THE HINDU BusinessLine
FRIDAY, MAY 12, 2017

Winds of change

The auction of wind energy capacity in February has galvanised the industry

The Indian market for wind turbines, which struggled to breach the 3GW-mark a year only till two years ago, has taken a great leap forward. It would, at first glance, seem that creating additional capacity of even 10GW a year (the Centre has set a target of 60GW capacity by 2022) is not all that unrealistic. The game-changer was the February 2017 auction for wind capacity, in which 1GW was auctioned with the bids falling to a low of ₹3.46/kwh. The industry, which had opposed competitive bidding till only a few months back, fearful of abandoning the comfort zone of feed-in tariffs (ruling above ₹4/kwh), is now demanding more of the same. It realises that auctions provide ready access to a larger market of non-windy States; Power Minister Piyush Goyal's plan to aggregate demand through this auction seems to have paid off. A Catch-22 situation — States not meeting their offtake under 'renewable energy obligations' because of the high feed-in tariffs, even as the industry has been unable to reduce tariffs because of its inability to sell more power — has been breached. The Centre has promised auctions of 6GW this year. The Government-owned SECI which is conducting the auction will buy power from the bid winners and sell it to discoms in States that have no wind power potential, enabling States fulfil their 'renewable purchase obligations' at lower costs than at present. The industry, in fact, wants auctions in larger chunks of 3GW, realising the market at its disposal. But the Government has done well in restricting the offer.

Indeed, many issues remain to be sorted out. One is evacuation. Since the auctions allow bidders to put up their wind farms wherever they want, they would inevitably gravitate towards windy States such as Tamil Nadu. Under the tender rules, it is the responsibility of the developer to get the cable from the wind farm to the 'interconnection point' on the inter-State transmission system (such as the lines built by the Power Grid Corporation of India). There aren't too many options for good, windy sites which are close to an inter-State transmission highway. As such, there is little point in offering a higher capacity for bidding. Another niggle is land, the prices of which would go up if there is a rush to limited potential sites. There is also the thorny issue of sites having been 'allotted', on MoU basis, to entities who seem to be squatting on it. This issue is evident in Andhra Pradesh, a favoured State for wind power. A number of approvals still vest with the States, such as 'safety certificate', and these add to costs.

Hence, while the crucial issue of payment security has been taken care of — by the Centre acting as a *de facto* guarantor — land and connectivity are far from resolved. The transformation has begun, but it's not yet the time for euphoria.

Governance lessons from Buffett

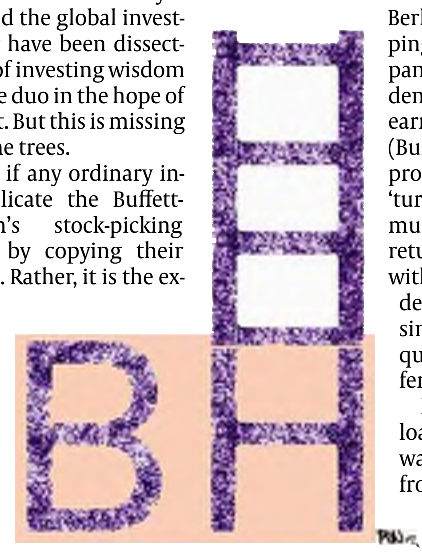
More than investing lessons, it is governance lessons that Indians need to learn from Berkshire Hathaway

AARATI KRISHNAN

With over 30,000 shareholders in attendance and a million viewers tuning into the live-streamed video, the annual shareholders meeting hosted by Warren Buffett and Charlie Munger, chairman and vice-chairman of Berkshire Hathaway Inc on May 6, has set off the usual media frenzy.

Media folk and the global investing community have been dissecting every word of investing wisdom dispensed by the duo in the hope of hitting a jackpot. But this is missing the woods for the trees.

It is doubtful if any ordinary investor can replicate the Buffett-Munger team's stock-picking genius merely by copying their portfolio moves. Rather, it is the exemplary way in which they manage Berkshire Hathaway Inc that has enduring takeaways for investors. Indian companies, known to cut corners on governance, can learn a thing or four from Berkshire Hathaway.



Acquiring right

Ill-timed and overpriced acquisitions have proved to be the downfall of many successful Indian companies. Tata Steel-Corus, Hindalco-Novelis, Jet Airways-Air Sahara — there's a long list of acquisitions that have proved a millstone around shareholders' necks.

Acquisitions are bread and butter for Berkshire Hathaway Inc, which has scaled up to a balance sheet size of $620 billion mainly through buyouts.

