

BusinessLine

THURSDAY, MAY 18, 2017

Strong start

InvITs have made a strong debut, but investors need to keep risks in mind

Infrastructure Investment Trusts, brand-new vehicles that allow investors to pool money to buy into a portfolio of readymade infrastructure assets, seem to have got off to a flying start. The maiden InvIT offer from IRB Infrastructure has closed with an over-subscription of 8.5 times and Sterlite's India Grid InvIT is reporting strong response from anchor investors. Given that InvITs are hybrid pooling vehicles with no assured returns, open only to high networth investors (minimum application ₹10 lakh), the run-away response is surprising. Declining interest rates, the dearth of long-term debt instruments and the high 'yields' being showcased on these InvITs, all seem to be contributing to the subscription numbers.

It is not difficult to explain why players in the capital-intensive infrastructure business are keen to float InvITs. For them, this presents a good route to unlock capital from older assets, de-leverage balance sheets and receive upfront cash to deploy in upcoming projects. Once the InvIT is operational, the sponsor also gains flexibility to monetise all future projects by transferring them to this vehicle. For affluent investors, InvITs offer the means to lock into a long-term vehicle with a higher return potential than conventional debt. To protect their interests, SEBI has multiple safeguards in place. InvITs are required to have a three-tier structure with an independent trustee and valuer looking out for investor interests. For skin in the game, sponsors are required to hold a minimum 15 per cent of InvIT units for three years. Cash-flow leakages have been plugged by requiring InvITs to distribute 90 per cent of net cash-flows to investors. A 49 per cent cap on debt prevents over-leveraging. However, more than these features, it appears to be the attractive 'yield' projections being peddled by market intermediaries that have drawn many investors to recent InvITs. Based on traffic and offtake assumptions, a 'yield' of about 12.5 per cent has been estimated for the IRB InvIT and 11 per cent for IndiaGrid InvIT. But investors need to realise that this 'yield', unlike the interest on a bond, is not cast in stone. Cash flows from road projects can be subject to traffic fluctuation and regulatory risks and power transmission lines can suffer downtime; yields can also change as the InvIT acquires new assets. Liquidity isn't a given either, with a minimum trade size of ₹5 lakh. Investors mustn't ignore these risks inherent in InvITs, in their chase for high returns.

From a macroeconomic perspective, InvITs may provide only a limited push to the stalled investment cycle. It must be kept in mind that the InvIT route can only be tapped by infrastructure developers with readymade, cash-flow generating projects. Such projects can, in any case, find buyers even outside the InvIT structure. Estimates from rating agencies suggest that InvITs readying for launch this year may raise ₹13,000 crore-₹18,000 crore. Compared to that, India is said to need over ₹90 lakh crore for its infrastructure build-out over the next decade.

Will Nawaz wilt under pressure?

India must fine-tune its diplomatic strategies if it is to deal with power shifts and strategic challenges in its neighbourhood



G PARTHASARATHY

The past eighteen months have seen a bitter power struggle in Pakistan between the elected government led by Nawaz Sharif, and his former army chief, the egotistical and overbearing Gen Raheel Sharif, who was desperately seeking an extension. In the event, Raheel Sharif's ambitions were sidestepped and his ego assuaged by getting him appointed head of a Saudi-led military alliance of 41 Sunni Islamic countries. With the Panama Leaks exposing his vast foreign assets, including properties and industries, Sharif remains under pressure from a less than sympathetic supreme court, which has appointed a committee of civilian and military officials to further investigate and examine the charges against Sharif and his family.

