

# Ram Nath Kovind, President of India

Past obscurity need not hinder new stature

Ram Nath Kovind, the candidate of the BJP-led National Democratic Alliance (NDA), is India's new President, beating Congress' Meira Kumar comfortably. Apart from the fact that both are Dalits, similarities between them end: Kumar was Speaker of the Lok Sabha during the Congress-led UPA government and a nationally visible political leader. Before being nominated as NDA's presidential candidate, Kovind was an unknown quantity to most people. He will arrive in Rashtrapati Bhavan after vacating the Raj Bhavan in Patna — he was the governor of Bihar from 2015. Kovind has never won a Lok Sabha election, but has been a long-time member of the Upper House. His predecessor Pranab Mukherjee has been one of India's most recognised and astute politicians, navigating national and Congress politics with equal ease. In contrast, Kovind's political CV is pretty thin. But it is for him to acquire new stature in his new office.

As President, Kovind will have to relinquish his party affiliation and become an impartial arbiter. Yet, it would be a major surprise if he were to withhold assent, as his predecessors have, to controversial state Bills that seek to curtail democratic rights in the name of fighting organised crime. The President is the sole shareholder of all state-owned enterprises, the commander-in-chief of the military and has the final word on pardoning or sending convicts to the gallows. Governors of all states nominally report to the President, who also has the authority to send draft legislation that he disapproves of, back to the government, which has the final call on his objections.

But the biggest indicator of presidential integrity is when state governments are disrupted by party squabbles or central diktat. For all his wisdom and experience, ex-President Pranab Mukherjee signed a decree imposing central rule on Arunachal Pradesh and Uttarakhand last year; he was quickly overruled by the Supreme Court. This will remain a blot on his presidency. Kovind must be wary of such pitfalls — and follow constitutional norms impartially. We wish him all the best.



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Doklam is serious. But this is China's continuation of adversarial politics by other means

# No Chinese Takeaway This



Seema Sirohi

Four weeks and running, the India-China standoff at Doklam shows no sign of ending. Yes, this one near the borders of India, China and Bhutan seems different and more menacing. It is the first time that India has engaged China from a third country — a fact that seems to have shocked some layers of the Chinese establishment.

The message from China's official, quasi-official and non-official sources is the same, the difference being the degree of belligerence: India is at fault, it must back down, withdraw its troops and let Bhutan and China sort out their boundary dispute. In other words, China should have the freedom to coerce a tiny country.

## Hidden Tiger

India has maintained a calm but firm stance, kept the temperature low on its side and sent signals it wants to sort the problem with dialogue. The reporting has been sane with none of the hyperbole coming out of various founts of the Chinese media machine. Thankfully, there has been no change of the Indian TV brigade.

Outside experts have weighed in — deconstructing the developments with keen insights. Lapsed ones like 1962 Sino-Indian war scholar Neville Maxwell have also offered their predictable views based on realities frozen in the past. Interestingly, Max-

well's diatribe came without any input from the Chinese. He was floundering for information from sources far from Beijing. The rest was bias.

The reasons for China forcing a boundary dispute front and centre are many: China under President Xi Jinping has flapped its wings all around: from the oceans to the Himalayas to test the resolve of targeted countries.

This also happens to be an 'election' year in China — even though the winner of the game of thrones is already known.

The 19th Congress of the Chinese Communist Party is expected to anoint Xi for a second term. But he is manoeuvring to stay in power beyond the traditional 10 years. At least one prominent rival was put under investigation last week for — what else? — party indiscipline. Xi could be around until 2027.

There was no pressing need for the current confrontation with India. But it is continuation of adversarial politics by other means. The mythology around the closed Chinese system is so exaggerated that Western experts step gingerly around its constant aggressions, almost afraid to call China out as they do Russia.

The Chinese have cleverly managed to play both instigator and victim in the Doklam stand-off. Making a distinction between India and Bhutan, and treating them separately without any cognisance of the India-Bhutan Friendship Treaty, profits the Chinese. It allows Beijing to demand that India unilaterally vacate its positions on China's terms.

The Chinese also chose the time carefully. Their road-building in Doklam came before Prime Minister Narendra Modi's meeting with US President Donald Trump, and after his meeting with Xi in Astana on the margins of the Shanghai Cooperation Or-



Paaji, are they pulling a fast one on us?

ganisation (SCO) summit.

Earlier, border transgressions, such as the one in Depsang, occurred when Sino-Indian relations were relatively stable — or at least in better shape than they are now. Who bears primary blame for deterioration is a matter of judgement.