Starting out with two ailing textile mills in the 1960s, Berkshire began to prosper after it went on a shopping spree buying out a vast portfolio of unrelated businesses. Today, the listing of its subsidiaries reads like the Yellow Pages. By 2016, Berkshire's business interests spanned insurance (GEICO, National Indemnity, General Re), railroads, utilities, manufacturing (Duracell, Lubrizol), retail (Fruit of the Loom, Vanity Fair) and food (International Dairy Queen, Kraft Heinz).

What is remarkable is Berkshire's uncanny ability to make every acquisition dollar pay. Learning from past mistakes, it lays down a laundry list of criteria for every acquisition. To be on Berkshire's shopping list, a company must have demonstrated earnings power (Buffett scoffs at projections and 'turnarounds'). It must earn good return on equity with little or no debt. It must be simple and quote a fixed offer price.

Berkshire loathes bidding wars and frowns at paying any premium over market price. To top it all, its acquisitions are usually timed to crises situations. Thanks to these rules, between 1999 and 2016, Berkshire's consolidated net profits galloped 25 times from $0.67 billion to $17.6 billion, while its equity base expanded by a mere 8 per cent. It hasn't accumulated big debt.

Had Indian promoters followed these tenets, many a dubious acquisition could have been skipped.

Sprawling with a purpose

Many Indian business groups that are giving banks a runaround for their money share a penchant for diversifying furiously into sectors

Sitting pretty With the full support of shareholders REUTERS

that are the flavour of the season. In the early nineties, these groups had a yen for steel and textiles, in the late nineties they loved telecom and in 2006-07 they jumped into infrastructure and real estate. This has been value-decimating for every stakeholder.

Berkshire Hathaway is a sprawling conglomerate "with plans to sprawl further". But its forays into new businesses are undertaken with a single-minded objective — improve the book value per share. Berkshire's seemingly random portfolio of businesses fits together like a jigsaw, to ride out bumps in the economy.

So, the insurance business has a steady stream of premiums flowing in, providing Berkshire with $100 billion in 'float' to deploy in investments. The utilities business is slow-growing, but offers rock-steady earnings in times of adversity. In retail, manufacturing and consumer, Berkshire is invested in solid brands with prodigious free cash flows.

The widely-discussed stock portfolio is in fact just the icing on this cake. Even if the stock market tanks or a few bets go awry, Berkshire shareholders still have a big buffer to fall back on, in these subsidiaries.

Despite its tendency to 'sprawl', Berkshire's book value has grown from $19 per share in 1965 to $1,72,108 in 2016. No wonder it has so many shareholder millionaires.

Yes, we hold cash

Indian tech giants and public sector majors are receiving flak from their shareholders over their large, unused cash piles. While shareholders are demanding dividends and buybacks, they've been waffling on their real reasons for holding cash.

Berkshire Hathaway Inc, with over $96 billion in cash, has no such qualms. Over the years, the company has frequently and plainly told its investors that it has no plans to declare dividends or announce stock buybacks. It has articulated good reasons for this.

One, Berkshire believes in snapping up companies in crisis, so it needs to keep powder dry to make acquisitions when market opportunities arise.

In September 2008, when the US credit crisis froze markets, Berkshire threw a $20 billion lifeline to its investee companies, thanks to this war chest.

Two, returning cash through dividends will make sense the day Berkshire believes that it cannot generate a decent return on equity by reinvesting its profits. While that day is yet to arrive,

Berkshire has a clear buyback policy — it will mop up its own shares if they trade at less than 120 per cent of book value. Buybacks at a premium, Buffett explains, give away undue benefits to shareholders who are quitting the company, at the cost of those who stay.

Three years ago, prompted by an activist shareholder, Berkshire Hathaway did put the dividend question to vote. Nearly 98 per cent of its shareholders voted for the company to continue with its zero dividend policy!

No hubris

Corporate India is witness to unseemly boardroom battles with founder-promoters complaining about not being 'consulted' and reluctant to let professionals manage the show. Berkshire thrives on a culture of humility and autonomy.

It makes it clear that every acquired business is expected to fend for itself. In their meetings and newsletters, Buffett and Munger never fail to crack goofy jokes at their own expense, while dispensing many pats on the back for their 'exceptionally talented' professional managers.

Finally of course, there's the distance that Buffett (86) and Munger (93) still go to engage with their shareholders.

The annual general meeting is an all-day affair, with a six-hour open house preceding the official meeting.

Shareholders and institutional investors get to grill the duo with impromptu questions.

This year's meeting saw Buffett admitting that he had been "too dumb" to spot Amazon and ended up buying IBM instead. He stated that Ajit Jain, head of the insurance business, had "made more money for Berkshire than I have".

Last year, he urged shareholders to trade him for Ajit Jain "without a second thought", if offered the chance.

His best quip though was reserved for an investor who asked what would happen if Buffett were to move on: "If I were to die tonight, the stock would go up tomorrow." What a contrast to Indian promoters who believe they are indispensable to their firms.

