EDITORIAI



Clouds of prosperity

The monsoon forecast should galvanise the country to make the most of a good season

The 'normal' monsoon forecast of the India Meteorological Department brings the promise of a year of growth and good health for India's eco-

nomy and ecology. If correct, India will have a second consecutive year of normal rainfall, after two years of drought. The prospect that 2017 will be a good year boosts the prospects of enhanced agricultural output, healthy reservoir levels, more hydropower and reduced conflicts over water. It will also test the efficacy of the expensive water management initiatives launched during 2014 and 2015 by the Centre and the State governments to harness rainfall and build resilience for future drought cycles. As the IMD's experience shows, forecasting the all-India summer monsoon rainfall is fraught with uncertainties and has often gone off the mark. The dynamic model that it is using this year to make a forecast that includes an assessment of two phenomena – a possible late onset El Niño in the Pacific Ocean and variations in sea surface temperatures that create the Indian Ocean Dipole - will be keenly watched. Given that El Niño is expected only in the later part of the year when the monsoon is in its final stages, the expectation of normal rainfall is reasonable. A confirmation could come in June.

When more than half the population is sustained by agricultural livelihoods, highly efficient water utilisation holds the key to higher farm productivity. In fact, preparing for drought remains a top priority today, in spite of a big increase in outlays for irrigation made over successive five-year plans. Data on five decades of grain output from 1951 show that the negative impact of drought on productivity is disproportionately higher than the positive effects of a normal or surplus monsoon. This underscores the need to help farmers with small holdings to look ahead. As agriculture scientist M.S. Swaminathan pointed out during the drought a couple of years ago, the focus has to be on plant protection, water harvesting and access to post-harvest technologies. The NITI Aayog has also been calling for ways to cut water use, since India uses two to three times more water per tonne of grain produced compared to, for example, China, Brazil and the U.S. The way forward is to create ponds, provide solar power for more farms, mechanise operations and expand drip irrigation coverage. Aiding small farmers with the tools and providing them formal financing can relieve their cyclical distress. The area under drip irrigation, estimated to be less than 10% of net area sown, can then be expanded. A normal monsoon will also relieve water stress in the cities if they prepare catchments and reservoirs to make the most of the season and incentivise residents to install scientific rainwater harvesting systems.

A June date

Theresa May appears to hold all the cards as she calls a snap election in the U.K.

viven that she had ruled out a snap election on

United they exit?

A general election victory would give Theresa May the authority she needs to lead Britain out of the EU



rt's a testament to the unexpectedness of Theresa May's call for a snap general election that even in the hour before the announcement, when her office had indicated that the British Prime Minister would be speaking on the steps of Downing Street, many still questioned what the nature of the announcement could be. A general election figured in the speculation, but then as many pointed out online, it was less than a month ago that her official spokesperson had categorically ruled out one till 2020 - at which time an election would have to be held under the Fixed-term Parliaments Act of 2011 (unless a two-thirds majority of the House of Commons allowed otherwise).

Explaining it

Ms. May acknowledged the need for an explanation of this change of heart, saying she had only recently and reluctantly recognised the need for an election to take place before 2020, pegging it on the need to secure unity in Parliament as the country prepared to launch headlong into full-fledged negotiations with its European partners on exiting the union, as well as resetting its relationship with the rest of the world. "We need a general election and we need one now," she declared on Tuesday

Her statement rings true for many a reason: while it may have been a U-turn, the need for an election has been palpable in British



politics for a while now.

Since taking over as Prime Minister last year, Ms. May has been vulnerable on a number of fronts, not least the fact that she came to her position after other prospective replacements for her predecessor David Cameron dropped out of the race following last June's referendum. It's something that critics have thrown at her along the way as she has put herself at the front of the Brexit – a process that has pegged itself on giving control back to the British Parliament and people. It became all the more relevant as the nature of the Brexit planned by the government emerged, revealing that Britain would in all likelihood extract itself from the European single market in order to take control of its borders. This was a far cry from what Mr. Cameron had pegged his 2015 electoral campaign on: keeping Britain in the EU, with which it hoped to renegotiate its relationship. "We are clear about what we want from Europe. We say: yes to the Single Market," read the Con-

servatives' 2015 manifesto. While her government succeeded in getting its Brexit-authorising legislation un-amended through Parliament, the government's real battle is yet to begin, with reams of legislation needed domestically to bring about the Brexit process smoothly. With opponents continually questioning whether the Brexit that the government was embarking on was the one that the people of Britain had signed up for, this would have left her and her government particularly vulnerable. Holding - and winning - a general election would do much to help Ms. May tackle those challenges, giving some much-needed authority to the Brexit process

