THE HINDU BusinessLine
FRIDAY, MAY 5, 2017

A friendlier EPF

The EPF has made laudable strides with e-governance, but it also needs to tackle legacy issues

Not long ago, the Employees Provident Fund Organisation was reputed to be one of the most intransigent and inefficient government organisations. But in the last two years it has transformed into a service-minded entity that treats its contributing members as valued customers. The EPFO's e-governance initiatives have wrought a sea change in its interaction with members, ushering in not just account portability but also a friendly online interface for withdrawals and claims.

The reformative measures are many. For one, with the issue of the Universal Account Number (UAN) to all contributing members, account portability has been enabled for employees who switch jobs. The lack of such portability had earlier deterred most employees from effecting PF transfers, giving rise to lakhs of inactive accounts. Two, the UAN has also helped establish a direct link between contributing members and the fund, thus dis-intermediating employer organisations from the equation. This is welcome, as disputes between the employer organisation and an employee can no longer stand in the way of claiming one's retirement kitty. With the EPFO on the mobile platform, members can use SMS-based services for live account updates. Three, with the UAN portal now active, members with Aadhaar-seeded accounts have recently been allowed to apply for final settlement, partial withdrawal or pension benefits directly to the fund. The organisation has set itself tight deadlines for settlement of PF and death claims, at 20 and 7 days respectively. The worry, however, is that all these services are currently accessible only to a small proportion of EPFO members. Of the EPFO's mammoth 17.1 crore account base, just 3.76 crore are contributing members; of these just 1.68 crore accounts are Aadhaar-seeded. So, for its e-governance initiatives to really make a difference to the vast majority of account-holders, EPFO must redouble its efforts to allot UANs to the owners of its 9 crore legacy inoperative accounts. On this score, given that its membership straddles different economic strata and regions, maybe a digital help desk alone isn't enough and the EPFO needs physical outreach programmes.

It must also be kept in mind that e-governance initiatives alone will not transform the EPFO into a customer-friendly organisation. The next step should be more transparency on its mammoth investment operations. After all, having sunk a significant portion of their life savings into the fund, contributors to EPFO have a right to expect regular disclosures on the exact deployment of their monies and the investment returns earned. Here, the EPFO's anachronistic system of 'declaring' its annual returns based on its accounting 'surplus' every year needs to be revamped on the lines of privately managed pension funds. It is time the EPFO worked towards better portfolio and performance-related disclosures based on assets and liabilities that are clearly marked to the market.

FROM THE VIEWSROOM

GST and the balloon effect

It's all to do with it being a consumption tax

No one knows yet if the implementation of the goods and services tax (GST) will be inflationary. The Government would like us to believe it will not be. Because multiple taxes at the Central and State levels are to be subsumed into GST, and full credit allowed for taxes paid through the value chain to businesses, the cascading effect would mostly end when the new taxation regime replaces the existing one. The lower impact of cascading taxes would normally have a calming effect on prices and even lower several prices, thus cooling inflation. Taxes on services would be higher and so there would be some inflationary push from services consumption.

However, consumption is not limited to tax-paid items and services from the formal sector. A large part of the economy is cash-based, where invoices are rarely issued by the seller of goods or provider of services. This holds true for business-to-consumer transactions and for business-to-business also. Many businesses choose to buy from such vendors as it means getting things cheaper. GST disincentivises evasion and increases compliance. Vendors who are not GST-compliant run the risk of losing business because those buying from them will not get input credit for taxes paid. Therefore, to protect their business and maintain revenue growth, it is expected many vendors will embrace GST.

While that would be good for the entire value chain, someone must bear the taxes on all such goods and services. Since GST is a consumption tax, it will be the final consumer of that good or service, namely, the household that would bear the tax. That could push up the prices of some items in the household basket. Consequently GST, even after lowering taxes on many items, may increase the inflationary pressure felt by a household — particularly by those in the lower income groups that are more likely to be consumers of informal sector goods and services.

Tina Edwin Senior Deputy Editor

A new economics for a better world

It must focus on human security and societal development rather than feed the avarice of a golden ghetto minority

SIMON SWEENEY

The discipline of economics has long been obsessed with gross domestic product as the base measure of development.

Contemporary economic globalisation and its dominant neoliberal ideology see other considerations as not worth more than a passing glance.

