Can start-ups really impact the economy?

At least in India, most of them are unstable and unsustainable. Let them be until they grow up

INNOCOLUMN

R GOPALAKRISHNAN

My answer is "no" if we refer to e-commerce type of start-ups and the time horizon is 10 years. For sure, technology can and will impact, for example, India's health care and education access issues in the long run. Important folks in business and administration assert that current start-ups are India's hope to stimulate employment and spur national economic growth; their view appears persuasive. Most likely, the emperor is wearing no clothes. Digital technologies are disruptive and important, they could build a great future. However, it is unwise to expect nascent start-ups to shift the national needle in the immediate future.

What we see now as the valuations of start-ups reflects hubris, not business performance. In the next decade and more, economic growth and job creation require renewed industrial investment, fresh lending by non-performing assets-strapped banks and a revival of the agricultural economy. These are grown-up sectors, but they are the real movers and shakers of the economy. These sectors generate real cash, not mythical valuations. Their cycle of production and consumption is based on real, stable money and experienced entrepreneurs. On the other hand, start-ups are based on ephemeral, impatient capital and inexperienced entrepreneurs, largely copycat local firms, slugging it out with foreign venture capital money. Scott Shane wrote in 2014 that entrepreneurship does not cause income growth (*https://www.entrepreneur.com/article/237695*).

Start-ups are abnormally growing corporate organisms. At least in India, most are unstable and unsustainable. Many are in the larvae stage of the butterfly, when the insect continuously consumes mulberry leaves, adding bodily burdens and undergoing complex hormonal changes. Among Indian start-ups, you can count the number of butterflies that have emerged from the chrysalis, like Infosys and Bharati, but both are from three decades ago. During their infancy, these companies grew credibly with revenue, cost and profit surplus. These "old start-up" companies spent hard-won investors' money frugally to prove their product, their business model and their commercials before undertaking rapid growth. Current start-ups measure performance through unintelligible metrics such as gross merchandise volume, app downloads and merchants on the platform, not through profits and OCF!

There is far too much hoopla about Indian start-ups. Smart foreign VCs have arrived with their dollars, but smart people are known to sometimes behave mindlessly. There is an insane race to spend money to simulate the American dream of "winner takes all" through an imported business model that the limited partners understand. Entrepreneurs argue that the losses are investments, yet they resent the income-tax authorities treating the losses in that manner. These inexperienced entrepreneurs are called upon to advise on the nation's economic policies and they adorn the juries to select daring leaders. However, they squeak for protection from muscular foreign boxers in the boxing ring, although they themselves are owned by foreign capital.

Policymakers and followers of economic matters must listen to entrepreneurs as indeed to many segments of the population. But please listen to entrepreneurs, who have a record of solving real consumer problems, servicing increasing customers, making investments in assets and generating jobs and cash. A minuscule number of today's start-ups will get there, but the time frame will be a decade or more. The corporate graveyard will be like a Word War II cemetery with stones for the unheralded soldiers.

Young people are developing crazy apps because young people will be young! For example, apps that will pack your suitcase virtually, send a valet on a scooter to park your car wherever you may be, or a toothbrush to your mailbox to renew your dental kit regularly! And the media goes ballistic, policymakers work up a froth, while VCs chew their cigars purposefully awaiting an opportunity to sell to another VC in a ring-a-ring o' roses game.

Let start-ups be start-ups until they become grown-ups, let young entrepreneurs be experimental and bold, let VCs do their job, but for God's sake, the nation must prime the real grown-ups to solve the imminent issues.

The author is a writer, corporate advisor and distinguished professor at IIT Kharagpur; rgopal@themindworks.me

CHINESE WHISPERS

Keep fit, take the stairs

The national headquarters of the Communist Party of India (Marxist) at A K G Bhavan in New Delhi's Gole Market area is fitted with an elevator. It is a three-storey building with a basement and the lift assists the party's ageing leadership to reach the top floors without the exertion of taking the stairs. However, the lift has not been functioning for nearly a month. So the likes of party chief Sitaram Yechury, politburo members Prakash Karat, Brinda Karat, Subhashini Ali and S Ramachandran Pillai have to use the stairs. Pillai is 79, Ali a couple of months shy of 70, the Karats are both 69 and Yechury is 65. The talk is the party, which has few young members, needs to keep its present crop of leaders fit and healthy.

