

Pax Sinica?

India must either embrace China's 'One-Belt-One-Road' initiative, or effectively counter it. Ignoring it isn't an option

It's been called a Marshall Plan for Asia and it could transform the region, and even the world, as we know it. China's looking to turn large swathes of Asia into construction sites where Chinese steel, concrete and workers will forge a New World Order.

This week, leaders of 29 countries, including Russia's President Vladimir Putin, gathered in Beijing for the two-day OBOR summit. Significantly, Pakistan, which hopes the \$46-billion China-Pakistan Economic Corridor (CPEC) segment of the giant infrastructure plan will bring vitally-needed investment and prosperity...

Why OBOR? The Chinese have realised they've reached the limits of growth with their export-led model. OBOR can mop up giant quantities of steel, cement and other industrial goods from China's factories.

GM mustard deserves the green signal

Its higher yields can be a game-changer. To allay fears, it can be commercially grown in a few areas and its effects monitored

G CHANDRASHEKHAR

The introduction of genetically-modified crops has invariably been mired in controversy in our country with science staying in the sidelines in the theatre of shrill noises - for and against.

The minister-inflicted moratorium on Bt brinjal seven years ago is a clear case in point. Concern about private sector control over technology was the dominant theme then.

Now that a body of scientists - the Genetic Engineering Appraisal Committee - under the ministry of environment has recommended commercialisation of genetically-modified (GM) mustard seed developed by a national public institution, any lingering concern over private sector dominance would be misplaced.

New Delhi must have the courage to bite the bullet and clear the introduction of technology seed for commercial use without delay. The Supreme Court too needs to lift the stay on it before growers are able to access the seed.

Transformative potential

When commercialised, if the performance of the seed comes anywhere close to the results of field trials, it has the potential to be a game-changer for the oilseeds sector.

To be sure, our country is among the world's largest importers of edible oil. We pay a humongous price in foreign exchange of about \$10 billion (₹65,000 crore) annually to import various oils aggregating to about 14 million tonnes, representing two-third of domestic consumption demand.

Our oilseed yields have been notoriously low for over three decades (just about 1,000 kg a hectare) when other major origins have made rapid strides in output per unit of land by modernising agriculture.

There is now a dire need for us to harvest more from the same piece of land and it can be done only by creating conditions that promote higher yields, improve oil content and enhance nutritional value.

Obviously, infusion of technology in agriculture is now becoming a necessity rather than a matter of choice.

Going forward, land constraints, water shortage and climate change are sure to adversely impact Indian agriculture with the attendant risk that our import dependence may worsen and food security might be compromised.

From a food safety perspective, it must be stated that fears over GM foods are overblown.

Take our own example. Bt cotton was introduced way back in 2003 and for well over a decade, large quantities of derivative products or byproducts of GM cotton - cottonseed oil and cottonseed cake/meal - have entered our food chain, directly or indirectly.

There have been no reported cases of adverse effect on human or animal health.

Cost-benefit analysis

To err on the side of caution, it may be desirable for the Government to examine various scenarios that may emerge in the event of any decision (for or against) and do a cost-benefit analysis of each of the scenarios.

Addressing the questions

One way to address some of the concerns - biosafety, environment - is to permit commercial cultivation of GM mustard in specific locations,



Let's speed things up Cultivation's been delayed too long REUTERS

proach, it may be an appropriate tool to test costs and benefits of a decision.

Social - Is the proposal/decision socially desirable?

Technological - Is the proposal/decision technologically feasible?

Economic - Is the proposal/decision economically viable?

Environmental - Is the proposal/decision environmentally friendly?

Political - Is the proposal/decision politically acceptable?

If the answer to each one of these questions is 'Yes', then one can say with reasonable certainty that the decision could prove to be right and sustainable.

We should actually be accelerating technology infusion in agriculture. Information technology, biotechnology, satellite technology,

say in a dozen districts across the growing region of western and northern India for one or two seasons.