Neoliberalism, which used to be referred to as the Washington Consensus, was promoted by Chicago School economists, led by Milton Friedman. It was adopted by the Reagan administration, the World Bank and the IMF in the 1980s, and ruthlessly imposed on client states and developing economies worldwide.

Others accepted neoliberal shock therapy with equanimity, still others simply adopted it voluntarily, seduced by promised economic growth and prosperity.

The tax price

The central tenets of neoliberalism are privatisation, deregulation, free markets, low tax and minimal government interference. But before welcoming lower taxes, we should reflect that tax is the price we pay to live in a civilised and just society.

Friedman lauded the benefits of a minimal state, and famously suggested that businesses were responsible only to their shareholders.

This cannot be true. A wise business surely must build a sustainable community-based policy of corporate social responsibility that protects all stakeholders. And governments have a duty to provide security and well-being for all citizens.

In India a GDP rising by around 7 per cent annually looks good in some people's eyes, but the traditional World Bank focus on GDP tells us nothing about who benefits, or who is left behind in the dash for growth. India would be better off paying attention to the UN Human Development Index which considers health, literacy and income per capita.

Other human security measures should also form part of a wider assessment of development, including gender equality, food security, wealth distribution and environmental quality.

Focusing merely on GDP is like choosing a home on the basis of its shiny new front door while ignoring the faulty wiring, poor room layout, lack of sanitation and the location between a ten-lane highway and a rubbish dump.

Failing the stability test

Businesses and consumers alike want stability, but neoliberalism utterly fails this test: it has been characterised by frequent and severe economic crises.

In the late 1980s Japan suffered a collapse in Nikkei stocks and real estate values plunged. In 1997 the Thai baht crashed and contagion spread throughout Asia and emerging markets. In 2002 the dot.com bubble burst in the US and five years later the subprime crisis broke, followed by a worldwide banking crisis that required bailouts by governments and international institutions.

The accompanying financial crisis wiped trillions off stock markets and Chinese growth fell from an eye-watering 13 per cent to 6.7 per cent last year.

The election of Donald Trump has been followed by a new asset boom, and there is surely now a severe risk of a new crisis even before the last one has been resolved.

Within the broad scope of neoliberal orthodoxy, there are many causal factors behind the disorder of recent decades. One is the cultural change in banking.

Traditional banking lends money to businesses and citizens and charges interest in order to make a profit.

With interest rates on the floor, retail banks moved into investments, using complex algorithms and mathematical formulae that even their inventors could not understand.

New products based on derivatives, credit default swaps and futures amounted to pyramid-type investments delivering supra-normal profits but these products are without any firm foundations.

An economy of this kind is fraught with risks, and when everything falls apart it is workers and ordinary citizens who suffer the most grievous consequences, not the relatively insulated elites. While growth has continued, too many people are struggling with insecure and part-time employment, facing rising living costs and a lack of basic necessities.

Oxfam reported in 2016 that 62 people own as much wealth as half the world's population. Appalling wealth inequality is starkly evident in almost all the world's major cities.

No to market as arbiter

India will pay a heavy price if it remains in thrall to the kind of Chicago School economics that promotes 'the market' as the ultimate arbiter of policymaking.

Everyone matters That's the only acceptable baseline BLOOMBERG

Already air pollution in mega cities worldwide threatens epidemics of respiratory disease and cancer.

Environmental damage alone makes the neoliberal policy prescription entirely unsustainable.

The global economy requires multilateral solutions where rich countries support the poorest and where sustainable technology is shared for the benefit of all. Trump-style unilateralism and protectionism, British arrogance and isolationism, or Russian militarism are not the answer.

Economics must abandon the pretence that it is a science or that mathematical formulae can ensure market stability.

As John Gray, professor of contemporary European thought at the London School of Economics has argued, human beings are animals and often irrational.

Nor can neoliberalism be successfully exported worldwide regardless of local conditions, history and culture. Economics should consider instead human needs and how best to meet them. Such a reorientation is in India's national interest, and in the interests of all humanity.

Economics, and the attention of governments, should focus on human security and societal development to the benefit of all, rather than feed the avarice of a golden ghetto minority with ever-increasing wealth.

Even the wealthy will come to realise that there is no escaping poor air, environmental degradation, and hordes of dispossessed and discontented poor.

