

Crisis of Credibility

Kaushik Basu might have clarified his remark, but some things are indelible

It was only natural to expect Kaushik Basu, the government's chief economic adviser, to clarify some unflattering opinions presented by Kaushik Basu, the academic, to an academic forum. But the fact remains that whatever he originally said and whatever he said or was unsaid later only serves to underscore a paucity of leadership at the Centre. The US India Business Council, too, is reported to have made an assessment, albeit confidentially, that there is a vacuum in New Delhi. The political leadership must understand that this is not a tenable situation. Mr Basu tended to blame the coalition structure of the government, without majority for a single party, for the failure to summon enough resolve to carry out reform. This would appear to be a wrong diagnosis. True enough, a disparate coalition with members who feel compelled to flex their muscles at the Centre to demonstrate political potency to local constituents in their areas of influence does impair the quality of decision-making. But the problem in Delhi is a little more complex. The leadership of the coalition is with the Congress, whose leader does not head the government. The government is headed by a person with delegated authority. However honest, sincere and capable he might be as an individual, his ability to function effectively depends on the dynamics of this process of delegation. If sufficient authority is not delegated or if the leader is unsure how the delegated power would be utilised, it would hobble the authority and the working of the man designated to lead. As the leader of the Congress party, Mrs Sonia Gandhi has to take the initiative to get her relationship with Dr Manmohan Singh back to what it was during UPA-I. This is imperative to make the incumbent government effective and to ensure that her party remains in the reckoning after the 2014 elections.

As for Mr Kaushik Basu's own lapse in letting his urge to speak as an academic get the better of his responsibility for restraint as a functionary of the government, the government might be tempted to hasten his planned exit from office. But that would be counterproductive at the current juncture.

Missile Dazzle!

But Agni V should be seen as securing peace; with scientific spin-offs

There is no denying that the launch of the Agni V missile represents a step forward in India's building a credible strategic deterrence. But deterrence also means just that: awareness of a capability between nations in a potentially hostile region that can help prevent conflict. A sense of justifiable achievement at having developed military hardware hitherto limited to a handful of nations must not spill over into jingoistic pride or a tom-tomming of war drums. True, given its range, the missile can reach vital targets in and around Asia. True, India must have the wherewithal to defend itself, and build capacity to that end, because no one else is going to do it for us. That, however, is far from imagining the region as a theatre of war. Rather, it must be envisaged as a zone where peace has been secured and where nations are engaged in collaborative economic efforts in which competition is not out of place with peaceful coexistence. Strategic capability must be understood as underpinning India's continued independence in how it deals with the external world, instead of being drawn into any sphere of influence. The missile is far from being operational and tests and demonstrations aimed at bettering it should continue. The point is to focus more on quietly improving the acquired capability than on projecting meaningless menace to any country in the neighbourhood or elsewhere.

Post the Indo-US nuclear deal, India has access to dual-use technology it was denied before. This would help India acquire strategic capability on multiple fronts that would, together, further stabilise the region and the global balance of power. The important thing would be to also benefit from such technology in an all-round way. In the west, defence technology has often had multifarious spin-offs in civilian areas. India must also institutionalise mechanisms whereby advancement in defence-inspired research can lead to breakthroughs and benefits on other scientific fronts, which can help not just research but better the lives of ordinary citizens and create new business for Indian enterprise.

Pet Project

A cable channel for dogs benefits all parties concerned

The TV channel recently launched in California exclusively for stay-at-home (and presumably) lonely pet dogs is a masterstroke and worthy of emulation. If there are specific channels for children and adults, for entertainment and news, sports and cooking, spiritual discourse and shopping, why not for dogs? After this pioneering service goes national, it could eventually be extended to cats, birds, hamsters and other pets, leading to a new genre of TV. Dogs have been obliged so far to watch whatever their human 'family members' choose – particularly when left alone in the house with only a chattering telly or radio for company – obviously due to lack of more appropriate options. Given that many of them do display a distinct liking for TV programmes featuring active quadrupeds of some kind, putting together content that gets tails wagging could not have been difficult for this pioneering channel. Colours, soundtracks and camera angles have been adjusted for superlative (canine) viewer experience, presumably.

