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Opinion

MONDAY, AUGUST 14, 2017

RIVALS, NOT ENEMIES

Vice-president Venkaiah Naidu

"The House should debate, discuss and decide on issues but disruptions should be avoided. Members belonging to various parties are political rivals, but not enemies. We have to keep this in mind and work"

RationalExpectations

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Just premature dejection, that's all

Look at Vietnam and Bangladesh to temper all the talk of premature de-industrialisation and jobless growth

IF CHIEF ECONOMIC ADVISOR Arvind Subramanian's talk of India's premature deindustrialisation wasn't enough, an additional fear is that of robots being another reason why India cannot create anywhere near the kind of jobs it needs to in manufacturing. Not surprisingly, this came up in the panel discussion at the launch of former RBI deputy governor Rakesh Mohan's new book. Mohan was quick to dismiss the fear-mongering, however, and with good reason.

In line with other countries who are reaching their peak industrialisation faster compared to the early industrialisers, Subramanian pointed out—in the 2014-15 Economic Survey—that India's manufacturing had peaked as early as 2008 when the share of registered manufacturing in the country's value added was a mere 10.7%. The only state to reach a peak value-add-share of over 20% was Gujarat—its share was 22.7% in 2011, after which it has fallen. In terms of the employment, however, the peaking took place even earlier—in 1984, at the all-India level, when registered manufacturing's share in India's total employment was a mere 2.7%.

This early peaking, though part of a global trend, was made much worse by India's unfriendly policies. Had India encouraged labour-intensive sectors like garments and leather & footwear which have a huge export potential—especially with China vacating this space—India wouldn't have peaked so early. As opposed to automobiles which employ just 0.3 people per one lakh rupees of investment, apparel employs 23.9 people. Given the average annual growth of apparel exports for 20 years after its take-off was 30.4% for south Korea, 65.8% for Indonesia, 27.9% for Bangladesh and 17.8% for Vietnam versus a mere 12.7% for India, it is not surprising India reached peak-manufacturing so early and with such a low employment share. To put this in perspective, Bangladesh's total exports grew by 82% in 2010-16 and Vietnam's 145% versus a mere 17% for India.

High exports, more jobs

Country	1990	2016
India	$17.9 bn	$264 bn
Vietnam	$2.4bn	$176.8 bn
Indonesia	$25.6 bn	$144 bn
Bangladesh	$1.67 bn	$34.9 bn
China	$62 bn	$2,098 bn

But these are just tiny countries, goes the usual counter, with small export bases that get duty concessions for textile/apparel in the US and the EU. That's true of Bangladesh but, at $176.8 bn, Vietnam's exports are already two-thirds of India's—in both 2000 and 2010, they were roughly a third of India's and were less than a seventh in 1990! And unlike Bangladesh, Vietnam gets no duty concessions.

India's lack of export competitiveness, it has been repeatedly said, is related to its internal policies that even a Narendra Modi has been unable to fix. While some like former Planning Commission member Arun Maira have argued the 'inability to fire workers is highly exaggerated as a constraint on the growth of enterprises' (*goo.gl/SXYKKf*), this is incorrect. As the 2015-16 Economic Survey points out, the share of contract workers rose from 12% of all registered manufacturing workers in 1999 to 25% in 2010, and more so in states that had more rigid labour laws—why would this happen unless industry found the laws irksome? While bigger industries found an end-around the labour problem, small entrepreneurs remain wary of doing so. So, in the case of the apparel sector, there are 2 million establishments that hire, on average, 1.5 persons as compared to 2,800 firms in the formal sector that hire 118 workers each—how can they possibly deliver quality?

Other laws reinforce this. Compulsory deductions such as EPFO/ESI reduce take-home pay of those earning a basic salary of ₹5,000 per month by around 45% and this, in turn, makes workers prefer informal jobs. The government promised to fix this a couple of years ago but little has happened so far—indeed, with a uniform national minimum wage legislation being cleared by the Cabinet, this will further erode India's competitiveness—if we're lucky, Parliament won't pass the Bill.

It gets worse. As urban-development-solutions firm Metro Valley points out, while firms in Bangalore pay over $5 per sq metre per month, industrial rents in Hanoi are less than a fifteenth of that. That is why, along with special rules to allow relaxed labour laws, Metro Valley proposed mid-sized urban/rural employment zones with rents as low as 69 cents per sq metre—this also has other benefits in terms of reducing urban pollution but few in government are interested in pushing this.

So, the next time you hear talk of premature deindustrialisation, jobless growth or the likely impact of robots, just remember it is more about the inability of the government to adopt the right industrial policies and the inability to rise to the challenge of fixing poor policies. Whether the dejection is justified or is premature, of course, depends upon your view of the government's ability to really change things.

ServicingDELIVERY

The Delhi govt should link more of its documentation sought by citizens to DigiLocker for timely delivery

THE AMENDMENTS TO the Delhi Right of Citizens to Time-Bound Delivery of Services Act, 2011, that the Arvind Kejriwal-led NCT government has proposed will go a long way to make its officials more accountable. One of the major changes proposed, as per the *Times of India*, is the revision of the compensation due to a citizen for delayed service by a government department. The existing law provides for ₹10 per day of delay, capped at a maximum of ₹200. Given how low the compensation amount is, it is just a slap on the wrist for officials. If the government fixes the compensation at an amount that could pinch officials—by either having them pay out-of-pocket or having to explain to higher-ups why the amount needs to be sanctioned—the right to time-bound service will get more teeth. In another citizen-friendly move, the state has proposed that the onus of ensuring the payout be shifted from the citizen to the officer(s) concerned.

