

# Gangwar's agenda

The role of outsiders in trade unions must be minimised



**HUMAN FACTOR**

SHYAMAL MAJUMDAR

Soon after taking charge as the minister of state for labour and employment earlier this week, Santosh Kumar Gangwar said he would speed up labour law reforms and bring trade unions on board. If wishes were horses, the new minister would achieve this and much more. But here's a sobering thought: Gangwar's statement is almost a repeat of what his predecessors

have been saying on their first day in office for many years, with insignificant results.

The fact is no government has had the courage to take on the trade unions beyond some initial feel-good statements and tentative actions. To be fair, the current government, after coming to power, announced a move to combine 44 labour laws into four codes — one each on industrial relations, wages, social security, and occupational safety, health and working conditions. However, except for the Code on Wages Bill, which has been introduced in Parliament, the others are gathering dust. The reason is obvious: No government wants to be seen as "anti-labour". So successive governments have introduced Bills, but developed cold feet as soon as they created wide fissures in the delicate relationship between the labour, employers and the government of the day. This is unfortunate as several of these measures would have gen-

uinely served the interests of labour.

Take, for example, one of the codes proposed by the current government. It drastically reduces the "allowed proportion of office-bearers (in trade unions) not engaged in the establishment or industry". In simple language, this means outsiders. In the unorganised sector, the earlier threshold was half. The code provides that the maximum number can be two. For all other sectors, the code bars outsiders from being an office-bearer. This is a sharp reduction from the earlier permitted number of one-third of the office-bearers or five, whichever is less.

This is a great move as it is aimed at reducing the politicisation of trade unions and curtails the ability of these outsiders to hijack the agenda to suit their own interests — be it political or financial gains. The National Commission on Labour has given several reasons why outside leadership in trade unions should be minimised.

Apart from the fact that outside leadership undermines the purpose of unions and weakens their authority, personal benefits and prejudices sometimes weigh more than the interest of the unions.

What needs to be understood is that politicians have made no bones about their role in the trade union movement. Several years ago, the general council of the Indian National Trade Union Congress actually passed a resolution recommending that all affiliated unions support Congress candidates in the elections. The same situation continues even though the method may have become more sophisticated. In many states, there are as many as a dozen political parties with their own labour wings vying for a foothold in the leadership position in plant-specific trade unions. The rise of regional political parties in the past decade has resulted in further divisions of trade unions, affecting their unity and solidarity. There is no doubt that political unionism doesn't offer any solutions to improve workers' welfare and has in fact been a contributor in the fragmentation of trade unions and in making their work less relevant to

the interest of workers. There is a huge gulf between what the union leaders think the workers need and the real pain points and demands of workers.

However, just a legal imposition would not be enough. The management has to play a critical role by first ensuring that no victimisation takes place, even if the trade unions are led by insiders; and then provide extensive training facilities in the areas of leadership skills and management so that internal union leadership develops.

Many, including the International Labour Organization, say that it is a fundamental right of any union to form its own structure and elect its own members, and hence, no restriction should be put on the number of outsider office-bearers in a union. But the argument doesn't wash. After all, trade unions are formed so that there are representative bodies of the workers, who can talk to the management and raise the real issues concerning them.

Gangwar would do a world of good if he can use his persuasive powers to convince trade unions that times have changed since the days when workers didn't know what was good for them.

## CHINESE WHISPERS



**In Modi's defence**

After it was pointed out that among the people Prime Minister Narendra Modi follows on Twitter are those who use abusive language and even issue threats, the Bharatiya Janata Party's (BJP) national head of information and technology, Amit Malviya (pictured), came to his defence on Thursday. He said that "the PM following someone is not a character certificate of a person" and "not a guarantee of how a person would conduct himself". Malviya added that the "PM also follows Rahul Gandhi, who is an accused in loot and fraud. The PM also follows Arvind Kejriwal, who abused him on Twitter". The head of BJP's IT cell said Modi was a rare leader, who believed in freedom of speech and had never blocked or unfollowed anyone on Twitter. For good measure, he pointed out how the debate was a "one-way street" where the Congress vice-president was never questioned for the abuse spewed by some of his followers.