The writer is a senior lecturer in international political economy in the York Management School at the University of York, UK

Cutting corporate taxes may be a good idea

They're not the best way of raising revenue. Besides, the tax burden doesn't necessarily shift off the shoulders of stakeholders

NOAH SMITH

My *Bloomberg View* colleague Tyler Cowen received quite a bit of pushback for his endorsement of President Donald Trump's proposal to cut the federal corporate tax to 15 per cent from 35 per cent. But Cowen is broadly right —lowering the tax is a good idea.

One reason is that corporate taxation isn't the greatest way of raising revenue. When you tax a corporation, it's not just the shareholders who pay. Prices for customers go up to some degree, and take-home wages for employees go down.

It's difficult to tell who pays what — some economists estimate that shareholders pay essentially all of the tax, while others conclude that workers pay the lion's share. There's also a chance that some piece of the corporate tax might fall on those who can least afford to pay, specifically low-wage workers and poor people.

That uncertainty implies that society should shift the tax burden from corporations to wealthy individuals. That will ensure that less of the cost of government falls on the poor. Since corporate tax represents only 11 per cent of US revenue, replacing some of that with higher top-end income taxes shouldn't be too difficult.

There's also the question of whether corporate taxes reduce investment. In the 1980s, some economists concluded that taxes on capital should be zero. Since capital — the physical kind, buildings and machines and so on —allows greater production in the future, taxing it today just means a smaller economy, and therefore a smaller tax base, down the road. That result came from a highly unrealistic model, and later economists showed that when you tweak the model a bit, the optimal corporate tax is no longer zero.

Still, the US should be focusing on ways to boost business investment which has fallen as a share of output in recent years.

The evidence

There is plenty of evidence that corporate tax cuts can raise investment levels. A 2009 paper by economists Simeon Djankov, Tim Ganser, Caralee McLiesh, Rita Ramalho and Andrei Shleifer found that lower corporate taxes are correlated with more investment.

And when Canada cut taxes for some kinds of companies but not for others in the early 2000s, the companies that got tax cuts invested more. A number of other studies find similar results. So in this climate of low investment, the US should try corporate tax cuts as one method of getting businesses to spend more.

Getting away So what's the point? YABRESSE/SHUTTERSTOCK.COM

But perhaps the clearest reason to cut corporate taxes is the waste they generate through avoidance. A key, often overlooked fact about the US corporate tax, is that many businesses manage to pay little or nothing.

One of the most common ways to do this is to shift profits overseas, through transfer pricing, inversions, or other perfectly legal methods, to a tax-haven country such as the Cayman Islands. There, a company can avoid taxes indefinitely, reinvesting the profits in its business and letting them compound. If the company wants to cash out, it has to repatriate its cash and pay taxes to the US, but the returns from delaying the date of payment can be substantial. And often, a corporation can avoid taxes altogether by waiting for the US to enact a repatriation holiday. In addition to tax havens, there are many other legal loopholes businesses can exploit to avoid taxes.

Lower collections

As a result of avoidance, the US doesn't collect much more of corporation's profits than other countries do, despite having a much higher official tax rate.

A number of recent studies find that on average, US companies pay about 27 per cent to 30 per cent of their profits in taxes, compared with 24 per cent to 26 per cent average for other nations.

Meanwhile, because of tax avoidance, the true rate isn't closely tied to the headline rate. The official US rate has remained at 35 per cent since 1993, with only minor changes. But the percentage of corporate profits collected through the tax system has fallen quite a bit:

All that avoidance costs real resources — hours of labour by tax accountants and financial professionals, buildings for them to work in, and computers to keep everything in order.

By cutting the corporate tax rate, the US would reduce the incentive for companies to waste all that money avoiding taxes.

Reducing the reward from tax avoidance might also lower an important barrier to entry in US industries. Tax avoidance probably has big fixed costs — you have to hire teams of lawyers and set up foreign subsidiaries.

Those fixed costs make it difficult for small startups to compete on a level playing field with big, established companies, worsening the problem of monopoly power in the economy. Cutting the corporate tax rate would make the system fairer.