The state should now revisit the deadlines for some of the services—if it hasn't already done this—and should link its documentation services to the DigiLocker. To be sure, it has already made electronic delivery a priority—improving e-governance is one of its focus areas. Availing of the consolidation opportunity an Aadhaar-linked DigiLocker would offer—potentially all documents at one place—makes eminent sense. At the same time, handing out documents sought by citizens in a digital mode could drastically bring down the time taken for delivery—correcting the deadlines for, say, caste certificates (60 days from application) and sanction of building plans (also 60 days). The Centre, too, needs to take a leaf from Delhi—and 19 others states and Union territories—and bring its own assured timely service delivery law.

● FROM PLATE TO PLOUGH

THE CHINESE EXPERIENCE SHOWS THAT PICKING NON-FOOD AGRI-PRODUCE AND DEEPENING THEIR MARKETS HELPS BUILD THRIVING FUTURES MARKETS

Getting agri-futures right for farmers

ASHOK GULATI & TIRTHA CHATTERJEE

Gulati is Infosys Chair professor for agriculture and Chatterjee is research associate, ICRIER

EVEN AFTER 70 years of Independence, the marketing system for agri-products remains unsupportive of farmers. They can't discover and realise the best prices possible for their produce across space and time as markets are not sufficiently integrated. They sell in local markets where prices go bust in case of bumper harvests—as happened in the last few months, not only for potatoes and onions, but also for most pulses and oilseeds. The e-NAM aims to create an all-India spot market by creating an electronic platform. However, for transactions to take place across mandis and states, one has to do much more than installing a simple software. It needs assaying, grading, sorting, storing, delivering, and settling disputes with respect to each transaction. Despite a good concept (e-NAM), creation of an all-India spot market for farmers is still at least five years away, if not more. If the government wants to do it faster, there could be some lessons from India's nascent, and China's well-developed futures markets.

Agri-futures markets are one way to ensure that farmers' planting and selling decisions are forward-looking, and not based on past prices. This can help smoothen the typical boom-bust problem in agri-prices. However, there are two key problems with Indian agri-futures: One, they are often disrupted by sudden bans or suspensions by the government as many policymakers have deep mistrust in the functioning of these markets. And two, very few farmers or farmer-producer organisations (FPOs) trade on futures, which in turn reinforces the mistrust of policymakers. No wonder, the overall size of agri-futures in India remains trapped at low levels, and the deeply worrying part is that since 2012, it has been tumbling down (see accompanying graphic). Although the onus of reviving this trend largely lies with agri-commodity exchanges and the regulator, it may be worth looking at the Chinese experience in this context, and see if anything useful can be learnt.

Interestingly, India recorded its first trade in futures in 1875, in cotton at the Bombay Cotton Exchange—just 10 years after the first trade was consummated in the US. But India's agri-futures could not develop much due to a series of suspensions around World War II, in view of shortage of essential commodities. This mindset continued post-Independence, and only pepper and turmeric were allowed to trade in 1977. However, it was the bold vision of prime minister Atal Behari Vajpayee that, in 2003, three national exchanges were set up and all commodities were allowed to be traded in futures markets. But since 2003, 15 commodity futures were suspended, leading to uncertainty in the market. Despite there being sufficient evidence that spot prices broadly converge with future prices, there remains a mistrust in commodity futures amongst policymakers. No wonder, agri-futures remained at low levels, forming only 2% of 1.6 billion global agri- futures contracts during the triennium ending (TE) 2016.

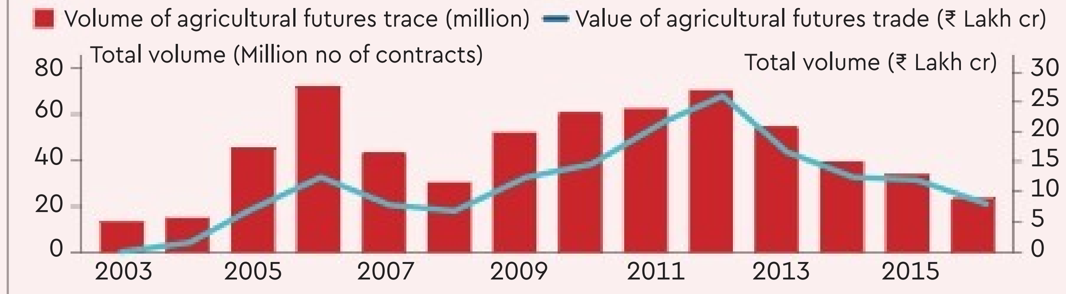
In comparison, China—which started in early 1990s—was the largest player in global agri-futures contracts with a whopping share of 69% by TE 2016! What is the secret of the Chinese success? China also did lot of experimentation in early years, starting as many as 33 commodity exchanges in 1993, but many of them had to be shut down by 1998, and trading in several commodities suspended. One of the key lessons that China learnt from CBOT experts of US was that spot or wholesale market of sufficient size and efficiency has to be developed before establishing a vibrant futures market. The other takeaways from the Chinese success in agri-futures are: (1) state participation in the futures markets through the State Trading Enterprises; (2) no abrupt suspensions of commodities; and (3) focus on choice of commodities, which are not very sensitive from food security point of view. As one can see in the accompanying graphic, the Chinese volume of contracts is much higher in soya, mustard, and corn complexes, which are basically for feed. Palm oil, sugar, cotton and rubber are other commodities that China imports in large volumes, and they are not part of core food security basket.