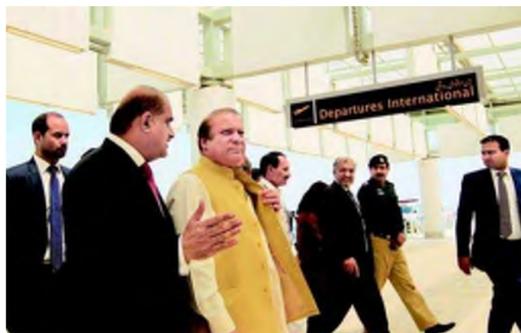
To add to Sharif's woes, he came under new pressures. In an act of brazen defiance and indiscipline, the army publicly challenged a notification issued by the prime minister's office to deal with the leak of information, on a report in the respected Dawn newspaper. With a somewhat more rational army chief now holding office, Sharif has been able to ward off challenges from the army for the present. But he will have to expend time and effort in dealing with the supreme court and the charges of corruption. There is, however, little doubt that if he successfully deals with these issues, he can overcome the

challenges posed by Imran Khan's PTI and the Asif Ali Zardari-led PPP, and win the forthcoming parliamentary elections in 2018, even though the economic situation is fragile, with external debt growing rapidly.

Security compromised

Amidst these developments, Pakistan now faces serious challenges to peace and security along its land borders with Iran, Afghanistan and India. While Pakistan's borders with India and Afghanistan have been traditionally disputed and tense, troubles on its borders with Iran grew as Pakistan got drawn into the American 'war on terror'. Iranian Sunni extremist groups were armed and trained in Pakistan to attack targets across the Baluchistan-Iran border. The Iranians allege CIA-ISI involvement in these attacks by a group called Jundallah, now going by the name of Jaish ul-Adl (army of justice). Barely a fortnight ago, the Jaish ul-Adl mounted a cross-border attack on the Iranian town of Mirjaveh, near the Baluchistan-Iran border, killing 10 Iranian soldiers. After a visit by Iran's foreign minister, Mohammad Jafar, produced only Pakistani platitudes, Iran's army chief, Maj-Gen Mohammad Baqueri warned that his forces would attack terrorist havens within Pakistan unless Rawalpindi stopped cross-border attacks.

These developments coincided with escalating tension across the disputed Pakistan-Afghanistan border, leading to casualties on both sides and an assertion by President Ashraf Ghani that he would not visit Pakistan. The Taliban, meanwhile, stepped up its "spring offensive" across Afghanistan. Pakistan, in turn, accused Afghanistan of fo-



In a state of transition Pakistan and its Prime Minister Nawaz Sharif REUTERS

menting terror across the Durand Line, in collusion with India. In the meantime, the unpredictable and inconsistent Trump administration has indicated it will be enhancing its military deployment in Afghanistan and increasing Afghan firepower. Jarif arrived in Kabul on May 7 amidst these developments. He called for greater cooperation between Kabul and Tehran in combating terrorism, saying: "There is no such thing as good terrorists and bad terrorists." His Afghan counterpart, Salahuddin Rabbani, asserted that Afghanistan wants the neighbouring countries to work on dismantling the sources of funding of terrorist groups.

Taliban backers

It is now evident that with expectations of Russian and Chinese backing, Pakistan intends to continue its support for the Taliban. We need to have candid discussions with our Russian friends on this at the highest level. While Nawaz Sharif may want to meet Narendra Modi at the Shanghai Cooperation Organisation Summit in Astana, Kazakh-

stan, it would be naïve to believe that the Pakistani army is going to relent on fomenting terrorism and violence in Jammu and Kashmir and elsewhere in India. Given the fact that the Pakistani army and Sharif are not on the same page on the Kulbhushan Jadhav affair, India will have to wait and see if Sharif has the political space to spike the army's intentions to continue on its present path, on this issue. Moreover, there should be no relenting on taking all available measures, overt and covert, to make Pakistan pay heavily for its adventurism in Jammu and Kashmir.

In light of these developments, Nawaz Sharif's visit to Saudi Arabia for a get-together of the 41 member Sunni military alliance during the Saudi-Trump summit is clearly designed to use the occasion to persuade President Trump that Pakistan will be a steadfast ally in his war against ISIS and "radical Islam". Whether Trump will be impressed by such posturing by Sharif, especially given his distrust of Pakistani policies on Afghanistan, remains to be seen.

Trump's visit to Saudi Arabia is primarily to boost American arms sales to the oil-rich kingdom, cut deals in the energy sector and encourage the tough posture that Deputy Crown Prince Salman has adopted towards Iran and Yemen. Despite his loathing for Raheel Sharif, Nawaz will miss no opportunity to impress Trump with the fact that a Pakistani general is commanding the "Islamic Alliance", while asserting Pakistan's professed commitment to fight terrorism globally. But it is clear that Pakistan's enthusiastic participation in a Saudi-led, American-backed military alliance is not going to please Iran.

