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Laughing in the dark

After watching Romeo and Juliet for the first time, the joke goes, a philistine from Yorkshire remarked, "Nice play, but a bit full of clichés." When it was released in 1983, Jaane Bhi do Yaaro's (JBDY) tepid performance at the box office did not augur the film's immense influence. But Kundan Shah, who passed away on October 7, managed what few film-makers in India have achieved — to elevate farce to satire and make audiences laugh out loud at the quotidian tragedies at the dark core of a corrupt and compromised system.

Perhaps the greatest testament to JBDY is that it continues to appear avant-garde in 2017. Over three decades since the film first hit the screens, it has gone from a cult obsession to a perennial classic, its themes and jokes more resonant with each passing year. The struggle of two young photographer-entrepreneurs to make it big works better than ever in times of Start-up India; the double-dealing and hypocrisy of a media preening with self-righteousness will strike a chord with many and the unbreakable nexus of impunity between politicians and their money-bags continues to have a wide resonance. Most of all, one can only marvel at the irreverence of arguably the funniest sequence in Indian cinema: Everyone from the divinities of the Mahabharat to emperor Akbar are lampooned in the "play" scene, starring a dead body with the best punchlines.

With his first film, Kundan Shah managed the greatest artistic feat — for those in on the joke, its dialogues are already the most delightful clichés. There is a lack of self-consciousness in the way JBDY laughs at the world, a quiet courage in the way its plot refuses to take the lazy way out — its heroes, played by Naseeruddin Shah and Ravi Baswani, are irredeemable underdogs and remain so to the bitter end. In a world that celebrates winning at all costs, Kundan Shah has left us with a great lesson — it's worth celebrating the nice guy, even when he finishes last.

First in Kerala

The recent decision of the Travancore Devaswom (Temple) Recruitment Board (TDRB) to shortlist 36 non-Brahmins, including six Dalits, for appointment as priests is a first of its kind, even for Kerala, which has a long history of fighting caste prejudice in religious places. Non-Brahmins do serve as priests in Kerala, but most of them are attached to smaller temples or private shrines. The TDRB recruitment institutionalises a process where candidates are chosen following an examination open to people of all castes and reservation norms are enforced.

The devaswom boards in Kerala, which manage government-controlled temples, have in the past recruited non-Brahmins as priests, but never have they implemented caste-based reservation. This was an anomaly since a component of the salaries of priests in devaswom temples is covered by public funds. Hence, it has been argued, the recruitment norms followed in other sectors should be maintained in temple appointments as well.

The next battle is to ensure that these recruits get to serve in major temples, including the Sabarimala, many of which invoke shrine-specific traditions and scriptures to exclude non-Brahmins from priestly duties. Moreover, government diktats or judicial pronouncements are not always sufficient to break down caste barriers in worship practices. Kerala's own history of fighting discrimination in Hindu society points to the importance of inclusive public action in defeating claims made on behalf of tradition and treatises like Manusmriti. Seminal mobilisations like the Vaikkom Satyagraha (1924) and Guruvayur Satyagraha (1931-32) prepared the ground for the landmark temple entry proclamation (1936) of the Travancore king and made it impossible for Hindu conservatives to enforce discriminatory caste practices in public spaces.

The success of the TDRB initiative will also depend on the support it can draw from the community of believers. Conservative views have weighed in against arguments that religious practices must conform with the rights enshrined in the Constitution, including gender equality in worship rights and priesthood. They have challenged court orders which ruled that merit, not caste or hereditary rights, must be the overriding principle in the appointment of priests. The TDRB has now included another critical category — proportional representation — in the mix. The rest of India will be watching the outcome.

The world is round so that friendship may encircle it.

--Pierre Teilhard de Chardin

A Court-Mandated Diwali

By Karan Thapar

It is said the top court is supreme because it is final, not because it is infallible, and yesterday the Supreme Court gave us good reason to believe this view is right. Its decision to re-impose a ban on the sale of firecrackers in Delhi and surrounding towns till November 1 is extreme, unjustified and, perhaps, inadequately thought through. Worse, it will offend tens of millions and pit them against this decision.