**Potentially 'life-changing'**

The University Grants Commission (UGC) is planning to celebrate with gusto Deendayal Upadhyaya's birth centenary and the 125th anniversary of Swami Vivekananda's address at the Chicago Parliament of the World's Religions. The UGC has asked all vice-chancellors and heads of higher education institutions in the country to make arrangements so that students can watch Prime Minister Narendra Modi's address to the nation on September 11. A UGC circular has instructed that the event be "propagated effectively and interested students obtain the facility to view such a significant programme that could be life-changing".

**A ₹5-crore question**

Gujarat Revenue Minister Bhupendrasinh Chudasama is slated to arrive in Patna on Thursday to give Bihar Chief Minister Nitish Kumar a cheque of ₹5 crore as donation towards flood relief. The move has given Janata Dal-United's (JD-U) ally-turned-rival Rashtriya Janata Dal (RJD) more ammunition to run down Kumar and his party. The RJD cites a 2010 incident when Kumar returned a cheque of the same amount that then Gujarat chief minister Narendra Modi had offered him; Kumar had also cancelled a dinner organised for the Bharatiya Janata Party brass. Pointing out that circumstances are different in 2017, JD-U leaders insisted that the Gujarat government had been "sensitive" towards Bihar and that some other states were also thinking of offering aid to Bihar in its flood relief work.

# India's strategic energy policy framework

Except some areas on which there is silence, the Draft National Energy Policy outlines bold initiatives that can transform the sector



RAJNISH GUPTA

The Draft National Energy Policy brought out by NITI Aayog strives to set a new agenda for India's energy sector and provide a medium to long-term policy direction for stakeholders, in line with new developments in this arena. The integrated policy that holistically examines the critical issues in achieving the objectives of energy affordability, security, sustainability and growth is indeed a welcome step.

A number of proposals in the draft policy have the potential of transforming energy markets in India. Removing distortions between competitive energy prices and subsidies through direct subsidy transfers, operating coal mining and power generation at arm's length and development of gas markets are examples of some of the bold aspects that the policy recommends.

Coal is the mainstay of India's energy sector. Commercial mining of coal can result in higher coal production, as a mine need not cater to the demand of one plant only, but can develop a production plan that meets the needs of multiple consumers. Further, there would be greater choice for power producers to source coals with different specifications and blend them to get a feed optimum for the design of the thermal plant. This will increase oper-

ational efficiencies. In addition, the policy suggests the appointment of a coal regulator.

India's experience with regulated tariffs has been a mixed story, with prices often determined by the higher courts after a long-drawn-out legal process. Examples from the electricity and aviation sectors bring out the challenges of tariff regulation. Ideally, the government should regulate prices for only those businesses that are natural monopolies and leave the rest to market forces. Given this, should the government be regulating tariffs for liquefied natural gas terminals? Are they natural monopolies or subject to competitive forces? Similarly, as the government develops a model for commercial mining of coal, would prices be determined through a market making process or regulated by allowing for a reasonable return? Internationally, coal prices are being indexed to marketplaces. It would help if the role of the coal regulator in the Indian context is defined sharply.

The policy points out that the coal production may plateau by 2035. The bulk of coal resources were discovered in the 19th century and the focus has been on developing them expeditiously. Expenditure on finding new mineral resources in India has been low. Globally, US\$7 billion was spent on mineral exploration. In India, exploration expenditure, especially by private players, is minuscule. However, the policy is silent on economic incentives for exploration of additional coal resources by the private sector. This is a subject that requires deliberation.

For attaining energy security, Indian companies (both in the public sector and the private sector) have been investing in developing energy



BLACK DIAMOND Coal is the mainstay of India's energy sector. The policy points out that coal production may plateau by 2035 and suggests the appointment of a coal regulator

resources in other regions of the world. Despite investments, market prices have to be paid for importing fossil fuels, as host countries look to capture the economic value of the resources through arm's length market prices, attendant royalty and tax revenues. However, the producer's profit margin can be captured by Indian companies. The integrated energy policy is silent on acquisition of resources overseas. There are other measures that can be taken to achieve energy security such as diversifying supply, bringing greater transparency in pricing of fuels and developing a more robust understanding of energy markets.

Tax rates vary widely across the category of fossil fuels. Further, some fuels are within the purview of the goods and services tax (GST), others are outside

it. For example, while fuel oil is under the GST, natural gas is outside its purview. This can lead to price and consumption distortions. Any change in bringing uniformity of tax rates in the energy sector also has implications for the fiscal health of the government. This is an area where the policy is silent.