Matters to consider

These are issues that are going to shape Indian diplomacy. New Delhi will need to discuss measures to squeeze Pakistan on its support for cross-border terrorism in discussions with Iran and Afghanistan, both bilaterally and trilaterally. Our unusual decision to publicise the cuts in oil imports from Iran needs to be reviewed, even as we press Iran to discard its reluctance to fulfil its commitments on Indian participation and investment in its energy projects.

In the meantime, delays in moving ahead on Chahbahar port must be addressed at the highest level. Modi has shown considerable skill in carrying out a delicate diplomatic balancing act in the Gulf and West Asia by developing good relations with all the major players — Saudi Arabia, Israel, Iran and Egypt. These skills will be tested while dealing with the emerging scenario in our western neighbourhood.

The writer is a former High Commissioner to Pakistan

Frankly, China can't afford its belt-and-road

Grand in ambition but short on details, the initiative is probably a better philosophy or party line than a commitment

CHRISTOPHER BALDING

China's just-completed conference touting its Belt and Road initiative certainly looked like a triumph, with Russia's President Vladimir Putin playing the piano and Chinese leaders announcing a string of potential deals and massive financial pledges. Underneath all the heady talk about China positioning itself at the heart of a new global order, though, lies in uncomfortable question: Can it afford to do so?

Such doubts might seem spurious, given the numbers being tossed around. China claims nearly \$900 billion worth of deals are already under way, with estimates of future spending ranging from \$4 trillion to \$8 trillion. At the conference itself, President Xi Jinping pledged another \$78 billion for the effort, which envisions building infrastructure to link China to Europe through Asia, West Asia and Africa.

Many questions

The first question is what currency to use for all this lending. Denominating loans in renminbi would accelerate China's stated goal of internationalising its currency. But it would also force officials to tolerate higher levels of offshore renminbi

trading and international price-setting.

Additionally, countries along the Belt-and-Road route would need to run trade surpluses with China in order to generate the currency needed to repay such loans. In fact, as Bloomberg Intelligence economist Tom Orlik has noted, China ran a \$250-billion surplus with Belt-and-Road countries in 2016. It will be mathematically impossible for Sri Lanka and Pakistan to repay big yuan-denominated loans when they're running trade deficits with China close to \$2 billion and \$9 billion, respectively.

Financing projects in dollars is no panacea either. Unless China conducts US dollar bond offerings to fund these investments, it'll have to tap its official foreign-exchange reserves. Those now hover around \$3 trillion.

That sounds like a lot. But outside estimates suggest anywhere from a few hundred billion to nearly \$1 trillion of that money is illiquid. China needs nearly \$900 billion to cover short-term external debt and another \$400 to \$800 billion to cover imports for three to six months. Pouring additional billions into Central Asian infrastructure projects would only tie up money China needs to defend the yuan.

And, borrowers would need to

run significant dollar surpluses in order to repay dollar-denominated loans.

A bit hazy

Beyond the specific mechanisms, it's unclear whether China has the financial capacity to lend at these levels to borrowers of dubious creditworthiness.

As French bank Natixis SA has noted, in order to finance \$5 trillion in projects, China "would need to see growth rates of around 50 per cent in cross-border lending. This would wreak havoc on Chinese creditworthiness and raise external debt from a very comfortable" level (around 12 percent of GDP) to "more than 50 percent" if China can't bring in other lenders.

There are a couple ways around these difficulties. First, China could use this as an opportunity to liberalise the renminbi fully, allowing yuan to flow out of the mainland into countries targeted for investment. However, this seems unlikely.

Second, China could opt to bring in other countries and multilateral institutions to share in the task of financing projects. Chinese leaders say they support this (just as they favour internationalising the yuan); Xi has even welcomed involvement by rival Japan. But in the past they've refused to co-finance pro-



Power play What about financial viability? AFP

jects with international institutions such as the Asian Development Bank and have been prickly about working with other countries, even supposed friends such as Russia, on overlapping projects.