Salary math

At the annual general meeting of Hindalco held earlier this week, the company declared a dividend of ₹1.10 per share for FY17, against ₹1 per share last year. Shareholders were not happy given that the company has managed to lighten its balance sheet according to its plans. Homa Pouredehi, a shareholder, offered to rework the company's math so that shareholders would get higher dividends. Pointing at company officials seated on the dais, she said: "Sir, why are such huge salaries given to these officials? What do they do? Because they are taking so much salary, we are not getting higher dividends." Pouredehi's idea of reworking the C-suite salary left the board grinning; Chairman Kumar Mangalam Birla kept his composure.

Social media strength

When R K Singh took over as minister of state (independent charge) for power, coal, new and renewable energy from Piyush Goyal, he said he had big shoes to fill. He might not have been speaking of social media specifically, but here's a sampler: With 1.86 million followers on his personal Twitter account and 83,000 followers on his official handle, Goyal, now the coal and railway minister, is one of the most followed ministers on social media. He also communicates regularly about the work done in his ministries. Singh's account, @rksinghmp, has 1,464 followers. The last tweet was on September 8, informing about his two new handles, @RajKSinghIndia and @OfficeOfRKSingh; they have 345 and 397 followers respectively. None of them are verified accounts. His Facebook page has around 5,000 followers against Goyal's 3.5 million.

Sunrise at sunset point

To win the battle of perception, the Indian pharma industry should focus on capital allocation choices and capability building

CHANDRU CHAWLA

The Indian pharma model has depended on a few fundamentals. It capitalised on a strong domestic base in India through rapid product introductions, the Hindu rate of price increases, a large army of medical representatives and a benign regulatory and intellectual property system. Indian pharma companies chose pockets in Africa, Asia and the Middle East as natural expansion outposts. They leveraged India's formulation expertise to address the world's largest generics market, the US, fully exploiting the advantages it offered.

All that is changing.

The industry faces a battle of perceptions. Despite being the supplier of over a third of the world's requirement of medicine, and with over 20,000 companies competing in the domestic market, there is still a perception that the Indian patient is paying high prices for drugs. The remedy — more drugs under price control.

Trade channels in this industry take nearly a third of the retail price a patient pays. This share of the patient price may be one the highest in the world. With 500,000-700,000 chemists and stockists, distribution channels remain fragmented and the cost of distribution reflects this. The remedy — a higher cap on these margins.

Indian medicines are identified by "brand names". The doctor uses the brand name to identify the drugs he is choosing for his prescription. Under the belief that all drugs with the same ingredient are identical, we may move to an era where doctors prescribe the generic names of medicines, and it would be left to the chemist and/or the patient to choose the company whose drug she wishes to use. But are similar drugs from various companies identical? They should be by law, but they aren't. Inspectors and analysts, who work with national and state regulatory agencies, follow the same law, but only in theory. Their implementation varies from office to office, state to state. Unless the drug regulatory laws are implemented in identical fashion across every state and city of the country, any doctor by prescribing a generic drug is putting his reputation at risk, as he is at the mercy of the choices that an ill-trained chemist and/or patient might make.

Indeed, the national regulator has a formidable task at hand — to engage, reskill and train several employees across the country, bring them to a common skill level and then hold them accountable to one common national standard. Who will fund the increased drug policing costs? If they come back to the industry, in some way, they might result in price hikes.

What happens to the several thousand companies? Will they be able to cope with these changes? One estimate is that not more than 500 companies will survive this.

The industry employs 700,00-800,000 medical representatives. What is their fate, if the industry turns "generic"? Are they going to become an extinct species? The reps, through the years, toiled hard, to be the knowledge interface between the doctor and the industry. Will their role change if the nature of the industry changes? Quite possibly: Digital technology and social platforms are providing myriad ways of reaching doctors. What shape will the human touch take in this era?

SWEEPING CHANGE If implemented, the Draft Pharmaceutical Policy, 2017, will disrupt the Indian drug industry in fundamental ways

Many companies use multi-brand marketing strategies to cover the vast expanse of the Indian terrain, for the same drug. At the most simplistic level, a company could have two brands of a given drug — one for the hospital sector, the other for the retail sector. Over time, in pockets, it may have led to some distortions in pricing and trade margins. Often, these are manufactured at contract sites. The contract manufacturing industry in India serves a useful purpose — to provide bridge capacity, especially for those focused on high-volume exports from their own plants. "One brand at one site" could jeopardise a sub-sector that employs a few hundred thousand people and turns over probably ₹20,000 crore.