A new theory of Trump, after Comey

This theory would be based on analysis based on the incompetence of this action and others, past and to come

CLIVE CROOK

Donald Trump's incompetence was never in doubt. This is something else.

There are three master theories of the shambles of the Trump presidency up to this point. First, the president is evil. Second, he's amazingly incompetent. Third, he's evil and amazingly incompetent. What light does the latest extraordinary development — the firing of FBI director James Comey — shed on this question?

Up to now I've preferred the amazing incompetence theory of Trump, partly on grounds of parsimony (it seemed to explain the salient facts) and partly because careless accusations of evil can be politically counterproductive (they rally supporters and undermine critics' standing with the open-minded). Now I'm wondering. Certainly, the incompetence in this latest turn of events is staggering on any analysis of the president's motives. Yet, much more than before, the question of intent is front and centre: It can't be set aside.


PANTID123/SHUTTERSTOCK.COM

It would have been one thing to fire Comey — a reckless thing to do but possible to justify. It's true that he's blundered repeatedly and in ways that have harmed the reputation of the FBI. What cannot conceivably be justified is firing him now, without a remotely plausible explanation for the timing.

Amazing incompetence

The FBI is investigating links between Russia and the Trump campaign. The suspicion that Trump has fired Comey to hobble or delay that investigation arises immediately. It beggars belief that Trump should fire Comey without providing a jot of reassurance that this was not his purpose. One wonders, what did he expect people to think? And I'm not just talking about people who've been wholly committed to the theory of evil intent all along.

On any view, incompetence is still a necessary part of the story. Suppose for the sake of argument that Trump has nothing to be afraid of in the Russia investigation, that he simply can't stand Comey and wishes he'd fired him immediately on taking office. This is not impossible. Even so, it would still be amazing incompetence to fire him now, without a compelling explanation, before the Russia investigations have put those unwarranted suspicions to rest.

Suppose, alternatively, that Trump is indeed afraid of what the Russia investigation will find. You still need incompetence to account for his latest actions — because the effort to hide the truth (if that's what it is) is bound to fail, because the blatantly unexplained firing of Comey was certain to intensify opposition, and because Republicans are now thinking hard about what they have to lose by continuing to support the president.

Put it this way: If Trump fears that impeachment may lie in his future, the manner of Comey's firing brings it forward. A smart plan to evade the consequences of his or his associates' illicit actions in the Russia affair would not be unfolding like this.

Stunning incompetence is therefore a given — but we already knew that. After Comey, what's changed is that no open-minded person can any longer dismiss the possibility that Trump is not just a grossly incompetent president, but one who's broken the law and aims to get away with it. It falls to Trump to refute that accusation, not with bluster but with facts. If he can't or won't, Congress needs to act.

BLOOMBERG

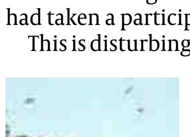
FROM THE VIEWSROOM

Misguided view of Swachh Bharat

A survey ranking clean cities applies the wrong metrics

Swachh Survekshan 2017, a survey which ranked 500 cities for their cleanliness, drew flak for allegedly being biased towards BJP-ruled States. It showed that Indore in BJP-ruled Madhya Pradesh had emerged the cleanest city in the country, followed by Bhopal, and Vishakhapatnam in Andhra Pradesh. Of the top 50 cities, 23 belong to BJP-ruled MP and Gujarat, and eight are from Andhra Pradesh which is ruled by NDA ally the TDP. At the same time, relatively cleaner cities in Kerala or Goa were pushed down. But there's also a deeper problem.

As the Centre for Science and Environment points out, the survey's gives undue weightage to centralised waste management methods such as landfill and waste-to-energy plants, ignoring decentralised approaches such as waste segregation, and recycling and reuse. Evidently, cities that promoted a fairly centralised, top-down approach to waste management were given priority over those that had taken a participatory, decentralised approach.



This is disturbing. For one, such a ranking will encourage unsustainable approaches to waste management. Panjim in Goa and Alappuzha in Kerala advocating decentralised waste management based on household level segregation, recycling and reuse, were ranked low. Alappuzha has an impressive decentralised model lauded by several agencies: it ranks a poor 380 in the survey, while, Surat, which dumps 1,600 tonnes of unsegregated, unprocessed garbage every day in a landfill, is ranked fourth.

All three top cities dump unsegregated waste. They turn a blind eye to the requirements of the Municipal Solid Waste Rules 2016 which direct that waste needs to be segregated into three categories at the household level — wet, dry and domestic hazardous. Further, the Rules stipulate that waste to energy plants should not burn mixed waste. Landfills are the least preferred option. Clearly, the methodology is based on incorrect parameters. The Government would do better to encourage sustainable practices such as segregation at source, and recycle and reuse.