So although we shouldn't expect corporate tax cuts to be a cure-all, there are a number of reasons to slash the official rate. Most advanced countries have already done this. A rate of 15 per cent might be a bit extreme, but a cut to 30 or 25 per cent would almost certainly be a good move. BLOOMBERG

LETTERS TO THE EDITOR

Send your letters by email to bleditor@thehindu.co.in or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

Adopt RERA

The edit, 'Downside of federalism' (May 4) is a good commentary on the the realty sector. As urbanisation picks up, the inaction of the majority of the States will cause avoidable problems. People are at the mercy of land sharks and become victims in the absence of a tough legal framework against exploitation. RERA would mitigate their sufferings to a great extent. Stakeholders must prevail upon the State governments for early adoption of this Act without subjective exceptions and loopholes for fair play. There is an urgent need for both the Centre and the States to emerge out of their political shadows and display conviction, an action plan and execution on all fronts.

B Rajasekaran
Bengaluru

RERA is expected to mitigate malpractices by real estate developers and builders and benefit the common man through greater transparency in transactions. It's not surprising that even in the nine States that this Act has been notified, many crucial guidelines have been watered down since most real estate developers are politicians. The Centre should ensure its proper implementation at least in States governed by the BJP.

K Ashok Kumar
Kolkata

Nomination won't do

This refers to 'Why bequeathing vehicle matters, too' by LN Revathy (May 4). Yes, there is a practical problem whenever the vehicle owner dies as ownership has to be passed on to the legal heirs in the books of State registration authorities and insurance companies. But is nomination the solution as in the case of bank deposits?

Bank deposits or mutual fund investments are part of actionable claims and financial assets. These can be transferred by book entries. Nomination provides settlement by making payment to the nominees. In no way does the nominee become the owner of such assets. The nominee's right is only to receive, not to appropriate. The nominee is supposed to return the assets to the actual legal heirs. Hence nomination cannot be a system for vehicle transfer; there should be a different method to pass on ownership upon the death of the vehicle owner.

S Kalyanasundaram
Email

Raw deal for the salaried

It's learnt that 1.52 lakh casual and 45,000 part-time jobs were lost post-demonetisation. This only suggests that the Modi government did not plan things well. In India, 1 per cent of the population owns over 50 per cent of the country's resources. But demonetisation by the Government affected millions of poor and salaried. This was a serious blunder.

As if this was not enough, nationalised banks lower interest rates on time deposits (the main source of income for senior citizens) as and when they please. While the poor and salaried suffer, the top 1 per cent of the population rule the economic roost.

S Ramakrishnasayee
Ranipet, Tamil Nadu

Just greedy

The avaricious owners of multiplexes across Karnataka have defied the Government order to cap movie ticket prices at ₹200, excluding taxes, and continue to fleece movie-goers. To take the battle further owners have threatened to shut down theatres on Friday as a mark of protest. Besides, multiplexes also charge a bomb for snacks, water and parking, and it is pertinent that these issues are addressed too. The Government must penalties or withdraw the licence if multiplexes refuse to toe the line.

NJ Ravi Chander
Bengaluru

Where's your conscience?

The lynching of 60-year-old Ghulam Ahmed in Bulandshahr after a Hindu girl eloped with a Muslim boy makes you wonder what kind of India we now live in. This kind of brutality does not happen in a civilised society. Yet, the incident does not seem to have stirred the nation's conscience.

India's tragedy is that religion and caste have become barriers to relationships. Self-styled protectors of the purity of gene pools are totally insensitive to the purity of love. It is mortifying to have to witness an unprecedented increase in violent crimes against Muslims.

G David Milton
Maruthancode, Tamil Nadu

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ICICI's rising NPAs

And its inability to offload them

ANDY MUKHERJEE

The plumber who'll sort out India's bad-loan mess is about to get powerful new tools, and an overflowing toilet will be clean. Or that's how investors are reacting to weaker-than-expected quarterly earnings from India's largest private bank by assets.

How sentiment changes. At the end of 2015, when concerns over Indian lenders' balance sheets reigned supreme, ICICI Bank had around ₹214 billion in gross NPAs. The bank announced a 78 per cent jump in NPAs for just the first three months of 2016 and shocked investors pushed the stock down almost 10 per cent in three days.

That was last May. Fast-forward a year, and investors rewarded ICICI Bank's freshly revealed bad-loan pile of ₹425 billion by pushing the shares up as much as 9 per cent Thursday. The Government's decision late Wednesday to rush through a law amending banking regulations — presumably to give the Reserve Bank of India greater powers to fix the $180 billion stressed-asset problem — has made all the difference.

In the absence of details, though, it may be unwise to get too optimistic. When he launched a special review of lenders' asset quality in 2015, then RBI Governor Raghuram Rajan promised "clean and fully provisioned" bank balance sheets by March 2017.