After Modi naively tried to establish a personal relationship with Xi and failed, the more innate parts of the BJP's thinking on China appear to have crept in. This may have partly led India to 'expose' China on issues related to Pakistan: India's entry into the Nuclear Suppliers' Group (NSG) and efforts to get Pakistani terrorists on the UN sanctions list.

## Crouching Dragon

A cycle of action and reaction followed. The Chinese were apologetic when the Dalai Lama visited Arunachal Pradesh. But why shouldn't a religious leader travel freely in India? The list of hostile acts by the Chinese against India is long, starting with making Pakistan into a bigger nuisance than it already was by augmenting its nuclear and missile capabilities.

They completed the circle by running the China-Pakistan Economic Corridor (CPEC) through territory claimed by India.

China's 'string of pearls' strategy of systematically influencing India's

closest neighbours, its forays into the Indian Ocean and the constant border incursions despite management mechanisms laboriously put in place — Beijing has constantly tried to restrict India's strategic space while slowly gobbling land bit by bit.

India's proximity to the US is deemed suspect and destabilising for Asia. But China can seek a 'new type of major power relations' with Washington. China can violate agreements it signed in the past by simply pleading it was 'weak' then, even though it has been courted by different blocs since the middle of the last century.

China has successfully kept the Association of South Asian Nations (Asean) divided for years, never allowing a consensus to emerge on a 'code of conduct' for settling disputes in the South China Sea.

In China's worldview, no one has the same rights and privileges it does. Not for nothing does China call itself the Middle Kingdom. It's not the middle between Left and Right, but the middle around which the world revolves. Those who know the language and Chinese characters say people often miss this nuance.

No one can predict how or when the current stand-off will end. But we know intimidation is a bully's primary tactic. And if you are not intimidated, the bully normally backs off.

# Bounty for the Fisc, Iffy Gain for Oil

The Cabinet nod for ONGC to buy out the government stake in the second-largest oil refiner and marketer, HPCL, is a bonanza for disinvestment proceeds but means precious little for the oil sector, especially the crucial exploration and production (E&P) segment. The fact is that ONGC's last major oil find was the mid-sized Neelam field back in the 1980s. Note also that ONGC would need to scrape the bottom of the barrel to fund the buyout, which would be at the expense of much-needed E&P. ONGC's cash reserves add up to a paltry ₹13,000 crore, and acquiring 51% stake in HPCL would cost it over ₹29,800 crore, as per the latter's share price. Besides, as control is at stake, surely a premium price is warranted for the buyout. But a more realistic valuation of HPCL would only shore up borrowing costs of ONGC and further misallocate resources for E&P, its core area of expertise.

It is true that global oil majors, more often than not, are vertically integrated, with operations both upstream and downstream. It helps to better balance the high risks and uncertainty upstream, with the volumes play in downstream retailing. However, ONGC already has Mangalore Refinery and Petrochemicals (MRPL) as its subsidiary. In any case, global majors duly leverage their large E&P activity to gainfully foray downstream. Unfortunately, ONGC is not similarly placed. Its only major find, Bombay High, in the shallow offshore, is an ageing 50-year-old field where operations would need to be phased out sooner than later. Yet, it is not clear if ONGC has been able to develop expertise for E&P activity in the deeper offshore.

Global oil majors are heavily into renewable energy as well and there is no reason for ONGC to remain a laggard in the area. Merely acquiring HPCL would hardly help.

Believe it or not, the Dragon and the Elephant are at faithful loggerheads

# Chinese Ban Religion, For Heaven's Sake

Even as China and India engage in a stand-off in Doklam, the two Asian giants also have an adversarial viewpoint on less material terrain. While in India religion — or at least religiosity — is raising its head with so-called gau rakshaks going on what might be called a rampage, China is cracking down on what Marx called the 'opiate of the people', at least as far as all members of the Communist Party are concerned. The party's official organ, the Qiushi Journal, has warned cadres that they must give up all other worldly beliefs which threaten 'unity' or face punishment.

Having fought Opium Wars in its chequered history, the Middle Kingdom now seems to be fighting a rearguard action against what it condemns as the narcotic of nirvana, as represented by the spiritual discipline of Falun Gong or anything else. However, even the most down-to-earth ideology can prove to be as pie-in-the-sky as religious faith, as suggested by the story of the Chinese farmers who were told to recite the thoughts of Chairman Mao when planting seeds, to secure bumper harvests. When asked if he'd done so, a peasant replied that his crop of turnips reached from here to heaven. When strictured that there was no such thing as heaven, the rustic replied, 'There aren't any turnips either.' A perfect example of the precept that Mao can be less.