Jinoy Jose P Deputy Editor

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.

Managing the waterways

This refers to the editorial, 'Arresting the drift' (May 11). The Prime Minister seems to have left no stone unturned in constructing a strong economy pillared on dynamic domestic initiatives such as Skill India, Digital India, Smart Cities, and financial inclusion. Inland water transport will surely benefit the nation in many ways.

The Centre can augment freight traffic through inland waterways provided it does the following: the Centre should instruct States to interlink the major rivers within their boundaries; PPP should be floated to interlink rivers effectively and if need be, extend the tenure of operation under the BOT mode; States and local communities should be apprised of the importance of river interlinking and inland waterway transport — interlinking may avert water scarcity both for irrigation and drinking water; overall cost-benefit analysis may divulge the merit of the project in terms of finance, technology and ecology.

S Lakshminarayanan
Cuddalore, Tamil Nadu

Approach the ICJ

With diplomatic efforts to make Pakistan see reason not succeeding and world nations failing to put pressure on the rogue state, India naturally had no option but to approach the ICJ. India's contention in the world court is that despite an international treaty — the Vienna convention on Consular Relations — there has been an "egregious violation" of it by Pakistan. The ICJ order is binding, but will Pakistan pay heed? For there is always a strong possibility that India's move to approach the ICJ will lead to Pakistan mimicking this strategy and attempting to internationalise the Kashmir issue. A death penalty for alleged espionage is unheard of. Pakistan's de facto foreign minister Sartaj Aziz had suggested there was not enough evidence to try Jadhav.

KS Jayatheertha
Bengaluru

Timely ordinance

This refers to 'Being a banker doesn't suit the RBI' by Radhika Merwin (May 11). Considering the NPA menace which has grown out of proportion, the new ordinance empowering the RBI to tackle bad loans is timely. One could understand the genuineness of the issue if the spurt in stressed assets was on account of global and local economic slowdown. Unfortunately most of the stressed loans are due to wilful default.

When banks lacked credit appraisal, the central bank should have stepped in and questioned credit decisions. In the case of project loans with a long gestation period, regular clearances from government agencies would have helped in the timely execution of projects. Political interference in the decision-making process was another reason for the spurt in NPAs. Finding capital to absorb the losses and kick-start the lending process is another huge challenge.

Srinivasan Velamur
Chennai

We should not forget that until NPAs get resolved, fresh lending will not revive. Though it is disheartening that the Banking Boards Bureau has not been able to implement changes in the management of PSBs banks, fresh lending has to be done by the efficient banking professionals. Putting the economy back on track is critical .

Bal Govind
Noida, Uttar Pradesh

Startup lessons for Kejriwal

'Is India's political start-up flaming out?' by Virendra Pandit (May 11) was interesting. A startup focusses on the growth of the business till it stabilises. Kejriwal contested the national elections and lost his deposit and reputation. The promoters of a startup befriend the levers of power to get things done. Kejriwal confronted the Lt Governor and the Centre. A startup needs fresh ideas and unstinted support. Keriwal's arrogance forced tcolleagues to leave. A startup focuses attention on quality and expectations. Kejriwal failed to provide the administration his voters expected.

YG Chouksey
Pune

Erratum

With reference to the article 'Nightmare on IT St: thousands to be sacked' (May 10), TCS has clarified that the reported exit by one of its employees has no link to the lay-offs in the IT industry due to automation and changing business models.

Published by N. Ram at Kasturi Buildings, 859 & 860, Anna Salai, Chennai-600002 on behalf of KASTURI & SONS LTD., and Printed by D. Rajkumar at Plot B-6 & B-7, CMDA Industrial Complex, Maraimalai Nagar, Chengleput Taluk, Kancheepuram Dist., Pin: 603209. Editor: Raghavan Srinivasan (Editor responsible for selection of news under the PRB Act). ISSN 0971 - 7528

Not at your service

SBI's myriad fees reflect bad strategy

NIMISH DWIVEDI

Recently, State Bank of India announced service charges for accounts that do not meet balance qualifiers and also announced charges for cash withdrawal and cash deposits based on defined thresholds. Just yesterday, SBI revised service charges once again, charging ₹25 for all cash withdrawals through ATM. Private banks already have similar charging structures and these entire set of charges merit questioning on a number of fronts.

Technology: Cost of technology-linked infrastructure and of connectivity continues should come down. Banks are using the same technology platforms, so why should the cost to customer actually go up at this stage when all linked infrastructural costs continue to decline?