The policy suggests that decarbonisation can be achieved through energy efficiency and promoting renewable energy. It mentions that the cost of power generation using fossil fuels is lower than the cost of generation through renewables. For achieving energy efficiency, the policy suggests command and control type measures such as setting efficiency standards, mandatory standards and goals for achieving energy efficiency and norms for end-of-life vehicles. The govern-

ment could consider bringing in market measures to control emissions such as by pricing carbon and having users pay for emissions. This could be helpful not only to reduce emissions but also to promote the usage of renewable energy and natural gas, whose carbon footprint is lower than that of other fossil fuels.

Overall, the policy paper is a welcome step and outlines a number of bold initiatives that can transform the Indian energy sector and make it more competitive and transparent. The government should also put together an institutional mechanism for evaluating India's integrated energy policy on an ongoing basis.

The author is executive director, Tax & Economic Policy Group, EY India

## BUSINESS LIFE

# Go ahead, try to stop initial coin offerings

The fraud-ridden market could make us appreciate regulation

ELAINE OUI

China's ban on initial coin offerings has provided a much-needed pause in the booming market, where people ranging from legitimate entrepreneurs to outright thieves attract money by selling digital tokens. But the move also raises a question: How can any government control a phenomenon that transcends national borders and rules?

The Chinese central bank's decision to outlaw token sales is significant in part because the country has become an important hub for the digital offerings. As of July, Chinese platforms had raised nearly \$400 million from more than 100,000 investors. It's thus not surprising that digital currencies tumbled after the ban was announced.

Regulators in China and elsewhere have good reason to be concerned about coin offerings. Although they provide global entrepreneurs with a useful alternative to traditional venture capital — which is local, labour-intensive and often inaccessible — they are rife with abuse. Promotional campaigns — which can feature such celebrities as Mark Cuban, Paris Hilton and Floyd Mayweather, and even billboards in Times Square — sometimes border on the downright predatory. About 60 per cent of exchange-traded digital currencies end up dead or dormant.

Most tokens confer no rights beyond purported access to a future service — such as a chance to win a Lamborghini. Such vague promises can attract hundreds of millions of dollars in part because they get plenty



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of help from the media (including this one). Reports of record-breaking token sales, or of the latest hot offering, reinforce the fear of missing out. Excited by the rare success stories — such as the astronomical gains achieved by early investors in the Ethereum currency.

Curbing token sales, though, won't be easy. The decentralised, tamper-proof design of the blockchain resists oversight: When China tried to suspend withdrawals at bitcoin exchanges, the trade simply moved to other venues and messaging apps. Most tokens are administered through a piece of software called a smart contract, which functions like a digital vending machine running on thousands of computers around the world. Even a regulator as powerful as the US Securities and Exchange Commission can have a hard time establishing jurisdiction, as evidenced by the continued

operation of the Romanian exchange MPEX, which offers bitcoin-denominated "virtual securities." In some cases, regulators might not even have anyone to contact: New trading platforms are completely decentralised, with no identifiable point of control.

That said, maybe the threat of regulatory action could put a chill on the kind of mass marketing that helps make coin offerings so popular. FT Alphaville's Alphachain project offers a sense of what sellers might raise in the absence of gratuitous advertising: After a month on the market, it had collected less than \$10 in bitcoin and ether.

Entrepreneurs who choose digital coin offerings often complain that the venture capital industry is too clubby and insular. That's true. It is, and it should be. Such early-stage funding is granted on nothing more than the founder's reputation.

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## LETTERS

### No fear of the law

With reference to the editorial, "Dissent under attack" (September 7), attacks on media personnel and social activists are a threat to democracy. However, examining such attacks mainly through the communal prism is inadequate.

Journalists have been silenced for other reasons, too. Ram Chander Chhatrapati, who ran an evening daily, was killed in 2002 allegedly at the behest of Dera Sacha Sauda leader Gurmeet Ram Rahim for exposing his crimes. Rajdev Ranjan of *Hindustan* was murdered allegedly by criminal-turned-politician Mohammad Shahabuddin of Siwan. These journalists were focused on unearthing the illegal activities of powerful businesses and political elements.