To begin with, the ban is on the sale of firecrackers, not their use. So those who already have firecrackers, or, presumably, are able to obtain them from outside Delhi would be free to let them off. This number may not be as small as the Supreme Court thinks. Many buy their crackers well in advance because they're cheaper. With just 10 days to go, we have no idea how many have done this.

Equally importantly, the Supreme Court decision only applies to Delhi and nearby towns. The rest of India is exempt. But is that fair? Is it logical? Or is it whimsical? I suspect the explanation is the Court sits in Delhi and worries about the pollution around it. For now Mumbai, Kolkata, Chennai, Bangalore, Hyderabad are not of equal concern.

Third, has the court considered what this will do to the firecracker industry and, more importantly, to the livelihood of thousands of shopkeepers and traders, many of whom are small roadside vendors or corner shops? It could very well bankrupt and impoverish them.

The Court has been told that perhaps 50 lakh kg of firecrackers are in Delhi waiting to be sold. They now either have to be destroyed or, by some form of jugaad, released into the market. Like the black money demonetisation was supposed to extinguish but did not, these firecrackers could leak into the system. If that happens, it will be a slap on the Court's face.

Now, the sole justification for all of this is the Court wants to assess the difference in air quality over Diwali when firecrackers are not sold. In other words, it's an experiment.

This raises the moral question: Is the court right to experiment with Diwali? I don't for a moment deny firecrackers create an environmental and health hazard. For those with asthma and other breathing problems, this can be very serious. Therefore, the case for controlling and restricting is undeniable. But the Supreme Court has gone further and attempted a ban.

For me, this is unwarranted and, even, arguably immoral. First, it will make Diwali joyless for tens of millions. For them it's the most important religious festival and this is, consequently, not just cruel but irreligious. Second, it overturns generations, if not centuries, of tradition. Crackers on Diwali are as customary as the tree at Christmas or seviyan at Eid. Third, this verdict is bound to annoy millions more than it will please and that puts the court in a very invidious position. If it pushes reform ahead of the wishes of the people — even if, ultimately, it turns out to be correct — the Court must be prepared for resistance and obloquy.

Finally, the problem of firecrackers in Delhi has been around for decades. That's ample time for the Court to have devised a more thoughtful response than a last minute arbitrary ban. It could have imposed a stricter timeframe, reducing the 10 pm limit to 9 or even 8 pm. It could have asked the government to stage firework displays in a handful of strategic locations, broadcast by TV channels, so people can do without their own. London does this on New Year's Eve. Finally, it could have asked the government to pay for those who suffer from firecracker displays to leave the city for 48 hours and add the cost as an additional tax on firecrackers.

Instead, the court opted for a ban. So, hereafter, will it stop the sale of mithai because kids overeat and that's not good for them? Will it stop alcohol on New Year's Eve because people drink too much and that's bad for them? When courts act as moral authorities it could be the thin end of a very damaging wedge.

(Courtesy: Indian Express)

Good news on bad loans

By Manish Sabharwal

In 1990 as a fresh graduate, I quickly realised that successful businessmen spent much of their time in Delhi because the licence raj ensured companies did not have customers but hostages. In 1996 as a fresh MBA seeking advice on becoming an entrepreneur, a licence-raj era tycoon told me to forget my western concepts of Return on Equity but think about Return before Equity — the money left from over-invoiced projects funded with nationalised bank loans after you accounted for the bribes to get the loans, real capital expenditure and your official equity contribution. In 2007, as an entrepreneur seeking advice on making my second company bigger than my first, another tycoon told me "I've got a Rs 3,000 crore loan disbursal today; I'm a cash rich company" — I guess he believed the difference between liquidity and solvency was a western concept.

A lot of pre-1991 entrepreneurship was sustained by the toxic troika of the licence raj (low competition), IPO market control (equity scarcity), and nationalised banks (excess leverage). The first two began ending in 1991 but not tackling the third weaponised the scale of crony capitalism. In fact, concentrated lending by nationalised banks after 1991 became an area of "social silence" — to use the concept of French sociologist Pierre Bourdieu — where cronyism was hidden in plain sight. I'd like to make the case that current changes to bankruptcy and bad loan resolution are not a passing shower but climate change for Indian entrepreneurship. And an important tool in the broader battle against corruption.