That deadline, like Rajan, has come and gone, and the toilet is getting dirtier. Nothing that Rajan or his successor Urjit Patel have done to stanch the overflow has worked. What difference will another new wrench make? To put this in perspective, ICICI's soured credit is $500 million greater than the $6.1 billion heap of dud loans at Standard Chartered, which operates worldwide and has almost three times as large a balance sheet as the Indian lender.

Worse, the loan-loss cover for ICICI's $6.6 billion in bad loans is less than $2.7 billion; StanChart's cushion is almost $700 million thicker. ICICI and its smaller rivals like Axis Bank, IndusInd Bank and Yes Bank have blamed their lousy March quarter results on one large account. Once Jaiprakash Associates concludes the sale of its cement assets to Kumar Mangalam Birla, the builder will be able to repay creditors.

Setting that aside, the banks say, the correct gauge is this: With each passing quarter, fewer new loans are turning bad. And let a bad bank take care of the stress that's already accumulated.

This column has argued that a state-sponsored bad bank would be a mistake. As for giving the central bank more powers, the only stick it needs to be able to wield is one that would force lenders to dispose of their soured assets at prices that make sense to asset-reconstruction firms.

Those deals are simply not happening. Last quarter, ICICI managed to offload less than $4 million of bad debt, and another $90 million of special-mention loans. And this at a private-sector lender, which has more latitude for commercial decisions than state-run banks.The latter, which dominate the industry, would be faulted for taxpayer losses if they sold a loan at 30 cents to a private-equity investor who could then get 60 cents out of it.

Besides, with insufficient profits on good loans to offset losses on the sale of bad ones, India's state-run banks could need more money from taxpayers. That's a big ask: The Government has been stingy on recapitalization, and may be even more so in the last two years of its term as it pumps cash into voter-friendly programs.

It's up to the central bank now. If those new tools turn out to be inadequate to fix the leak, the overflow of bad assets will start to look like a deluge. BLOOMBERG

Container shipping's mega crisis

Ship owners' quest for exploiting economies of scale has led to a capacity exigence, impacting the entire supply chain

JOSE PAUL

April 26, 1956 is widely regarded as a key date in the history of container shipping. That day, standardised containers were first used to transport cargo by sea. The converted tanker — Ideal X — sailed from New York to Houston in the US, carrying 58 containers on its decks along with petroleum in its hold.

The idea of putting cargo into containers, which were 35-feet long at that time, was the brain child of trucking magnate Malcom Mclean who calculated that loading a medium-sized ship in the conventional way would cost $5.83 a tonne, compared with less than $0.16 a tonne on Ideal X.

Mclean went on to found SeaLand services, which became the trailblazer as containerisation opened up new markets and gradually connected just about every corner of the world to the global economy.

A tall order Addressing the chaos in container shipping industry BLOOMBERG

Container shipping and trade

Today, interestingly, it is not American but European lines that dominate the container trade. About 30 lines (companies) operate container shipping services to different parts of the globe. The largest six of them are Maersk Line, Mediterranean Shipping Company, CMA/CGM, Cosco Shipping, Evergreen and Hapag-Lloyd. The top 30 container shipping lines seem to control about 80 per cent of the total container fleet.

The world fleet of container ships by January 2017 consists of 5,098 container ships with a total capacity of 19.7 million twenty-foot container boxes (twenty-foot equivalent unit, TEU, is a standard measure of container capacity).

According to Clarkson Research Services, total container trade volumes amounted to 175 million TEU (about 1.7 billion tonne) in 2015. For many decades, containerised trade has been the fastest-growing market segment, accounting for less than 20 per cent of global seaborne trade but earning two-thirds of the total global trade value. A new trend that is unfolding globally now is the continued penetration of containerisation into bulk trade.

Over supply woes

Driven largely by the increasing international division of labour and productivity gains within the sector, container trade expanded at an average rate of 8.2 per cent between 1990 and 2010.

To cap it, in 2010, global container trade volumes bounced 12.9 per cent over 2009 — among the strongest growth rates in the history of containerisation.

This growth prompted major container shipping lines to keep on increasing the ship size and container-carrying capacity to exploit the economies of scale, reduce unit costs and to remain as market leaders in container shipping.