Honest media personnel are confronted for their intrepid reporting, first through inducements, then financial — withholding of advertisements in their media outlets — and other forms of coercion. When all this fails, they are murdered. Several social activists and those who have used the Right to Information Act to expose wrongdoers also lost their lives.

Protection of such people is the duty of the state government concerned. If it fails in this, quick identification of the culprits and their judicial punishment are essential. The Maharashtra and Karnataka governments have failed in the three cases cited in the editorial, with the culprits yet to be traced. The brutal and atrocious murder of Gauri Lankesh is the fourth such case. It indicates that anti-social elements have no fear of the law. Both citizens and the media have to persistently force the government to wake up and act swiftly.

YG Chouksey Pune

### Identity crisis

First, we had to give PAN for some transactions. Then came Aadhaar. Then we had to link PAN with Aadhaar. Now, the government want us to link our telephone numbers with Aadhaar. The latest is that you



need an identity proof to book air tickets. All this is understandable, but why is the government reluctant to link Aadhaar with voter identity? That should have come first.

We can go even further — voter lists linked by Aadhaar, electronic voting machines linked with the Aadhaar database. Let's go back to 1996 when PAN was made compulsory. You had to have a PAN if you had a car, house, telephone, credit card and club membership. But it was not made mandatory for the stock market. Why? Because it seems the finance minister then wanted to give promoters, political leaders and others time to unwind their *benami* holdings. Even the proposal of the Securities and Exchange Board of India to have a Market Participant Identification Number (MAPIN) was sabotaged before the public sector undertaking disinvestments. This facilitated the Roopalben scam.

The PAN story is now being repeated with Aadhaar. Will the government have the courage to link Aadhaar with voter iden-

tity card before the 2019 general elections? Simultaneously, we need a strong Prevention of False Identity Act that would prescribe life imprisonment and even death for having, making or using a false identity, with the quantum of punishment depending on the motive of the crime. After all, if you have a false identity, you do not exist.

TR Ramaswami Mumbai

### Rajan's sincerity

The entire fraternity of pensioners — those of the Reserve Bank of India (RBI), banks and the LIC included — are moved by what former RBI governor Raghuram Rajan writes in his book, *I Do What I Do*.

The day Rajan took over as RBI governor in September 2014, he had told leaders of the United Forum of RBI Officers and Employees that updated pension for the staff was a priority for him. In his book he has summed up his inability to resolve the issue during his tenure despite making efforts. His sympathetic words for the erstwhile staff of the RBI and his yearning for the government to address the issue are testimony to his honesty.

Ramanath Nakhate Mumbai

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## Blunting inequality

India needs reforms that increase opportunities for the poor

A new research paper by Lucas Chancel and Thomas Piketty, titled "Income inequality, 1922-2014: From British Raj to Billionaire Raj?", says that the share of national income accruing to the top 1 per cent income earners is now at its highest level since the creation of the Indian income tax in 1922. In other words, the current income inequality in the country is worse than what it was before Independence. But the trend of inequality has not been consistent. As the paper found, the top 1 per cent of earners accounted for less than 21 per cent of total income in the late 1930s. This share fell sharply to just 6 per cent in the early 1980s. However, since then, it started rising again and was pegged at 22 per cent in 2014.

In a clear contrast to the fortunes of the top 1 per cent, the bottom 50 per cent group accounted for 28 per cent of total growth between 1951 and 1980. During this period, the incomes of this bottom half grew faster than the national average, even as the share of the uber rich (the top 0.1 per cent) declined. But, since 1980, the tables were turned with the uber rich capturing a higher share (12 per cent) of total growth than the bottom 50 per cent (11 per cent). More broadly, during this last phase (1980 to 2014), the top 1 per cent cornered a higher share (29 per cent) of total growth than the middle 40 per cent group, which accounted for just 23 per cent.

There are several points to note in these findings. First, rising inequality does not necessarily result in rising poverty. It is quite possible for inequality to rise even as more and more people are coming out of poverty. For instance, in India's case, the proportion of the population living below the official poverty line of an income of \$1.90 a day came down from almost 46 per cent in 1993 — when India was opening up its markets — to just above 21 per cent in 2011. Nor would it be correct to infer that since inequality came down during a phase when India had modest growth rates (1951-1980) and rose during the higher growth phase (1980-2014), economic growth per se is anything less than critical for removing poverty.