Such "remedies" are some of the sweeping changes suggested in the Draft Pharmaceutical Policy, 2017. If implemented, while quality and affordability will improve, the policy will unwittingly strike at the core of the business model of the industry and disrupt it in fundamental ways.

The US market — the largest generic market in the world and where Indian drugs fill three to four out of 10 prescriptions — is seeing three big trends. Channel consolidation has led to 90 per cent of the buying power concentration in three big companies. The Food and Drug Administration along with increased scrutiny has been approving the backlog of drugs aggressively, leading to hyper-competition. This double whammy is causing prices in the base business to fall by high single-digit to low double-digit rates. Buyers have tightened the screws and are increasingly vigilant about even legitimate price increases.

The combined effect has wiped out nearly 40 per cent of the core industry's market cap in the last few months — a whopping value destruction of over ₹5 lakh crore.

So what should the industry look out for? Three simple things — innovation, calibrated diversification and consolidation or ICDC in short.

The industry needs to diversify the geography risk beyond the US and India, invest in innovation beyond traditional generics and acquire more global scale. Aurobindo is doing just that. In contrarian style, it is going to Europe, when others have recalibrated their ambitions there.

India does not need more than 500 companies to have a reasonably competitive market. The rest must perish or be acquired. Of the dozen or so large and mid-sized companies, some should merge and acquire global scale. Two Ahmedabad-based companies are reportedly in discussion to do just that. Some more will surely follow suit.

Those with scale must invest in innovation — US specialty, global biosimilar, science-validated NCEs and digital. Zydus Cadilla is invested in a diversified portfolio — vaccines, animal health, bio-similars —beyond core generics. Dr Reddy's, Cipla, Sun, Lupin, Glenmark, Biocon are exploring these themes. Success would depend on capital allocation choices, capability building and ring fencing for focus. The investing community must probe the latter two to be more informed.

The author is executive vice-president, Cipla. The views are personal

BUSINESS LIFE

Man and machine must work together

Motorists have to understand that 'self-driving' cars can't drive themselves

EDWARD NIEDERMEYER

Almost as soon as news broke of a fatal crash involving Tesla's Autopilot last year, fans and detractors of the electric-car manufacturer have been clear on the tragedy's causes. Tesla's supporters and investors have never doubted that the system improves safety, so the driver must have failed to heed Tesla's warnings and not remained attentive. Detractors and short investors, on the other hand, have been all but certain that Autopilot somehow failed to protect the car's driver, allowing him to drive directly into a semi at 74 miles per hour.

After more than a year of debate a conclusive answer is finally at hand, courtesy of a National Transportation Safety Board (NTSB) investigation whose final results were presented this week. But the board's findings aren't likely to leave either side happy: Rather than blaming man or machine alone, it seems that both human drivers and the Autopilot system — specifically the complex relationship between the two — contributed to the deadly event.

At the heart of the matter is a dangerous dynamic: With billions at stake in the frantic race to develop self-driving car technology, there are huge incentives for carmakers to create the impression that vehicles for sale today are "autonomous". But as the NTSB made clear, no vehicle now on the market is capable of safe autonomous driving. When consumers take high-tech hype at face value, a lethal gap between perception and reality can open.

Tesla reaped months of laudatory coverage and billions worth of market cap by presenting its Autopilot system as being more autonomous than any other advanced driver assist systems, even as it warned owners they must remain attentive and in control at all times. Though Autopilot did offer better performance than other advanced driver assistance systems, the key to its success was the lack of limitations Tesla put on its use. Because Autopilot allows owners to drive hands-free anywhere, even on roads where Tesla has warned that such use would not be safe, the company has been able to profit off the perception that its system was more autonomous than others.

Autopilot was designed for use on highways with no chance of cross-traffic ISTOCK

But Autopilot was actually designed for use on well-marked, protected highways with no chance of cross-traffic. So when the tractor-trailer turned across Florida's Highway 27 last May, and the Tesla slammed directly into it without triggering any safety systems, Autopilot was working exactly as designed. The problem was that it was being used on a road with conditions it wasn't designed to cope with, and the driver had apparently been lulled into complacency. Far from failing, Autopilot was actually so good that it led the driver to believe it was more capable than it really was.

This complex failure, which both man and machine contributed to, sounds an important warning about autonomous-drive technology: Until the systems are so good they need no human input, the human driver must remain at the centre of "semi-autonomous" drive system design. Engineers must assume that if there's a way for people to misuse these systems, they will. Companies need to understand that if they over-promote a semi-autonomous drive system's capabilities in hopes of pulling ahead in the race to autonomy, they run the risk of making the technology less safe than an unassisted human driver.