It will generate sufficient data for scientists and policymakers; also, it will allow lead time for environmental impact and other related studies.

As commercial cultivation would be restricted to a few select districts, it would facilitate effective monitoring and evaluation with the help of State governments and agricultural universities with overarching monitoring responsibility resting with the Centre.

We should actually be accelerating technology infusion in agriculture. Information technology, biotechnology, satellite technology,

nuclear agricultural technology and nanotechnology have the potential to offer solutions.

Strengthening farm production and productivity cannot brook any delay. It would of course be naive to think GM tech is a magic bullet that will take care of all of the country's farm-related problems.

The apathy among policymakers in addressing agriculture-related issues including structural problems that stymie growth is most unfortunate. We need to take giant strides in different directions to boost agriculture. Surely, one of them is infusion of multiple technologies in agriculture.

The writer is an agribusiness and commodities market specialist

Trump's disclosures are shocking but legal

The President has powers to classify, and hence declassify, information. By sharing secrets on IS, he has done the latter

NOAH FELDMAN

Oh, for the days when Donald Trump wasn't taking the presidential daily brief - and didn't know highly classified information that he could give to the Russians.

The authority to label facts or documents as classified rests with the president in his capacity as a commander-in-chief. Or at least that's what the US Supreme Court said in a 1988 case, Department of the Navy v Egan.

that view during the years of the George W Bush administration, when the president was thought to have declassified some information that was leaked to the news media by White House aide, I Lewis 'Scooter' Libby.

Logical, sure

It makes sense. If it is up to the president to decide what can't be disclosed, it should be up to him to decide what can be.

That still leaves the question of whether the president would need to issue a formal order of declassification before revealing the information. According to the report in the Washington Post, Trump pretty clearly didn't do that: He just made a judgement that he wanted to pass on the information to Russian Foreign Minister Sergei Lavrov and Ambassador Sergey Kislyak.



That may be the case But what is to be done? BLOOMBERG

order is just a presidential order reduced to writing for the benefit of the rest of the executive branch. The president likely can't be bound by an executive order, whether his or an order from the proceeding president.

If you're following closely, you'll have noticed an anomaly: The president can classify and declassify. But the president can't send people to prison for disobeying his order. That requires a federal law passed by Congress, and a conviction before a judge.

Thus, under the separation of powers, the president has inherent authority to fire his own employees

for disclosing classified information, but lacks the power to punish them criminally without Congress and the courts.

Legal aspect

That law exists: 18 U.S. Code Section 793, if you care to look it up. It makes it a federal crime to communicate classified information to an unauthorised person.

The catch is that the law defines classified information as information determined classified by a US government agency, and similarly defines an unauthorised person as someone not determined authorised by the executive branch.

That puts Trump in the clear insofar as he has an inherent authority to declare information unclassified.

The law goes on to criminalise any disclosure of classified information that's prejudicial to the safety or interest of the US or for the benefit of any foreign government to the detriment of the US.

A twist with potential legal relevance might arise if someone else - like the leaker of this story - repeated classified information after Trump effectively declassified it. That person would have a compelling claim to be exempt from criminal prosecution also.

So go ahead, be shocked by Trump's disclosure. Whether it reflects a studied or instinctive pro-Russian position or simply unthinking bad judgment, it seems to be a highly unusual and poor presidential move. But it's protected by the constitutional power that comes with getting elected president of the United States. BLOOMBERG

FROM THE VIEWSROOM

Downright hypocritical

Australia erects visa barriers while pushing 'free trade'

Australia's argument that the recent restrictions it has imposed on skilled workers' visas are just a routine review of its visa policy seems lame.

The abolition of Australia's 457 visa, which allowed employers to sponsor skilled foreign talent to work in Australia for up to four years, has hit Indians hard.

Developed countries have to recognise that liberalisation does not just mean opening up markets to goods. Allowing freer movement of workers is as much a part of the deal.

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Amiti Sen 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.

Burning question

"Will he or won't he?" is what everyone's asking about superstar Rajinikanth joining politics.