So, what is the lesson for our regulator and commodity exchanges? The key lesson is: pick the commodities carefully, and deepen their markets first. Sebi has tried to come up with some indicative criteria in choice of commodities to be developed for futures markets, but the basic distinction between feed and food commodities is missing. And it is here that Chinese experience is relevant as they first tried to develop futures in commodities that are non-sensitive from food security point of view.

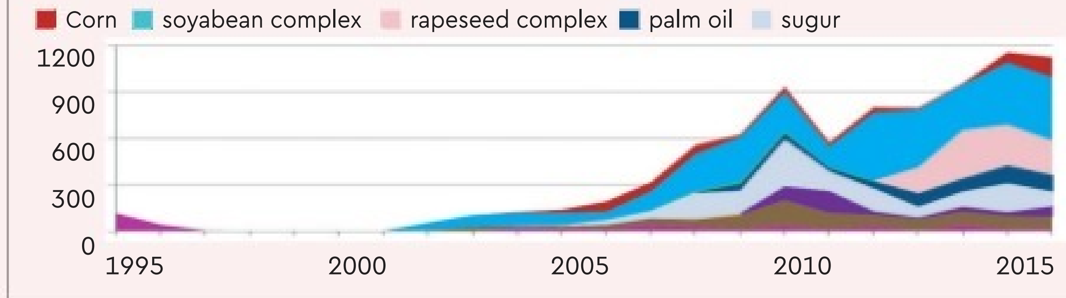
In this context, in a larger paper with Siraj Hussain, former secretary of agriculture (GoI), we carried out a principal component analysis taking several commodity parameters into account with a view to identify most promising commodities for futures markets. Our results show that commodities with highest potential for futures trading are either feed material (soybean meal, rapeseed meal, maize) or fibre (cotton), followed by spices and edible oils. Basic staple food items like rice, wheat, and even pulses get low ranking due to their food security concerns. India being the largest importer of edible oils, especially palm and soya oils, these are promising candidates for agri-futures provided global players are allowed to trade in these.

It is, thus, obvious that a well thought out strategy to pick the right commodities is better way to develop agri-futures rather than a frequent stop-go policy. The trust in commodity futures will enhance once more FPOs start trading on agri-futures, and they start gaining directly or indirectly from agri-futures. Sebi can help incentivise the participation of FPOs in the futures-trading platform, but the real onus of this lies with agri-commodity exchanges, and it is here that the progress has been extremely slow.

Volume and value of agricultural futures trade in India



Agri-futures trade in China



Still too much risk in financial system

For 10 years, central banks have done what they could to keep markets stable. Governments can't say the same

MOHAMED A EL-ERIAN

Bloomberg

INTERVENING 10 YEARS ago to contain the damage from the banking system's excessive risk-taking in mortgage-backed securities, the European Central Bank initiated what has proven to be an exceptional and prolonged involvement in markets by central banks. Much has changed since then, yet too much remains the same. The risk of systemic financial instability, while lower, has morphed and migrated but has not disappeared.

On August 9, 2007, an announcement by BNP Paribas brought to life investors' worst fear: that, regardless of price, they would not be able to redeem any of their holdings in three investment funds. Underlying this dramatic announcement was excessive exposure to inherently illiquid securities by investment funds that overpromised investors access to their funds.

Realising the threat to systemic financial stability, the ECB under the leadership of Jean-Claude Trichet did what central banks do best in these situation to avoid cascading market failures—it provided ample liquidity. But neither officials in Frankfurt nor at other major central banks, let alone at ministries of finance, realised that there was a much larger problem—that of excessive risk-taking by a banking system.

Stretching afar for yields and comforted by implicit and explicit backstops provided by governments, banks had already exposed too much of their balance sheet to illiquid and hard-to-price securities. Problems were about to multiply over the next 13 months, putting in doubt the most critical element of the financial system—that is, confidence in settlement and payment—with the resulting danger of a "sudden stop" for financial and economic interactions, both domestic and international.

This all culminated in September 2008 in a financial crisis that would take the global economy to the precipice of a depression. Having no alternatives, central banks engaged in a way that was once thought unimaginable, opening many new emergency funding windows, buying all sorts of securities and slashing interest rates. This was accompanied by government injections of trillions of dollars of taxpayers' money to save banks around the world.

The plan was to avoid a forced financial deleveraging, in the short term by replacing sources of private credit with public ones while significantly strengthening bank supervision and regulation, and in the longer term by promoting significant growth to allow for an orderly reduction in debt burden without sacrificing too much economic activity.

