



Keeping dry

Kerala's floods show the need for governments to strengthen resilience planning

The catastrophic impact of monsoon rainfall on several districts of Kerala has come as a grim reminder that the vigil against unpredictable natural disasters must never be relaxed. More than three dozen people have died and an estimated ₹8,316 crore worth of economic assets have been lost in the seasonal rain, particularly over the past week. The gates of reservoirs in the Idukki system, a giant hydroelectric project, and several other dams have been opened, inundating riverside habitations downstream. At the peak of the havoc, about 60,000 people whose dwellings suffered damage were lodged in relief camps. In the northern districts, damage to houses, roads and other structures has occurred owing to landslides caused by incessant showers. There is genuine concern that a temporary respite in rainfall may be followed by another intense downpour from nascent weather systems; the India Meteorological Department has forecast rain until August 17. It is to Kerala's credit that the deluge has led not to a partisan blame game over planning, relief and rehabilitation, but an all-round effort to look ahead and plan for reconstruction. The Centre has done well to get a first-hand estimate of the havoc from Home Minister Rajnath Singh, although the initial announcement of ₹100 crore towards relief is incongruous with the scale of the damage. Crucial support has come from the armed forces as well to normalise the situation.

Kerala's unusually heavy monsoon this year is in contrast to the long-period trend of rainfall. According to an analysis of data on the monsoon between 1954 and 2003 by climate researchers at the University of Cambridge, overall this part of the country had become drier in summer, but with an emerging frequency of destructive flash floods in rare events. This trend is expected to become stronger. This points to the need for governments to strengthen their resilience planning. It should begin with a programme to relocate people away from hazard zones along the rivers that were in spate in Kerala over the past week after the shutters of more than two dozen dams were opened. Finding suitable land is, of course, a challenge in a populous, forested State, but it is an absolute necessity to prepare for the future. It is reasonable to expect that with its efficient primary health care network, Kerala will take all measures necessary to avoid epidemics in the wake of the floods. The spectacular disaster this year also underscores the role of the government as the insurer of last resort for the average citizen. In Mumbai last year, for instance, those who had private household insurance cover against disasters discovered the limitations of such policies, since the companies were unwilling to pay many home owners for a key risk such as costly displacement from homes since the houses were not structurally damaged. All States naturally look to Kerala, with its record of social development, for evolving best practices to handle such natural disasters.

Huff and e-puff

Given conflicting claims about health effects, India should tread cautiously on e-cigarettes

In a recent hearing on a public interest litigation in the Delhi High Court, the Delhi government said it was planning to ban e-cigarettes. If it follows through, the NCT will join States such as Karnataka and Maharashtra in the ban. The Union Ministry of Health and Family Welfare has taken a stand against e-cigarettes. But is a ban the right approach to regulate this technology, given that combustible cigarettes are freely available across India? The controversy exists partly because it is a new and rapidly evolving technology. This makes it hard for researchers to study the health effects. Still, the evidence so far indicates that e-cigarettes are safer than combustible cigarettes. Because they heat a liquid to generate a nicotine-containing aerosol, instead of burning tobacco, they do not produce toxic tars. That doesn't mean they are completely safe. At high temperatures, e-cigarettes produce carcinogens such as formaldehyde, although these are fewer in number compared to regular cigarettes. They also increase the odds of lung disease and myocardial infarction, but to a lesser extent than normal cigarettes do.

In the American *Annual Review of Public Health*, in January 2018 a group of researchers argued that e-cigarettes must be viewed from a "harm minimisation" perspective. Given that combustible cigarettes are more noxious than electronic ones, switching from the former to the latter can only help addicts, they argued. Writing in the same journal issue, however, another group of researchers advocated the precautionary principle. Given that e-cigarettes are a young technology, they said, it will take time to uncover their ill-effects. Already we know some carcinogens in e-cigarettes have a non-linear effect on cancer. This means even the low doses in e-cigarette aerosols can be carcinogenic if inhaled for years. Recent surveys also show that e-cigarettes can act as a gateway drug for young people. A 2011 study of Korean adolescents found that e-cigarette users were more likely to turn into regular smokers eventually. Plus, 2004-2014 data from the U.S. National Youth Tobacco Surveys suggest that young people at low risk of taking up smoking are turning to e-cigarettes. Against this background, India must tread carefully. Completely banning the technology, while selling normal cigarettes, could take away a promising smoking-cessation aid. A more pragmatic option would be to regulate e-cigarettes tightly, by creating standards for the aerosols and banning underage and public use. This would leave smokers with a therapeutic alternative, while protecting youngsters from a gateway drug. Either way, conflicting evidence makes it a tough call for policymakers.