Coming into her own

It could also help her set her own agenda and further distance herself from that of Mr. Cameron, whose vision of Britain contrasted markedly with her own. Of particular significance to India will be Ms. May's tougher stance on immigra-

tion. As Home Secretary she was responsible for a tightening of immigration rules, and her tenure as Prime Minister has seen her put immigration control - from both within and outside the EU – at the heart of her agenda, despite warnings that it could damage efforts to secure trade deals, including one with India. Efforts by the opposition, the House of Lords, and even some within her own Cabinet to persuade her that international students shouldn't be included in net migration figures have proved unsuccessful, with Home Secretary Amber Rudd suggesting last vear that a further tightening of policy when it came to international students was on the cards.

Under these circumstances it may seem surprising that Ms. May did not announce plans for a general election before, particularly given that a string of recent opinion polls have put her well ahead of Jeremy Corbyn's Labour.

A tough fight ahead

However, it will be a gamble too: rarely will a British election have been as ideologically driven as the forthcoming one, pitting Ms. May's strictly conservative vision of Britain with that of the Labour party, which is led by its most left-wing leader to date, and has, while backing the Brexit, promised to offer an "effective alternative" that involves, among other things, pumping more into the National Health Service and welfare, and raising corporation and individual taxes for the well-off. The Liberal Democrats have committed themselves to keeping Britain in the single market and avoiding the hard Brexit the government has embarked upon. "This election is your chance to change the direction of the country," said Tim Farron following the announcement of the election.

While Ms. May herself has scored well in polling compared to Mr. Corbyn (a poll last week put her 37 points ahead), other data suggest a level of support for the Labour leader's policies – including a recent poll by ComRes for The Independent newspaper that found support for raising the minimum wage, and the top rate of tax, and charging a goods and services tax on private schools as Mr. Corbyn has suggested. The revival of the Liberal Democrats' fortunes will also add to the uncertainty. The party, which saw its parliamentary seats fall from 57 to eight in 2015, has tapped into the anti-Brexit movement that remains a powerful force across the country.

Ms. May would undoubtedly have had Scotland in mind when she opted for the general election. A fall in support for the Scottish National Party (SNP) would undermine its call for a second referendum on independence. While Ms. May has not ruled out a second referendum altogether, she has firmly rejected the SNP's suggested timeline, insisting that now was not the time for one when Britain should be putting all its energy into securing a good deal. "In terms of Scotland, this move is a huge political miscalculation by the Prime Minister," declared First Minister Nicola Sturgeon, who accused the Prime Minister of putting her party's interests ahead of the countrv with the election announcement.

Miscalculation or not, it's an election that will deliver political credibility to a country desperately in need of it.

vidya.ram@thehindu.co.in

The case for mediated settlements

To reduce NPAs, creditors and debtors need sufficient immunity to hammer out sound commercial solutions



SRIRAM PANCHU

The country's banking sector is severely stressed with onesixth of the gross advances of public sector banks (around ₹7 lakh crore) being non-performing assets (NPAs). Existing statutory remedies of insolvency, restructuring of companies, securitisation of debts vield much litigation but insufficient recoveries. The Reserve Bank of India (RBI) brought out a Corporate Debt Restructuring scheme for resolution of dues from the larger companies which account for 70% of the debt portfolio: despite it being a well-structured system. it has failed to deliver substantially. It, however, omitted from attention the smaller borrower with loans less than ₹10 crore. Now attention is focussed on the concept of a "bad bank", which would purchase the large loans from the holding banks. The latter would then have better-looking balance sheets; however, the former will find recovery no less difficult. It would then sell off assets to private buyers, who see opportunities for

profit-making rather than investment in the economic productive sense

Roadblocks to settlement

Two core aspects appear to be the major roadblocks. The first is the limiting aspect of direct negotiations between bank and debtor, which usually run on the lines of high demands by banks and low offers by the debtor. The smaller borrower especially is faced with an imbalance in negotiating strength and is thus denied feasible, even if unattractive, settlement terms. Larger borrowers in acute distress may face similar problems. Settlement terms can be onerous which, if breached, have consequences of closure of business and sale of property. A mediation approach, where an independent neutral engages with both parties, is more likely, practically and empirically, to lead to faster and better agreements. In joint and separate sittings with the mediators, this consensual, non-coercive and confidential process enables the parties to discuss options such as debt concessions, repayment schedules, interest reductions, perhaps even additional credit with safeguards. In face-to-face meetings between only creditor and debtor, the fuller gamut of settlement opportunities are not explored, because this



would involve more information being exchanged or conditional concessions being made which borrow-

Agreements reached through this process are enforceable without difficulty. If the RBI sets up mediation panels consisting of bankers, accountants and experienced mediators, that will provide the required institutional framework and enhance trust and credibility in the process and personnel.