Significant progress on the short-term measures was not accompanied by enough on the long-term ones. With that, the risk of financial instability has evolved and shifted to non-banks, still with negative possible consequences for the real economy.

On the positive side, payments and settlement systems have been strengthened in a manner that significantly reduces the likelihood of paralysing sudden stops. Banks, especially in the US, have strengthened their capital cushions, improved their debt structures and made balance sheets more transparent. Many have also shut down their proprietary trading desks and significantly curtailed the risks that can be taken on their own balance sheets while trying to better align long-term incentives. All this has taken place in the context of better cross-border coordination among financial regulators, including under the auspices of the Financial Stability Board.

But while the risks posed by the banking system have been reduced markedly, those assumed by financial players that aren't banks have come roaring back, as traders and investors have been conditioned to rely on ample market funding.

The strong "quest for yield" remains visible in non-banks, including what most deem to be a stretched market for high-yield bonds. There has been a proliferation of products, including some exchange-traded funds, that over-promise liquidity access to investors, again particularly in the corporate space for both advanced and emerging market segments. Areas vacated by banks are being filled by other institutions that are subject to less regulatory scrutiny, and their reliability is yet to be tested in a full market cycle.

Admittedly, there's lower systemic risk overall. There is little, if any, explicit call on guarantees backed by taxpayer funding for non-banks. The counterparty risk involved is lower. And, most importantly, it is quite far from the payments and settlement system.

As comforting as this sounds, the coast is far from clear. There is still too much debt in some of the more uncertain and slow-growing segments of the corporate and global economies. Should the ruling market paradigm shift suddenly, the "liquidity delusion" underwritten by the non-banking sector could result in asset class contagion that leads to sharply lower market prices. And should this persist in a disorderly fashion, in turn it could easily dampen both investment and consumption.

The ECB's emergency response 10 years ago was part of an impressive central bank effort to contain systemic risk and safeguard the global economy. It has worked remarkably for banks, especially in the US, but at the cost of shifting risks elsewhere. If central banks' efforts are not accompanied by more determined government action to enhance current and future growth dynamics, the lessons learned may not be enough.

LETTERS TO THE EDITOR

Facebook takes on fake news

Apropos of "Fighting fakes" (*FE*, August 10), Facebook's move should set the tone for serious future deliberations on the disturbing syndrome of fake news. However, one can't be sure that the regular dose of reports that keep cropping up on Donald Trump's overt detours could be stacked in the fake dump, though he would love them to. Americans might still forgive him; yet, it is doubtful his past deeds would ever cease to haunt. Fake news pollutes the atmosphere here, too, where the social media lords over like the ghost in the pitcher freed. In this post-truth era, arrogant nationalism marshals the fake news industry. Villains, mostly from the powerful political fraternity, get protection and victims, especially hapless women, see all sorts of stories about their character, relationships and actions lasciviously planted. Committed political arms operating in fake identities, with strong technology support, broadcast unverified texts and visuals surreptitiously to flame passions in the society. There would certainly be a fallout. Facebook, WhatsApp and their ilk would soon face credibility crisis, as every platform will be looked upon as vehicles for falsified propaganda. As rightly stated in the editorial, the Related Articles initiative is not a wonder drug; yet, it is an inevitable first step.

— Haridasan Rajan, Kozhikode

Bull run

Indian equities seem to be cheering demonetisation. Greater funds in banks have brought down interest rates, gold as a commodity has been stagnant and the government's strict looking stance towards real-estate sector has made retail investors hunt for alternative investment avenue. Equities seem to be the answer and thus the rally on the back of infused liquidity.

