

MY VIEW | VOX HETERODOX

Locked down with a firm hand: Where is the healing touch?

Fiscal conservatism must not get in the way of a big spending package to relieve a country reeling under a harsh lockdown



DEEPAK NAYYAR
is emeritus professor of economics,
Jawaharlal Nehru University

The draconian nationwide lockdown, perhaps the most stringent in the world, which completed 40 days on 3 May, has been extended further until 17 May, with some relaxations in some districts. It could continue for longer. This has helped flatten the curve, although there is no downturn yet.

But it did shut down almost two-thirds of all economic activity, imposing massive hardships on migrants in cities and the poor everywhere. The impact on micro, small and medium enterprises (MSMEs) has been devastating. And, ironically enough, state governments, at the front lines of the battle against covid-19, have experienced a collapse in their finances, seriously curbing their capacity to do what is necessary.

In this situation, it is surprising that the Central government, so strict in implementing the lockdown, has provided barely any support or relief to help cope with the enormous collateral damage of the lockdown. The focus on migrants, poor households and MSMEs, for whom survival is the issue, or state governments that can help them survive, is simply illustrative of a much larger problem.

There are around 50-55 million migrants who work in cities—one half in construction and the other in manufacturing or transport, delivery, security, restaurants, domestic and other services—who return to their villages mostly at harvest time. It is estimated that about 25 million migrants (intra-state or bordering-states) managed to get home. The lockdown stranded the remaining 25-30 million migrants in cities far away from their homes, deprived of their work and dignity, at the mercy of shelters and food provided by state governments or charities, often hungry and homeless. Governments—Centre or states—provided no cash support, while most received no wages from their employers. This was an unprecedented humanitarian crisis. The decision to allow them to return home was announced six weeks later. It will be another month before all migrants get home.

The poor, identified as 50% and 75% of urban and rural households, respectively, who are self-employed, casual labour or informal workers, have lost their livelihoods in the lockdown. On 26 March, the government announced a ₹1.7 trillion package to help the poor, of which ₹70,000 crore are disbursements for existing schemes or drawdowns from funds available with state governments. The remaining ₹1 trillion, just over 0.4% of gross domestic product (GDP), is made up of an extra 15kg of wheat or rice and 3kg of pulses for poor households over three months (₹40,000 crore), and cash transfers of ₹1,500 to women and ₹1,000 to senior citizens over three months (₹60,000 crore). This timid response, shaped by a misguided fiscal conservatism, is far from sufficient



PTI

to meet the needs of the poor in such dire times. Government stocks of wheat and rice exceed stocking norms by 55 million tonnes. The supplementary free rations should be tripled to 45kg of wheat and rice and 9kg of pulses for a three-month period, using Aadhaar cards where the poor do not have ration cards. And poor households should be provided with cash support of ₹6,000 per month for three months.

It is seldom recognized that MSMEs are the backbone of the economy and the heart of entrepreneurial India, accounting for 32% of GDP, 24% of employment, 45% of exports, 33% of manufacturing and 25% of services in the economy. Their problems are overwhelming. Payment of wages to workers is almost impossible. Fixed costs on electricity, rent and interest have to be met. There are inventories of unused inputs and of outputs that cannot be sold. Working capital is exhausted. Reviving production, when allowed, will be easier said than done. MSMEs anxiously await a central government relief package, much talked about but still just a promise.

State governments cannot help in this struggle for survival because their finances are in such bad shape. Their income is made up of revenue receipts (52%) and central transfers: share of central taxes (26%) plus non-statutory central transfers (22%). Central transfers are bound to contract sharply in 2020-21. But the states' own tax revenues will be squeezed far more. The goods and services tax (GST) is a double-whammy: most of their GST revenues (43% of total

in 2019-20) accrue from taxes on non-essentials, while their 40% share of the Centre's GST revenues will yield much reduced absolute amounts. For states, on average, the rest of their tax revenues come from sales tax mostly on petroleum products (25%), excise duty mostly on liquor (15%), and stamp duties or registration charges (12%). In the national lockdown, there were no sales of non-essentials or liquor, almost no registration of vehicles or property transactions, while sales of petroleum products were at most one-third the normal levels. Thus, in April 2020, tax revenues for most states

were just 10% of April 2019 levels.