Cost rationalisation: Banks have been investing heavily in minimising cost to serve. From centralising operations to outsourcing to focussing on mobile and digital, banks are going all out to reduce cost to serve. So, why would charges again need to increase at this juncture? Networked ATMs are becoming the norm. And vibrant organisations like the National Payments Corporation of India continue to reduce switching charges on Rupay transactions for ATMs as well as bringing down merchant discount rates to drive PoS transactions. These benefits need to flow to customers.

Lower interest rate on deposits: Banks have to pay interest on savings accounts and on fixed deposits. But both of these rates have only been going one way — down. Incidentally, the lowest rate on deposits is offered by SBI — 6.5 per cent for three- and five-year tenures. So why should service charges increase at this juncture?

Current accounts: Service charges for current accounts have also been revised. This is a surprise because banks provide no interest rates on current accounts. And even if a bank is providing 4 per cent interest rate on a Savings Account, it can lend at the lowest level in the interbank market at 6-7 per cent with a 2-per cent margin to make a revenue of ₹300 annually on an account with an average balance of ₹15,000 which is classified as below the qualifier of ₹25,000 minimum average daily balance.

Finally, such a step can be attributed to the banking sector's overall drive to ramp up fee income which is risk-free and hence valued in a high-NPA environment. However, the same can be achieved in different ways without simply increasing or adding charges. For example, debit card usage at PoS machines instead of for cash advances can be promoted by providing relevant loyalty programmes such as reward points, miles or cash back.

Similar incentives can be offered for internet banking enrolment and usage. Also, overdraft facilities can be embedded with debit cards to create an additional revenue stream for banks and to protect customers when they run out of balance. Also any fees and charges can be linked to valued added insurance features in areas such as card protection, credit protection on overdrafts, protection against fraudulent transactions.

This will also benefit the insurance industry and help drive insurance penetration amongst under penetrated segments defined as those that cannot meet the qualifying balance criteria of banks.

Overall, the perspective has to move from cost-plus to customer-plus and customer-first.

The writer is Business Director, Cards and Payments, VP Bank-FE Credit, Vietnam. The views are personal

China's One Belt, One Road gamble

Building a complex web of rail, road networks criss-crossing Asia, China is asserting its might as a civilisational power

RAGHU DAYAL

To demonstrate the sweep and magnitude of its flagship, and historic, Belt and Road Initiative (BRI), China will play host to two score or more heads of government at a special conclave in Beijing this weekend.

With rare passion and tenacity, Chinese President Xi Jinping has pursued his vision of a new Silk Road with a network of high-speed rail, motorways, pipelines, ports, fibre optic cables, to "break the connectivity bottleneck" in Asia. In September 2013, he proposed a Silk Road Economic Belt, building a transport corridor connecting the Pacific Ocean to the Baltic Sea, and linking East Asia to South Asia and West Asia.

The following month, he advocated the 21st Century Maritime Silk Road. Eventually, a new term followed — Yidai Yilu, or One Belt, One Road. (The Road refers to ancient maritime routes between China and Europe; the Belt describes the Silk Road's better-known trails overland).

Dream and revival

Hoping to create new markets for Chinese firms and a Eurasian trading bloc, besides new spheres of influence for his government, Xi has made OBOR a central part of his foreign policy. China's FDI is increasingly going in to OBOR countries. Its OBOR contracts are now more likely to involve Chinese firms managing the infrastructure they build, rather than (as in the past) building them and handing them over.

The China-Pakistan Economic Corridor (CPEC), stretching from China's autonomous region of Xinjiang to Gwadar port in Balochistan, and the Bangladesh-China-India-Myanmar Economic Corridor, which stretches from Kolkata to Kunming, is closely related to China's OBOR initiative.

China seems to demonstrate that infrastructure power is at the heart of economic power, and economic power at the heart of strategic power. Nowhere is this more noticeable than in their plans for trans-continental rail connectivity. At a pace unknown in history, China has channelled very large investments in the expansion and revitalisation of its railways.

Those many links

Although a pioneer to develop the concept and contours of the Trans Asian Railway (TAR) project under the aegis of the United Nations over 50 years ago, India lost the urge and will to help carry the project forward.

The TAR southern corridor linking Indonesia-Singapore-Malaysia-Thailand to the Indian sub-continent via Myanmar, onwards to Istanbul via Iran has remained consigned to oblivion. On the other hand, ever since China began a demonstration rail service in October 2011 between Chongqing and Antwerpen, it has operated more than 1,700 freight trains from mainland to Europe.

In close proximity, the Dragon ominously builds a web of rail around India. Its formidable presence in terms of rail projects in India's north is typified by the world's highest 1,142-km Golmud-Lhasa rail line, opened in July 2006, now extended westward by a 252-km link to Xigaze, Tibet's second largest city. It is due to have a further 400 km extension not only to Kyirong (Chinese Gyirong), on the border with Nepal, and a probable further 120-km link to Kathmandu. It could also come to Yayung (Dromo in Tibetan), close to Bhutan and connected to Sikkim via the Nathula Pass, and yet further on to Nyingchi (Nyingtri) on the doorsteps of Arunachal Pradesh.