— Pritanshi Jeswani, Bengaluru

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Regd. No: DL -21048/03-05. R.N.I. No.26750/74. Printed and Published by R.C. Malhotra on behalf of The Indian Express (P) Limited and printed at The Indian Express (P) Limited Press, A-8, Sector-7, Noida - 201301 and published at The Indian Express (P) Limited, Mezzanine Floor, Express Building, 9 & 10, Bahadur Shah Zafar Marg, New Delhi-110002. Phone: 0120-6651500, Fax: 0120-4367933. (Cover price: Patna: Mon-Fri ₹6, Sat ₹9, Sun ₹11; Raipur: Mon-Fri ₹7, Sat ₹10, Sun ₹10)
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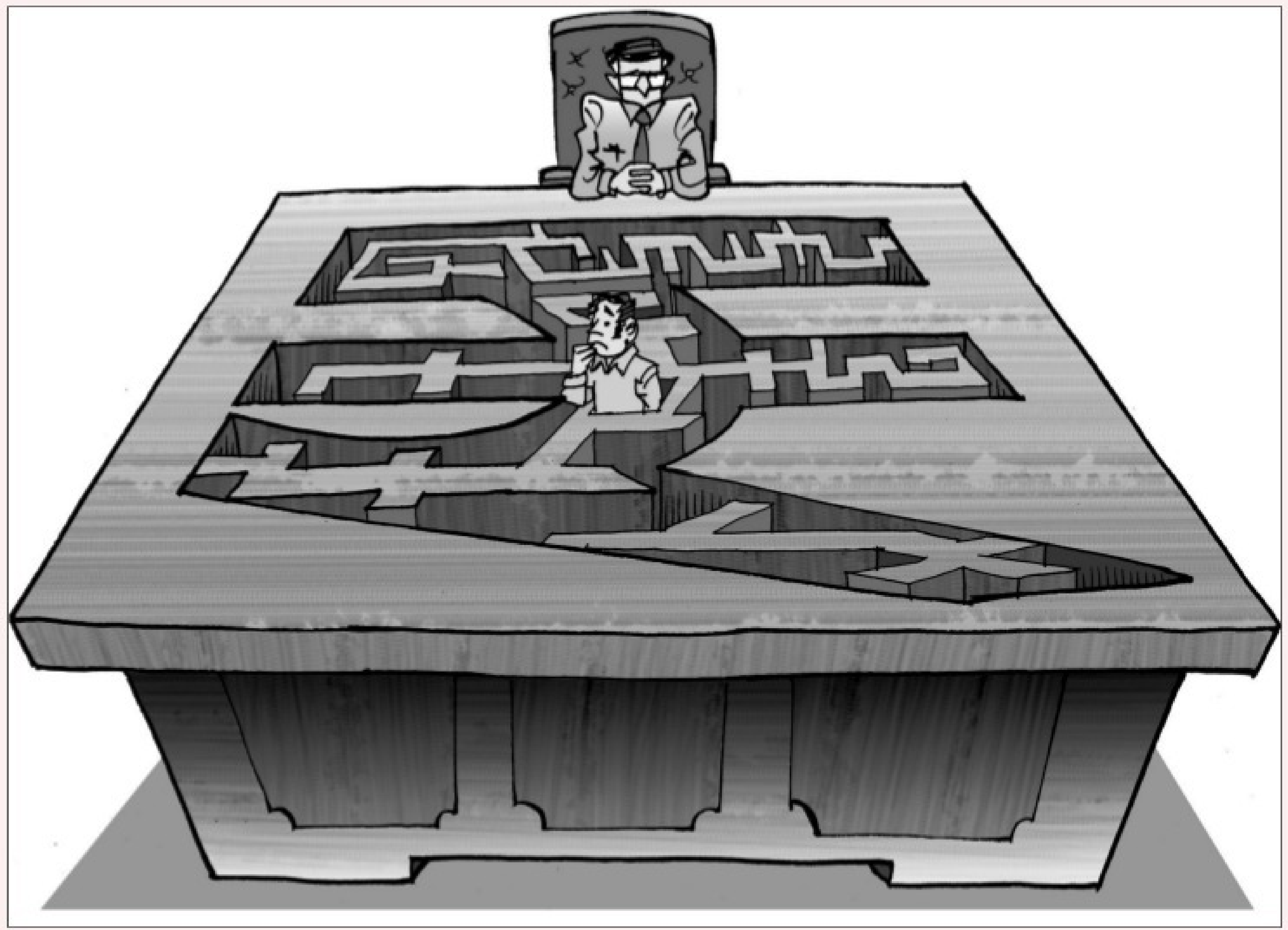

ILLUSTRATION: ROHNIT PHORE

RASHMI SHARMA

Retired IAS officer

A CITIZENS' GUIDE

The taxonomy of corruption

The five most widely prevalent forms of corruption in India are Rule Charge, Shopping Bonanza, Resource Rent, Development Fees and Crime Dividend

CONFLICT OVER CORRUPTION underlies the recent change of government in Bihar, and for the last decade we have been horrified, entertained and enraged by high-profile corruption scandals—2G spectrum allocation, allotment of coal mines, the Vyapam scam, and various land grabs, of which the controversy over the building of a resort on forestland in Chhattisgarh is the latest. In the fightback, we have seen the Anna Hazare movement build up and peter out. A major development is the entry of corruption as an issue and a weapon in competitive politics. Dents have appeared in the compact among elites to fight out their differences without raking up this one issue. Political actors are at last willing to accuse each other of corruption and bait their opponents, though admittedly very selectively. Hopefully, this will lead to cleaner government over time, even if it is tragic that some innocent people have become victims in this game.

Important as they are, these high-profile scandals give us only a minuscule and partial peek into corruption. In India, corruption is so widespread that it comprises an informal 'subsystem' of governance. Just as there are formal, stated processes of governance, such as enacting laws, formulating policies, applying rules, implementing government programmes, etc, there are distinct, but unstated, practices of corruption. These deserve study and analysis, as much as the formal governance processes, for they are as widespread, and as influential, in the outcomes of government actions.

Here, an attempt is made to classify five most ubiquitous types of corruption in government. These types vary in terms of their mechanisms, level of secrecy, range and class of people affected, and overall socio-economic impact. This classification is by no means comprehensive, but it is a start.

Rule Charge

One corruption type, which may be called 'Rule Charge', rests on the government servants' exploitation of their authority to give licences, permissions, etc. This authority is misused while applying rules. Examples include business firms paying to get environment clearances, and ordinary citizens to get their house plans approved. Rule Charge is not a secret, as it involves a large number of people. Usually, to deal with these numbers, new 'rules' of corruption, applicable uniformly to all citizens, are developed, such as a fixed 'rate' for getting a particular licence, document, etc. In villages, Patwaris, responsible for maintaining land records, commonly have a fixed fee for each type of service, and this is well-known to all the villagers. Rule Charge affects all classes of people, though 'exemptions' may be given to powerful people and 'contacts' of various types. These exemptions go to upper and middle classes, as the poor are unlikely to have the influence to get them. Rule Charge is experienced as harassment by ordinary people, and can be a major obstacle in industrial growth.