## WIT & WISDOM

"This stammer got me a home in Beverly Hills, and I'm not about to screw with it now."

Bob Newhart Actor

## Terror Down?

Globally, terror incidents and deaths fell last year, according to a report by the US State Department. Overall attacks had fallen 9% last year from 2015, and deaths were down 13%. Iraq, Afghanistan, Syria, Nigeria and Pakistan accounted for 75% of all deaths, while Iraq, Afghanistan, India, Pakistan and the Philippines accounted for 55% of all attacks.

### 10 countries with the most terrorist attacks, 2016

	Attacks	Change over 2015	Deaths*	Change over 2015
Iraq	2,965	23%	9,764	40%
Afghanistan	1,340	-22%	4,561	-14%
India	927	16%	337	17%
Pakistan	734	-27%	955	-12%
Philippines	482	-2%	272	5%
Nigeria	466	-21%	1,832	-63%
Syria	363	-6%	2,088	-25%
Turkey	363	17%	657	95%
Yemen	363	-21%	628	59%
Somalia	359	49%	740	12%
Worldwide	11,072	-9%	25,621	-13%

\*Including perpetrators

## MEME'S THE WORD



## LABOUR IN INDIA

# Quality of Quantity Counts



Rakesh Mohan & Anu Madgavkar

Over the last few months, a heated debate has taken place as to whether India is creating enough jobs at a time when 16 million Indians are reaching working age every year. Official statistics suggests probably not.

Labour Bureau data suggest that just seven million jobs were created during 2011-15. What this disguises is that India's labour market is undergoing a structural change as it moves from a farm economy to a non-farm one. Employment in farm seems to have shrunk by around 26 million during 2011-15, while non-farm jobs, in construction, trade, hospitality and transportation sectors, appear to have risen by 33 million.

There are issues with the data themselves. But there is a broader, vital issue being overlooked in this debate. It is time to focus not just on whether jobs are being created, but what sort of jobs. A new emphasis on 'gainful employment' is needed.

Gainful employment covers a range of issues beyond net new jobs: the quantity and type of work done by people already in employment, growth in labour productivity, higher earnings, and the quality of working conditions (safety, cleanliness, flexibility, income security and intellectual challenge). It is a more holistic way of thinking about employment in a country like India, given its stage of development.

It is encouraging to see a growing number of stimuli to more gainful employment. One such stimulus comes from GoI's increased public investment in infrastructure, including roads, railways, power, housing, healthcare and education. This spending is creating

work opportunities for an estimated seven million workers, at wages 70% higher than for average farm workers.

Beyond these jobs, investment in improving electricity and roads infrastructure has second-order productivity benefits. For instance, by accelerating the shift from farm to non-farm economy in some of India's poorest states.

Second are the continuing hiring practices of India's information technology (IT) and business process outsourcing (BPO) sectors — even as they implement some automation technologies to raise productivity. These sectors have remained net job creators. Industry estimates show that companies could hire up to three million more workers by 2025, although finding that many workers with the skills to meet changing needs could prove challenging.

Third is the growth of independent work and micro-entrepreneurship. Digital ecosystems are providing new work opportunities with better pay, including in parts of the country less covered by formal labour markets. They include cab-hailing companies, e-commerce players and digital financial services, where financial inclusion initiatives have created jobs for hundreds of thousands of banking correspondents acting as customer service points.

Increased lending under GoI schemes to small entrepreneurs and self-help groups have the potential to generate

gainful employment, though their efficacy needs to be tested over time. They are often run by women, a boost to gender parity in a country where women represent just 24% of those in the market economy. These three stimuli alone have created work opportunities for 20-26 million people since 2014.

All of these efforts are good news for India. But much more needs to be done. GoI and the private sector could work together to shape and introduce many more targeted initiatives aimed at fostering gainful employment, such as building out tourism and healthcare, and bolstering manufacturing. Despite the 'Make in India' initiative, a significant increase in labour-intensive manufacturing is yet to be seen.

With the movement of such manufacturing out of China, in response to rising wages, this is an opportunity that may not come again in a generation. The skill composition of India's labour force is such that low-skill, labour-intensive manufacturing should be pursued. At the same time, GoI will need to remove hurdles that stand in the way of investment and innovation in higher level activities, especially in the digital economy.

