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Now without safeguards

The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Bill, passed by the Lok Sabha in a conspicuously amended form from its original version, will provoke more controversy than it has already done. It was opposed vehemently at its introduction by environment and wildlife activists and some members of Parliament, including those belonging to the Congress party, for fear of its adverse impact on forests. They saw it resulting in a loss of a sizable chunk of forest land, with consequential repercussions for the local ecology and wildlife. The government's answer was that elaborate safety precautions and riders were in the Bill in order to prevent its misuse. Since the underlying problem, of tribal forest dwellers' rights, needed resolution, the Bill promised hope.

In the event, most of the safeguards and riders have been knocked out of the Bill, and what Parliament has passed can only raise the level of concern about what will now result. For, the amended Bill provides land rights to all forest dwellers, not just the scheduled tribes in each region, as in the original version. Besides, the land to be allotted to each settler has been increased to 4 hectares from 2.5 hectares; additionally, they have been given the right to graze cattle and collect and sell traditional forest produce as well. This last is understandable; what is not is the fact that protected forests, wildlife sanctuaries and national parks have been brought within the ambit of this statute. To top it all, the gram sabha (village community) has been given sweeping powers, including those of certifying the status of the dweller in the absence of any other proof and of allowing additional forest land to be used for utility infrastructure like schools, anganwadis, roads and the like even if it requires the felling of trees on such lands.

These provisions make the new measure native-friendly, but they simultaneously make it nature-unfriendly. The great merit of the original Bill was that, since it was confined to specific tribal groups in specific areas, the total amount of land in question was quite small. Now that all comers are to be counted, and not as of 1980 (the original cut-off date linked to the passing of the Forest Conservation Act in that year—for which there are records) but December 2005, the amount of land that will be parcelled out multiplies manifold. As such, the protections granted to forested areas through laws like the Indian Forest Act, 1927, the Wild Life Protection Act, 1972, and the Forest Conservation Act, 1980, stand eroded to a great extent—and the damage to India's forests could be enormous.

The proponents of the Bill make the valid point that the livelihood security of forest dwellers has to be recognised; it is also true that in the absence of firm rights, they are at the mercy of forest officials. However, the underlying argument that forest communities are also the best conservationists is not fully tested, and it is doubtful if such a uniform claim can be made. The trouble is that forests don't have votes. Since the Bill is yet to be approved by the Rajya Sabha, there still is an opportunity to re-visit some of its provisions so as to strike a healthy balance between forest dwellers' rights and the need for preserving forest ecosystems. In its present form, the Bill fails to do that.

Mirror to domestic reality

One of the more significant developments in the Indian corporate world during 2006 has been the surge in international acquisitions by Indian companies. As was reported in this newspaper yesterday, deals struck in the first 10 months of the year amounted to $7.8 billion, compared with $4.3 billion in the whole of the previous year. Nor is this amount concentrated in a few mega deals; there were as many as 145 acquisitions made during these 10 months, compared with an already impressive number of 136 during the previous year—an average now of three a week. A wide range of Indian companies across an equally wide range of sectors is charting out a path to global presence. So much so that the outward investment from India is comparable to and will probably soon exceed the inward flow. This is a hugely paradoxical situation for a developing economy, which by definition is short of capital. What is driving this behaviour, and is it likely to have an adverse impact on the performance of the economy?

There are, of course, good strategic reasons for many of the acquisitions. Better access to new markets, tighter control over raw material supplies and access to superior technology in possession of the target firm all figure in the list of justifications put forward by the acquiring companies. There is also an element of hubris, when small domestic players seek to acquire much larger firms abroad, but this is to be expected in the euphoric state that the Indian corporate sector seems to be in. The flip side is that Indian companies are less interested in investing in their own country than they are in other locations—as the Prime Minister said a few days ago on his visit to eastern India. As constraints on outward investment (like the availability of foreign exchange) ease, more and more companies, which might otherwise have expanded domestic capacity, are likely to look at outward investment as their growth engine. This suggests a disconnect between the rosy picture that is painted about the long-term prospects of the Indian economy and the investment decisions of domestic firms. The obvious explanation for this is that the domestic investment climate still leaves a lot to be desired and firms which want to grow their own business on the back of the performance of the Indian economy can do it by combining their domestic marketing capabilities with more cost-efficient production capabilities located in other countries. From this perspective, the great rush for foreign acquisitions by Indian firms at once re-affirms the optimistic view of the Indian economy and the concerns about an unfinished reforms agenda that leaves the country struggling to keep pace with its competitors for investment flows.