In government, officials who actually give licences or permissions are fairly junior functionaries, and in Rule Charge the amount involved is usually modest. It is, therefore, often categorised as 'petty corruption'—petty referring to the amounts involved and the seniority of officials practising it, not the number of people experiencing it. But sometimes, such as for giving clearances to big business, Rule Charge can move out of the 'petty' category. It can involve very high level government functionaries, and the amounts exchanged can be fairly large. Even in the 'petty' category, the official practising Rule Charge usually has the support of someone at a higher level of government, who may be responsible for giving final approvals or for protecting the official from getting into trouble. A percentage of the proceeds of Rule Charge go to such higher functionaries.

Shopping Bonanza

The second corruption type, 'Shopping Bonanza', concerns purchases made by the government. These can range from large contracts for armaments and aeroplanes, to minor purchases of office stationery, and even lunch provided at meetings and conferences. A 'cut' is usually accepted by the government functionary from the seller. In Shopping Bonanza, people at large are not harassed, as the deal takes place between government officials and sellers who are willing to play the game. The taxpayers' money is pocketed by government officials, and also by sellers, as such sellers, having favoured the official, can easily supply substandard goods. In some cases, such as in the supply of lunch in meetings, the impact is relatively small and restricted to minor misuse of government money. But in other instances, the consequences can be much graver. For example, if equipment bought for the armed forces and the police is of poor quality, security may be threatened.

In Shopping Bonanza, papers are usually in order—tenders are floated, bids are invited, appropriate approvals are obtained. This process operates within fairly stringent financial rules, and has to be practised with some skill. Bidders usually build in the 'cut' to be given to officials into the prices they quote. In big cases, higher officials giving approvals are usually involved, but in more minor ones, may be duped. Secrecy is maintained, and only the participants are aware of the full details.

Resource Rent

A third type, 'Resource Rent', revolves around the allocation of resources owned by the government, such as land, mines and spectrum. This is a game usually played among powerful actors within and outside the government. The level of secrecy is high, because only a small clique is involved. Resource Rent promotes inequity in society, as powerful people corner public resources. In its worst form, public resources used by poor people are transferred to the powerful. The more dramatic cases of corruption in recent times have been of this type. This is because there has been a paucity of rules for allocation of public resources, and even a perception (within the government) that the government can use the resources it 'owns' as it 'likes'. Some of these cases have come to light because the perpetrators have been casual with the paperwork.

Development Fees

A fourth type, 'Development Fees', involves pilfering funds available in government developmental and social welfare programmes. For example, a government official may simply pocket the money available for repairs of some village school. Or only part of the money sanctioned for digging a well may be provided to the end-user. In Development Fees, supervisors and at least some higher-ups have to be involved to carry out convenient 'inspections', and to protect officials in case of discovery of substandard outcomes. Development Fees hurts the poor the most, as money voted for them by Parliament is pilfered. When poor quality midday meals for schools and nutrition in the Anganwadis are supplied, some of the most vulnerable children are affected. Development Charge operates in a semi-secret terrain. The victims are aware of an injustice, but may not know exactly what is wrong.

Crime Dividend

A fifth type of corruption, 'Crime Dividend', centres around protection, and actual practice, of various types of illegal and criminal activities by government servants. Here, government officials may overlook encroachment on public land, or the police may ignore, encourage and even participate in criminal activity. In some parts of India, officials connive in transferring one farmer's land to another. Officials may themselves engage in outright extortion, such as with hawkers, who may have to pay a regular '*hafta*' (a weekly sum of money) to a government official to ply their trade. Trucks may be stopped and forced to 'pay up' to continue their journey. Crime Dividend encourages the exploitation of the least powerful people in society, and eats away at public security and infrastructure.

As stated above, this attempt to classify five most widely prevalent forms of corruption is only a beginning. To truly understand governance and its outcomes in India, we need a more comprehensive and detailed understanding. But for those who might want to undertake this task, a word of caution is necessary. It is a difficult area to research, as there are almost no written records available, and those who practise these processes are rarely willing to talk about them. Only partial observation is possible. And, it can even be dangerous.

INDIAN RAILWAYS

Freight on a faster track

RC ACHARYA

Former Member, Railway Board

Suresh Prabhu is offering fast, safe and cost-effective rail transport for freight

Suresh Prabhu, the minister of railways, is a man in a tearing hurry. For he has to make up for the lack of any significant addition over the last two decades to the infrastructure of this 65,000-km-long network. Successive railway ministers, given to populism, have announced hundreds of new trains at the annual Rail Budgets, unmindful of whether there was adequate track capacity to run them or not. Resultantly, over the last two decades, no less than 5,000 such new trains have been added, taking the total tally of passenger trains to nearly 9,000, whereas the addition to freight during this period has been less than 1,000 trains.