Meanwhile, European countries refused to sign the final statement at last weekend's conference after it omitted language on corruption and governance; the US, too, has been standoffish. Enticing western countries and banks to finance projects that haven't been suitably analysed and vetted will be an uphill task.

There are two more likely, if less appealing outcomes. China could

stretch public finances even further to fund projects its leaders admit will likely lose money. For the moment, they seem willing to lend in dollars even if it ties up hard currency.

But it's almost certain that the amount of money that makes its way into Belt-and-Road projects will be significantly lower than advertised. Grand in ambition but short on details, Xi's sweeping initiative may be better thought of as a philosophy or party line" rather than a fixed commitment.

One thing's for sure: It's going to be a lot harder than putting on a conference. BLOOMBERG

OTHER VOICES



OBOR connectivity shunned

OBOR could help all of China's trading partners realise collective gains. That makes India's decision to boycott the OBOR summit puzzling. The Indian foreign ministry's spokesperson has rejected connectivity through OBOR on the pretext of debt traps and financial responsibility — a bizarre form of diplomacy where India appears to believe that it is better placed to interpret the national interest of third countries. The objection to CPEC because of the claim that the Gilgit-Baltistan region is integral to the Kashmir issue is self-defeating; CPEC is only a part of OBOR. KARACHI 17 MAY 2017

讀賣新聞

THE YOMIURI SHIMBUN

Guarding computers against cyber attacks

The ongoing cyber-attack exploited a flaw in an operating system built by Microsoft. Delays in fixing the fragility of the OS software's previous versions have led to the expansion of damage. Nations such as the US, Russia and China are believed to be engaged in improving their cyber-attack capabilities. It is probably necessary to devise measures requiring each country to strictly control its "cyber-weapons". TOKYO 17 MAY 2017

The New York Times

Can he be trusted with state secrets?

On Monday, Americans learned that President Donald Trump shared with the Russians highly classified intelligence about the United States's fight against the Islamic State. Republicans called Trump's act "deeply disturbing," "troubling" and "very serious". We are seeing the real Trump. This same inattention and ignorance, vanity and foolish impulsivity nearly sunk his business — until his lenders stepped in before he took them down with him. NEW YORK 16 MAY 2017

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.

The other side of GM foods

This refers to 'GM mustard' deserves the green signal' by G Chandrashekar (May 17). Although GM technology may appear to be beneficial, the biological effects on humans after long-term consumption needs to be considered deeply. We have to also see if it's been widely employed in other countries and what the adverse consequences are. The extent of research on the long-term consumption of GM food needs to be examined thoroughly. Genetic modification involves modification of the structural formation of the product and the reaction of such modification on the human biological system is important to consider.

TR Anandan
Coimbatore

Strategy plays

This is with reference to the edit, 'Pax Sinica?' (May 17). Diplomacy is

the art of nourishing bilateral relations irrespective of the stand taken by other nations, and sustaining goodwill internationally. By opting out of the summit, this strategy for India has taken a beating. The geopolitical conditions in Asia and South Asia suggest are inescapable pointers for India to revisit its foreign policy.

India has advanced towards China on many counts including the establishment of the New Development Bank under the aegis of Brics. This lead has to be taken forward. India's participation in the summit would have given a platform to consolidate our perception, and partake of the benevolence of OBOR.

India has missed the bus of opportunity. It might not alter our claim for PoK but an infusion of trust from India would have been conveyed to China. Pragmatically, India cannot afford to maintain unilateral aloofness when others

in the region have accepted this betway for their growth.

B Rajasekaran
Bengaluru

If China is really interested in Pax Sinica, it should have first taken key nations such as India into confidence. India has taken various initiatives — bus service to Lahore, peace talks, inviting Saarc leaders to the swearing-in of Modi and his surprise visit to Pakistan. Whenever India tries to isolate Pakistan as a nation harbouring terrorism and seeks to ban Masood Azhar at the UN Security Council, China block the attempts.