However, there is reason still for policymakers in India to take these findings seriously. That is because while most other countries experienced similar unequal growth dynamics, India's case was striking. When compared to countries such as the US, France and China, India had the highest gap between the growth of the top 1 per cent and growth of the full population. This shows that even though higher growth and rising tax revenues were alleviating poverty, the gap between the top and the bottom in the country was more than any other country. Such a high level of inequality is an invitation to social unrest at the best of times. It becomes worse when growth falters for any reason, as it seems to be doing now. What the government must do is to aggressively pursue reforms that improve the quality of opportunities available to the economically weaker sections of society.

## Making farming remunerative

MP's price deficiency mechanism deserves a chance

The Madhya Pradesh government's new scheme of compensating farmers in cash for their failure to get the minimum support prices (MSP) is a welcome measure. Under this plan, the state will work out a "model price" by looking at past market rates in MP and other states. Subsequently, the farmers will be paid either the MSP or the model price, whichever is higher. This is being done to ensure that farmers do not lose out because it is quite possible that a single all-India MSP may not do justice to the farmers of one region. Though, initially, the scheme will cover some selected pulses and oilseeds, where the official procurement is typically low, unlike in rice and wheat, subsequently it may be expanded to ensure remunerative returns for all major crops.

Inadequate price realisation during the post-harvest peak marketing season is, indeed, the root cause for farmers' economic plight, indebtedness, suicides and demand for loan waivers and reservation quotas. In many cases, prices received by growers fail to cover even their production costs, as has happened this year due to a bumper harvest-driven price crash in most farm commodities. The MSP system, devised way back in the 1960s to back the green revolution, relies critically on actual purchases of staple cereals by the Food Corporation of India (FCI) and state agencies at guaranteed floor prices. It has, however, remained confined largely to wheat and rice and, to some extent cotton and sugarcane, in parts of a handful of states where the procurement, transportation and storage infrastructure exists. For other crops and other places, it is wholly irrelevant and growers are forced to go in for distress sales. Little wonder, therefore, that most farmers are even now unaware of the MSPs. The 70th round of survey by the National Sample Survey Office (NSSO), based on the data collected between July 2012 and June 2013, found that only 32 per cent of paddy sellers knew about the government's MSP operations and, worse still, barely 13.5 per cent managed to sell their stuff at these prices.

The need, therefore, is to replace this mode of price assurance with a non-market intervention-based system to guard farmers against price risks. Such a move is imperative also because other risk management instruments, such as crop insurance and futures trading, have not made much headway. Moreover, the present concept of "one nation, one MSP" is fundamentally flawed because production costs vary from region to region and, in fact, even from farmer to farmer. The task force of the National Institution for Transforming India (NITI) Aayog, which originally mooted the price deficiency payment mechanism in 2015, categorically blamed the MSP system for distorting agricultural markets and cropping pattern in favour of two main staple cereals — rice and wheat. Besides, it tended to cause needless accumulation of stocks in the government coffers, involving huge maintenance costs and storage losses. The proposed new system, on the other hand, has the potential to avoid physical handling and warehousing of commodities even while ensuring effective price support for major crops in all parts of the country, benefiting all farmers.

ILLUSTRATION BY AJAY MOHANTY



## The demand for Japanese power

As China and North Korea develop the capacity to inflict severe damage on the US, Japan can no longer avoid acting like a major power

When Japanese Prime Minister Shinzo Abe visits India next week, he does so amid a nuclear crisis in North East Asia that is itself wrapped in a wider, deeper crisis around the shifting balance of power in the Indo-Pacific region. North Korea's recent nuclear and missile signalling has added a tangential urgency to Japan's growing insecurities arising from China's sprint to unseat the United States as the region's hegemonic power. The advent of Xi Jinping's presidency confirmed suspicions that China's "peaceful rise" was a comforting myth. And the advent of Donald Trump has reinforced fears that arose under his predecessor's administration that the United States' reliability in a conflict against China can no longer be taken for granted.

The world as three generations of Japanese knew it has changed. Many are finding it hard to accept it.

Mr Abe has been among the few Japanese political leaders to appreciate the changing scenario in realist terms. He has used his political capital to reorient Japanese foreign and security policies — including making highly-contested changes to the country's pacifist constitution. Yet I am not sure if the Japanese establishment and society can get over 70 years of living under the comfort of a US security cover and appreciate that the good old days might have ended, never

to return. While Mr Abe remains popular, there are powerful voices within his party and among parliamentary allies that strike discordant notes when it comes to defence and security. As typical scandals eat into his stock of political capital, Mr Abe is fighting for enough time to push through his security agenda.