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LETTERS

Vet loans carefully

With reference to the editorial, "Caught in a cleft" (September 13), I can appreciate the difficult situation faced by the government and the central bank and their inability to tackle it because of its sheer magnitude.

The suggestion of the editorial to "consider selling off/divesting stakes in subsidiaries and non-core businesses" is perhaps the only rational possibility. A word of caution: Transferring government stake to the LIC is not a solution. Such temptations should be curbed and the government should go only for genuine divestments.

However, it is crucial to ensure that new loans are vetted carefully so that five to 10 years from now, we don't face a similar situation. Loans must not be given over extraneous considerations, favouritism or political patronage. Our banking system is robust enough to evaluate loan applications dispassionately, objectively and based on a holistic study of the sustainability of the project proposal.

Several large loans are sanctioned on the whims and fancies of bank chairpersons or due to political pressures. Instances of bank officials getting gifts on the weddings of their children and amassing wealth are quite common. That's the root cause of the problem; that's where the collective focus should be.

Krishan Kalra Gurgaon

Solution lies in Myanmar

This is with reference to the statement of the United Nations High Commissioner for Human Rights that "India cannot carry out collective expulsions, or return people to a place where they risk torture or other serious violations". Expectations that Prime Minister Narendra Modi would take up the issue of the Rohingyas during his visit to Myanmar were belied. Not only should he have discussed the issue, but he should also have condemned the alleged terrorist attack launched against the security forces of Myanmar.

India has found that around 40,000

Rohingyas have settled in different parts of the country. Those Rohingyas, who have crossed over to India, should be treated as temporary refugees and not deported. The government must treat this as a humanitarian issue and take it up with Myanmar. At the same time, Myanmar must distinguish between terrorist suspects and civilians.

The root of the crisis lies in Myanmar; the ultimate solution has to be found there.

S K Khosla Chandigarh

Poverty a political industry

While TCA Srinivasa-Raghavan makes good suggestions in his column, "Modi's poverty problem" (September 9), the ramifications are far-reaching.

Poverty is a political industry. Forty six years ago a prime minister said "*garibi hatao* (eliminate poverty)"; even today, her grandson proclaims that his party is for the poor. In India, most poor people vote for their livelihood; about 6,000 people require these votes for their livelihood. The richest pay nothing to run the country; agricultural farmers and corporate farmers are there to do this job. All poverty-alleviating schemes are perpetual.

One tough way to reduce poverty is by reducing the number of poor people — ensuring that the poor do not bring any more poor into the world. But with some political leaders urging people to have more children, which they think guarantees more votes from a caste or religion, and industrialists, who need a large number of unemployed people to pay little, subsidies have fed not only the hunger in the stomachs but also something else.

Link subsidies and the definition of poverty to the ballot box and see the change. Srinivasa-Raghavan says all citizens have been "continuously and mercilessly" cheated since 1957. We have also allowed this country to be thrust demographically into perpetual poverty.

T R Ramaswami Mumbai

Letters can be mailed, faxed or e-mailed to:
The Editor, Business Standard
Nehru House, 4 Bahadur Shah Zafar Marg
New Delhi 110 002
Fax: (011) 23720201 · E-mail: letters@bsmail.in
All letters must have a postal address and telephone number

HAMBONE BY MIKE FLANAGAN

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Plugging the royalty gap

Payments to MNC parents need checks and balances

Royalty payments by Indian subsidiaries of multinational firms has been a sticky issue for many years. While multinational companies should be compensated for brand and technology, a high amount hurts minority shareholders who do not have a say in determining the royalty fees. Thus, the reported move of the Securities and Exchange Board of India's (Sebi's) corporate governance committee to take a close look at the royalty payments issue should be welcomed.

The government had removed restrictions on royalty payments in the wake of the global slowdown after the financial crisis in 2009, and subsequently many multinationals, including Maruti Suzuki, Hindustan Unilever and Nestlé, began increasing royalty payments to their parents in a phased manner over a number of years. Since then royalty payments have increased faster than the growth in revenues and profits and this is not a healthy trend. A study by proxy advisory firm Institutional Investor Advisory Services (IiAS) showed that 32 multinationals in the BSE 500 index paid royalty of ₹7,100 crore in 2015-16, which was 21 per cent of their pre-tax pre-royalty profits. In fact, for the five years ending 2015-16, MNC royalty payments grew at 13 per cent, in excess of their pre-tax profits which grew at 9.6 per cent.