The sharp fall in incomes of state governments during the lockdown has been accompanied by a sharp rise in expenditures on managing covid-19. The resulting difference between income and expenditure can be met only through market borrowings approved by the Centre subject to the limit of 3% of gross state domestic product (GSDP) set in the Fiscal Responsibility and Budget Management Act. Given that there is bound to be a big revenue shortfall in 2020-21, it is imperative that states be allowed more market borrowing, by raising this limit to 4.5% of GSDP. Without this relaxation, state governments will struggle to pay salaries, and might be forced to cut expenditure on health, education and infrastructure, let alone help migrants, poor households and MSMEs.

The national lockdown was imposed with a firm hand. It is time for a healing touch that would help poor households and small firms survive, and nurse the economy back to health.

QUICK READ

It is surprising that the Central government has provided barely any relief to help cope with the enormous collateral damage that India's lockdown has caused to the poor and small businesses.

The country should ease the borrowing limits for states, which have suffered drastic declines in their revenue intake, so that they can directly mobilize resources to provide badly needed aid.

ing, by raising this limit to 4.5% of GSDP. Without this relaxation, state governments will struggle to pay salaries, and might be forced to cut expenditure on health, education and infrastructure, let alone help migrants, poor households and MSMEs.

The national lockdown was imposed with a firm hand. It is time for a healing touch that would help poor households and small firms survive, and nurse the economy back to health.

MY VIEW | PEN DRIVE

How covid-19 has rewritten CEO job specifications

SACHIN RAJAN



is managing director and country manager, Russell Reynolds Associates, a global executive search firm

Chief executive officer (CEO) search projects were simpler a decade ago. Client organizations sought "strategic" CEOs. A demanding board I recall once asked us for a perfect balance of strategic mindset and executional rigour, setting off ripples of panic within our research teams working on this corner-office recruitment.

Much has changed since, as CEO hiring has pivoted from an art to a science, but covid-19 has complicated our lives enormously. Conversations since March seek CEOs who can deal with a massively disrupted world. Our post-covid CEO needs to be a disruptive transformer for sure—that's a hygiene factor now. The CEO must also exercise great caution, sifting through a dozen seemingly plausible business scenarios, suitably armed with "Let me tell you about 2008" wisdom. Placing bets, the CEO is expected to don a battle face and rally the team, all with newfound poise and certainty. This is a CEO job specification. Plus, our leader must know

when to boogie and when to introspect. The CEO will be asked questions that are deeply existential, worthy of a top-quality crystal ball. All this, within a tight horizon.

Purposeful and charismatic, the CEO must helm Zoom chats, straddling teams, geographies and markets. And yet, the CEO must stay engaged, lest it be seen as false and farcical. The galvanizer must also connect.

The answers CEOs seek from recruiters have also evolved. Questions range from the strategically sublime ("How will technology as a horizontal change the operating model?") to the logistically prosaic ("That commute model I signed up for suddenly doesn't seem so viable, does it?").

Life in the leadership recruitment business has changed considerably. Irreversibly, it feels. Sample these trends.

One, we learnt last week that multiple multi-crore hires can be closed—from first interview to job offer—without a single in-person meeting between the potential employer and employee. Is this a massive risk, or just the new normal? A bit of both, actually. Technology-based interviewing, deep and wide market references and diligence—on both sides—now alleviate the risk that such an online marriage entails.

Two, new psychometric means to establish "role fit" will get deployed more and more in search of CEOs. Tools that assess candidates at multiple levels—experience and competence, but increasingly personality and cultural fit as well—are getting validated. That esoteric "aloofness" CEO derail that psychologists warned us about is emerging as the tie-breaker between two perfect fit-to-spec candidates. Does this mark the end of the "need to look her in the eye" interview format? Perhaps not, but the online-dating equivalent of the CEO recruitment world just took a giant step forward.

Three, we'll have not-so-global talent pools. Recently, we estimated that about every seventh major CEO appointment in India involved either talent returning from overseas or with meaningful foreign work experience. This trend now bears the scars of covid-19. Top talent has turned highly cautious

about moving countries (in either direction). Business uncertainty, coupled with personal or family anxiety, is showing up in an instinct to "nest" in one place. All this is without even starting to factor in any geopolitical considerations. Spun positively, this implies that top local CEO talent keen to bet on the India story, with its opportunity for value and personal wealth generation, is more easily available to us.

Four, covid-19 has probably drawn a distinct line in the sand between tech-adapted CEOs and the rest. If top talent in these times can be roughly segmented into the less focused, fear-driven leaders who seem overwhelmed by circumstances, versus those calmly focused on the transformations ahead, there are no prizes for predicting which pool the next CEO will come from. Industry verticals have blurred beyond recognition in India. Leaders in sectors like healthcare and

financial services are emerging as "tech transformers", gearing their business for upswings during and after the current crisis.