The Lhasa-Nyingtri railway would provide convenient access for China's military in a region with extremely difficult terrain and limited road access.

On India's eastern flank, Chinese rail and road connectivity knits south-east Asia. All around India, China shares land borders with five Saarc countries, looks over Chicken's Neck at a sixth, and has a long border with Myanmar. From Kunming in Chinese Yunnan province, a network of road, rail and river links fork out to Sittwe in western Myanmar and Thilawa near Yangon on the Bay of Bengal.

Raring to go A freight train linking UK's Corringham and Yiwu in China AFP

Having feverishly built a 1,100-km long pipeline to tap the rich Shwe gas fields from the Kyaukpyu deepsea port on Myanmar's Arakan coast to Kunming, also a multiple road, rail and pipeline link on its Rakhine coast, China accomplished "Yunnanisation" of northern Myanmar.

In the south, as a part of its "string of pearls" strategy of links with regional maritime nations, China has been financing nearly all of Sri Lanka's biggest infrastructure projects.

Not an easy job

On India's western flank, China has planned strategic linkages to Pakistan, Iran and all across Central Asia, incorporating the Gilgit-Baltistan tract in Pakistan-occupied Kashmir (PoK) into its Xinjiang's logistics grid, expanding the Karakoram highway, also planning a rail line from China-built and operated Gwadar port in Balochistan close to the Straits of Hormuz through Khunjerab Pass in the Karakoram to Kashgar, which is connected to Xigaze, already rail-linked to Lhasa.

As *The Economist* points out, China already faces resistance from locals in some countries who feel overwhelmed by China's heavy-handedness. Recall how in 2011, Myanmar suspended work on a Chinese-financed dam at Myitsone, to popular acclaim, and the recent violent protests in Sri Lanka over Chinese-invested port at Hambantota.

While China itself is wary of escalating unease in Pakistan's relations with neighbouring Afghanistan, India and Iran, its whopping CPEC investments have triggered protests in Pakistan who apprehend the project, involving a colossal challenge of repayment, will mortgage Pakistan's future.

The $46-62-billion China-Pakistan Economic Corridor, involving energy, roads, rail, mass transit, port and fibre optic projects, with already some 9,000 Chinese engineers and workers guarded by a 10,000-strong Pakistani army division, provides China a virtual colony.

Adept equally at flexing its soft power muscles, China has scattered roads and football stadiums across Africa. It has set up Confucius institutes around the world to spread Chinese language and culture. China now sprinkles Buddhist projects all across South and Southeast Asia, to usurp Buddha's legacy in Asia. It plans to project Pakistan as a cradle of Buddhist culture and heritage, reviving 'Gandhar Trail', linking Lahore, Taxila and Peshawar, as it consolidates Buddhist sects across Southeast Asia to converge in World Buddhist Forum at Wuxi, near Shanghai, ostensibly to supplant Tibetan religious hierarchy.

While Prime Minister Modi and President Xi have stressed being sensitive to each other's strategic concerns, for instance, when they met on the sidelines of the G20 Summit in Hangzhou, and again in Goa in September 2016, India expected China to realise India's serious concerns about the project running through Gilgit-Baltistan in POK. Paranoid about Dalai Lama, China remains adamant on blocking India's membership of NSG and its pleas at UN to designate Jaish-e-Muhammad chief Maulana Masood Azhar as a "global terrorist".

As Edward Wong wrote in *New York Times*, China looks like a giant that has every right to rise, yet why must it reject many values that many countries share? Imagine how the two leaders — President Xi and PM Modi sitting on a swing can swing the fate of billions for peaceful and prosperous Asia.

The writer was formerly CMD of Concor

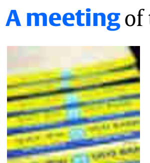
5 THINGS to WATCH OUT for TODAY

- **The Election** Commission will hold an all-party meet today to discuss the issue of Electronic Voting Machine "tampering" challenge. The EC will invite suggestions from all parties. Some suggestions on revisiting the rules pertaining to counting of paper slips from the VVPAT system will also be discussed.

- **The NSE** is to de-list 19 firms in line with norms mentioned in the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. Firms on the list include Ankur Drugs and Pharma, Evinix Accessor-ies, Koutons Retail India, and Nuchem.

- **Tamil Nadu** Agricultural University will begin its admission process for 2017-18 today. The university will open the online application facility today. This year it would conduct its admission process a little earlier, ahead of the engineering admission, so as to minimise the number of students withdrawing.