The royalty issue has vexed the government, investors and proxy advisory firms for nearly a decade after the norms were relaxed. Obviously, minority shareholders bear the brunt of high royalty payments, as this favours one class of shareholder — the promoter — over all others. For the government, royalty payment is an outflow of foreign exchange, which will subsequently have an impact on the country's macroeconomic management. While the government tried to address it in the 2013-14 Budget by increasing the tax on royalty from 10 per cent to 25 per cent, its impact has not been significant as there are double taxation avoidance agreements with most countries where the royalty is being paid.

Before 2009, royalty payment was regulated by the government and capped at 8 per cent of exports and 5 per cent of domestic sales in the case of technology transfer collaborations and was fixed at 2 per cent of exports and 1 per cent of domestic sales for use of trademark or brand name. While a return of a blanket cap might not be the best way out, there are some options that the government can exercise to protect its tax revenues, slow down forex outgo as well as protect minority shareholders. The Sebi panel is in favour of putting more checks and balances to arrive at royalty payments and wants the company boards to be more mindful of approving royalty agreements. Many solutions are possible such as having it linked to sales and profit growth or the value addition that can be attributed to the brand or the technology. Progressive taxation on certain types of royalty, wherein taxes rise as royalty increases above a threshold in terms of percentage of sales, too is an option. Besides informing minority shareholders about the amount and duration of royalty payment, they should also be made aware of the impact on margins and shareholder returns. Above a certain amount, there could be a vote at a general meeting with appropriate majority. At a time when industry after industry is going through disruption, what products and technologies merit royalty payment should also be answered.

Higher learnings

Global indices suggest Indian academia is deteriorating

Two sets of global indices recently yielded uncomfortable truths about India's premier institutes of higher learning and they come at a time when competitors in Asia — China and Singapore principally — are rising steadily up the rankings. First, in the Times Higher Education World University Rankings for 2018, no Indian institute made it to the top 200, and several dropped out of their ranking bands of the year before. Thus, our top-ranked university, the Indian Institute of Science, Bangalore, dropped out of the 201-250 group and landed in the 251-300 group. Likewise, IIT Madras and IIT Delhi have dropped down at least one ranking band. As if to underscore this poor performance came the Quacquarelli Symonds (QS) Graduate Employability Rankings for 2018 showing sharp drops by four out of eight institutes and only two – IIT Bombay and IIT Delhi – figuring in the top 200. The results of both indices paint a disappointing picture of a sub-par higher education system that is churning out graduates whose capabilities are out of sync with the requirement of employers.

These facts, however, do not come as a shock. Last year, a survey by Aspiring Minds revealed that 80 per cent of the more than 100,000 engineering students that graduate in India each year are unemployable. India has lived with this skewed reality for some decades now. When, however, the premier, cosseted IITs show dramatic deterioration in employability, it is clear that higher education is suffering a systemic crisis. How can this be fixed? In India, the solution of choice has been to rely on private universities to take up the slack and, otherwise, to expand the IIT/IIM franchise. The proliferation of fake degrees and universities – of the 31,000-plus higher education institutions in India, only 4,532 universities and colleges are accredited – shows that the first solution is not without its own set of pitfalls. And expanding the IIT/IIM brand does not address the needs of the huge numbers of school-leavers that enter the higher education system each year.

The higher education ecosystems in China and Singapore provide some clues. Principally, they rely on autonomy coupled with strict regulation and, more importantly, work constructively to attract top-notch foreign academics, including in the humanities, despite the fact that both countries are ruled by authoritarian regimes. Most of the world's leading institutes in engineering, management and even humanities have tie-ups with local institutes, offering young school-leavers exposure to best-in-class academic content and research capabilities. The high number of patents filed by Chinese entrepreneurs is testimony to this, as is the emergence of the National University of Singapore as a go-to institution for academics around the world.

To be fair, all regimes have understood this need but the conditions attached to setting up a university with foreign collaboration are daunting enough to discourage all but an intrepid few. The reality includes following not-for-profit strictures, bringing in a minimum investment, following niggling local regulations, and endemic political interference in appointments, syllabi and student politics. At both the Centre and states, governments urgently need to learn the ability to play the role of facilitator rather than interloper in higher academics so that India can truly convert its demographics into rich dividends.