Five, we're talking a lot more to company boards. Once just polite overseers of CEO appointments and functioning, directors today are more active than ever. They convene frequently, well above and beyond the quarterly-meeting cadence, and their experience is collectively and individually—the latter increasingly—being drawn upon by companies to guide CEO and other talent-related decisions.

Nuanced interviews and the sharing of feedback in structured formats mark a decidedly higher level of involvement by corporate boards—both qualitatively and in terms of the sheer hours they put in.

All said, the toolkit to bridge special talent with organizations is evolving dramatically. Today, more than ever, CEOs seek answers from us to questions of sustainability and the "higher purpose" of their prospective employers. Complicating matters, how well candidates and employers are matched is not always obvious in these turbulent times. As Nobel Laureate Bob Dylan wisely quipped, "I accept chaos, I'm not sure whether it accepts me!"

MINT CURATOR



The elbow bump has gone global as a greeting ritual

ISTOCKPHOTO

Coronaphobia: Will we ever shake hands again?

The humble handshake spans the mundane to the potent, ranging from a simple greeting between strangers who will never meet again, to the sealing of billion-dollar deals between business titans... The handshake is a "literal gesture of human connectedness," a symbol of how humans have evolved to be deeply social, tactile-orientated animals, says Cristine Legare, a psychology professor at the University of Texas at Austin. With a history tracing back thousands of years, the handshake may be too entrenched to be easily halted. "The fact we went for the elbow bump as an alternative shows how important touch is - we didn't want to lose that physical connecting," says Prof Legare. That biological drive to touch and be touched is found in other animals as well.

BBC

Group chats could help you lose weight faster

Group chats have become a modern necessity: they keep you in touch with friends and provide instant feedback on that unmissable meme you just shared. What's more, recent science suggests that these hotbeds of banter could aid you in your battle against the bulge, as you gear up for your annual pilgrimage to sand and sea. Either that, or self-isolation in your back-garden sun trap... Start by asking members to keep a food diary and post it at the end of the week. Maintaining detailed records of your food intake can double your weight loss, an effect attributed to the accountability it provides. Combine that with the willingness of your friends to call you out for your mid-morning yum-yum habit, and you're a swipe and an emoji away from a beach/garden-ready physique.

Men's Health

Russian covid docs are falling out of windows

Three Russian doctors working to treat coronavirus patients have mysteriously fallen out of windows in recent weeks, underscoring the country's struggling health care system—and leading to suspicions of foul play... Ask a group of Russia experts what's going on with these cases and you'll likely get a different answer from each one. But three explanations seem to be the most prevalent: suicides, assassinations, and the perils of an ailing health care system... "I would not be surprised if the security services were involved, sending a message to keep quiet on the crisis," said Alina Polyakova, president of the Center for European Policy Analysis... But this theory is not as far-fetched as it may seem... There are previous cases of Russian officials allegedly trying to kill adversaries by pushing them out of windows.

Vox

Why Germany surrendered twice in World War II

On May 7, 1945, Germany unconditionally surrendered to the Allies in Reims, France, ending World War II and the Third Reich. Or did it happen on May 9 in Berlin instead? Both are true... American troops celebrate Germany's first unconditional surrender effective May 8, 1945. To avoid the possibility of an illegitimate surrender, U.S.S.R. leader Joseph Stalin would organize a second surrender the following day... When Soviet Premier Joseph Stalin heard that Germany had signed an unconditional surrender of all its troops in Reims, he was furious. He argued that since the U.S.S.R. had sacrificed the most troops and civilians during the war, its most important military commander should accept Germany's surrender rather than the Soviet officer who had witnessed the signing in Reims.

National Geographic

X Æ A-12: baby name or mathematical formula?

Grimes and Space-X boss Elon Musk celebrated the birth of their son this week, but as with all things Grimes and Musk, even the reveal of the boy's name was complicated. A day after the blessed event, Grimes hit Twitter to break down her son's unusual moniker and the internet had a lot of questions. The name, X Æ A-12, is apparently a combination of some of the couple's favorite things, all of them appropriately science and futureshock-related. Here's how Grimes explained it: "X stands for the 'unknowable variable,' 'Æ' is her unique 'elven spelling' of love and/or artificial intelligence and 'A-12' is her and Musk's favorite aircraft, the 'non-violent' Lockheed recon plane built for the CIA (known internally as 'Archangel'; you might recall that Grimes' 2015 album was called Art Angels).

Billboard