

Monthly Policy Note

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US: Taking decisions considering a one term presidency

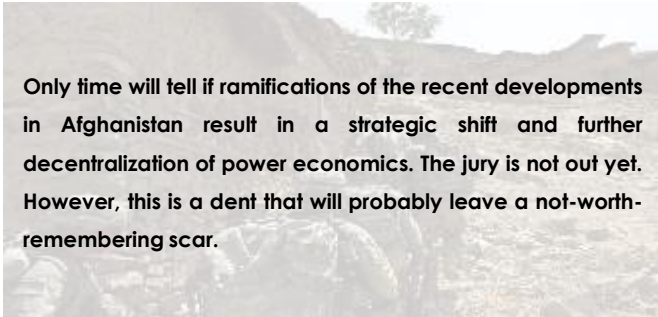
It is very rare for a US President to unite both the Left and Right mainstream media. But that has exactly what has happened thanks to Afghanistan. Generally, the subtext followed by media in the US are divergent – having different opinions. However, **the recent Afghanistan pull out decision of the US, resulting in its subsequent takeover by the Taliban forces, has managed to get both media voices to converge on a more unanimous opinion.** Can the world trust the US?

An opinion doing the rounds is that **these hasty decisions, like the pullout from Afghanistan, are being made because there is an underlying belief of President Joe Biden that he will perhaps be a one term given his age.** As the former President Barack Obama said: **“The most important thing you need to do [in this job] is to have big chunks of time during the day when all you’re doing is thinking.”** In the current scenario, the speed of decision making is perhaps over-powering the strategic thought process and preparation.

The narrative is going to change and redefine the global geo-politics, especially for the US. Decline in the world’s trust in US decision making will result in countries further looking inward for safety and security. This is something that had already started, but countries may now be stepping on the

gas. **There are few individual countries that carry the clout that the US has across most parts of the world. Decisions that make people doubt the clout are not good for the world because it may result in more such events.**

Typically, US presidents serve two terms. In the last fifty years or so, apart from Donald Trump, George HW Bush and Jimmy Carter the remaining 5 Presidents have all served two terms. **That two-term legacy may again be challenged in the case of President Joe Biden.**



Only time will tell if ramifications of the recent developments in Afghanistan result in a strategic shift and further decentralization of power economics. The jury is not out yet. However, this is a dent that will probably leave a not-worth-remembering scar.

India-China relations: Trade continues to overpower geopolitics – turning the tables will be a long process from here

India's biggest bilateral trade partner in FY2021 with ~\$86bn worth of trade, China accounts for ~\$65bn worth of imports which is more than double the second largest source country, the US, from which India imported ~\$29bn worth in 2020-21. India's exports to China also grew more than 25% YoY whereas there was a decline in exports to other countries like the US, UAE, Hong Kong and the UK.

Clearly, economic dependence on China is a mountain which cannot be treated as a mole-hill. It will take persistent time and effort to even come close to reversing the trend. And more importantly, with a trade deficit of almost \$41bn, it will be a gradual process ensuring it is balanced with indigenous sourcing and / or sourcing from other countries while maintaining the economies of scale in mind.

What will potentially work for India is a global perception of shifting manufacturing bases from China. As part of the de-risking and / or diversification strategy, it will be an important driver of how India is seen as a manufacturing hub in the South-east Asian region.

The globally integrated supply chain does not make it easy to cut off trade ties with any country per se, let alone China.

The Indian government has laid down

various policy measures and further made more stringent the rules with regard to Chinese investment into India. **Besides global supply chain, the next mountain to climb will be IPR** (China authorized 530,000 invention patents in 2020 alone) **and who owns rare earth** (China reportedly owns almost 2/3rds of the global supply of rare earths)

As part of the Aatmanirbhar Bharat initiative, tariffs have been raised on certain items to promote domestic industry and PLI schemes have been introduced in the manufacturing sector to enable more investment into domestic industry.

However, these measures will take time to implement. It would be pre-mature to expect an immediate impact due to the policy measures.

For the elephant to be able to overtake the dragon, it will take persistent time, effort, investment and hard work beyond the headlines to make it happen – something we believe Government is keen and has the vision to do.

India has showcased significant and consistent progress in the last few years. What will be important is to carry forward similar efforts with sharper focus and implementation.