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ILLUSTRATION BY BINAY SINHA

The guns that harm India

Govt offers bullet trains for everyone else but pellet guns for Kashmiris. No wonder their newspapers read different

REPLY TO ALL

AAKAR PATEL

The newspapers in Srinagar, where this is being written from, look and read like they are from another country. There's no reference to the story coming from Ahmedabad, delivering a bullet train for Gujaratis, on any of the front pages.

Some papers (and Kashmir has dozens of dailies) have chosen to lead with a story on the United Nations and some dispute between India and Pakistan. It is noticeable that many of the Urdu dailies have framed the engagement as "Pak o Hind" rather than the other way around.

Most newspapers, nine in 10, have led with the release of a report by Amnesty India (for which I work) on the blindings and other damages caused to civilians by what is called the "pellet gun". It sounds like a toy but is in reality a deadly weapon. It is a 12 gauge shotgun that fires birdshot, so called because it is used to hunt birds. The spread of the "shot", the lead projectiles, is wide, dispersing over an area much wider than the target. And not being rifled, meaning fired out through a spiral groove that keeps accuracy, the birdshot goes anywhere.

The report documented blindings and injuries to children as young as nine, and women who were in their homes and standing on balconies when they were hit and their eyes torn out. A total of 88 people have been profiled on how their lives have changed after the violence. Another 16 of those who have been hit, including in the eyes, are members of the police and paramilitaries, showing that this is a weapon that is dangerous even for those who wield it. And this total of 16 only comes from one RTI that was returned properly filled out. It is probable that the numbers of Indian police and paramilitary personnel injured by the shotgun are far greater.

In most of the cases that have been profiled, the pellets are still inside their faces, their heads, their bodies. Untrained and unprepared doctors may have been too afraid to take them out, fearing further damage in the act of removing them.

If we had documented 88 cases of Gujaratis or Marathis who had had their eyes blown out for protesting, heads would have rolled and the governments would have had to answer to the people and to the courts

The majority of the families of the 88 individuals, who were not easy to locate, say that the victims have undergone a transformation. They report that the individuals have become irritable (the word "arrogant" was also used for some of the girls and young women who were blinded). Some of them spoke at the event but in Kashmiri and so I wasn't able to pick out what they said. Later, I approached one of them, a small man, to have a conversation. I extended my hand to shake his but he didn't respond and it took me a moment to realise he couldn't see me.

Some of the older victims are having to figure out how to enter a new trade, not being equipped any longer for the one their bodies and eyes had trained. Many of the children who are students can no longer study. The horror of what we have wrought on the Kashmiris is explained away with such casual logic ("they are stone pelters so they deserve blindness") that it will anger the individual not lobotomised by our current fierce nationalism.

It should be said here that many of the victims were not easy to locate. The police have filed FIRs against those who went to hospitals. Meaningful compensation and rehabilitation from the government, of course, is not even being discussed, even by the local government, for whatever reason (I suspect because they also fear being called traitors if they help the victims).

This is shamefully a weapon we use only against Kashmiris. Into no other protesting Indian crowd do we fire the shotgun. Protests by Patidars and Jats and followers of Deras are not set upon by men firing this weapon, permanently damaging bystanders.

When I said this to the authorities I spoke to, one individual said jokingly this should be changed — by firing it at crowds around India. This will never happen, of course.

A journalist asked me why this wasn't the case and why, if the shotgun was such a harmless and effective weapon of crowd control, it wasn't used against other Indians. I said that if we had documented 88 cases of Gujaratis or Marathis who had had their eyes blown out for protesting, heads would have rolled and the governments would have had to answer to the people and to the courts. With Kashmiris it is different. We are different and we should not be surprised that their papers read so differently from ours. Their world is different.

So what can be done? All the individuals I spoke to in authority said that they accepted that the use of the shotgun was causing damage that was permanent and disproportionate to the force required for crowd dispersal. They assured me that the weapon would be used sparingly, though of course it should be used not at all.

Most importantly, many of them, particularly individuals in the armed forces, said that they were alarmed by the tone that the rest of India was talking to Kashmiris in. One officer named a channel and an anchor, which I will not repeat but you likely know the individual being referred to. The officer said that the damage being caused by such sustained hostility was permanently damaging or had permanently damaged relations.

Also, this is important, these are individuals in the government who are not Kashmiris who I was talking to. But being stationed there, they can better absorb and analyse what is going on. They said that the beef lynchings and random attacks on Kashmiri students had been noted by Kashmiri media and society.