Freedom from fear

The other major block, which paralvses decision-making in government and public sectors in India, is the fear of post-decisional retributive action by way of investigation and prosecution by multiple agencies such as the police, the Central Bureau of Investigation

ate a high-level body before which settlement agreements can be placed for approval. This body will examine the settlement to see if it is commercially advantageous and is in the interests of the public sector financial institutions, taking all prevailing circumstances into account. Where it comes to an affirmative conclusion, that should provide complete immunity - from the police, the CBI, the CVC, the Lokpal and the courts – for the officers of the bank who have negotiated and recommended such solution. This is a better step than oversight committees which do not provide the backbone to take the commercial decision of beneficial compromise. Such a body needs to be headed with high authority, drawn from the top echelons of the judiciary, the RBI and public sector banks, serving or retired. It should be a multi-tier body when the number of cases increases, which will happen because once you offer mediated solutions with protection for sound decision-taking, then both banks and borrowers will know that it makes eminent sense to try this approach which essentially means no risk in trying for a settlement, and no risk in agreeing to it.

several occasions, British Prime Minister JTheresa May's announcement on Tuesday caught most people by surprise. As the House of Commons a day later endorsed the advancing of the election, due in the normal course in 2020, by a thumping 522 votes for, and just 13 against, she appeared to have everything going for her. It was very different last summer when Ms. May was chosen by the Conservatives to occupy 10 Downing Street after Prime Minister David Cameron stepped down after the 'Brexit' referendum. The Tories were smarting from internecine battles. Some of these feuds in fact were so brutal that she was not spared personal attacks relating to her health and family, matters wholly unrelated to her politics and suitability for being head of government. But since then Ms. May has come a long way, establishing a firm hold over the party apparatus. The few remaining members of Parliament from the pro-Europe camp have been further marginalised. Potential troublemakers among eurosceptics have also been kept in check. Ms. May now feels it is time to erase the perception that she is an unelected Prime Minister. The only real hurdle she had encountered to her Brexit plan was the legal challenge demanding a formal parliamentary authorisation of the U.K.'s withdrawal from the EU. But what little resolve remained in the two Houses to secure guarantees for immigrants from the bloc and a demand for legislative approval of the final deal was met with strong resistance from the government. The announcement by the Scottish National Party of a second referendum on independence only delayed by a few days the start of the formal process of withdrawal from the EU.

The scope for the U.K. to bargain for a reasonable deal with the other 27 countries in the EU appears to be extremely limited. As the 2019 countdown has begun, there is now greater appreciation in London of this emerging scenario than there was a few months back. Chances are that EU law will continue to operate in several areas, long into a transition period after London formally leaves the bloc in March 2019. A possible extension of the jurisdiction of the European Court of Justice, or further inflows of EU immigrants, will test eurosceptic silence. It is likely that the advantage of facing the electorate ahead, rather than in the immediate aftermath, of the conclusion of an uncertain final Brexit deal influenced Ms. May in taking the decision to hold a snap poll. The timing is not all bad from her point of view. At the hustings on June 8, the voters face a choice between a demoralised and directionless opposition and a government obliged to deliver on their referendum decision last year to leave the EU. As the latter is now a fait accompli, a voter rethink on the question is almost of little consequence. For Britain's Labour Party, the challenge could not have been stiffer.

YK

ers fear will be seized upon by bank officers for enhancing demands and hard bargaining. Mediation reverses this; the process is designed to freely create, explore and refine options to yield a solution both amicable and sustainable. Moreover, in their separate meetings with parties, mediators can bring home to them the problems with their case should it proceed to litigation, the lack of worthwhile alternatives to reaching an agreement at the table, and also persuade them to take more reasonable and practical stands.

Mediation is now well accepted in India, both legislatively and through extensive use by the courts.

(CBI), the Central Vigilance Commission (CVC), the Lokpal, etc. Once initiated, the spectre of lengthy criminal trials looms, accompanied by fear of arrest, denial of bail and public ignominy. Courts respond inadequately – they do not speed up trials or consider bail applications expeditiously or penalise unnecessary prosecution. This inhibits settlements which are in the best interests of the bank but involve some concession or latitude inevitable in reaching the best compromise.

Freedom to take sound commercial decisions must be statutorily structured, else all our schemes will come to naught. One way is to cre-

Sriram Panchu is a Senior Advocate and Founder, Concord Mediation Trust. E-mail: srirampanchu@gmail.com

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.

