

Essar Resolution: Legal Tussle Ahead

Selective speed in judicial working not doable

The Gujarat High Court has dismissed a plea by Essar Steel that had contested bankruptcy proceeding against it. This does not mean swift resolution of Essar Steel. The high court has, on the one hand, deemed it fit for the National Company Law Tribunal (NCLT) to decide on the merit of the bankruptcy petition filed by Essar's lenders, and, on the other, based its decision to allow the bankruptcy petition to proceed to its adjudicating authority, the NCLT, only because Essar's petition did not challenge the validity of the bankruptcy code itself. What this means is that Essar could well make good that deficit and decide to challenge the bankruptcy code's legal validity, potentially delaying the resolution process till a decision on that challenge is forthcoming.

Further, the court ruling makes it clear that a decision by the NCLT itself would be open to legal scrutiny, if challenged by the company being resolved. This places great responsibility on the tribunal and also opens the possibility of further legal challenges, post an NCLT determination. The court's pregnant observations on corporate distress arising from dumping by foreign companies portends anything but smooth sailing for the resolution petition. While it is no one's case that lenders or the NCLT should be unfair to defaulting borrowers, what is at stake in the resolution petitions that the RBI has asked banks to initiate, including Essar's, is the economy itself, going far beyond the companies directly affected. Banks are saddled with bad loans that have been throttling credit growth. They need to liquidate their bad loans or sell them off. In either case, the bankruptcy code needs to work. Swift unwinding of the banks' bad loans is the only way to kick-start stalled private investment in the economy.

The judicial system must work with speed, in general, if all appeals that appear before it are to be disposed of with dispatch. There is no working around this requirement, if resolution of bad loans or prosecution of crime is to be accomplished fast. Clearly, seeking speed in just some parts of judicial working will not go far.



A Calf That Points to Earth's Vulnerability

A trillion-tonne piece of the Larsen C Ice Shelf in the Antarctica has broken off and a piece of ice 5,800 sq km, four times as large as Delhi, now drifts in the sea. It brings to a close the end of decades-long splintering first spotted by satellites in the 1960s and remained small until 2014.

Scientists deny there is any clear, global-warming link between rising levels of carbon dioxide and the calving of the ice shelf. However, human activity may have contributed to its calving nonetheless. Unlike the Arctic ice melt, the calving of the ice shelf will not immediately contribute to rising sea levels. However, the breaking of 40 trillion cu ft of ice from the Antarctic ice shelf in a manner that changes the geography of the South Pole region should give added attention to climate change, the Paris accord to combat it and US withdrawal from it, and President Donald Trump's second thoughts on the subject. It should also give added impetus to efforts by governments, cities and action groups to reduce their carbon footprint. In time to come, scientists studying the events are likely to be able to pinpoint the extent to which human activity induced or accelerated the cracking of the ice shelf. The Larsen A and Larsen B ice shelves have recorded significant calving events since 2000. What is clear is that governments, state and local authorities, communities and businesses need to manage and eventually reduce their ecological and carbon footprint.

The time to act is now. Action cannot be limited to clean energy choices, it must encompass the more efficient use of resources, the willingness to adopt an approach that emphasises reducing, reusing and recycling. There is no Planet B for those who are not Elon Musk, and every effort must be made to keep the earth in balance.

It's no state secret that Indians are an uncut diamond's best friend

Diamond Sellers Need to Join the Polki Dots

That diamonds are a girl's best friend has never been contested, and big or small, those shards of fiery white carbon are still the most coveted of precious stones. Which is why it is shocking that the largest diamond ever to be mined since the gargantuan 3,106-carat Cullinan was unearthed in 1905 — the 1,109-carat uncut Lesedi la Rona — remained unsold at an auction recently for failing to reach its modest reserve price of \$70 million. After all, earlier this year, the comparatively minuscule 59.6-carat Pink Star diamond topped that figure at \$71.2 million, to become the world's most expensive gemstone ever sold; and last year, the Oppenheimer Blue diamond (a mere 14.62 carats) sold for \$57.5 million.

Of course, most of the usual suspects generally in need of such large rocks are now chary of doing so, such as the British royals. They anyway have reaped the benefit of more generous times with Edward VII actually being gifted the uncut Cullinan, three of whose largest 'babies' (created when it was cut into many smaller cut stones) repose in the family's crown jewels. But, surely, there are some new types of royalty who may want to sport an eye-popping tiadem or two of their own? GST notwithstanding, Indians have a particular fondness for polki (uncut) diamonds. Lesedi's sellers have been looking in the wrong direction for buyers.