Moreover, most of the new passenger trains have been the superfast variety, on the lines of those started by the late Madhavrao Scindia, who introduced the concept of fast intercity trains such as the Shatabdi Express in the 1980s. Nitish Kumar as the railway minister introduced a slew of Sampark Kranti Express trains, Lalu Prasad Yadav had his brand of Garib Rath, while Mamata Banerjee did one better with the Duronto Express trains which ran non-stop from source to destination.

The overcrowded tracks, 60% of which now carry over 100% and some even 150% of their designed capacity, have resulted in the freight trains taking a severe hit, with the average speeds dropping to an abysmal 25kph, since the passenger trains are always accorded precedence over freight.

Simultaneously, the reluctance of ministers over the last two decades to announce any meaningful hike in passenger tariff to keep up with inflation has resulted in the passenger business being subsidised at the cost of freight, whose tariff was hiked regularly to keep the Indian Railways from going in the red.

The double whammy of low average speeds and the hike in tariff each year adversely impacted Indian Railways' freight business. It has not been able to attract any significant volumes of new business and merrily carried on with annual increments in bulk commodities such as coal, iron ore, limestone, cement, food grains, petroleum products, etc.

> India has the unique distinction of having two-thirds of its trains carrying passengers which earn just one-third of its total revenue

The absence of assured timetable in the running of special parcel express trains, comparatively high tariff, and rigidity in rules and regulations have resulted in the lucrative parcel business eluding the railways and continuing to prefer road sector.

With financing of infrastructure projects being assured by insurance giant LIC, whom minister Prabhu persuaded to provide a ₹1.5 lakh crore loan, the Indian Railways has now been on the fast track to undertake 70 capacity augmentation projects.

Mostly for converting single lines to double or double to triple wherever the volume of traffic has gone beyond 100% of designed capacity, projects sanctioned so far with a total length of 7,663.93-km and costing ₹75,700.28 crore range from a short 1.82-km bypass line at Khurda Road in Odisha costing ₹25.72 crore to doubling of the 467-km track of the Pune-Miraj-Londa section costing ₹3,627 crore. Chhattisgarh government and South Eastern Coalfields have been roped in for a JV with Ircon to finance a 122-km-long new line from Gevra Road to Pendra Road costing ₹4,949.28 crore for movement of coal.

The world over, for railways, freight is the breadwinner, with passenger services restricted mostly to fast intercity or commuter services. However, India has the unique distinction of having two-thirds of its trains carrying passengers which earn just one-third of its total revenue. Prabhu aims to correct this aberration by creating adequate infrastructure, offering fast, safe and cost-effective rail transport for freight, regaining Indian Railways' role as the nation's economic lifeline.

Two new corridors, dedicated to carry freight, have also been in the works for almost a decade. The Eastern Corridor, a 1,278-km-long Ludhiana-Son Nagar alignment parallel to the existing grand trunk route, would meet the growing demand for coal by thermal power plants in the North from collieries in the East.

The Western Corridor—1,504-km-long from Delhi (Dadri) to Mumbai (JNPT)—will help export-import trade and also cater to the proposed DMIC. Expected to be commissioned sometime by end-2020, it will offer assured timetable running of freight trains, typically completing the Dadri to JNPT run in 24 hours.

Missing women in leadership roles

Leadership commitment and equitable hiring are *sine qua non*

IPSITA KATHURIA & NIKITA SINGLA

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Though economics of women talent is an established fact, numbers at the top are not changing. In India, women make up 42% of new graduates, but only 24% of entry-level professionals. Of these, about 19% reach senior-level management roles. Women hold only 7.7% of board seats and just 2.7% of board chairs.

Women leaders are missing across sectors. To gain momentum and drive change, women need to "lean-in" and they are doing so—at least more than before. But the work-life environment for women has not changed sufficiently for them to overcome the hurdles to join, stay and rise to leadership roles.

Hiring, retention and growth of women—all are a big challenge. Let's take hiring. When 42% of new graduates are women, why are only 24% of entry-level jobs held by them? Either women are being pressurised to opt out of the workforce or they are simply not being hired. Why is that so and what are companies doing about it? In order to capitalise on the women talent, we need two things:

- Leadership commitment to gender parity and an inclusive culture;
- Gender equitable hiring practices.