Even as he steers the ship of the state onto a new, more independent course, the demand for Japanese power is being felt by every East Asian country that is outside Beijing's orbit and wishes to remain so. Vietnam, Australia, Indonesia and Singapore all have reasons to resist being dominated by China but calculate the risks of standing up to China are too great, especially if none of the others steps forward too. Post-Doklam, India has shown itself capable of dealing with Chinese coercion, but New Delhi might not show the same tenacity in the South China Sea as it demonstrated on its own frontiers. That leaves Japan as the only East Asian country with both the interest and the wherewithal to galvanise a regional balance of power that provides some insulation against domination by China. Japanese leadership will put the spine in others.

It is often argued that enduring wartime memories will make East Asians suspicious of Japanese power. While perpetuating this argument serves Beijing's interests, it is also true that Japanese post-war aid and



THE ASIAN BALANCE

NITIN PAI

## Priorities for Mr Prabhu

Suresh Prabhu has become the Minister of Commerce and Industry at a critical juncture when the gross domestic product growth has dipped to 5.7 per cent and most economists are belatedly acknowledging that the steady decline of exports is a principal cause of the falling growth rate. Policymakers are also grappling with growth without jobs. Even for jobs, export promotion through labour-intensive activities of small and medium-sized enterprises (SMEs) is a proven solution. Hence for sustaining a high job-rich growth trade policy is crucial, and Mr Prabhu has a very important role to play.

Mr Prabhu must push for trade liberalisation and change the Indian protectionist mindset. He should ensure that the Indian industry is not fearful of external competition, and that our economy is globally competitive. To achieve this he has to take the lead and work closely with several ministries and the Reserve Bank of India (RBI). He has to reorganise his ministry to move away from giving doles to exporters to implementing next generation trade reforms. He has to make the Department of Industrial Policy & Promotion focus mainly on attracting efficiency-seeking foreign direct investment (FDI), improving the Ease of Doing Business (EODB), and creating a level-playing field for the SMEs who are most hurt by the poor business environment. His priorities should be:

### Trade facilitation and logistics reforms and improving EODB

This is essential for linking our industry to regional and global value chains (GVCs), the main source of earnings from exports of goods and services. This involves vastly improving our dismal rankings in World Bank's EODB, especially in trading across borders, and in Logistics Performance Index. We need to reduce high cargo dwell times in ports and airports, and time-consuming administrative processing of trade documents by numerous agencies. For this we need to have a fully automated clearance process with minimal face-to-face contacts. The reduction of cargo dwell time should regularly be monitored by an inter-ministerial group headed by the PM. We need to

move towards a comprehensive single-window system that not only integrates customs with allied agencies and Directorate General of Foreign Trade, but with excise as well. A comprehensive programme to reduce the cost of movement of goods behind the borders from hinterland to ports also needs to be undertaken. Its primary goal would be to identify the regulatory bottlenecks to fast and efficient cargo movement within India and their rectification. This would need the full participation of ministries, state governments, and the private sector, and would thus require considerable political support. The regulatory bottlenecks holding up development of ports, coastal shipping, and air cargo should also be addressed.

Production networks under GVCs need to be cost effective, time-bound and certain. None of which can be guaranteed in Indian conditions with poorly designed and implemented regulations combined with inadequate infrastructure. The integration of Indian SMEs, which have great potential, into such global networks, is especially held back due to such high transaction costs. Thus, any government that seeks to champion the cause of SMEs and the growth of employment in manufacturing through export development cannot but take the issue of transaction costs as a high policy priority

### Diversification of professional services

India needs to go beyond IT and ITes to other professional services. We need to focus on the barriers preventing the take-off of other services such as behind the border regulatory restrictions on accounting, legal, engineering, architecture, or health related professional services in partner countries. With the emergence of big data as a driving force of innovation and business development, data analytics and management would emerge as a huge area of opportunity in professional services exports for India. Trade barriers related to regulatory constraints on undertaking certain types of legal or accounting tasks offshore, and barriers related to the emerging issues in data privacy and data restrictions are now the areas of maximum concern for



JAYANTA ROY

investment has substantially contributed to the economic development of the region. Any forward-looking government in the region will be more concerned with what China is doing and might do, than what the Japanese did before 1945. Today few Asean (Association of Southeast Asian Nations) countries are likely to protest a stronger Japan and many of them will welcome it.