Though the service is free at the moment, owners of pampered but lonely pooches will surely not mind forking out a few greenbacks soon to ensure that their pets remain gainfully entertained – and perhaps even educated. Targeted commercials are certain to follow too, as the homogenous audience would literally be sitting dogs, if not ducks, for well-aimed advertising bytes. From food and accessories to holidays and beauty aids, not to mention fitness equipment and medical insurance, the potential for advertisers is enormous as not only are dogs man's best friends (and, therefore, have similar tastes, temptations and weaknesses), but guilt-ridden owners are as inclined to splurge on their neglected pets as parents are on their offspring.

Blessed are the Peacemakers

India's offer to mediate in the conflict in Sudan is a good and progressive step for diplomacy



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The appointment by the government of India of a special envoy to mediate the conflict between Sudan and the newly-carved nation-state of South Sudan is a welcome development that should become a harbinger of deeper Indian involvement in peacemaking diplomacy. After the global interventionist heydays of Jawaharlal Nehru, it has become a tradition of a negative sort to keep our heads buried in the sand and wash our hands of the responsibility for preserving international peace and security.

For long, India did not care if a distant country or region was in flames, and it passively conceded the prerogative of stabilising the planet to superpowers. The excuse for such disinterest was that we lacked the leverage, concrete interests and means to be able to make any difference, and that peacemakers may burn their fingers despite having noble intentions.

But this blissfully disengaged attitude has left India with high opportunity costs, wherein we find that our political influence beyond

south and east Asia is frustratingly minimal.

The refreshing departure towards the two Sudans is, therefore, a break from the norm and a case study in how to transform Indian foreign policy in line with New Delhi's aspirations of becoming a great power: The immediate impetus for dispatching a special envoy to the two post-partition Sudans is the massive economic loss being sustained by ONGC Videsh — whose \$2.5 billion of investment has been jeopardised for months owing to the brinkmanship tussles between the regimes in Khartoum and Juba over transit rights, fees and pilferage of oil.

South Sudan's decision to totally halt oil production until it resolves its various leftover conflicts with its former arch-enemy up north is not unusual, given the bad blood that accompanied the former's long armed struggle for independence, and the historical correlation between partitions and wars.

But both parties know that they can't afford to keep butting heads because economic disruptions to their common lifeline, oil, will sink both nations' attempt to reconstruct after four decades of war.

Like all skilful mediators who need to know the bottom lines of their interlocutors, India can play a constructive behind-the-scenes role in the knowledge that the end-goal of both Khartoum and Juba is a negotiated settlement. Interestingly, China was invited and has already sent its



GEETANJALI

own diplomatic troubleshooter to broker peace between the two Sudans and heal the same rift. But Beijing is viewed with deep suspicion by South Sudan for being a long-time supplier of military hardware to the north.

New Delhi, on the other hand, is much more credible, less politicised and seen as even-handed by both the Sudans.

We have less leverage in material terms than China in the Sudanese theatre and this happens to be counter-intuitively playing to our advantage. When a state has a footprint that is too dense, it generates more apprehensions about its true intentions on the part of conflicting sides. India's finger in the pie in Sudan is sufficiently high to merit attention

and also sufficiently moderate to deserve the tag of a genuine neutral between Sudan and its breakaway southern neighbour.

We really have a golden chance in North Africa to be seen as facilitating dialogue that not only salvages ONGC Videsh's sunk costs but also enables the stabilisation of a volatile post-partition region. We could even take credit for striving to ease global oil supplies at a time when the price of fuel has become a barometer for global recovery.

Sadly, in Indian domestic discourse, there is an apologetic tone tagged to this perfectly moral and strategically sound foray into peacemaking. Labelling this intervention as 'unavoidable' due to ONGC's monetary vul-

nerability shows that our government has not shed its stand-offish culture that settles for a default inactive stance on international disputes. It signals that we intend to be only minimally proactive around the world, depending on the scale of our economic stakes in any particular conflict zone.

Over-concretisation of foreign policy actions in material terms, that is, saying that we will be diplomatically innovative only when some massive economic risk is entailed, is a liability when our soft power needs a fillip.

