious problem in their country

MEME'S THE WORD



IT INDUSTRY

The Industrious Revolution



B V R Mohan Reddy

Of late, the media have been highlighting job losses in the IT industry and painting a gloomy picture ahead. Given the technology-driven nature of this sector, job roles constantly evolve. This means the workforce is on a perennial learning curve. Maintaining reasonable performance standards, along with upskilling and reskilling, is essential to sustain and survive in such a business environment.

Digital technology is everywhere today. Applications are used across a range of industries. So, the need for a skilled workforce in the emerging technologies will continue to rise, even as some of the existing ones need to fade away. Like any other industry that strives to be competitive, the IT industry also goes through performance-linked workforce realignments annually. This results in attrition of 0.5-2% of the workforce. This is healthy and ensures that the industry remains a lean, mean, fighting machine by reducing inefficiencies and remaining globally competitive. Mind you, these separations are performance-linked, not layoffs.

There is no denying, however, that automation is nibbling away new recruitments. The IT industry is, indeed, hiring a shade lower than what has traditionally been the norm. The fact of the matter is that technology-led automation is no more an option but a necessity. But as a recent McKinsey study reveals, for every one million existing jobs that fall under the scythe of automation in the future, 1.9 million jobs will be created in the same timeframe.

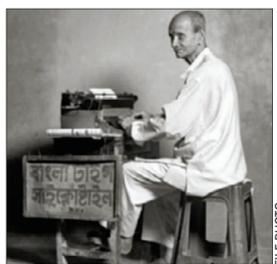
Beyond performance-based separations and automation, there are also issues including geopolitical shifts, disruptive technologies and new skill sets.

Which is what makes rapid technology shifts, and the accompanying need for a workforce to arm itself with new skills, more challenging.

Emerging technologies like the Internet of Things, virtual reality, big data analytics, artificial intelligence (AI), robotic process automation, 3D printing and cloud computing have brought disruption to many industries. The IT industry is also going through similar disruptions where digital technologies are helping to create newer roles where automation becomes the norm for low-end, repetitive jobs. On the flip side, this leads to better-paid jobs.

Technology disruption is also forcing people to acquire multidisciplinary skills. Some examples of newly emerged job roles: visual effects (VFX) artist, computer vision engineer, wireless network specialist, AI researcher, robotic process automation (RPA) developer, cloud architect, 3D engineer, language processing specialist and cyber security analyst. For most of these job roles, there is a shortage of skills in the market. The new workforce needs to get trained in these technologies and add them to their professional arsenal.

A recent study concluded that only 25% of fresh engineering graduates in India are actually employable by any technology company. At the same time, a Nasscom study reckoned that 40% of the 3.7-million-strong IT workforce requires reskilling over the next five years.



And then he moved to the keyboard

to keep pace with emerging technologies and automation. To address the former challenge, the engineering curriculum and quality of education have to be significantly upgraded. To manage the latter, Nasscom is already working with many IT companies to reskill nearly a million people.

Technology is making it possible to learn anytime from anywhere. Industry has started adopting next-gen learning methodologies like gamification, flipped learning and augmented and mixed reality. New ideas and thoughts, like networked learning for instantaneous and contextual suggestions from peers, are being adopted to create a highly skilled and competitive workforce.

While fresh graduates are picking up skills based on industry requirements, professionals with management profiles are also shifting towards product management. Employees with more than five years of experience, like project managers and mid-level executives, are taking up courses on machine learning, AI, micro service architectures and user interface/user experience.

India's IT industry has come a long way in creating a global technology brand. Along with the spice and diamond trades, IT has been the most successful industry in the country's history. The industry will reinvent itself — it is reinventing itself — and one must recognise that side of the story. IT has been a cornerstone to the growth and prosperity of India's middle class. And it will continue to help expand that base.

By 2025, the IT industry is expected to double its employee strength to over seven million people directly, and over 10 million indirectly. A strong focus on skill development will help India walk through this tricky journey of digital transformation, so as to reach the destination of an increasing number of better-paid jobs that require more high-end skills. Which, in turn, will lift India's IT Industrial Revolution 2.0 boat out of any low-end 'conveyor belt production line' sea.

The writer is executive chairman, Cyient

Citings

Managing Oneself

TASHA EURICH

I've spent the last three years digging in to the topic of self-awareness. What we found is that it's made up of two types of knowledge. One is what people normally think of, which is that introspective awareness, seeing ourselves clearly, knowing what we value, what we aspire to do.