- **A meeting** of the board of directors of UCO Bank today will consider the proposal for issue of 75 crore equity shares in financial year 2017-18 in one or more tranches through FPO/ QIP/ preferential issue/ ESOPs at an issue price to be determined.



- **The new** Arunachal Pradesh Legislative Assembly building in Itanagar is to hold its first session today. Chief Minister Pema Khandu recently inspected the upcoming Assembly building, and was informed of the status of the ongoing works and its state of readiness by Speaker Tenzing Norbu Thongdok.

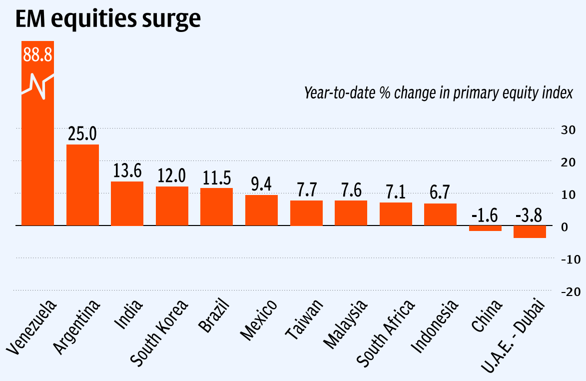
LOKESHWARRI S K

STATISTALK

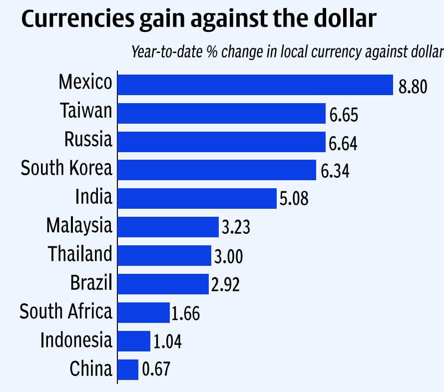
Emerging markets on a roll

Along with Indian equity markets, stock prices in other emerging markets have also been surging this calendar. A look at the factors driving this

EM equities surge



Currencies gain against the dollar



EM economies grow at a good clip

GDP Year-on-year (in %)

India	7.00
China	6.90
Philippines	6.60
Indonesia	5.01
Malaysia	4.50
Hong Kong	3.10
Thailand	3.00
S.Korea	2.70
Taiwan	2.56
Singapore	2.50

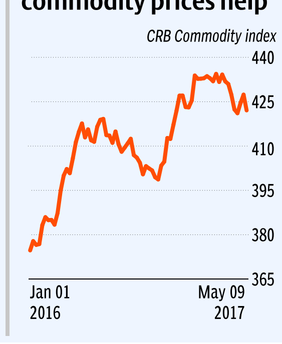
Inflation rises too

CPI Year-on-year (in %)

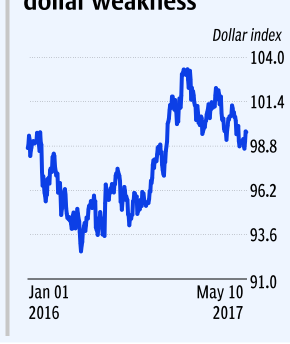
Malaysia	5.10
Indonesia	4.17
India	3.81
Philippines	3.40
S.Korea	1.90
China	1.20
Singapore	0.70
Hong Kong	0.50
Thailand	0.38
Taiwan	0.12

Foreign fund flows in to equity strong

Recovery in commodity prices help



So does the recent dollar weakness



Source: Bloomberg

Graphic: Visveswaran V

BusinessLine TWENTY YEARS AGO TODAY

MAY 12, 1997

Bid to put industry on even keel

Perturbed by the inordinate fall in the growth rates of industrial production during January this year coupled with the poor showing on the export front, the Department of Industrial Policy & Promotion has undertaken a post-mortem exercise to pinpoint the exact reasons for the sluggish performance by the various sectors of industry. Apart from identifying the causes for the marked slowdown in production, the internal study being carried out by the department will also suggest remedial measures to ensure industrial activity does not get ensnared by similar bottlenecks during this fiscal.