Generations to come will thank India and give us all the material benefits we seek in Africa or Latin America if we show farsightedness and deploy more peace envoys after consulting with different parties to conflicts.

Knee-jerk reactions that peacemaking is idealistic naivety of Nehruvian fancy and that India stands nothing to gain from it have held back our true diplomatic potential on the world stage.

The next time an inter-state of intra-state war flares up and India is asked to be counted, one hopes the government does not have to scramble to supply a materialistic justification for it.

The world wants India at negotiating tables, but we are wallowing in self-doubt. Sudan can be the laboratory for a new, globalised Indian diplomacy that serves our economic interests and contributes to the higher purposes of the international community.

ET Interactive

'Cost Audit Inputs to Achieving Excellence'



MR GOPALAKRISHNAN
PRESIDENT
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TK ARUN

Fazlur Rahman Khan, Dhaka-born, Chicago-bred structural engineering wiz, is the exception that proved the rule when it comes to buildings: the rule is, the world knows the architect behind the imposing design and dazzling façade of famous buildings while the structural engineer who makes the design a viable reality remains anonymous. Cost and management accountants are to businesses what structural engineers are to buildings. They produce the chunks of information that allow companies to turn in performance that fetches their top management fat bonuses, but these accountants themselves remain below the radar for the most part.

Even the name of their professional organisation tends to diffuse, rather than sharpen, their identity. Ask anyone what ICAI stands for, and the answer would be, the Institute of Chartered Accountants of India. Well, it is. But it also is the Institute of Cost Accountants of India. Formerly known as the Institute of Cost and Works Accountants of India, the institute sought to change its official name to the Institute of Cost and Management Accountants of India. This met with objection from the Institute of Chartered Accountants. So, the government dropped the outdated term Works from the institute's name and created a second ICAI.

Some day, hopes the current president of the IC(ost)AI, M Gopalakrishnan, the institute would formally add Management to its name, mirroring the nomenclature his counterparts follow in other countries. But then, as lovorn Juliet said, what's in a name? Cost accountancy does the solid work of generating, assembling and making sense of the information that companies need about their own working to take intelligent decisions.

As the Indian economy gro-

ws, forms more and more companies, and all of them compete with companies from around the world even for a share of the domestic market, the need for intelligent decisions based on thorough knowledge of their own internal working can only increase. And that is why the institute has 50,000 members and oversees the training and qualification of 4,00,000 students who aspire to become members.

Time was when cost accountants were required as essential staff to meet compliance requirements. The government requires companies in eight sectors — telecom, electricity, fertilisers, cement, sugar, petroleum and chemicals including bulk drugs and formulations — to prepare cost audits.

Companies hired cost accountants to prepare these statements. And the vast majority of qualified cost accountants work in the finance wings of companies as employees. But the times are changing. Increasingly, cost audits are inputs to achieving excellence: in management practices, in financial results, in meeting rising shareholder and consumer expectations of respect for the environment and for corporate governance.

Mr Gopalakrishnan is proud of the institute's 28,000-sq-ft centre of excellence at Hyderabad, which periodically trains people in new concepts and established procedure. He stresses that management accounting is gaining importance in the era of globalisation. On the one hand, companies are increasingly accepting the need to demonstrate how they relate to society, the environment and governance, in addition to shareholder expectations on financial results. Taking stock of a company's performance in creating and managing its carbon footprint or in determining how much water it consumes and recharges calls for accounting of a kind that cost and management accountants are trained to perform.

Similar is the case with regard to the need to report corporate social responsibility. For a company to say confidently that it has reached a particular level in socially-responsible behaviour, it must have data to back up its claim.

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utility and financial results, are made out of the diligent work of cost accountants.

Another area of rising importance in which cost accountants play a critical role is transfer pricing. The standard way to judge whether more or less value is being charged in a transaction between one division of a company in one country with another in a different country is to see how such a transaction would be valued at arm's length, that is, between two unrelated parties. But there are cases when such an arm's-length comparison is not possible. A classic example would be when a company transfers proprietary technology or parts that embody proprietary technology that it does not sell to any third party. In such cases, determination of fair value depends on the expertise of cost accountants.