Today's companies need to ensure that being socially responsible is part of the brand's DNA

Yes, It Pays to be Good



Prasoon Joshi

Some days ago, the mundane need to buy a pair of shoes made me think of Blake Mycoskie's Toms Shoes. Business lore has it that about a decade ago, Mycoskie, on a visit to Argentina, was so affected by the plight of barefooted children, that he went on to create a company that would match every pair of shoes bought with a new pair for a child in need.

This idea went on to evolve into a powerful business model, translating into a \$300-million company that Mycoskie sold half of in 2014. Last heard, this 'One for One' model — or, as I prefer to think of it, 'Consumption with Compassion' — has been expanded in companies selling other products such as spectacles.

My train of thought was interrupted by a text message congratulating our company's performance at the Cannes Lions Festival. Immunity Charm, an initiative for the Afghan health ministry tackling high infant mortality, had won a Grand Prix and several awards. Fearless Girl, the bronze statue sculpted by Kristen Visbal of a young girl boldly facing the charging bull at Wall Street — State Street Global Advisor's endeavour to have more women in boardrooms — was also a winner. Both campaigns were from McCann Worldgroup stable's India and New York offices respectively.

Among other medal winners were Channel 4's 'We are the Superhuman'

campaign, aiming to change people's attitudes towards disabilities through the Paralympic Games; and Whirlpool's 'Care Counts', underscoring the direct correlation between a student's access to clean clothes and high school attendance.

So, is 'being good' now a trend? But haven't mainstream brands been doing socially responsible work for years and showcasing them too? What is different now?

Till recently, social initiatives were considered part of the magnanimity of the company, its CSR (corporate and social) effort. Now, they are increasingly being considered essential, as they affect the core of the brand and are reflected in sales figures. The 'Inform-Entertain-Involve' model now has intrinsic value to contend with.

Do You Only Make Steel?

From it being a one-way street where brands reached out, today it's a consumer highway where brands are discussed in absentia. Consumer-to-consumer (C2C) discussions on how they choose products and brands in their social and political landscapes make it imperative for a brand to leave ideas and germs of value to grow.

Moreover, in the product-market-brand and C2C communication algorithm, there is a newer voice gaining traction: that of the informed consumer. The mindset of the millennial has been shaped uniquely. They are making and giving away money faster than any previous generation.

Millennials don't work just for a pay cheque but for a purpose. For them, the goal is not development of just the self but of their milieu, with work-life not compartmentalised but collapsed into one continuous existence. Businesses, for them, should respond to big issues like gender parity, child rights, environmental protection, etc. And many of them are willing to pay for the principle.



Prophet, no loss

tection, etc. And many of them are willing to pay for the principle.

Nielsen's analysis shows increased sales for brands with sustainability claims on packaging. Additional price for ethical products is not hard to sell in this era. Sure, this is truer for the top rung of educated consumers. But it would be myopic to think that there would be a gradual trickle-down. In this age of social media, it could well be a torrent.

Add to this, the tech, data content, the fractured media landscape being redefined as we speak, in terms of the media and the messaging. This hyper-connected world, where senses clash and converge, engages and embroils consumers in a mixed reality.

There is also a trust deficit at play in consumers' mind. The fluidity with which companies appear and disappear, be it e-commerce or mobile hardware, has the consumer looking for a modicum of certainty. And that assurance can come from a specific value system that is becoming essential for a brand to embody and exude.

But in many cases, a certain tokenism has crept in: a pilot project without any intention of scaling up, a limited edition product or a clever brand campaign. But people can see through gimmicks and, these days, they

identify what is fake and exploitative sooner than they did earlier.

It also may not be enough to think that 'doing good' in parts will instantly win over customers. If a brand's well-intended but shallow efforts are not in tune with the core values, a discordant note will soon become apparent. The discerning will identify how the brand 'is', in terms of its products, services and marketing, and what it portrays through socially good initiatives. And if these are not in sync, the brand's equity will be diluted.

Swachh Corporate Abhiyan

Brands are starting to incorporate integrity, transparency and sustainability into their overall approach. This is apparent in campaigns like Dettol's 'Swachh Banega India', which tackles a real issue of society, and entails investing and building cleanliness habits and partnering with the government.

Investing in the Good for the long term builds a relevant connect with the brand and its consumers in a larger social context. It allows the company to shape the legacy beyond profits that they want to have and leave behind.

The writer is chairman, McCann Worldgroup, Asia Pacific

For millennials, businesses should respond to gender parity, child rights, environmental protection, etc. And many of them are willing to pay for the principle

WIT & WISDOM

"I never think of the future — it comes soon enough."

Albert Einstein
Physicist

Engg Colleges: Problem of Plenty?