Therefore, how can India be a partner in the OBOR initiative, when the partners are unreliable? India will not blindly bypass any fruitful multilateral forum or association that yields mutual benefits. India has joined hands with Brazil, Russia, China and South Africa and founded New Develop-

ment Bank. Without eradicating terror outfits in Pakistan, nothing can forge a New World Order.

S Lakshminarayana
Cuddalore, Tamil Nadu

Lacking vision

The new IIP data series reveals the real effect of demonetisation on the already ailing economy. There are no visible or latent positive impact. Though the intention of the Government was good, not visualising the bottlenecks and its impact has hurt the economy. The hype over going digital has also died down, with most service providers withdrawing waiver of service charges for online transactions, including the railways.

The volume of cash transactions at the consumer levels has returned. The Government should continue to incentivise non-cash transactions. From cinema tickets to airline tickets, convenience

charges are levied for online and digital transactions, whereas there should be discounts. The saddest part is the elimination of hundreds of small vendors.

S Veeraraghavan
Coimbatore

Erratum

Regarding the news report 'Tube Investment profit dives to ₹72.50 crore in Q4' (May 16), the company has pointed out that, excluding exceptional items, it has reported a 16 per cent increase in Profit Before Tax and Exceptional Items at ₹65 crore during the quarter (₹56 crore in the comparable previous quarter). There was a one-time exceptional item of stake sale in Chola MS General Insurance to JV partner Mitsui Sumitomo in the previous period. For the full year TII has recorded a 69 per cent growth in Profit Before Tax and Exceptional Items at ₹238 crore (₹140 crore).



Xi WannaSmile

The Chinese president just got his rallying call

TIM CULPAN

The timing couldn't be better. Just as President Xi Jinping steps on stage to outline his vision for a century, the world becomes hostage to malicious software.

This weekend's ransomware offensive hit hundreds of thousands of computers in at least 150 countries. The financial toll is still being calculated; the psychological toll could be infinite.

Developed by the security agency of China's biggest rival and exploiting a ubiquitous product developed by that country's globally dominant software company, the attacks offer Xi the perfect opportunity to make the case for an alternative to Microsoft Corp and its Windows operating system.

That the techniques used in the attacks were stolen from the National Security Agency also makes this the perfect chance to argue that global technology can't be trusted in the hands of a single nation.



No alternative

But there's no alternative to the OS or to Microsoft, yet. Both Apple Inc and the open-source Linux operating system offer solid non-Microsoft options. However two decades after their introduction, neither has gained the traction needed to knock Windows off its perch.

China already tried, and failed, to build its own operating system. Ultimately, it lacked the technical chops to pull it off — including a dearth of software engineers — while its fast-expanding industries had no real reason to install what they knew to be an inferior product in favour of one that was already sufficient for the task.

There's nothing to suggest that a Chinese OS would be any better

or any more secure, but since Edward Snowden's revelations about the breadth and depth of US spying, the world has been looking at the global superpower with increasing suspicion.

That's helped dilute China's reputation as an evil empire that spies on its citizens and suppresses information. If not "innocent," China now looks "just as bad".

Cyber stockpile

Which brings us to WannaCry, a nickname for this latest ransomware. Xi on Sunday spoke of a "world fraught with challenges" and offered his own multilateral plan as an antidote.

He probably wasn't talking about cyber security, but it plays to his "alternative to America" theme that hospitals, police stations and payments processors worldwide were affected.

Helping his case was a strongly worded statement from Microsoft president Brad Smith, who called the attack a wake-up call, and likened the development of cyber tools by agencies to stockpiling physical weapons.

Things have changed since China last attempted to build an OS. Its military and security agencies now employ thousands of people for the purpose of finding, penetrating and exploiting foreign computer systems, and their efficacy is testimony to the nation's advancement in software engineering. Meanwhile, its multilateral trade and assistance policies help build infrastructure in developing countries that paint China as a friendly, helpful ally.