Fazlur Rahman Khan was honoured by his bust being installed on the ground floor of the Sears Tower (now Willis Tower), for many decades the world's tallest building. But recognition of the cost accountant's contribution still remains as fuzzy as what ICAI stands for. Mr Gopalakrishnan would like this to change.

Citings

The Talent Masters

RAM CHARAN

All companies have formal processes for managing talent, some of them good and some not so good. The masters have superlative ones. But these are the easy things to see, and they are not the most important. The thing you can't see from outside — the black box where the real secret of mastery resides — is in the social systems of their companies. We will make them visible to you.

Our work is not the product of statistical research, which is fine for showing correlations but little help in determining cause and effect. Ours is observational research, drawn directly from the experiences of the players and quite often in their own voices. We chose our companies because we know them well...and we understand their social systems. We have been able to go inside their black boxes to observe what they do and how they do it. Now we will take you with us to see the masters in action: not only the tools and techniques they use but also the questions they ask, the conversations they hold, and the living dynamics of their decision-making.

Talent masters do not resort to vague clichés or rely on batteries of mechanistic tests to assess talent. Instead, they study the behaviour, actions and decisions of individuals, and link these to actual business performance. Their observations are rigorous, specific and nuanced. Over time, as other leaders discuss them openly and candidly, the observations become verified as facts.

Cosmic Uplink

No Worry, So Happy

VITHAL C NADKARNI

In 1869, Leo Tolstoy was at the very top of his game. He was in his early 40s, in excellent physical condition and had just finished his massive masterpiece, *War and Peace*. A holiday was much needed and the wealthy aristocrat travelled to Arzamas on the Tyosha River about 250 miles east of Moscow, to inspect an estate he wanted to purchase.

After dinner he retired, perfectly at ease with the world. Near dawn, however, he suddenly woke up with the panicky certainty that there was an uncanny presence in the room with him! "This is ridiculous," he muttered trying to calm himself, "what am I afraid of?" Then he heard a response, "Of me," answered Death. "I am here." Brought up short with the inevitability of his own death, Tolstoy says in his *Diary of a Madman* that he panicked and raged against its power but in vain.

Thus, he began his journey home, an utterly changed man. Many, including Gautama the Buddha, have experienced their own versions of this death-despair that can make going on with life seem utterly pointless.

The Buddha hit upon his noble Eightfold Path to confound this existential angst. The American man of letters Carl van Doren offered a more uplifting alternative: only someone who has assumed that life is meaningful will look upon death as a challenge to meaning. If you assume that life has no intrinsic meaning or purpose, death becomes less of a threatening absurdity.

"Death breaks no promises nor violates any rights," van Doren writes in *Why I am an Unbeliever*, except those that we create ourselves! Don't worry. Be happy!

Chat Room

Peace Pays

This refers to 'Siachen as Symbol' (ET, Apr 20). Talking peace is not the monopoly of civilian governments; the army has as much a prerogative. The shift of the global economic axis eastwards has ushered in new geopolitical alignments. Indo-Pak equations too are changing as trade interests in an era of economic compulsions begin to edge out long-simmering issues between the two neighbours. It is a welcome sign that the Pak army chief talks of demilitarisation of Siachen, however distant that maybe in reality. Our reaction has to be positive. Acquiring prowess through ICBMs is meaningless if not accompanied by pragmatic statesmanship.

R NARAYANAN
Ghaziabad, April 20

What Bridge?

Reports say the Centre has now left it to the Supreme Court to decide as to whether the Ram Sethu is to be considered a national monument or not. That both the central government and the apex court are trying to pass on this issue is ample evidence to prove that neither of them has any evidence to prove the existence of Ram Sethu. There is, thus, a natural hesitation to declare the sand dune in question as a national heritage monument. With due respect to those who attribute religious importance and sentiments to the issue, it is clear the clamour to give the Ram Sethu such a status, sans any scientific or historical records, is unacceptable.

THARCIUS S FERNANDO
Chennai, April 20

Letters to the editor may be addressed to
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Blinkers Off by Salam



I reviewed your performance... and am very happy that you did a great job... so I am going to be very liberal with 'praise'...