Growth may pick up, but concerns remain

India may well clock the highest growth rate globally, but more is needed to create jobs and reduce poverty



C. RANGARAJAN

With more than one quarter of the year and two months of the monsoon over, it is time to take a look at what the whole year is going to be like. Are there signs of recovery? If there are, are they robust? What are the short- and medium-term concerns of the country?

Sectoral trends

The monsoon has been somewhat below expectations – the overall rainfall deficiency was 3% (as of July 25). Though it may seem negligible, it has to be noted that there were 11 meteorological divisions (of a total of 36) which were deficient. The area sown has come down. Rice-producing Bihar, for instance, has been severely affected. However, the monsoon can pick up. There is no consensus on the future behaviour of the monsoon. Agricultural growth may at best be equal to what it was last year – 3.4%.

The services sector may perform better because public expenditure will be maintained at a high level. This is to be expected, as this happens to be the year before the elections. As for the industrial sector, we have data for the Index of Industrial Production (IIP) for the first quarter. They show substantial improvement over the corresponding period of the previous year. It is important to remember that the correlation between the IIP and national income data on manufacturing is poor. Some sectors (automobiles and railway freight traffic) in the first quarter

have done well. The combined revenues and profit of 370 large companies have shown better performance in the first quarter, even though they are on a weak base. The problems of the goods and services tax (GST) may have been largely overcome, but it is still a work in progress. A pick-up in the growth rate in the manufacturing sector is likely.

Looking at the overall GDP, after several quarters of low growth, there was a strong pick-up in the last quarter of 2017-18. If this momentum is maintained, the growth rate (2018-19) will certainly be above 7%. How much higher above 7% will depend on a number of factors. International financial institutions have forecast a growth rate of 7.3%. The Reserve Bank of India (RBI) expects it to be 7.4%. However, we need to take note of certain concerns that can come in the way of faster growth.

External environment

The external environment is far from reassuring. Trade wars have already started and can get worse. The U.S. has raised duties on several products such as steel and aluminium, and on certain products imported from China. In turn, China has retaliated. India has also been caught in this exchange. It is difficult to forecast how much worse this will become. Besides these, there are country-specific sanctions such as those against Iran, which have a direct impact on crude oil output and prices. India benefited from the fall in crude prices earlier but this position has reversed. There has been some lull in crude prices. As a net importer, India's balance of payments can take a beating if crude prices rise again. India's current account deficit was as low as 0.6% of GDP in 2016-17. It rose to 1.9% of GDP in 2017-18, mainly because of crude



price rise. India's trade deficit has always remained high. In 2016-17, the merchandise trade deficit was 4.8% and rose to 6% of GDP the next year. The answer lies in raising our export growth which has shown severe swings in recent years. It is partly a reflection of world trade. The fall in crude oil prices had also affected our export growth earlier. In 2017-18, India's export growth rate was 9.78%. There is an inescapable need to raise our export growth rate.

In this context, we need to ensure that the rupee does not appreciate in real terms. Despite a current account deficit, India's rupee had remained strong because of capital flows. With a rising trade deficit and some outflow of capital, the rupee has depreciated. This is not unnatural. The RBI should act only to ensure that the adjustment is smooth and there are no violent fluctuations. But what is really important is to make our exports competitive. The exchange rate is only one element. Improved efficiency in production and better infrastructure are equally important. Maintenance of domestic stability also plays a key role. Over the medium term, we need to search for an alternative fuel.

Reviving the banking system

The banking system continues to be a source of concern. The RBI's

latest report on financial stability shows that the gross non-performing asset (NPA) ratio of scheduled commercial banks rose to 11.6% (March 2018). The ratio for public sector banks was 15.6%. This is indeed a very high level of NPAs. Some part of the increase is also due to the adoption of a more rigorous definition of NPAs. The high NPA level has a dampening effect on the provision of new credit. In fact, credit to the industrial sector has slowed down considerably. Re-capitalisation of banks has become an urgent necessity. Of course, this will impose a serious burden on the fiscal position. Many suggestions, which include asset reconstruction companies, have been made to resolve the NPA issue. A quick decision has to be made. Unless the banking system recovers fast, it is difficult to sustain a high growth of the industrial sector. Medium-term banking reforms will have to wait until the immediate problem is resolved.

Impact on the fisc

The third concern relates to the fiscal position. So far in the current year, the Central government's fisc has been within limits. At the end of the first quarter, the fiscal deficit as a percentage of total deficit for the year as a whole was 68.7% – a strong improvement over the deficit in the corresponding period last year.