There were no takers for more than a quarter of the seats in government engineering colleges* and roughly half in the private ones in the academic year 2016-17, according to HRD ministry data...

UG & PG courses in engineering & technology institutes, 2016-17

	Approved intake	% of vacant seats
Government institutes (411*)	1,45,896	28.48
Private institutes (2,980**)	16,07,540	53.99

States with the largest number of govt institutes

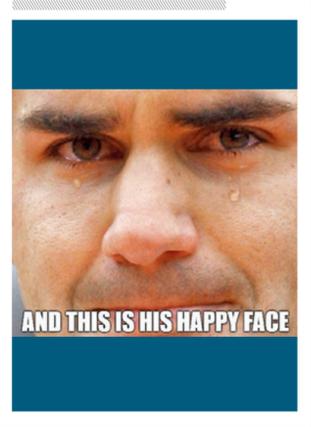
State	Approved intake	% of vacant seats
Kerala (53)	17,824	21.48
Uttar Pradesh (42)	9,705	31.74
Maharashtra (30)	10,856	17.60

States with the largest number of private institutes

State	Approved intake	% of vacant seats
Tamil Nadu (504)	3,02,335	51.32
Maharashtra (347)	1,64,952	47.57
Andhra Pradesh (317)	1,94,530	51.04

*Undergraduate/PG; **India total; number of institutes in brackets

MEME'S THE WORD



CYCLICALITY

Ride Out the Pendulum



Gaurav Dalmia

If one views the despondency in the US and Europe from an Asian lens, it looks incoherent, yet it's not entirely unpredictable. Xi Jinping's speech, celebrating globalisation, in Davos in January was an echo of what Western economies had been telling developing countries for decades.

This reversal is less surprising if one views trends with an eastern philosophical perspective, which see human affairs as cyclical, as compared to western wisdom, which sees world events as linear. Both empirically and logically, cyclicity has a robust proposition.

Cyclicity is also well espoused by the Strauss-Howe Generational Theory, expounded by William Strauss and Neil Howe in their books Generations (1991) and The Fourth Turning (1997), which views history as four consecutive phases of roughly 20 years each, which the authors call 'High', 'Awakening', 'Unravelling' and 'Crisis'.

Each phase produces a generation that is fairly stereotypical. Since they are shaped by common experiences, they tend to exhibit predictable beliefs. These behaviours, in turn, sow the seeds for the next phase of history. So, straight-line extrapolations often fail. Such historic 'bends' are not sharp curves. They meander slowly, remain unnoticed, and given enough time, they take us to unexpected places. They are fully appreciated only with a rear-view mirror after a lot of traffic has passed.

Such cyclicity has profound implications at both the macro and micro levels. It's driving the current surge in populism in the West. It explains the middle-income trap that many developing countries are facing after long periods of extraordinary progress. It

leads to the churn one sees in the business league tables, and is the underlying cause of the weakening of global institutions we are witnessing.

The last decade has been eerily similar to the Great Depression-World War 2 era of the 1930s and 1940s. The world saw a big recession and the war on terror. Replaying that period, successive generations had been conditioned to believe in upward mobility. That implicit social contract is broken. This generation is finding stagnant incomes and more constrained opportunities. Hence the pendulum swinging towards protectionism.

These swings are multi-decade trends and reverse with generational shifts. The swing towards populism — in both the Left and Right variants — became noticeable after the 2007 financial meltdown. The effects have been accumulating. Populism and protectionism in the West should run its course for almost another decade.

By contrast, in Asia, the opposite cycle is at play: The mood is confident. Indeed, Asians would not have voted for a Brexit or a Donald Trump. Well, at least not yet. Asia is not immune to cyclicity, and will ultimately face the same currents as the West. Disbelievers should look at the middle-income trap. World Bank data shows that of the 101 middle-income countries, only 13 have managed to transition to the next stage. In Asia, Thailand, the Philippines and Indonesia, all failed to enter the



Swing is in the air

rich country league. South Korea has been the only exception. The qualities that make countries move from a low-income country to a middle-income one diminish as the generation that drove the transition disappears and new generations take over.

Successive generations do not have the history and experience of extreme poverty. Their narratives get altered. Their dilemmas are different. Growth plateaus, leading many countries to be confined to middle-income status.

Similar intergenerational complacency causes many churns in the league tables: biggest companies, richest billionaires and the third-generation syndrome in family businesses. Management theorists have called it affluenza, a product of prosperity, which diminishes the drive of the successful.

It's often mistaken for an innate weakness. Rather, it is a circumstantial sub-optimisation. Wealth brings the option of lack of purposeful pursuits. Success seems to sow the seeds of its own destruction a few decades down the line.