At one level, what is good for Indian companies is also good for India. It is certainly heartening to see small companies acquiring firms that are larger and technologically more sophisticated. Some of these deals will inevitably go sour, but that is par for the course. To the extent that the phenomenon reflects an undesirable state of affairs for domestic investment, it does dilute the optimism about prospects. The persistence of the disconnect will eventually hurt growth prospects. It is up to the policy establishment to read both the positive and negative signals in the overseas acquisition boom and act accordingly.

Illustration: BINAY SINHA

Marriage and union

By making love the basis of marriage, the resistance to 'animal passions' is somewhat wearing off in western societies, says DEEPAK LAL

At a recent Christmas party in London I sat next to a distinguished medical practitioner. She told me she was looking forward to spending Christmas with her grandchild and her lesbian mothers. The child had been fathered by IVF from the sperm of a doctor friend who was also gay and in a civil partnership with another man. Meanwhile, the newspapers report the first divorce in the recently legalised civil partnerships for homosexuals. They also report the case of two spinster sisters who have taken the British government to the European Court of Justice for discrimination. They argue that they will be subject to swingeing inheritance taxes to be paid by the surviving sister on the death of the other, leading to the forced sale of the house both have lived in together since childhood. If they had been lesbians, they argue, they could have entered into a civil partnership, which would have allowed the surviving sister to inherit the house without tax—as is allowed by law in the UK for both heterosexual and homosexual couples. Being spinsters dependent on each other and jointly owning the house they are not allowed to avail themselves of this tax concession.

In the US there is a case, currently in progress, in which a Mormon with a large number of wives has been charged with polygamy. His lawyers have argued that as homosexuality is now legal, and gays can have civil partnerships, why is it legal for little Elizabeth to have two Mummies but not two Mummies and a Daddy. No doubt there will soon be someone arguing for the legalisation of polyandry on the grounds that if little Johnny can legally have two gay fathers why not two fathers and a mother. Clearly something novel and confusing is happening in the domestic domain of sex and marriage in these Christian societies. This column briefly explores this emerging trend in what I call the "cosmological beliefs" of the West (see my *Unintended Consequences*).

The two major Christian churches—the Catholic and Anglican—are being tormented by these questions of sex and marriage. The Catholic Church is still recovering from the damage to its finances and reputation caused by the numerous cases of paedophilia committed by its purportedly celibate priests. The Anglican Church is close to schism, with its US branch's consecration of a gay bishop. Some US Episcopilian dioceses have now opted to accept the authority of the staunchly anti-gay Archbishop of Nigeria instead of the seemingly wobbly Archbishop of Canterbury. The thriving Evangelical branch, committed to traditional mores, has threatened to cut off funding to the mainstream Anglican Church—which could be its death knell. Meanwhile, a recent UK survey found that married women are outnumbered by single, divorced and widowed women. Many couples co-habit without marrying. In Catholic Europe there is an acute shortage of priests—required to be celibate. There were no new priests in Dublin in 2005, for the first time since the archdiocese was created in 1152.

The roots of this crisis of the domestic domain in the established Churches go back to the time when Christianity was just one of many messianic cults seeking to convert the pagans of classical antiquity. In the pagan world, as the classical historian Robin Lane Fox vividly illustrates (in his *Pagan and Christians*), "accepted sexual practice...had a range and variety it has never attained since". In Egypt and the Near East, brothers married sisters. Bisexuality was taken for granted in many regions. Though marriages were arranged, extra- and pre-marital sex was tolerated. Widows were encouraged to remarry. Marriage was only one form of co-habitation, valued because it legitimised children and the transmission of property. "The practice of 'living together' had been greatly expanded by aspects of Roman law". Many men lived with a wife and a concubine at the same time. Divorce was essentially a matter of consent. Abortion was widely practised. But this varied tapestry of sexual practices did not mean that "pagans lived in unfettered sexuality". The sexual variety in the pagan world "did not amount to shamelessness or lack of restraint". Often these practices in the domestic domain were part of "heirship strategies" to pass on property to male heirs when, in the natural course, 20 per cent of parents will not have boys and 20 per cent will be infertile.

By contrast, "from its very beginning Christianity has considered an orderly sex life to be a clear second best to no sex life at all. It has been the protector of an endangered Western species: people who remain virgins from birth to death". With St. Augustine's formulation of the notion of "original sin", sexual desire and its fulfilment were seen as contaminating. Marriage is only tolerable in view of procreation. This austere asexual Christian doctrine was furthered by the fierce guilt culture, created from the 6th century, to counter the "animal passions" that the Church's promotion of love marriages had unleashed (see my *Unintended Consequences*). But, when—with the Darwinian and Freudian Revolutions—the West increasingly forsook both its God and Guilt, the reversal to the pagan sexual practices of the past was inevitable. However, unlike other Eurasian civilisations, its marriages are still based on that volatile and ephemeral emotion—Love.