So will India. Just take the maritime domain, for instance. It is in India's interests for Japan to balance China in the Western Pacific, with India lending a hand. This will allow the Indian Navy to concentrate on the Indian Ocean Region, with some help from the Japanese. Japan can thus operate within the limits of its constitution and India within the limits of its capacity.

India's naval expansion plan is a bright spot in an otherwise dismal defence acquisitions scene. However, it needs to be reviewed in the light of the massive addition to the PLA Navy in the past few years. After Mr Abe rewrote the rules, Japan now has the ability to offer surface ships, submarines, aircraft and information systems that can accelerate the Indian Navy's expansion.

The first attempt at this — a proposal to procure ShinMaywa US-2 amphibious aircraft — failed to take off, but need not be seen as a failure if the two governments learn the right lessons from the episode. Despite Japanese companies successfully operating around the world, its defence manufacturers are new and inexperienced in the export market. To make things worse, the Japanese bureaucracy is too conservative and is yet to internalise the changes brought under Mr Abe. Japan's foray into defence exports has thus far been without success: Attempts to sell maritime patrol aircraft to the UK and Indonesia, submarines to Australia and US-2s to India have fallen through.

For our part, instead of looking at the ShinMaywa episode as the beginning of a strategic defence relationship — as Prime Minister Narendra Modi and Mr Abe had intended — the defence ministry concerned itself with getting a good price, local manufacturing and some technology that the Japanese could not sell. Individually, these demands make sense. Unfortunately, they miss the strategic big picture — that of making an advanced, friendly Japan a long-term defence partner.

When they meet, the two prime ministers must set up a joint task force to identify how to bring about strategic defence cooperation. There's an immediate opportunity: The Indian Navy wants new submarines and Japan's Soryu-class vessels are considered among the best. It can be a big deal, in many senses of the word.

For any of this to happen, Japan must see what Mr Abe does: That it can no longer avoid becoming and acting like a major power. As China and North Korea develop the capacity to inflict severe damage on the United States, Washington will be ever more reluctant to come to Tokyo's aid. Ultimately, the biggest demand for Japanese power comes from Japan itself.

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the future growth of off-shore professional and technical services model. This requires urgent domestic regulatory reforms of services sector in India (business facilitation) and negotiation of such trade barriers within trade agreements.

### Attracting efficiency-seeking FDI

India with 250 million-plus middle-class consumers will get market-seeking FDI, that is, investment that seeks to serve its domestic consumers irrespective of business environment. But the crux of becoming competitive and creating the extra millions of jobs that India desperately requires lies in attracting efficiency-seeking FDI, or investment that uses India as a manufacturing base for global production and innovation. Such FDI would integrate Indian entrepreneurs, especially the SMEs, into the global market by exposing them to the best technologies, marketing networks, and management systems. Again, our poor business environment with severe obstacles to EODB is the main obstacle to inflow of efficiency-seeking FDI.

### Other policies

Export growth will be hampered by an overvalued exchange rate. The real effective exchange rate has appreciated by about 20 per cent in the past decade. Mr Prabhu needs to discuss this with the RBI and finance ministry, and ensure that we soon have a competitive exchange rate.

India should take a much more proactive stance in trade negotiations. In WTO, we should take the lead in strengthening the Trade Facilitation Agreement, and pushing for greater liberalisation of services. Given the current global scenario, it would make sense for India to look at a deeper regionalism in trade engagement with SE Asia and replace existing shallow agreements with ones that have a wider mandate such as Regional Comprehensive Economic Partnership, and Trans-Pacific Partnership when it is revised.

Mr Prabhu has a big challenge ahead in implementing trade reforms to regain the lost export momentum. This is essential for a sustained high growth with jobs.

The writer is a well-known trade economist who was economic advisor in the Ministry of Commerce during 1989-1993. Views are personal

## Tyson's heavyweight adulation



### BOOK REVIEW

DHRUV MUNJAL

In November 1986, a few days after becoming the youngest-ever heavyweight champion of the world, Mike Tyson emptied a bottle of Dom Pérignon champagne on the grave of Constantine "Cus" D'Amato. That same week, he made his way down to Brownsville, the treacherous, crime-infested Brooklyn neighbourhood where he was born. There, he and his buffoonish, weed-smoking mates mugged visitors in an elevator.