The toxic troika distorted the relationship of business and politics with painful consequences. Pre-1991 businesses got licences and loans by specialising in regulatory connections, professionals were poorly paid and shabbily treated, consumers suffered poor quality at high prices, and India became a hostile habitat for first generation entrepreneurs. Bank nationalisation was well intentioned; on July 21, 1969, the prime minister told Lok Sabha "Bank nationalisation is needed to ensure that the needs of farmers, small-scale industrialists and the self-employed are met in increasing measure". But banks have a large problem: Today 12 companies have defaulted on loans more than Rs 2 lakh crore, one bankrupt steel company has more loans than our central government allocation to primary education, and non-farm and non-SME bad loans may be more than Rs 10 lakh crore.

The 1991 end of the licence raj meant younger and hungrier companies outperformed traditional "groups" because animals bred in captivity found it hard to live in the jungle. The 1992 abolition of the Controller of Capital Issues created a private equity industry whose \$150 billion cumulative investment created the bigger and better governed companies that are creating IPO market vibrancy. However, not dealing with the human capital and governance challenges (board and management accountability, phone calls, lack of specialisation, transfers, etc) at banks allowed a few borrowers to not only borrow unreasonable amounts but created a vested interest in bad loans not being revealed, recognised or resolved.

The process to end this culture of immunity and impunity has begun. The government passed the Insolvency and Bankruptcy Code (IBC), SEBI directed immediate loan default disclosure for listed companies (regrettably deferred but not abandoned), and the RBI has forced banks to use IBC provisions. The IBC is clever legislation that recognises all failures are not fraud (reasons could include unrealistic ambition, policy inconsistency, regulatory failure, etc), separates financial and operational viability, ensures high negotiating human capital for borrowers, and uses deadlines to prevent bankruptcy being perpetual or terminal.

Resolving bad loans is important for many reasons. Stories like "chotte chor se akalmand bada chor" (a big thief is smarter than a small thief), "imaandar udhaar lene waala bewakoof" (an honest borrower is a fool), and "agar seth ka karza maaf to kisan ka kyon nahin" (if loans are forgiven for business, then why not for farmers) are economically corrosive. A modern state is a welfare state and freeing up government finances from nationalised bank recapitalisations is urgent. I am not suggesting that state ownership of banks should go; the global financial crisis is evidence that private ownership is no guarantee of prudence. But we need lasting solutions to the recurring capital calls on government money desperately needed in other areas. Finally, restoring the romance of policy — the state being viewed as a force for good rather than an accomplice in perpetuating a crusted, connected and dynastic elite — is overdue because reforms are not about goofy rich guys buying BMWs but roads, power, education, and median household income.

The RBI's involvement in bad loan resolution has been unfairly criticised as "conceptually indefensible". The RBI's decisive, precise, and transparent actions to operationalise the IBC mean it is doing the job of banks, their boards and their shareholders. The RBI's well-deserved reputation for integrity and competence is being reinforced by treating all banks equally, thinking ahead, and letting actions speak louder than words. India is best served by a central bank that continues to talk less, takes the long view (daily banking system balances are up by more than Rs 2 lakh crore since last November), and aims to be successful rather than right.

India's entrepreneurs are already raising more equity (debt to market cap is declining), bearing more consequences of their actions (I own 20 per cent less of my company than I could have because of an arrogant acquisition that went wrong) and earning or raising equity rather than borrowing or stealing it (most of my cohort owns between 15-25 per cent of our companies relative to the listed company average of 50 per cent). Bad loan resolution and bankruptcy are crucial in shifting India from Return before Equity to Return on Equity. This shift will make the Indian economy fairer, less corrupt, and more innovative.

Lord Mountbatten once told Gandhiji that fear is contagious. He responded, "So is courage". Banks must seize this policy window created by policy courage.

(Courtesy" Indian Express)