Political scientist Francis Fukuyama's warnings about institutional decay in global public institutions arise from the same core problem. Disorder can arise if social modernisation moves more rapidly than political and institutional modernisation. The idealism with which many political movements and institutions are set up get diffused over time. Managerial incapacity ideological polarisation and interest groups come to dominate.

This suggests a sense of inevitability in world affairs. That need not be so. The challenge before leaders is to develop a larger picture, rather than just focus on the myopic views shaped by the noise of the times. Cyclicity theories are not divine pronouncements. They are observations of human fallibility.

Dynamism is a carefully cultivated value, not a default trait. Long-term success is not a product of favourable circumstances but of favourable mindsets.

The writer is chairman of Dalmia Group Holdings

Citings

Strategic Insight

JAYANTI KAR ET AL

General ideas can be misleading, and as strategy becomes the domain of a broader group of executives, more will also need to learn to think strategically in their particular industry context. It is not enough to do so at the time of a major strategy review. Because strategy is a journey, executives need to study, understand and internalise the economics, psychology and laws of their industries, so that context can guide them continually.

Nascent competitors are another easy-to-overlook source of disruption. Senior strategic thinkers are, of course, well aware of the need to keep an eye on the competition, and many companies have roles or teams focused on competitor intelligence. However, in our experience, often too many resources — including mental energy — are devoted to following the activities of long-standing competitors rather than less conventional ones that may pose an equivalent (or greater) strategic threat.

A more adaptive strategy-development process places a premium on effective communications from all the executives participating. The strategy journey model described by our colleagues, for example, involves meeting for two to four hours every week or two to discuss strategy topics, and requires each executive taking part to flag issues and lead the discussion about them.

In such an environment, time spent looking for better, more innovative ways to communicate strategy is rarely wasted.

From 'Becoming More Strategic: Three Tips for Any Executive'



Your Actions and You

ANIRUDH MEHRA

Is everything preordained? Or do we make our own destiny? Here's a story that might help provide an answer.

A gardener was working in his garden when a cow wandered in and started grazing on a mango sapling. The sight of his favourite sapling being devoured by the cow outraged the gardener so much that he thrashed the animal to death. The news spread like wildfire. Since killing the sacred animal was a sin, the villagers threatened the gardener to face the consequences. But he denied the charge, saying, "No, I didn't kill the cow — my hand did. And as Lord Indra is the deity of hands, it is the Lord who has incurred the sin, not I."

Indra, who was watching all this from the heaven, disguised himself as an old man and appeared at the scene. He started praising the garden loudly, "What a beautiful garden! Whoever has planted the trees has done it very skillfully and artistically." The gardener at once turned towards Indra and said, "Thank you, sir. It is my garden. I have planted all these trees with my own hands." Then the Lord said with folded hands, "When you take credit for all the work done in this garden, it is not proper to hold poor Indra responsible for killing the cow."

Just like the gardener in the story, we are quick to accept any praise or admiration that comes our way; while we cite "God's will" when anything wrong or tragedy strikes. We must realise that no one else but we are responsible for our actions and the consequences they yield.

Chat Room

Time to Fire All GST Engines

Apropos the Edit, 'GST Has A Good Start But Needs Help' (Jul 17), no doubt the GST rollout has met less glitches and more support, but the inability of the unorganised sector, including small traders, to implement it is causing a lot of consternation. Even a fortnight after the launch, many companies have not been able to start the billing process because of technical glitches. Handwritten invoices are reportedly being issued with incorrect HSN codes. The GST Council needs to swiftly resolve the glitches.

ASHOK GOSWAMI

Chennai

Many Coaches, Cricket Derailed

Boria Majumdar has rightly pointed out that in the coach selection process, 'Indian Cricket is the Loser' (Jul 15). This is a classic case of 'too many cooks spoiling the broth'. The BCCI is cash-rich, but then why expend valuable resources on



separate batting and bowling consultants. Having three coaches for a contingent of 15 players is a luxury that Indian cricket can ill-afford, especially when there is a dearth of good coaches even for manning state teams. And these mentors/coaches might end up working at cross-purposes, affecting the team's performance.

AMIT BANERJEE

New Delhi

Federer is the Slam Brand

After winning the Wimbledon title for an unprecedented eighth time, Roger Federer stands a little taller than his peers. To win 19 Grand Slams at the age of 35, without dropping a set, is a record that will take some time to be beaten. This victory is a tribute to Federer's skill, stamina, determination and dedication. In an age of aggressive brashness, his impeccable behaviour and humility on and off the court should serve as a lesson to those aspiring to reach the top in the world of sport.

ANTHONY HENRIQUES

Byemail

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