Leadership commitment: Walk the talk

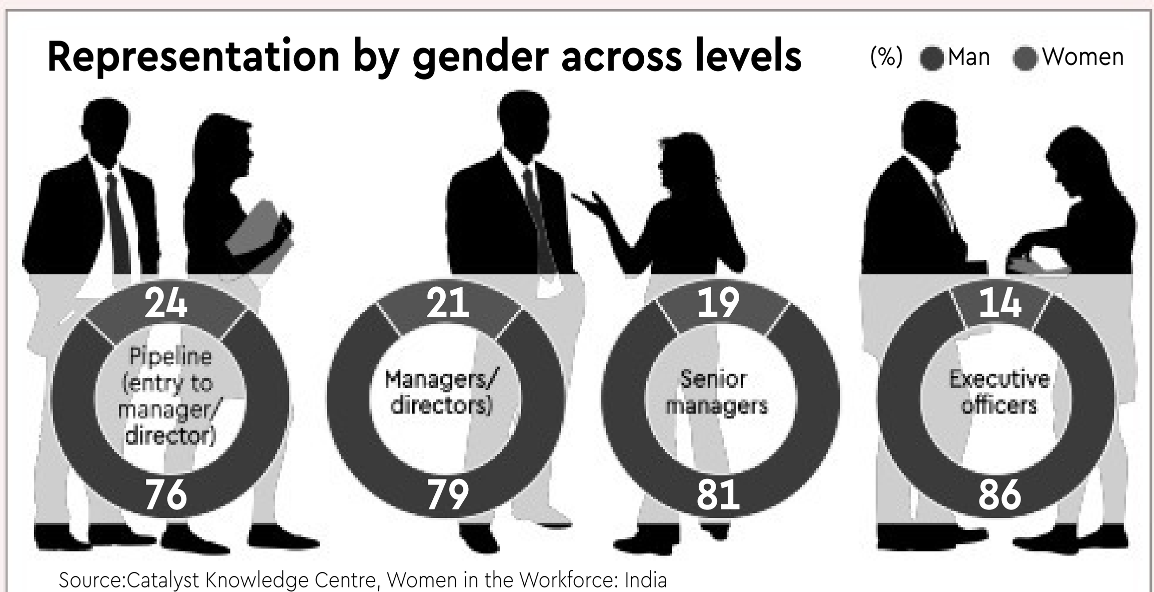
We need more CEOs to walk the talk! Just having gender equitable policies will not impact gender parity. Many leaders, while professing equal opportunity for all, still exhibit clear biases and preferences for having men in critical roles, with the belief that women cannot handle the same pressure. In their effort to be considerate and protective of women, they do disservice to gender parity. In these instances, all diversity policies and practices of the company will be a waste of time and effort for HR.

But there are leaders who make visible efforts, who set aspirational goals for the percentage of women in leadership roles, ask for diverse shortlist of candidates for senior positions, spend money on unconscious bias training, initiate mentoring programmes, call for internal reviews of all staff related policies—all with the intention of strengthening the pipeline of women leaders.

These help, but don't always get the expected results because of the "second generation bias". The second generation bias is less overt discrimination, harder to deal with and much more prevalent. The subtle messages that associate certain key roles with men, leadership competencies with "masculine traits", job descriptions and growth paths designed for men, often drain motivation of women to aspire for leadership roles. So the leadership commitment has to go beyond setting visible targets and policy changes to having a clear purpose to build a culture that is as inclusive for women as it is for men.

"Diversity and inclusion should not only be a phrase on a piece of paper, it's a mindset and should be lived actively every day," said Claudia Marshall, Ikea distribution area manager, Northern Europe.

In 2015, Ikea Switzerland became the first company in the world to reach the highest level of gender equality certification from EDGE (Economic Dividends for Gender Equality) and Ikea globally has 48% female managers. Ikea's gender-related philosophy is all pervasive in their business. It extends beyond their organisational wall to their vendors, suppliers and customers. There is no substitute for visible top management commitment to gender equity. But there are specific actions that are complementary to the leadership commitment.



Source:Catalyst Knowledge Centre, Women in the Workforce: India

Hire more women: Promise to practice

- **Review job profile:** Words matter. A study in the Journal of Personality and Social Psychology in 2011 compared over 4,000 job ads and found that masculine wording in job advertisements like "ambitious", "dominant", and "competitive" can be off-putting for women. Companies need to re-examine job posting vocabulary and make the language more growth-oriented. It's not black and white, about having a skill or not, it's about the willingness & ability to learn a new skill.
- **Diversify interview panel:** Organisations have used hiring targets to ensure equitable hiring across gender. But an all-male interview panel is a reflection of the bias that impacts women. Some firms have made it mandatory to include women in interview panels and training is offered to managers, both men and women, to recognise their unconscious bias during hiring interviews.
- **Offer incentives:** VMware offers its employees 150% referral bonus for every successful female candidate. Such steps encourage employees to refer more women candidates, and demonstrate the value women candidates have for the company. Intel pledged $ 300 million to build a more diverse workforce and vowed to tie executive compensation to promoting diversity.
- **Set performance indicators:** Specific gender equality KPIs can be assigned to the managers, relating to increasing gender diversity on recruitment shortlists, on project teams, in promotions etc. "Make sure partner evaluations include promoting women as an objective. It's just as important for partners to be evaluated on building their people as it is for them to be evaluated on building the business—so make sure you measure it," said a senior female partner at Taj.
- **Train the next generation:** An alternative approach is partner with colleges to groom women talent as pipeline for new hires. In 2014, Microsoft India launched Women in Tech, an initiative to train and mentor 1 million girls in a year, enable the next generation girls to find suitable careers in IT and accelerate their growth. UNDP with support from Ikea Foundation launched Disha—an initiative to make a million educated but underprivileged college girls employable. Companies can partner with such programmes and gain access to a large pool of women talent.
- **Leverage social media:** Lastly, social media could be used to highlight company's women-friendly work culture. Women staff should be encouraged to use this platform to share their positive experiences in order to attract more talented women.

No country can make progress if it locks out a half of its population. Increasing contribution of women in the workplace would call for increasing contribution of men at home. As Sheryl Sandberg said: "A world where half our homes are run by men, and half our institutions are run by women, would be a far better world!"

Equitable hiring is fundamental to bringing men and women to the same footing. Only then shall a discussion about retention and growth of women at workplace matter.