There are two aspects of the fisc which need to be kept under watch. One relates to GST. It is estimated that GST revenues are currently running behind budgetary projections. Perhaps revenues may pick up in the second half. But one doesn't know. It is also not clear how much of the refunds are outstanding. Any significant shortfall can put the fisc under stress.

The second concern relates to the impact of the proposed mini-

mum support prices (MSPs) for various agricultural commodities. The MSPs have been raised sharply in the case of some commodities. Except in the case of rice and wheat (where there is unlimited procurement at MSPs), there is no indication of how the MSPs will be implemented in relation to other commodities. If market prices fall below MSPs, there are only two ways in which farmers can be assured of the minimum price. One is the M.P. model where the State pays the difference between market price and MSP. But this can turn out to be a serious burden if market prices fall steeply. This is apart from the administrative problems involved in implementing the scheme. The other alternative is for the government to procure excess production over normal production so that market prices rise. This alternative may be less burdensome. However, this alternative will not work if the MSP is fixed at a level to which the market price will never rise. Thus the burden on the government as a result of the new MSPs is uncertain and needs to be watched. The possibility of cutting expenditures if revenues fall below projections is remote in a year before elections.

The expected growth rate of 7.3-7.4% may be reassuring. It may even be the highest in the world economy. Nevertheless, it falls short of our potential. It is below of what is needed to raise job opportunities and reduce poverty. It is true that the external environment is not helpful. All the same, a stronger push towards a much higher growth is very much the need of the hour.

C. Rangarajan is former Chairman, Economic Advisory Council to the Prime Minister and former Governor, Reserve Bank of India. He is also Chairman, Madras School of Economics, Chennai

Making 'lateral entry' work

How India can tap into new sources of leadership talent



RAJEEV VASUDEVA & PALLAVI KATHURIA

Most CEOs are grappling with one particular challenge, irrespective of industry or geography: getting the right leadership talent. Governments face this challenge too. The Indian government has responded to this challenge by taking the initiative to invite executives from beyond the ranks of the civil service to apply for certain Joint Secretary posts. While the idea clearly has merit, success is not automatically guaranteed. At Egon Zehnder we have worked extensively with governments around the world on similar initiatives, and have identified five elements that increase the chances of success.

Establish objective criteria: The key decision makers involved in making a senior appointment rarely agree on what skills, qualities and experiences the role requires – and when they do, there is no guarantee that the requirements agreed to are the ones that are actually needed to be successful. This is why the process must begin with a real probing of the position and its larger context. For

example, prior to one county's national elections, we were asked to establish the hiring criteria for 100 key governmental appointments. We interviewed current and former officeholders; mapped strategic priorities; and factored in the cultural differences between ministries. The result: a foundational talent strategy that could be used by whichever party won.

Having objective criteria also gives decision makers confidence that their appointments will be able to stand up to public scrutiny without fear of seeming biased towards or against candidates for caste, geography, political affiliation or other considerations.

Target the talent you need: Public announcements inviting lateral entry applicants for open government positions preserve transparency but are not very effective recruiting strategies. Top talent has many options outside of public service. Government, therefore, cannot sit back and wait for these candidates to present themselves. It must proactively identify and approach executives with the desired skills and experience. Precisely because the competition for talent is so intense, most successful corporations – even those regarded as highly desirable employers – follow this strategy. Very often governments are reluctant to follow suit so as to not appear to favour candidates. This is where the objective criteria come in. The fact that a given executive is ap-



proached and encouraged to apply is no guarantee that he or she will be appointed.

We worked with a freshly installed administration in Latin America to build an extensive database of hundreds of private sector leaders considered to have the skills necessary to help fight the country's urgent economic and social challenges. These executives were then proactively invited to apply and added to the pool of open application candidates. We then assessed this expanded group and recommended numerous successful candidates to key roles.

Look for potential to succeed in this environment: Our work with governments around the world suggests that in addition to the right motivation there are three key personal traits that predict success of lateral hires in such roles.

The first is resilience. Government bureaucracy can be tough on outsiders; it is essential to have

the ability to persevere in the face of constant pulls and pressures and aligning multiple stakeholders.

Successful lateral hires also have a high level of curiosity. They acknowledge that they don't have all the answers, are eager to learn and model their behaviour accordingly. These candidates know that while they may have many useful new ideas, they also have much to learn from career civil servants and that government has its own systems, formal and informal, that must be grasped before any innovations can be proposed.

Finally, they have the ability to engage others. The ability to build consensus among stakeholders is essential.

Less is more when it comes to selection panels: The government screening process traditionally includes appearing before a section panel of three to five interviewers, who each take their turn investigating topics they have divided between themselves. Unfortunately, this approach often results in only a surface-level understanding of the candidate. We have found that one-on-one or two-on-one interviews allow for a much more meaningful exploration of key points of a candidate's career, their mindset and approach.