If Rajinikanth allows himself to be persuaded into jumping on the Hindutva bandwagon, he will cut a less than "heroic" figure.

ing BJP are cause for consternation.

G David Milton Maruthancode, Tamil Nadu

India and OBOR

By sitting out the OBOR summit in Beijing, India has emerged as the most vocal opponent of China's continent-spanning infrastructure project.

It is becoming increasingly difficult to buy Beijing's arguments that their plan to splash a few trillion dollars around the world is a benign gift to the world.

selfish actions. In any case, India has never said it would try to undermine Chinese projects in other countries; it's just not up to signing up for the initiative.

J Akshobhya Mysuru

The job-growth enigma

This is with reference to the editorial, 'A work in progress' (May 16). While a slowing economy can not create better jobs, even a healthy one is seen to be falling short.

the construction sector, which has slowed down. The need is for structural fixes such as labour reforms, with a return to a higher growth trajectory.

R Narayanan Ghaziabad, Uttar Pradesh

The promises made by the BJP before the 2014 election are yet to be fulfilled, particularly on the employment, capital investment and economic reforms front.

Make them accountable

It is an open secret that most government organisations fail the expectations of the public. All public sector and government companies can deliver good results if they maintain a strict discipline like in private companies, with accountability and penalties.

The Delhi government was the first to test the system. Those not completing a job within the prescribed time were to be fined ₹10 to ₹200 a day.

Mahesh Kumar New Delhi

Then there were 3

China's aviation ambitions take off



C GOPINATH
AMERICAN PERISCOPE

In the first week of May, the C919, a single-aisle, twin-engine aircraft for the commercial market had a successful maiden test flight lasting about an hour. And with that, the aircraft business began the movement from a duopoly to an oligopoly.

For years the two segments of the aircraft industry had just two players each. The larger aircraft market has been controlled by Airbus and Boeing and the smaller by Embraer and Bombardier. And now the C919, a 150-170 seat aircraft made by state-owned Commercial Aircraft Corp of China (Comac), is set to change the landscape.

China is very keen that the rest of its reputation catch up to further its global ambitions. Its aerospace sector builds on the country's pride and nobody counts the pennies. In early March, China launched a cargo spacecraft to dock with its unmanned orbiting space laboratory to test re-supply possibilities for a planned manned space laboratory in five years. This, when Russia has given up on Mir and the US is having second thoughts about the expenses of the International Space Station. Funding for aircraft development in China comes with a blank cheque.

Not easy
Comac has announced that the company will commercialise production and begin deliveries in about three years. But that's what they said in 2015, and the original date for the first flight was 2014. The project has been quite delayed; it cannot be easy to

design and build an aircraft when the technology is closely held by so few around the world, and much of it subject to export restrictions.

A report in *China Daily USA* explained that more than 50 per cent of the components were made either by Chinese companies or by foreign joint ventures in China. Most of the large components were made by the Aviation Industry Corporation of China. Critical components that have come from overseas include avionics from Rockwell Collins, and engines from a joint venture between GE, USA, and France's Safran SA. Much help has come from the West; the three pilots on the maiden flight graduated from the National Test Pilot School of the US.

The C919 will compete with Airbus A320 and Boeing's 737 series. From the time the C919 was first conceived and designed, Airbus and Boeing have improved their aircraft. They are positioning themselves for greater operational performance and possibly lower costs. Airbus assembles some A320 aircraft in Tianjin, and Boeing in collaboration with Comac is due to set up a completion and delivery centre in China. Comac is also a supplier to Boeing.

The company estimates that there is a domestic demand for at least about 2,000, and a memo is sure to go out to the domestic airlines from the party about which aircraft to buy.

The global market for aircraft is certainly large enough to accommodate three players; the two current players have long waitlists and often delay deliveries leading to order cancellations. But with a new entrant unimpaired of profitability and backed by foreign policy objectives and large financial support, the competition will certainly get to be more interesting.