Sports in India: There is progress no doubt – but a lot more needs to be done to have global clout

For many years now, India has endeavoured to introduce policy initiatives to ensure availability of adequate finances, infrastructure and support system to its athletes, among other things. Along with increasing the budget for sports in India, the government has encouraged many private sector entities to contribute actively to the sports scenario in India. In spite of the current efforts, India continues to be an underperformer in sports. **The country has to develop a more integrated approach towards development of elite and community sports.**

- **A bottom-up approach to sports management and development:** Sports is a state subject hence a bottom-up approach starting from state governments is more realistic. Further, at the youth level, sporting potential is largely embedded in educational institutions, which are entirely under the control of state governments. Out of the 33 sports being played in Olympics this year, Government of India had identified 14 sports for Olympic excellence, so that resources can be focused only on them. This however needs a more state focused approach. Just as Haryana has its legacy in weightlifting, boxing, hockey and Manipur produces boxers and weightlifters, more states need to identify similar focus sports to start a process.
- **Greater collaborative efforts for enhanced outcomes:** Much has been said about having marks for sports in schools and truly it will be path breaking for the sector and will also lay foundation for a fitter and healthier tomorrow for children. Once such a standardized policy is rolled out and implemented, it will force focus towards making playing fields, coaches, equipment etc. available for the children, requiring a greater collaboration among central, state and local governments.
- **Joining hands with private and social sector enterprises:** Private sector organisations are proving to be torchbearers for their counterparts in the industry. **As the sports ecosystem becomes more mature, it will start attracting greater private capital.** Private capital will however demand more accountability and transparency from federations and associations. It is, therefore, very critical for these organisations to streamline themselves and deliver good governance.

- **Upgradation of existing sports infrastructure and launch of new facilities:** To promote sports at the grass-roots level, it is essential to provide sports facilities in each district, so that no child misses an opportunity to play. A new program with an added impetus may be launched to provide a sports complex with basic facilities for identified sports-including football fields and athletics track-and-field in each district. Along with this, the central government in collaboration with Sports Authority of India may also establish sports academies like, the National Institute of Sports in Patiala, with international facilities in select few cities of the country. This will ensure access to high quality facilities to athletes from all geographies.
- **Catch them young:** For sports to get a fillip in India, the biggest thrust must come at the grassroots level. The talent scouting programs need to start and then mature into formalized systems. States can take up this activity by organizing local level competitions in schools in each district. Those excelling, may then be called to the state for a state level meet. Currently this happens at a federation level and does not percolate down to all schools, due to which many budding athletes lose out on the chance to be selected for India-level teams. To scout talent, The states may also organize district level camps with assistance from former state level athletes. To create buzz and generate interest of young children, former athletes may also be announced as Brand Ambassadors of sports in the states.

Because of difficulties in gaining access to training facilities, much of India's talent remains undiscovered, resulting in low participation. While expenditure and performance in sports is directly linked to a country's economic status and GDP, there also are countries like Jamaica and Kenya, whose per capita income is lesser than that of India, but their Olympic performance is better than ours'. **Building a sports culture and a change in outlook towards sports is what our country needs to institutionalise sports and excel in international competitions and championships. All of the above needs to take place across many sports and not just a few.**

Preparations towards Paris Olympics begin now...!



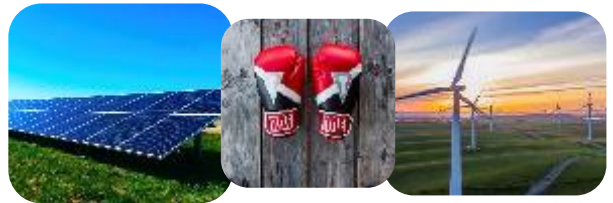
Energy: Shining bright in the sky, the economics in solar is making wind puff out dry

India's current renewable energy installed capacity is ~90 GW and the target is to reach ~450 GW by 2030. As of today, the installed capacity of Solar (~36GW) is equally balanced with Wind (~38GW). About a decade back, the installed capacity of Solar was less than 1 GW, while Wind was over 13 GW. **The shift towards solar has accelerated from 2017 with the introduction of competitive bidding. The shift towards solar is happening due to economics.** In FY 2014, the tariffs c/kWh were strongly in favour of Wind (~6.7c/kWh) compared to Solar (~10.5c/kWh).

Recent tenders are in favour of Solar (~3.6c/kWh) compared to Wind (~4.3c/kWh). With this, the capacity additions in Wind in period 2018-2021 have been ~1.5-2.2 GW/year compared to Solar which have been higher at ~10 GW/year. **The recent policy announcements including PLI scheme for advanced solar cells will further help the shift towards solar.** With the best wind potential sites already taken, the incremental capacity addition would require higher investment per KW putting wind at disadvantage.

While wind power is losing out market share due to economics, it does have its merit.

For one it has a lower overall environmental footprint to build and operate compared to solar. Second, it has a higher plant load factor of 38-42% compared to solar 18-24%. Third, it requires less area. Fourth, presently while the wind power equipment industry has largely indigenized, the solar power equipment industry is still dependent on imports for many of its components.