Maersk Lines started this risky and disastrous race of ordering Ultra Large Container Ships — 20 of them at a stretch, extracting the maximum concessions from shipyards. Mediterranean shipping, CMA/CGM, Cosco followed the trend and ordered ultra large container ships ranging from 10,000 to 20,000 TEUs.

The competitive ordering of mega container ships was made in the expectation of the global container trade growing in double digits.

Unfortunately, the world economy grew slow, resulting in huge over capacity of container shipping tonnage. While the global container demand grew less than 1 per cent in 2015, the world container ship fleet expanded by almost 8 per cent.

Due to the excess capacity in container fleet, freight rates are fallingsteeply. The freight rates have never been so low; a shipper can now send a twenty-foot container box from Shanghai in China to a port in South America for less than $200!

The problem of excess capacity in container shipping is likely to continue for a longer period for two reasons. First, the order book of container ships in the world shipyards shows that by January 2017, 465 ships with a total box capacity of 3.4 million TEUs are on order due to be delivered up to the end of 2018.

Second, the marginal recovery in the container shipping freight will get almost wiped out by a steady stream of arrival of new container ships which will compound the problems of recovery in the near future.

It is estimated that container shipping industry could lose as much as $10 billion in 2016 on an anticipated revenue of $170 billion as reported by Drewry Shipping Consultants, London. The collapse of Hanjin Shipping of South Korea at the end of 2016 was, perhaps, the biggest and most shocking.

The South Korean company's bankruptcy filing left 66 ships carrying goods worth $14.5 billion stranded at sea.

What is the lesson to be learnt from this crisis? In container shipping ship owners constitute just one important constituent in the supply chain management. There are other stake holders, namely, the port authorities, shippers and freight forwarders, etc.

Chase for profits

Ship owners were primarily concerned with their profitability alone — by exploiting the economies of scale by which they could reduce the unit cost of container transportation significantly.

The ship owners exhibited utter disregard and total unconcern to the anxieties of other stakeholders as port authorities had to make heavy investment on deepening and widening port approach channels, modernise berthing facilities, install costly quay cranes and yard cranes, shippers were denied choices of port selection as mega carriers could call only at fewer ports, freight forwarders had to haul container trucks over longer distances to meet with strict delivery schedules. There was no consultation with the stakeholders, their views and voices were neither heard nor respected.

Container shipping lines preferred to travel on a single track of maximising their own profitability without taking into account the total system cost of the supply chain.

When the global economy weakened and the growth rate of container trade plummeted to low levels of less than 2 per cent the ultra large container ships and the excessive tonnage became a liability which pushed container lines into deep financial crisis.

They could not get the support of the stake holders in this crisis as they were not a party to this decision of ordering the mega container carriers. The ship owners cannot blame anyone else except themselves for creating this serious crisis.

The writer is a former Chairman of Mormugao Port Trust, Goa

5 THINGS to WATCH OUT for TODAY

- **The Geostationary** Communication Satellite built by the ISRO will blast off from the Satish Dhawan Space Centre in Sriharikota today. Seven of the eight Saarc countries are part of the project as Pakistan decided to opt out stating "it has its own space programme." The South Asian Communication Satellite will be launched on board the GSLV-F09.

- **Former** Tamil Nadu CM O Panneerselvam is to embark on a State-wide tour to meet supporters from today, with the rival AIADMK faction showing no signs of relenting to his faction's demands for commencing reunion talks.

- **The Institute** of Taxation & Accounting Professionals in association with Efftronics will organise a two-day symposium on 'Smart cities: challenges and opportunities' in Vijayawada from today. The symposium is aimed at creating awareness among government, industry and academia on challenges and opportunities available in the smart cities arena.

- **BSE** will impose trading restrictions on 161 companies from today for their failure to pay the annual listing fee. Of these companies, 140 are already facing trading restrictions for certain other regulatory non-compliance.

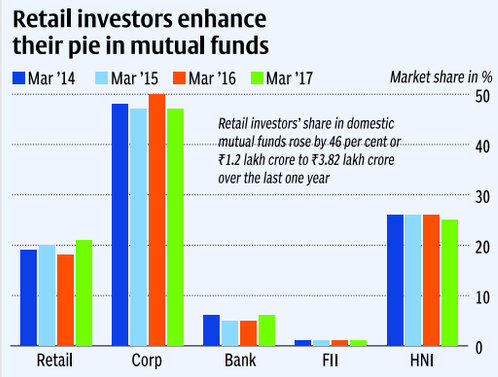
- **President** Pranab Mukherjee will arrive on a two-day visit to Uttarakhand today during which he will address a convocation function at the Indira Gandhi National Forest Academy in Dehradun. The president will address the IGNFA convocation on May 5 and visit the Himalayan shrine a day later on May 6 to pay obeisance.