The writer is a professor at Suffolk University, Boston

How will GST impact MSMEs?

A simplified tax structure and unified market will improve operational efficiencies, especially of MSMEs with a wider reach



R VASUDEVAN

The increasing formalisation of the Indian economy, especially through digitisation, is an inexorable advance that will upend the business model — based on the twin arbitrage of labour and cash transactions — of micro, small and medium enterprises (MSMEs).

India's paradigm shift to the Goods and Services Tax (GST) regime in July will increase their compliance costs and snare a majority of them into the indirect tax net for the first time.

Sharp practices
So far, unorganised MSMEs have grown faster than organised peers because of lower cost structures stemming from tax avoidance, and not having to pay social security benefits to employees (such as provident fund and gratuity), and excise duty (if turnover is less than ₹1.5 crore).

Some MSMEs also understate employee base or set up multiple ventures to avoid breaching tax thresholds. Such sharp practices helped them price products and services competitively over the past few decades and also maintain operating margins at organised player levels.

The vicissitudes resulting from the impact of GST are many. To wit, for manufacturers, the reduction in the threshold for GST exemption to ₹20 lakh from ₹1.5 crore means tens of thousands of unorganised MSMEs will soon be cast into the tax net.

And digital transaction trails created by dual authentication of invoices under GST will strengthen tax compliance. Addi-



Sparking off a revolution In small scale industry M MOORTHY

tionally, a lower tax burden under GST will reduce the cost of raw materials and logistics.

For example, a study by Crisil shows that freight costs could decline 1.5-2 per cent once GST kicks in.

Different for services
For the services sector, though, the tax burden will increase. Hence, organised players with the ability to hold their price-lines, or pass on any increase in cost to customers, will be able to maintain or improve profit margins.

We believe a simplified tax structure and a unified market will improve operational efficiencies, especially of MSMEs with a wider reach.

Then again, there was demonetisation. Last fiscal, MSMEs were expected to record on-year topline growth of 14 to 16 per cent.

However, the impact of demonetisation has been severe in the second half and they would have closed the year with an increase of just 6 to 8 per cent.

But as the effects of demonetisation fade, growth will pick up in the current fiscal.

Given all this, what are Crisil

SME Ratings' outlook on key sectors after GST is promulgated?

A peep into outlook
Positive for light engineering: Light engineering MSMEs rated by Crisil saw 15 per cent compound annual growth rate in topline between fiscals 2014 and 2016, with demonetisation causing just a blip.

GST is expected to provide a boost to this segment because of lower tax incidence.

The Government's thrust on 'Make in India' will also lead to continued investments, helping the sector maintain growth momentum.

Positive for electrical equipment: Sales in companies rated by Crisil grew way faster at about 23 per cent in fiscal 2016 compared with 16 per cent in 2015. The sector will benefit from lower freight costs and tax rates.

Though growth is expected to be strong this fiscal, cheaper imports, especially from China, remain a challenge.

Neutral for pharmaceuticals: Sales in companies rated by Crisil grew 11 per cent in fiscal 2016 compared with 15 per cent in 2015. Demonetisation had a limited

impact as the Government had allowed extended use of the banned ₹500 and ₹1,000 currency notes for purchasing medicines.

We do not foresee any significant difference in tax rates under GST. This fiscal, too, we expect similar growth.

Neutral for auto components: Between fiscals 2014 and 2016, sales by unorganised auto component makers rated by Crisil grew at 14 per cent annually compared with 7 per cent for their organised peers.

However, demonetisation led to a short-term drop in sales to original equipment manufacturers (OEMs), or vehicle makers.

This fiscal, OEM sales are expected to normalise. Organised players will benefit and record moderate growth given the thrust on digitisation and lower tax rates under GST.

Unorganised players catering mostly to the non-OEM replacement market will be forced to move into the organised domain.

Marginally negative for textiles: Sales growth in the textiles-related MSME segment had already declined from 15 per cent in fiscal 2015 to 8 per cent in 2016.