India also needs better data. Available statistics rely on quarterly surveys that do not provide an accurate or timely aggregate national view. For example, most enterprises have fewer than 10 employees. But the quarterly surveys only track companies with more than 10 that make up less than 2% of the national total. The annual household surveys from the country's Labour Bureau cover a larger sample, but the latest available pertain to the financial year 2014-15.

An overhaul of India's labour market data is needed. Indians aspire to higher pay, better and more productive working conditions, and safer, cleaner and more stimulating work. It is time to meet these aspirations.



There must be a better job

Mohan is former executive director, IME, and Madgavkar is partner, McKinsey Global Institute, Mumbai

## Citings

# Growth Dynamics

ROBERT GORDON

Why did labour productivity grow so much more quickly between 1920 and 1970 than before or after? We can divide the sources of the growth in labour productivity into three components... A continuing source of rising labour productivity is the larger capital, of increasingly better quality with which each worker is equipped.

The effect of a rising ratio of capital input to labour hours is usually called "capital deepening". What remains after deducting the contributions of education and capital deepening is the growth of total factor productivity (TFP), often called "Solow's residual" after the most prominent inventor of growth theory and growth accounting, Robert M Solow.

This measure is the best proxy available for the underlying effect of innovation and technological change on economic growth. And the results are surprising. Because the contributions of education and capital deepening were roughly the same in each of the three intervals, all the faster growth of labour productivity in the middle period is the result of more rapid innovation and technological change.

I have called this aspect of US economic history as "one big wave". The margin of superiority of TFP growth in the 1920-70 interval is stunning, being almost triple the growth rate registered in the two other periods. It is not surprising that motor vehicles had little impact on labour productivity or TFP growth before 1920...



# Act and Transform

DAVID FRAWLEY

Our actions are based on the seeking of results. We are engaged in a process of causation, trying to produce one thing through another. Such action is, in a sense, dishonest. We are doing one thing only to arrive at something else. The result is more important than our regard for what we are actually doing.

We seldom do anything for its own sake. Our action is not direct and present. It follows an ulterior motivation and a looking to the future. Our action works through time, which is the past and the future, and the denial of the present that is awareness.

Action that seeks a result, therefore, creates bondage to time. It attaches us to the stream of causation, in which we ourselves, becoming part of the process, can be moved, influenced and manipulated according to that which we seek. Matter, time, space and causation are ultimately the same. We see matter, an inert or raw material to be used, according to our seeking of results. Were I not seeking anything, I could look at people directly as human beings.

The seeking of results binds us to time, space and karma, not as some metaphysical theory but as a psychological fact. It creates our false world-view based upon the ego, the work of sorrow and confusion or sam-sara that is the denial of our true self and being. Once results cease to matter and ignorance is replaced by knowledge, the inner self becomes evident, and all bondage ceases. Action is no longer predicated on the result; action becomes direct and present — it is no longer restrictive.

## Chat Room

# UBI for Us? Are You Serious?

Apropos A Doleful, Wasteful Idea' by Swaminathan S Anklesaria Aiyar (Jul 19), we need only an opportunity to work and earn and not some universal basic income from the government. UBI can be sustainable only when affluent people are in majority and a small part of the population needs to be supported by a monthly dole. What will be the motivation to work if everyone is assured of UBI? If the workforce need not work, how will we grow? How will we address, say, price rise created by disbursement for unproductive work? The very idea of UBI is bad for our country and is similar to freebies distributed to voters during elections.

S KALYANASUNDARAM  
Byemail

# But It's All in the Family Business

This refers to the news report, 'Cabinet Clears Plan to Pipe Away HPCL Stake to ONGC' (Jul 20). It is odd for the government to treat this as 'disinvestment'. Indeed, the government will garner money for the 51.11% stake it holds in HPCL,

but who is paying for that? ONGC, another PSU. Isn't this like taking out money from one pocket and putting it in another? Governments have done this earlier too, most of the time selling their stake to LIC, another giant PSU. For serious disinvestment, the government should genuinely sell its stake to the private sector.

KRISHAN KALRA  
Byemail

# Thwart Designs of Defaulters

Apropos 'Viva Insolvency Resolution!' by Aparna Ravi (Jul 20), no one knows how other high courts and even the Supreme Court will respond to similar petitions. So, it would be desirable that the courts observe restraint and do not entertain petitions at least at intermediate stages of the insolvency proceedings against wilful defaulters. Surely, the defaulters don't deserve misplaced sympathy.

M K BHANDARI  
Mumbai

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