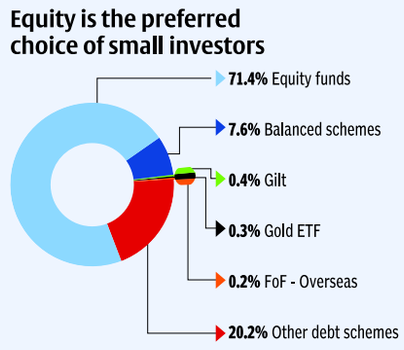
DHURAIVEL GUNASEKARAN

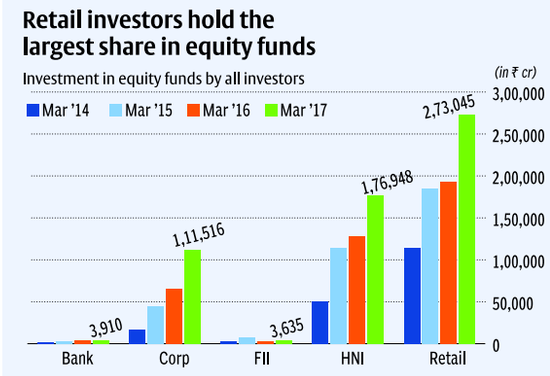
STATISTALK

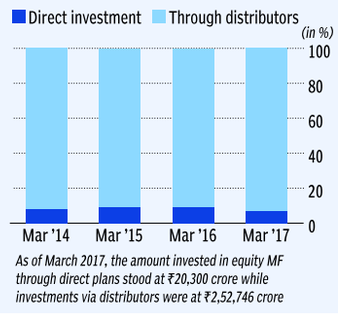
Equity, retail investors' best friend

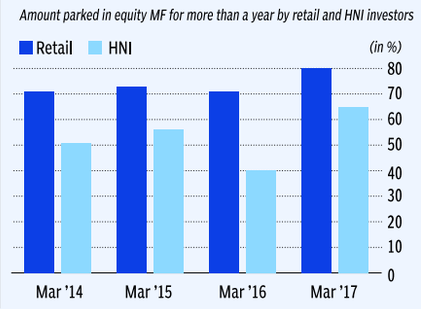
While the Indian mutual funds industry marches towards the coveted ₹20-lakh crore asset base, the contribution from retail investors has become significant. Data from industry body AMFI show that the small players prefer equity funds to other instruments, and make most purchases through distributors











Source: Association of Mutual Funds in India (AMFI)

Graphic: Visveswaran V

BusinessLine TWENTY YEARS AGO TODAY

MAY 5, 1997

Reorientation of subsidies likely

The Finance Minister, Mr P. Chidambaram, found "little justification" in not recovering the operational expenses on certain subsidies incurred in providing urban public transport, higher education and city milk distribution schemes, and said that even if half the cost on these subsidies was recovered, "the fiscal deficit of the Centre and States will be wiped out". In his first public address after reassuming office as FM at the inaugural of a conference on "India's Economic Renaissance", he said the much-awaited White Paper on subsidies promised in his Budget would be made public in the next couple of days.

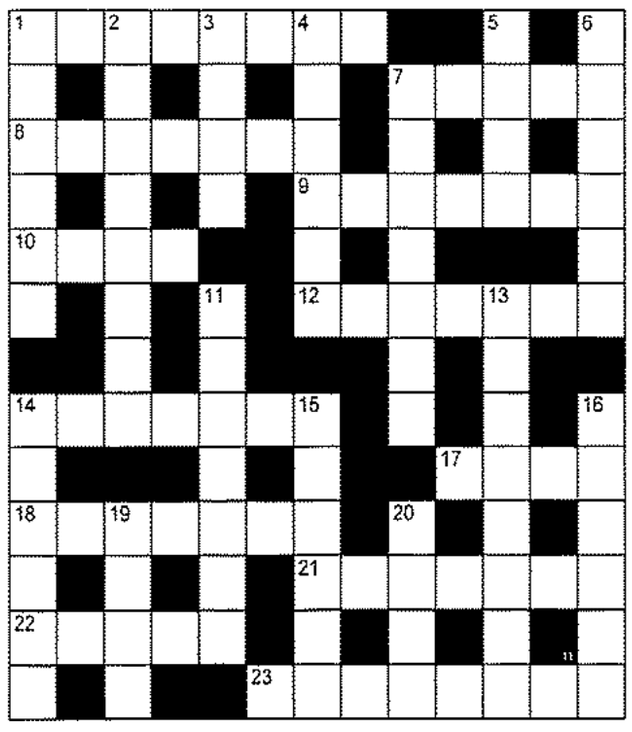
Caution sounded on full rupee convertibility