GST will have a marginally negative impact because of higher tax rates expected.

During Crisil's interactions with clients, some of them raised concerns that a unified market would create more competition in an already crowded and price-sensitive arena with a large number of unorganised players.

Organised players dealing in branded apparel are expected to fare well, though.

The sector is expected to record below-par growth of 5 per cent or lower.

Marginally negative for leather and footwear sectors: Companies Crisil rates in this segment have seen muted growth and have borne the brunt of demonetisation. With competition, including from Chinese players being strong, the operating margin has fallen to as low as 6 per cent for organised players.

We do not expect GST rates to vary much from the current indirect tax rates. Crisil expects overall growth and margins of players to remain subdued this fiscal.

The writer is the business head of CRISIL Ratings-SME

5 THINGS to WATCH OUT for TODAY

■ **The Supreme Court** will hear today a plea challenging various government notifications to make Aadhaar mandatory for government schemes. A five-judge Constitution Bench headed by Chief Justice J. S. Khehar accepted the contention of senior advocate Shyam Divan that the Aadhaar matter is very important and needs to be heard on an urgent basis.

■ **An elephant census** will be held in Tamil Nadu and Karnataka from May 17 to May 19. It is estimated that there are more than 6,000 elephants in the Wayanad, Nilambur, Anamudi, and Periyar elephant reserves. The last census in 2012 had put the number of elephants at 6,177.

■ **Education department** officials from Telangana and Andhra Pradesh will meet in New Delhi today to settle the Unified Service Rule issue. The regularisation process for teachers will be taken up between May 17 and 23 and transfers will be discussed between May 23 and June 13.

■ **India Grid Trust** (IndiGrid), an infrastructure investment trust sponsored by billionaire Anil Agarwal-promoted Sterlite Power Grid Ventures, is planning to raise ₹2,250 crore through the InvIT, making it the first-ever such issue by an Indian power firm.

■ **Ahmedabad-based** construction firm PSP Projects' initial public offer, which aims to raise ₹211 crore, will hit the markets today with a price band of ₹205-210 per equity share. The issue, which closes on May 19, includes a fresh issue of up to 72 lakh equity shares and an offer for sale of up to 28.8 equity shares.

A THOUSAND WORDS



Emotional rollercoaster Young people in Kashmir are no longer afraid to make their anger known and felt as they prepare to let loose a fresh barrage of stones on security forces in Srinagar PH

BusinessLine TWENTY YEARS AGO TODAY

MAY 17, 1997

Broadcast Bill referred to panel

The Broadcasting Bill, 1997 has been referred to a 30-member joint select committee of Parliament. The committee will submit its report on the first day of the next session of the Lower House. The Minister described the Bill as a "sensitive and complex piece of legislation in a virgin area" and moved a motion for referring the Bill to a joint select committee of Parliament. The motion was carried by a voice vote.

Differences over WTO import curbs resolved

The Union Cabinet has resolved the differences over the contentious issue of removing quantitative restrictions or import curbs as required by the WTO, and the Commerce Ministry would prepare the programme schedule for the phase-out shortly. Official sources said the sharp differences over the issue between the Agriculture Minister, Mr. Chaturranaji Mishra, and his Cabinet colleagues in Finance and Commerce had been ironed out.

SE seeks personal guarantees from cardholders

The NSE has sought personal guarantees from NSE cardholders through indemnity bonds as part of its efforts to ensure "better governance of the trading member-organisations". The exchange has set June 15 as the deadline for members to comply with this order. Some of the corporate members received a communication signed by the Deputy MD of NSE, Mr. Ravi Narain, seeking indemnity bonds and furnishing them to the exchange before June 15. Failure to do so may lead to termination of membership, he has warned.