Grounding Mallya The euphoria in

government circles over the brief arrest of tycoon Vijay Mallya in London might evaporate soon as legal circles are of the opinion that the extradition process might well turn out to be a long-drawn affair ("Mallya, held, released on bail", April 19). Mr. Mallva's nonchalant tweet, wherein he has referred to media hype over his arrest, reveals that the 'king of good times' is not in the least worried about the onset of the extradition process. Given India's abysmal track record in the matter of extraditing those holed up abroad after committing crimes in India, the Mallya case too might take time as there are several channels of appeal which the businessman and his battery of lawyers will certainly explore. What we are seeing now are baby steps being taken and the

hard grind might come sooner or later. C.V. ARAVIND,

The government may have scored a victory over its many naysayers but now

that the embattled tycoon Dhinakaran, who constitute has received conditional bail, India must prepare for a long-drawn-out appellate process in British courts. The move to arrest him should not be seen in isolation, but as part of a multi-pronged effort by the government to tackle black money, bad loans, and nefarious corporate practices. The challenge before the Modi government is larger than Mr. Mallya. It must go after all the big loan defaulters and bring them all to justice. I wonder whether the Modi government would be able to go after equally corrupt politicians too. J. Акѕновнуа.

Merger moves

Mysuru

The decision by the two factions of AIADMK party to try and reunite and keep out the Sasikala family is pragmatic ("AIADMK ruling group revolts against Sasikala", April 19). The party would do well to remain intact at least for now. As party general secretary V.K. Sasikala and her nephew and deputy general secretary, T.T.V.

the power centre have now become liabilities, the ruling faction has acted in a smart way. But how long the newfound camaraderie can last between the two factions, especially when there is no strong leadership at the helm, is a moot point. The two leaves will have to withstand the scorching rays of the rising sun (the DMK) as well as strong gale winds from Delhi. DR. D.V.G. SANKARARAO, Nellimarla, Andhra Pradesh

People of the State are hardly concerned about the constant fissures in the AIADMK as these are quite common in Tamil politics. The party was founded by a charismatic and magnetic personality, which was then carried to new heights by another equally charismatic leader with an extraordinary ability to keep the cadre in check. Now that there is a leadership crisis, political pundits have already started sounding the last bugle. If the so-called leaders of the party stick together for the sake of power for another four years, they must ensure that

they emulate the qualities of the party's founders and govern well. VICTOR FRANK A.,

■ The report, "An albatross called Sasikala" (April 19), says: "it was the list (Income Tax document which named several Ministers) that united them against the party leadership". Does this imply that the Ministers are hopeful or assured of escaping IT raids if they rebelled against the Sasikala family? Does this not expose the BJP at the Centre in using IT raids as a tool to achieve political ends or to settle scores with its opponents? N. SAMBASIVAM, Chennai

The Kejriwal interview

Delhi Chief Minister Arvind Keiriwal's charisma and his ideology appealed to youngsters who were drawn towards the AAP, which was intent on pushing for an era of governance free of scams, corruption, caste equations and communal politics. However, his resignation after a short stint in office and his series of dharnas

have left people disillusioned. Mr. Keiriwal should realise that he cannot change things overnight and instead focus on development and creation of employment opportunities for youth. He must stop blaming EVM machines for the decline in the AAP's popularity ('Wednesday Interview' "There is no negativity about AAP'," April 19). VEENA SHENOY, Thane, Maharashtr **Fuel conservation**

mentionable extent ("Fuel outlets to remain shut on Sundays from May 14", April 19). Instead of buying fuel on Sunday, people would do it on Saturday, just as tipplers keep adequate stocks of their favourite brands on October 1 when TASMAC outlets are closed on Gandhi Jayanti. If the Prime Minister is really interested in promoting fuel conservation, he should take steps to reduce the number of vehicles in VIP cavalcades and also promote public transport systems. The savings would be substantial. P.G. MENON Chennai MORE LETTERS ONLINE:

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CORRECTIONS & CLARIFICATIONS:

One wonders whether the

outlets in Tamil Nadu and

Sundays will reduce fuel

consumption to any

decision to close retail fuel

Puducherry for 24 hours on

The Editorial, "Equity in debt" (April 19, 2017) said that the FRBM (Fiscal Responsibility and Budget Management) law was enacted to 'limit the government's borrowing authority' under Article 268 of the Constitution. It should be Article 292 of the Constitution.

An OpEd article - "The great climate churn" (April 18, 2017) - incorrectly said the area of India's land mass is about 1.3 million sa.km. Actually, it is about 2.973 million sa.km.

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); Fay H91-44-2852963; 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