By contrast, another Semitic religion—Islam—though sharing the common story of the Fall with the Christians, avoided a guilt-based society trying to expiate original sin. For in the Koranic version after eating the forbidden fruit, "Adam and Eve discover their nakedness—to find in sexual activity a pleasurable compensation for their banishment" (Ruthven: *Islam and the World*). Thus, Islam remained close to the common Eurasian pattern of sex and marriage. The West, having opened the Pandora's Box of Love as the basis for its marriages, now finds that with the erosion of its guilt culture, the reversion of its denizens to pagan sexual practices is no longer constrained by traditional marital institutions—which still survive in the other Eurasian civilisations.

New findings in microfinance

OUT OF FOCUS

KEYA SARKAR

It seems a trifle strange at first. Why would one need research to establish what seems clear to the meanest intelligence. That much of the rural poor are excluded from most of the Indian financial sector seems pretty much a fact. Similarly for the urban poor. Maids, chauffeurs, petty vendors, who in fact keep a city ticking, have absolutely no one to turn to for their financial requirements.

But Ujjivan Financial Services, a microfinance organisation set up in 2005, which has started operations in Bangalore, has chosen to put a structure and framework to a lot of intuitive wisdom and apparent facts in a study entitled "Economically active poor women in Bangalore." The study sponsored by ABN Amro, the Citigroup Microfinance Group and Unitus Advisors is in two volumes: the first deals with the approach, methodology and qualitative and quantitative research findings; the second volume comprises a thumbnail sketch of the lives of 50 women out of the sample size of 475. These women are divided into two categories, the self-employed and the salaried. The purpose of the study, executed by Delphi Research, is to "understand the lives of these women—where they come from, how they live, their hopes, anxieties and most of all their struggle and spirit to survive against odds".

The study makes interesting reading and, I am sure, will be a precursor to many similar studies that will be conducted because the microfinance sector is growing rapidly and increasingly targeting the urban poor. In fact, as the industry matures and understands the risk profiles better, it may be able to overcome the 'Grameen' legacy of lending only to women and very soon we may have equally interesting facts about the poor amongst the urban men through similar studies.

To me what is fascinating about the study are not the facts it has thrown up, both qualitative and quantitative. Those are not hugely revealing to anyone sensitive to issues of the poor. What is encouraging is the fact that the study has found enthusiasts and sponsors in the first place. And that stands for the changing face of microfinance institutions in India today. NGOs which joined the microfinance bandwagon only because bank finance was easy to come by are being replaced by focused microfinance companies set up exclusively for the purpose.

In terms of pedigree, Ujjivan could not have boasted of better. Shareholders include Shamit Ghosh, former CEO of BankMuscat, India, who is also CEO of Ujjivan; Jaithirth Rao, CEO, Mphasis; Ravi Bahl, MD, ChrysCapital; Rajeev Sawhney, Chairman, Vmoksha Technologies; and Ashok Vaswani, CEO, Asia Pacific Consumer Bank, Citibank.

Among institutions and firms that have invested in Ujjivan are Unitus, the Michael and Susan Dell Foundation, the Bellwether Microfinance Fund, Nucleus Software, and GVL Investments. Hopefully many of the new MFIs will take lessons from those like Ujjivan. And more importantly, it will help banks which are now tripping over each other to lend to MFIs to be more discerning and lend only to those like Ujjivan that have a clear strategy and are working towards it. In the absence of this, thanks to the sudden money that is chasing this sector, it will not be long before a Harshad Mehta or a C R Bhansali emerges to discredit microfinance for a long time, as happened in the mainstream NBFC sector only a decade ago.

NGOs which joined the microfinance bandwagon only because bank finance was easy to come by are being replaced by focused microfinance companies set up exclusively for the purpose

The study provides valuable insights into Bangalore's economically active women who have a monthly household income of Rs 3,000-7,000. All MFIs working with the urban poor in Delhi, Mumbai, Chennai, Kolkata or any other city would certainly find the facts thrown up in the study pretty familiar: I quote:

- the average monthly personal income of self-employed women is higher than that of salaried women;
- self-employed women stay longer in a dwelling and also in an occupation;
- a majority of urban poor households in Bangalore stay in semi-*pucca* dwellings though *pucca* dwellings are desired;
- self-employed women are more likely to be married than unmarried.