EASY

ACROSS

01. Uninterrupted succession (11)
07. Portend, forebode (7)
09. Lactation (4)
11. Series of links (5)
12. Straight there (6)
14. Act strictly honourably (4,3,4)
18. Accurately give meaning (6)
20. Gives swing, cadence (5)
22. Wound, as bull (4)
23. Twirled round (7)
24. Earthbound (11)

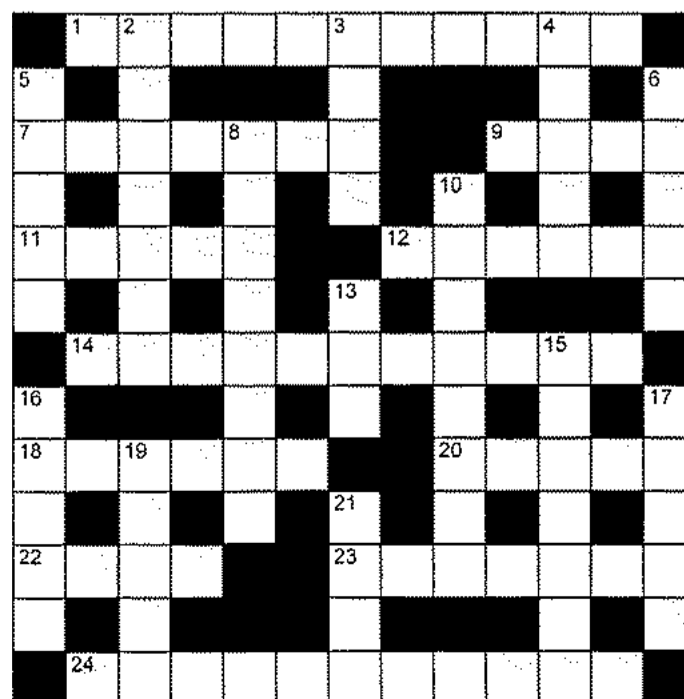
DOWN

02. Protective garment (7)
03. Require (4)
04. Felony (5)
05. Flavouring additive (5)
06. Move on ice (5)
08. Being a nuisance (8)
10. Unique, pre-eminent (8)
13. Bashful (3)
15. National Guard (7)
16. Old saying, proverb (5)
17. Privately, apart (5)
19. Make counterfeit money, etc (5)
21. Matures (4)

SOLUTION: BL Two-way Crossword 850

Across 1. Shallop 5. Rigid 8. Residue 9. Gauge 10. Prognosis 12. Don 13. Super 17. Hip 19. Interrupt 21. Rosin 22. Blender 24. Bodge 25. Refresh
Down 1. Scrape 2. Abscond 3. Led 4. Press 5. Registrar 6. Gourd 7. Duenna 11. Nescience 14. Squidge 15. Cherub 16. Starch 18. Posed 20. Tuber 23. Elf

BL TWO-WAY CROSSWORD 851



NOT SO EASY

ACROSS

01. Duration of unit can once be changed (11)
07. Forecast how grapes will turn out by end of June (7)
09. Strip one of a nourishing fluid (4)
11. Constantly smoking mountains? (5)
12. Make a film that's straight to the point (6)
14. Be fair: get my help with the AA, perhaps (4,3,4)
18. Accurately describe it if need is made for it (6)
20. Cheerful songs ill-adapted to a backstreet (5)
22. Wound one with a triangular piece let in (4)
23. Whirled around the gate, dry as may be (7)
24. On earth be wrong in setback and hearing will follow (11)

DOWN

02. Protective garment leaves nothing uncovered (7)
03. Lack of the means of living in one edifice (4)
04. Middle-America torn apart by serious wrongdoing (5)
05. Something tasty for about a hundred different pies (5)
06. Fish that may move on rollers (5)
08. On gin: any variation can be vexatious (8)
10. It's strange there isn't more than one (8)
13. Short on payment, is shrinking from notice (3)
15. Civilian force has a limit one can sort out (7)
16. Saying a girl will get no end of it (5)
17. Apart from a head, dies out (5)
19. Strike a false note at the smithy (5)
21. Seven to be gone through as one gets older (4)