Full convertibility of the rupee in the current scenario will only exacerbate India's problems, in the absence of expeditious domestic financial sector reforms, particularly in the capital markets, the renowned economist, Prof. Jeffrey D. Sachs, has said. Addressing a news conference, Prof. Sachs, Director of the Harvard Institute for International Development, suggested that India should proceed towards capital account convertibility by adopting a step-by-step approach.

Indian Bank case: Ensure fair probe, Vajpayee to PM

The senior BJP leader, Mr. Atal Behari Vajpayee, has urged the Prime Minister, Mr. I.K. Gujral to ensure that there is no attempt, overt or covert, to cover up the CBI inquiry into the Indian Bank scam in the light of his commitment to maintaining total transparency in the functioning of the new Government. Mr. Vajpayee, who is the Leader of the Opposition in the Lok Sabha, said there was "reason" to believe that "certain obstacles" were being created to prevent a full inquiry into the scam.

BL TWO-WAY CROSSWORD 843



EASY

ACROSS

01. Entrance opener (8)
07. Wait momentarily (5)
08. Fell, as an acrobat (7)
09. Dig out of the ground (7)
10. Be a searcher (4)
12. Green precious stone (7)
14. Losing shape with heat (7)
17. Prove tedious (4)
18. Hippy group living together (7)
21. Make some commotion (7)
22. Corresponded (5)
23. Unaccepted, discarded (8)

DOWN

01. Small (6)
02. Relating to time (8)
03. A moiety (4)
04. Put up with, last (6)
05. Cat sound of contentment (4)
06. Way, system (6)
07. The current time (7)
11. One of refined, fastidious taste (7)
13. One who sailed with Jason (8)
14. Gay-plumaged parrots (6)
15. Lubricant (6)
16. Fight back, resist attack (6)
19. Tie up craft (4)
20. Dismiss; shoot (4)

SOLUTION: BL Two-way Crossword 842

ACROSS 7. Safety curtain 8. Gin and tonic 12. Posset 14. Nurses 16. Swings 18. Cellar 19. Keelhauling 23. Philanthropic
DOWN 1. Tang 2. Fern 3. Cygnet 4. Mutton 5. Stun 6. Zinc 9. Inspire 10. Insulin 11. Tsar 12. Push 13. Egg 15. Ule 17. Sphinx 18. Caught 19. Kohl 20. Eels 21. Iron 22. Grin

NOT SO EASY

ACROSS

01. Perhaps they lack the means of opening doors (8)
07. Public address can take advantage of a breathing-space (5)
08. Stomach showed it was hurt when one took a fall (7)
09. Dig it out near the hut that was built around it (7)
10. Its appearance in Waterloo kept occurring (4)
12. The green pound is needed in dream the East shatters (7)
14. Losing form when the heat is on? (7)
17. Carried it along to make a hole (4)
18. Hold a conversation with territorial division in France (7)
21. Create a stir with it in a street in Scotland (7)
22. We swallowed the rubbish as author produced it (5)
23. Would not accept the Right and got thrown out (8)

DOWN

01. There's not much to go with preliminary examination (6)
02. About time stand-in office worker took it by mouth (8)
03. A term for fifty-per-cent (4)
04. Manage to last out under arrangement with the English (6)
05. Seem happy to pour nothing out right (4)
06. Way to do them out of it (6)
07. Right now it's a gift to put on in the theatre (7)
11. He has the good taste to make pie serve as remedy (7)
13. One of Jason's crew ran out with silver compound (8)
14. Birds sound like crows when mothers are around (6)
15. Agrees to distribute the palm-oil (6)
16. After a loss the unhearing conclude one will be protective (6)
19. A Mauretanian may get a line ashore (4)
20. Give one sack to shoot (4)