What should be of particular interest to those in the bureaucracy and the media arguing in the recent past about how MFIs are charging usurious rates of interest and to those in the ministry of finance and the central bank still debating the need for "financial inclusion" are:

- 83% of the self-employed have taken loans for business at present;
- individual financiers contribute 83% of the business loan needs;
- on average 1.16 loans have been taken per businesswoman;
- the average loan size is Rs 5,013 and 72% of the loans are up to Rs 5,000;
- the monthly interest rate for a loan ranges between 2% and 10% with the average monthly rate being 6.2%;
- most business loans are of a "100-day" cycle;
- the "daily repayment" scheme is the most common followed by the "monthly repayment" scheme;
- in most instances interest is deducted upfront at the time of disbursing the loan and the balance is usually repaid in equated installments.

Women pay price of Wall Street bias

BROOKE MASTERS

SELLING WOMEN SHORT
GENDER AND MONEY ON WALL STREET
Louise Marie Roth
Princeton University Press
Price: $27.95

Every year or two, another lawsuit crops up alleging that some large Wall Street firm has discriminated against women. There was the infamous "Boom Boom Room" lawsuit, in which female Smith Barney workers alleged their male colleagues partied with lap dancers. Then Morgan Stanley settled a class action lawsuit with 340 female workers who claimed they were denied promotion opportunities, paying Allison Schieffelin, the lead plaintiff, $12m in the process. Last year, a jury awarded Laura Zubulake, a former UBS Warburg director, $29m (£14.9m) after she was sacked for complaining of discrimination.

But some women still succeed on Wall Street. Think Sally Krawcheck, Citigroup chief financial officer, and Mary Meeker, Morgan Stanley internet analyst. What made the difference? Was it just tougher skin, or did they find useful coping strategies and lines of business that were more hospitable to women?

Sociologist Louise Marie Roth tackles these questions in *Selling Women Short*, a scholarly look at how Wall Street's culture operates away from the spotlight. Roth, a professor at Arizona State University, became interested in the topic as a New York University graduate student when her then-boyfriend, a Wall Street banker, told her about being berated by a female colleague for choosing a restaurant for a client dinner based on the presence of models and other "eye candy".

Roth interviewed 76 male and female graduates of top business schools who began working at bulge-bracket investment firms in the early 1990s. She asked questions about everything from their bonuses, work habits and child-care arrangements to their experience with sex discrimination and off-colour humour. The results offer a worm's eye view of how boys-will-be-boys culture undermines banks' efforts to retain and promote women and, instead, steers them into the least rewarding and respected parts of the industry.

The data are based on experiences in the technology boom of the 1990s rather than today's hedge-fund-filled world. But Roth nonetheless comes up with a startling—though sadly unsurprising—bottom line. By 1997, the Wall Street women in her sample earned only 60.5 per cent of what the men did, even though they entered their firms at the same time with similar credentials and went through similar training programmes. Much of the difference can be explained, Roth shows, by the career paths the women chose—more of them ended up in lower-paying specialities such as equity research and public finance, while men gravitated toward the high-flying areas of corporate finance and trading. Men also worked somewhat longer hours and tended to stay at top companies, while more women dropped down to lower-tier companies, often for family reasons. Even after these differences were taken into account, the women in Roth's sample still made 29 per cent less than men of similar rank, working in similar organisations in similar specialities.

The author hypothesises that stereotypes were at work, a theory reinforced by compensation statistics showing that married men were the big winners, then single men and single women while married women brought up the rear. Roth also believes the big banks' "360° review process", in which employees were rated not only by their bosses but by their peers and subordinates, penalised women. That system was subjective enough that biases could creep in, and rewarded Wall Street workers for making friends and fitting in. "Me and this other woman were total outcasts," a trader named Tracy told Roth. "The rest of the group would play golf every weekend. They'd go out to dinners and whatnot. We were never invited once." Cultivating relationships with male clients could be equally problematic in an environment where client dinners often ended with an excursion to a girlie bar.

To survive, some of Roth's female subjects opted for areas where technical expertise counted more than client relationships or where evaluations were based on profit-and-loss statistics. "The reason I wanted to go into a quantitative product and also an execution product is that I can say: 'I did that deal,'" explained a subject named Emma. "I would hate to be in relationship management where everything is a golf game." Some women cultivated mentors and others found their way into public finance, where the non-profit and government clients often valued diverse banking teams.

Overall, *Selling Women Short* is a thoughtful examination of how ostensibly merit-based systems can result in unequal outcomes.

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