While the rest of us rejoice and celebrate the good fortune of Gujaratis, the Kashmiris are lamenting their misfortune and observing the total lack of sympathy (and indeed the unremitting hostility) that we have offered them.

The yin and yang of business

STRATEGIC INTENT

INDRAJIT GUPTA

Most companies struggle to expand the frontiers of their business while maintaining focus on their current venture. Trying to discover new innovative ways to grow while doing everything to leverage the current opportunities isn't easy. Only a few entrepreneurial firms are actually able to successfully pull off both — and that too, only in short bursts and seldom over long periods in their history.

Let's be clear: Companies need to balance operations and innovation. They need exploration *and* exploitation. And stoke curiosity *and* maintain focus. Both states are necessary for success. Unless you can win the short-term battles, it is unlikely that you will have the funds to wage and win the long-term war. And if you focus too much on perpetually discovering new ways to do business, the chances are that you will run the risk of not sufficiently exploiting the current opportunity and rush ahead in the constant, seductive search for the new opportunity.

In many ways, this remains the eternal challenge within the corporate sector. Most CEOs, leadership teams and boards understand this intuitively. But it is another matter whether they are able to create the conditions within that help them develop the capacity to keep renewing themselves every few years.

So what does it take to create an impactful firm that remains relevant in future?

Don't snuff out curiosity

Focussing on operational excellence isn't a bad thing per se. I was at a lunch with a senior executive at a leading company earlier this week. During the lunch, our conversation kept getting interrupted by calls from his customers. He said it was common for him to receive calls from customers, even junior executives from the shop floor, throughout the day. And to fend off competition, he had to keep such folks happy. We are a traditional company, he said. We are focussed on running our business smoothly. We've seldom invested the time to learn new things that lie at the periphery of our business, he said.

This is a common occurrence in many organisations that I know. They are so obsessed with current operations — and the dynamics of their own industry — that they seldom look beyond to see what's changing at the fringes.

On the other hand, I know of an amazing entrepreneur who had, throughout his career, the foresight to see what's next and to constantly reinvent the business. Yet, leadership is a team sport. And building the same conviction internally within his own organisation became a challenge. Since people down the line simply didn't appreciate the need for change, it became a massive obstacle.

Instead, one way out is to periodically throw a challenge at their smartest executives to step up and explore new frontiers and come up with new ways of harnessing growth. And there are enough creative ways to design such challenges.

Instilling discipline

Building a culture of learning needn't be episodic. Instead it requires a continuous, collaborative way for leadership teams to come together and build a shared understanding of the strategic challenges facing the business. Above all, it requires the discipline and rigour to ensure that learning journeys result in real progress. That's where a lot of well-meaning learning initiatives come undone. When you throw challenges at teams, framing them as action learning projects — and putting in place a governance mechanism to coach these teams and monitor their progress, and finally, building prototypes and testing them iteratively is just as important to get full value from these efforts.

Equally, sifting out where to look for new learning is as much an art as it is a science. Ten years ago, most businesses would refuse to share their learnings with peers for competitive reasons. Inbreeding created its own issues of complacency. Today, more and more pragmatic firms are realising that sharing what they know — and learning from their peers — is a smart way to enhance their own understanding. And therefore, building networks within not just their own industry, but even outside the country can be a big opportunity to unlock new insights.

Search for the unknown

Leadership teams that learn together, stick together. Building a shared understanding of the future begins with a collective search of the unknown. The future is invariably fuzzy and unclear. And it calls for the ability to deal with ambiguity and uncertainty. Leadership teams sometimes find it hard to cope with that. For instance, if you're a successful big-box retailer and want to aggressively expand into convenience stores, you might well discover a network of such smart firms in other emerging markets that your can learn from. Yet your legacy of heady success could prevent you from viewing the opportunity in new ways.

That's why strategic learning often needs a new lens. Listening deeply to voices that are different from one's own needs high levels of empathy and the ability to synthesise and coalesce different views. Above all, it needs the humility to learn.