If the first came as a form of belated homage to the man who made him champion, the latter was an alarming

testimony to how Tyson's life had spun menacingly out of control after D'Amato's passing; here was the hardest hitter in boxing since Rocky Marciano robbing people just for the thrill of it. But then, that's the kind of calming influence D'Amato had on the young Tyson.

Had it not been for D'Amato, Tyson would have probably got killed by a bullet or got battered in one of those gang tussles that routinely sprung up in Brownsville. Before D'Amato met Tyson and became obsessed by the desire to make him the youngest world heavyweight champion ever, Tyson had been to prison several times — he spent most of childhood in juvenile detention centres. If you were to desperately look for a consolation here, the only boxer who was dragged to jail more times than Tyson was probably Sonny Liston. And we all know what a terror he was in the ring.

Liston died from a suspected heroin overdose in 1970. Tyson's obsession with becoming a fighter — all because he was egged on by D'Amato — prevented him from meeting a similar fate. No surprise, then, that Tyson has much to thank D'Amato for in his new book, *Iron Ambition: Lessons I've Learned from the Man Who Made Me a Champion*.

Legally, D'Amato was the man who adopted Tyson when he was 16. Professionally, he was his trainer and the genius who taught him to spar. Emotionally, he was all that Tyson ever had.

D'Amato took an insecure teenager with awfully low self-esteem and moulded him into the most feared fighter the world had ever seen. A Tyson fight was more often than not like an apocalyptic event that forced ringside luminaries to sit wide-eyed and open-mouthed. The adrena-

line rush that Tyson, in his black gloves, trunks and shoes, triggered by charging across the ring remains unsurpassed even today. In Bert Sugar's cigar-kissed words, "He was out to kill you. And you knew it."

In *Iron Ambition*, Tyson paints an affectionate portrait of D'Amato, recollecting stories of the two reading *Boxing Encyclopedia*, watching grainy fight films of old masters like Jack Dempsey and Henry Armstrong, and eating ice cream together. It is so genuinely kind-hearted in some parts that you're left wondering if a man with the ravaging, street-fighter demeanour of Tyson can actually pull off something as tender as this. D'Amato himself was mostly stony and dispassionate, but in an archetypal cliché, he treated Tyson with the gentlest respect, for which the rising superstar adored him.

Given Tyson's sociopathic tendencies, D'Amato's partially successful attempt at improving his mental conditioning forms the meat of this new book. "Cus was always acknowledged as being one of the first trainers to

concentrate on the psychology of his boxers. At various times during his career he said that boxing was 50, 60, and once even 85 percent mental," he writes. Tyson confesses that D'Amato forced him to believe that he was the finest boxer in the world. In Tyson's own words, at the end of it all, "Cus had made him into a megalomaniac". D'Amato created such a self-loving monster that when Tyson met Michael Spinks in the summer of 1988, his opponent couldn't look him in the eye. A couple of giant right hands felled Spinks in 91 seconds.

The overflowing endearment, however, is somewhat offset by D'Amato's inability to always keep Tyson in check. "Cus was so in love with these old fighters (Dempsey, Armstrong) that he would make excuses for some of their behaviour," states Tyson. He did the same with him. While Tyson's ways had improved drastically since he had started working with D'Amato, he was still prone to intermittent bouts of petulance and impropriety. Once, Tyson, still shy of his 18th birth-

day, tried to force himself on assistant trainer Teddy Atlas' wife's sister. When D'Amato was made aware of the incident, he decided to break all ties with Atlas.

*Iron Ambition's* longish prose (over 450 pages) fails to undo the honest efforts of Tyson, who has produced a book brimming with candour, and acclaim for his master. In all likelihood, had D'Amato lived longer, Tyson would've actually broken Marciano's 49-0 record, and Evander Holyfield would still have his ear intact. The only winner here is perhaps actor Zach Galifianakis, who can thank the makers of *The Hangover* for not choosing to film it 20 years earlier.

### IRON AMBITION: LESSONS I'VE LEARNED FROM THE MAN WHO MADE ME A CHAMPION

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