But equally importantly and frequently neglected is the idea that we should also know how other people see us. There are quite a few people who possess one of those types of knowledge, but not the other. That's really where it gets in their way. What we've learnt through our research is that people who have both types of self-knowledge and balance them are the ones who are the most successful at work and in life.

My research has shown that 95% of people think they're self-aware, but the real number is closer to 10-15%. I always joke that on a good day, 80% of us are lying to ourselves about whether we're lying to ourselves. A lot of times, the people with the most room to improve are the least likely to know...

There are many societal forces that are converging on us whether we want them to or not: social media, the self-esteem movement, as well as our natural tendencies to see ourselves through rose-coloured glasses. The benefits of self-awareness don't extend just to work. It helps us make smarter decisions. It helps us form better relationships. It helps us be more successful in our careers. People who are self-aware are much better leaders.

From "Are You a Self-Aware Leader?"



The Spiritual Type You're

ASRINIVAS

The spirit is free, light and beautiful as a bird. "Hail to thee, blithe spirit! Bird thou never wert," wrote Shelley. Poets and mystics would contemplate on riverbanks and groves on the finer truths of life. Or, like Adi Sankara and Guru Nanak, they would travel through forest and desert in search of wisdom. But are these distillations lost on today's world? Not really, for the life of a professional is not necessarily antithetical to spiritual pursuits.

An academic can be a spiritualist, if he realises the limitations of the intellectual realm. As Jiddu Krishnamurti says, mind and thought are the source of evil. T S Eliot, inspired by the Gita, celebrates stillness amidst movement, fixity amidst fluidity, silence amidst music. The intellectual tends to divorce mind from body, but unity can be achieved through yoga and meditative techniques.

Most of us, by force of sub-conscious habit, introduce our experiential and intellectual baggage into our interactions with people. This not only distorts our understanding of the material reality but inhibits our spiritual growth as well. We stew in our 'here and now' boxes, unable to elevate ourselves as a bird would.

Yet, the validity of experience should not be discounted. Experience should be assessed with a certain heightened objectivity for one to draw the right lessons for one's actions. It does not preclude pain and compassion; but it discards obfuscation and hypocrisy. The Bhakti tradition sees no reason to regard love for God and fellow humans as two distinct phenomena.

Chat Room

Check Backbone Density First

Apropos the Edit, "GST: Focus on the Tech It Rides On" (Jun 21), the pivotal revenue tool of GST is dependent on fail-safe and 24x7 connectivity. With the telecom regulatory trifecta of the ministry of communications, DoT and Trai busy adding riders and fiat to policy, the resultant debt-stress on the operators is getting pronounced. To create an all-pervasive Digital India, telecom backbone needs to be scaled up in reliability and speed. The gap between policymaking and regulation in Indian telecom needs to be promptly closed, else, GST may be the first casualty.

R NARAYANAN
Ghaziabad

Passionate and Dispassionate

This refers to the Edit, "Courageous Kalanick for the Greater Good" (Jun 22). Shareholder return is not sufficient to retain the trust of the CEO if the organisational culture threatens to affect the business outcome. Besides, a startup's boss has to transform his leadership style as much as he transforms the organisation in its transition to stability. Aggression and impatience have to be tempered down by understanding and listening. Travis Kalanick's ouster marks a new awakening among shareholder-investors, to rein in overconfident and reckless CEOs.



transform his leadership style as much as he transforms the organisation in its transition to stability. Aggression and impatience have to be tempered down by understanding and listening. Travis Kalanick's ouster marks a new awakening among shareholder-investors, to rein in overconfident and reckless CEOs.

Y G CHOUKSEY
Pune

Doles and Sops Hurt Everyone

Apropos "Tighten Belts, Loosen Strings" by Dharmakirti Joshi and Adhish Verma (Jun 22), a state's spending over mandatory (UDAY, Seventh Pay Commission) and development expenditures (infrastructure, education and health) are justifiable, but resorting to unwarranted doles and sops to garner popularity are a burden on its finances and, ultimately, a hole in common man's pocket. It is expected that GST will give a breather in the form of uniform taxes across the country.

MONIKA ADWANI
Indore

Letters to the editor may be addressed to editet@timesgroup.com