We should look at policy interventions to have a more balanced approach towards renewable power mix. The economics has turned favourable towards solar, and that is where most capacity additions are planned. **An intervention to help the wind power sector overcome some of the disadvantages may help in restoring a balanced growth.**

Infrastructure: Green vs Conventional – A modern metaphorical David vs Goliath situation albeit the objective is to co-exist

Sustainability is not just about doing the right thing but doing it right way. Real estate as a sector has been a contributor to climate change along with exploitation of the resources. In India alone, millions of people suffer from air pollution in metro cities. Buildings contribute to approximately one-third of global greenhouse gas emissions and consume 40% of the world's energy. In India close to 22% of total emissions come from this sector.

The Paris Agreement had set out a global framework which also aimed at strengthening the countries' ability to deal with the impacts of climate change and also to support them in their efforts. The recent Inter-governmental Panel on Climate Change (IPCC) report suggest that global average surface temperature will increase by more than two degrees Celsius by 2100.

Recent trends have shown a drastic shift from conventional choices to greener and more sustainable choices via **various means including energy efficiency, water efficiency, material efficiency, indoor environment quality enhancement and waste management – the David in this tale.**

The Goliath, being often referred to as the conventional building technique isn't in true sense the villain in the tale. On the other hand it has been providing accommodation to millions of people and providing commercial space to people for their livelihoods. **It is not the buildings in themselves which have been the cause of the emissions or global warming, but it is how the buildings are planned and executed.** The planning and execution of building through a greener approach is the solution here.

Techniques like natural light management, recycling 99 per cent of solid waste, geothermal heat exchange system to reduce the power required for air conditioners, etc. are what makes infrastructure like the Olympia Tech Park in Chennai and Indira Paryavaran Bhawan in Delhi as sustainable environments.

Hence the real question isn't about David taking over Goliath but striking the balance which ensures that David and Goliath can live together and share the win. It's not about re-writing history but adapting to the future and preparing ourselves to the uncertainties that it holds.



Expert Opinion on a few key issues that matter today

As per the latest NITI Aayog SDG report, India has further fallen in the SDG score for climate action (SDG 13) from a 60 in 2019 to 54 in 2020. What do you think are the major bottlenecks?

SDGs are based on specific issues and therefore assessment is also on specific parameters. But if you look at India's overall performance it has been impressive – more so given the developmental imperatives of the country.

However, being a developing country there will be concerns of rising carbon footprint as our dependence on coal cannot be wished away. It is important to have "responsible development". India is one of the few countries which is on course to the Paris Agreement target. There is no doubt that GHG Emissions cannot be allowed to overtake the green agenda. Countries like India must accelerate efforts but so must the other countries.

What is your opinion of the Ramagundam verdict that was passed last month which states that the combined impact of all activities in a given region, including past, present and prospective ones – have to be assessed before a new project is approved or during its construction – and not once it has been built?

*The assessment is made on a scientific basis by EAC. This takes into account not just the current level of ecological damage but also the future chance of such a damage. **The approvals for any project from environment point of view are prior and not post project approval.***

Once the EAC approves, the States are expected to issue Consent to Establish (CTE), monitor construction period and only after that give "Consent to Operate". Impact assessment should not be period specific alone. Hence the monitoring should certainly be of the life cycle of the project.

Currently, there are fragmented state initiatives like the Smog Tower in Delhi, or some other initiative in another state. What needs to be done to have a common policy and implementation mechanism across states?

*Efforts like smog tower are a positive step but far from enough. **A high impact initiative can come from comprehensive planning which means a study of the sources of pollution, their geographical distribution and containment policies.***

The major issues emanate from dust, vehicular emission, power sector emission, industrial and other forms. Plans are aplenty and hence implementation also needs to be focused upon. These efforts require a combined effort of both the government and the public and hence both need to shoulder the responsibility of seeing it through.

Governance is one of the work streams of the Lancet Citizens' Commission on Reimagining India's Health System. What in your opinion are the three most important structural changes required in the governance mechanism in India?

*India's health system is not yet as resilient as it should be. However, **it is not due to lack of efforts and not just about infrastructure. It is about a health SYSTEM.** India's health system should be imagined as one that leads to **universal health coverage.** "Right to Health" should be aspired for all but this would require fair amount of preparation which in turn depends on the investment in health sector.*

*Policy talks **suggest investment levels of 2.5%** of GDP whereas India still spends just over 1% of GDP on public health. Driven by political will, primary healthcare should be the focus area. **A more pro-active rather than a reactive system is required.** Primary healthcare needs to be at the core of any new paradigm on health system.*



Mr CK Mishra is a 1983 batch IAS officer who has led Indian negotiations at important forums such as the UN Framework Convention on Climate Change (COP) as well as the Montreal Protocol on Substances that deplete the ozone layer.

Spanning a time of more than 37 years, Mr Mishra served as an administrator, policy maker and public health strategist while holding a wide range of assignments in the fields of health, education, industry and power.

About Primus Partners

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