The writer is co-founder at Founding Fuel, a strategic learning platform that aims to serve a community of entrepreneurial leaders

Nostalgia for Infernal City

BOOK REVIEW

UTTARAN DAS GUPTA

Right before the beginning of Mrinal Sen's *Padatik* (1973), the following words appear on the screen, showing the skyline of Calcutta (now Kolkata) in black and white: "Everytime I return to Calcutta I feel it must be surely impossible that it can continue much longer like this... I find Calcutta an intimidating and even infernal city, unredeemed and probably doomed." This is probably a feeling shared by many of us, who have left our hometown for greener pastures elsewhere in the country and abroad. While away, we are overwhelmed by an inexplicable nostalgia for it, but are also aware that we cannot return to live in Calcutta.

Kushanava Choudhury does the unthinkable: Taken to the US in 1990 by his scientist parents, he graduates from Princeton and gets a PhD from Yale, before returning to the city of his childhood and settling down there. He gets a job in *The Statesman* in 2001, when it had already entered the downward spiral that would, in a few years, dislodge it from its position of preeminence by "upstarts" such as *The Telegraph*. (Disclaimer: I worked at *The Telegraph* between 2010 and 2013.) *The Epic City* — written with a mixture of touristy wonder and genuine love — is an account of his experiences in Calcutta in the early years of this century, when it was still in the pincer grip of the Left Front.

The book is framed by two telling narratives. The first one concerns a man who had been cuckolded by his best friend. Mr Choudhury claims to have heard it at the iconic Chota Bristol bar, the haunt of the poets of the sixties, in central Calcutta: "The brother was a bachelor who lived under his roof. Everyone knew the score, but they kept living in the same home — a triangle of unhappy souls, none with any hope of escape." This lack of hope is a persistent feeling of many Calcutta residents. Naturally, Mr Choudhury's decision to return to the black hole from which many would escape if given the faintest opportunity sparks curiosity among his friends and acquaintances.

He provides an explanation almost at the end of the book: "When I lost the city as a child, I lost the capacity to be fully myself... My childhood is an unreachable city down memory lane." This is followed by an off-hand disclaimer: "that was never really why I came back, anyway." In the first chapter, curiously titled "Midlife Crisis", he describes his first attempt to settle in the city, and getting afflicted by the soporific ennui that infects its denizens with as much frequency as malaria: "Soon, I stopped going to work." Much to the relief of his parents in New Jersey, he abandons his adventure and returns home for what he describes a "vacation", and gets enrolled in a PhD programme.

Unfortunately for most residents of Calcutta, they cannot simply stop working or go off to a fancy US university. Mr Choudhury can because of his economic privilege. Others need to continue with their dead-end jobs, if they are lucky to get one, or struggle to scrape through somehow. During his stay in Calcutta, Mr Choudhury lives in the house of his parents' professor, referred to in the book as "Sir". The economic arrangements of this residence are missing: Did Mr Choudhury pay rent? Did he pay for food?

"There are no jobs in the city," he is told by Michael Flannery, the legendary desk editor at *The Statesman* with whom I have also worked, "so every guy on every street corner is running some small-time hustle to survive." Mr Choudhury fails to show any empathy for characters — the brokers or *dalals* who take him and his wife around, looking for accommodation are represented in a comic manner. Their miserable lot — surviving from one commission to another — is hardly deserving of this.

The strength of the book lies in its many narratives and linguistic versatility. Mr Choudhury is a sort of a *flâneur*, taking in the sights while walking down Esplanade, or having tea on Central Avenue or Vivekananda Road. Traditionally, the European *flâneur* is a rich man, with enough leisure to take in the sights of the city, while everyone else is hurrying to work. In Calcutta, though, the *flâneur* figure is a tad different: In Satyajit Ray's *Mahanagar* (1963) and *Jana Arnaya* (1976), we encounter Arati and Somnath, both of whom are compelled to take to the streets to earn a living. While the metropolis liberates them in a way, it also claims a terrible price. In this context, Mr Choudhury is incongruent.

Not that he is wholly unsympathetic. In the final chapter of the book, he introduces us to Gosto Pal, a 1947 refugee settler in Bijoygarh. After working for a few decades at the Bengal Lamp factory, in Jadavpur, Mr Pal loses his job when the unit is shut down. He manages to survive, making clay idols, which is his caste and family profession. But as Mr Choudhury notes, not everyone is as lucky: "There are so many 'Bengal Lamp suicides'." This is a grim reminder that the nostalgia of those who can afford to be nostalgic about Calcutta is somewhat misplaced. Its streets are not the host to a global fair, as the book's subtitle seems to claim; these are the inclement stages on which the struggle of life is played out.

THE EPIC CITY
The World on the Streets of Calcutta
Kushanava Choudhury
Bloomsbury Circus
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