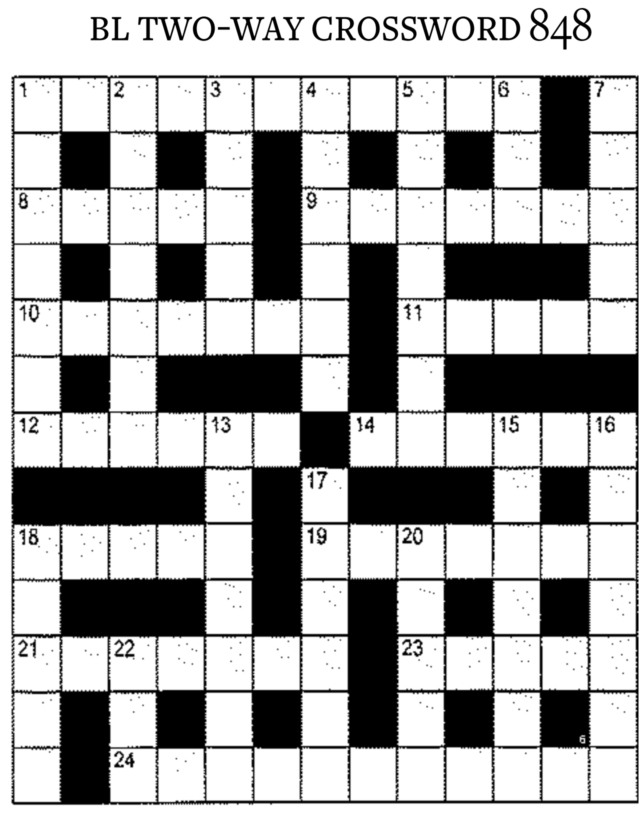
ICICI renegotiating with World Bank

ICICI has initiated talks again with the World Bank for securing assistance aggregating over $500 millions for funding infrastructure projects. The ICICI management recently met officials of the World Bank to negotiate a fresh line of credit. In 1996, ICICI along with a couple of financial institutions including the IDBI had been close to signing an agreement with the Bank for a total assistance of $1.3 billions for the infrastructure sector. But the plan was put on the back burner following the incorporation of Infrastructure Development Finance Company.

A-I tie-up with Air France

Air-India signed a landmark agreement with Air France which is expected to progressively catapult it back into the reckoning as an international carrier in Europe. Increasingly marginalised by larger and more efficient European carriers and more recently by cancellations (10 flights a week) and rescheduling of its own flights due to Haj operations. AI has been racing against time to put itself back on the continent's civil aviation map again.

BL TWO-WAY CROSSWORD 848



EASY

ACROSS
01. Form into a compact mass (11)
08. Badger-like animal (5)
09. Well-liked (7)
10. Andiron (7)
11. Freezing (5)
12. Soothed (6)
14. Stupefaction, wonder (6)
18. Dot (5)
19. Sea disturbed by currents (4-3)
21. Upper deck of liner (3-4)
23. Sound (5)
24. Make, grow worse (11)

DOWN
01. Taking pains (7)
02. As one would expect (7)
03. Lubricated (5)
04. Oppose, call in question (6)
05. To name to an office (7)
06. Old cloth measure (3)
07. Lift and lower shoulders (5)
13. Earnestly beg (7)
15. Musical suite, set of variations (7)
16. Completely filled (7)
17. One who feeds furnace (6)
18. Adhesive (5)
20. Australian wild dog (5)
22. Signify agreement (3)

NOT SO EASY

ACROSS
01. Unite into one section, load being distributed (11)
08. Later it could be related to a glutton (5)
09. Getting back up in Arctic region, say, is well liked (7)
10. Having shot, go back and stand it on the hearth (7)
11. How soundly I localise about the topping on the cake (5)
12. Soothed by having £3 when due for change (6)
14. A daze results if one replaces the gold (6)
18. Indicate the precise matter (5)
19. Sea when disturbed by pride, it might appear (4-3)
21. Where voyager got tan, having gone to bottom around December (7)
23. Sound is supplied in one version of it (5)
24. Get worse editor a tree to plant out (11)

DOWN
01. Cautious with clue far different from this (7)
02. Not sharp, not flat and not affected (7)
03. Nothing to have lied about when intoxicated (5)
04. Gun I wave around politician to call in question (6)
05. Give one post with pop maybe: isn't ungrammatical about it (7)
06. By leaving the belly it was measured from the arm (3)
07. It indicates one doesn't care to show half when on the mat (5)
13. Beg one to have dinner when about to rent it out (7)
15. Give it a role first as a musical suite (7)
16. Traveller will allow head of enterprise to be full up (7)
17. He fed the flames, did Bram (6)
18. Thrash one for the jewels, but they're false (5)
20. An Australian native will make the racket disappear (5)
22. Show one agrees to have university fellow up (3)

SOLUTION: BL Two-way Crossword 847

ACROSS 1. Compartment 8. Evidence 9. Bore 10. Verse 13. Wool 16. Brow 17. Topi 18. Loth 20. Notch 24. Tend 25. Investor 26. Shepherding
DOWN 2. Ovid 3. Piece 4. Races 5. Elbow 6. Sensibility 7. Well-wishers 11. Raven 12. Exist 14. Obol 15. Colt 19. Hedge 21. Ounce 22. Creed 23. Stun