More focussed interviews should be supplemented with extensive referencing with finalist candidates. This combination of

data will provide insight into a candidate's character, integrity and moral compass – all critical qualities for government roles.

Accelerate the new hire's integration: Successful recruiting is only part of the equation; the selected lateral hire must also be primed for success in his or her new organisation. We were able to demonstrate the benefits of a systematic approach with a senior executive that we hired for the cabinet of a European country. We started by identifying cultural differences between the executive's old and new environments and helped develop strategies the executive could use to navigate this change. We then created an extensive playbook with detailed profiles of the management team outlining each person's priorities and concerns, and provided coaching to help the executive best position himself with his new peers.

India's lateral entry programme has the potential to introduce new thinking and new expertise into key ministries. Leveraging on lessons learned elsewhere will allow India to more completely draw from the country's rich array of talent while maintaining the objectivity necessary to preserve the public trust.

Egon Zehnder is a leading global leadership advisory and executive search firm. Rajeev Vasudeva is its Global CEO; Pallavi Kathuria is its India Managing Partner

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Issue of begging

It is clear that the sensitive issue/subject of begging involves taking measures such as rehabilitation and integration (Editorial page, "Undoing a legacy of injustice", August 13). It is a question of survival and this must not be lost sight of. Begging is a social problem and has to be seen in a holistic manner as there are numerous contributory factors such as poverty, unemployment, disability and migration. In reply to parliamentarians' concerns about the problem of beggary, their unstarred question 1821 was answered on March 8, 2016 by the Minister of State for Social Justice and Empowerment, Vijay Sampla, who said that States are responsible for the necessary preventive and rehabilitative steps. He

also said a recommendation made was exploring the feasibility of having a Central scheme for the rehabilitation of beggars. He added that data with Office of Registrar General & Census Commissioner, showed that the total population of beggars, vagrants in India is 4,13,670 (Census 2011). Coordination of stakeholders such as civil society, the government, media, the police and citizens is needed to end this.

CHITRAKANT SINGH, Greater Noida, Uttar Pradesh

Instances of policemen extorting money from those who are forced to seek alms and harassing the homeless are not uncommon in our country. Organised crime in begging is a grim reality in several States. There is a need for a stringent legal

framework to crack down on those who run organised syndicates even as decriminalisation of begging is a welcome step.

M. JEYARAM, Sholavandan, Tamil Nadu

Poverty is not a criminality. Rather, it is a collective failure of the state and its machinery. One hopes that the verdict of the Delhi High Court will help change our mindset towards the most vulnerable and downtrodden sections of our society.

KUMAR HRISHIKESH, Kolkata

Wheels of justice

There seems to be a subtle difference between the Sabarimala case and the Tirupathi case (Editorial page, "The inexorable wheels of justice", August 13). In the Tirupathi case, religious faith had to be

sidelined to prove a charge of criminal breach of trust and misappropriation made against the Tirupathi Mahant, whereas in the Sabarimala case it is deep-rooted religious faith and the sentiments of worshippers which are endangered in the name of gender equality before the law. The sanctity of the temple is important.

P. RAJARAMAN, Pollachi, Tamil Nadu

V.S. Naipaul

It was only after reading the rich tributes paid to V.S. Naipaul that I realised how many school students are unaware of one of the greatest writers of our times. A huge change is required in our educational system and in the syllabus. Thought must be given to highlight the works of such illustrious writers (Editorial, "A complicated man" & OpEd

page – "The house that Naipaul built", both August 13).

AFRAAZ SIDHU, Jalandhar, Punjab

I clearly remember reading *A House for Mr. Biswas* as a graduate ("World page", "He personified a sense of displacement", August 13). I have read novels with the theme of human suffering and empathy, but here was a work that actually related to the pain of not having a place

to call home, in an emotional and physical sense. In Bengali, one says "*Mathar Chaat Chole Gyalo*" – a phrase used when a parent/guardian passes away, which means that one has lost the roof over one's head. I found the same emotional connect in this book. The empathy that Naipaul reflects is rare and overlooked by many.

RUPSHA BOSE, Pune

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CORRECTIONS & CLARIFICATIONS:

A quote attributed to Ruth Shapiro, chief executive, Centre for Asian Philanthropy and Society (CAPS), in the story "India 'Doing Okay' in Philanthropy" (Aug. 12, 2018), should be recast to say: "U.S. philanthropy is equal to 2% of its GDP. If the 15 Asian economies we studied in the Doing Good Index also gave 2%, it would equal US\$504 billion which is one-third the annual cost of attaining the social development goals."

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturi Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com