All Xi needed to rally the world, and his countrymen, behind an alternative to the current technology hegemony — and with it a new operating system — was a catalyst. WannaCry gives him just the reason to smile. BLOOMBERG

Labour's share is falling everywhere

Rising developing world wages can coexist with falling labour share if the rise is less than the increase in productivity

ALOK RAY

One of the long-accepted stylised facts in economics is the constancy of labour's share in national income. But that is not valid anymore. Labour's share (wages and other benefits to workers) in GDP has been falling since the early 1990s in most advanced countries. Further, this has been the case in many emerging economies (though not all) as well at a time when these countries were growing at a fast rate.

The gap in per capita income between the developed and many of the developing countries narrowed and millions were pulled above the poverty line. Hence, it cannot be considered a simple case of developed country labour losing and developing country labour gaining as a result of competition from cheap third world labour, following globalisation of trade, migration and capital movements. Though this is currently the popular political narrative in the US and Europe, elevating people such as Donald Trump and Marine Le Pen to prominence, the story is more complex.

About real wages

Analytically speaking, the falling share of labour in GDP is a reflection of real wage of labour growing slower than the average productivity of labour.

The traditional trade theory model suggests that when trade opens up between a high-wage developed country and a low-wage developing country, the wage rate (and hence labour's share since the quantities of labour and capital are assumed to be fixed and fully employed in such models) would go down in the former and up in the latter. This model fails to represent the current global reality in several respects, in particular because (unlike in the model) labour-saving technological progress is taking place at a fast pace

and capital, along with technology, is moving freely across the globe. Hence, we cannot expect the results of the traditional model to hold in today's world.

In addition, in the real world, there are many countries at different levels of development with different wage rates. So, if, for example, trade opens up between the US (highest wage), Mexico (medium wage) and China (lowest wage), it is possible that the Mexican wage rate would go down as a result of competition from Chinese labour while the Chinese wage rate goes up and the US wage rate falls.

So, globalisation may have different effects on the wage rate and labour's share on different countries within the labour-abundant developing world, even if we retain all the assumptions of the traditional model. The same may be the case within the capital-abundant developed world as it consists of countries with different prices of labour and capital.

Drivers of change

A recent IMF empirical study (*IMF World Economic Outlook*, April 2017), using a sample of 49 countries (31 advanced and 18 emerging), focusses on three major drivers of change in labour share: technological change (cheaper machines relative to labour leading to substitution of capital for labour); global integration in trade (import competition, offshoring of activities, participation in global value chains), and finance (international mobility of FDI and portfolio funds); and unionisation and other policies/institutions/regulation (like corporate tax rate, competition policy). (Incidentally, India is not included in the sample and the impact of immigration of workers such as low-skilled Mexican labour and high-skilled Indian H-1B engineers into the US are left out of the analysis.)

These drivers are not independent of each other. For instance, rapid improvement in transporta-



Technological change And its intriguing effects BLOOMBERG

tion, communication and information technologies has facilitated global integration in trade and finance. The power of unions has gone down due to the possibility (or threat) of capital moving abroad and corporate taxes have been cut by many countries to attract foreign investment. Thus, it is difficult to separate the effects of these various forces. Subject to this caveat, the IMF study tries to estimate the relative significance of these drivers in explaining the change in labour's share for both the developed and the emerging economies.

Technological progress has made machines cheaper and cost-effective to replace routine labour in many industries. This is found to be the most important factor in reducing labour's share in the developed countries. Globalisation has replaced them while globalisation has also shifted these jobs to the developing world. These displaced middle-skill workers have been forced to take up lower-wage low-skill jobs. The high-skill workers (IT professionals, doctors, lawyers, Wall Street bankers, company CEOs) have gained, even when the overall labour share has shrunk. In fact, if all the compensations of these people (especially the value of their bonuses and stock options) are included as

part of labour income, it is doubtful (as economist Dean Baker shows) whether the labour share so defined has gone down at all.

But, then, it remains an open question whether the Wall Street bankers and company CEOs should be considered a part of 'capital' or 'labour' and the bonuses and the stock options of such people should be included in capital or labour income. Even many of the doctors, lawyers and accountants having their own practising firms may be earning profits, instead of wages or salaries. The enormous earnings of top film stars or athletes represent more of 'rents' (arising out of scarcity value) than wages.

Where income stands

Another interesting question revolves around the income distribution within the broad class of 'labour'. Here the finding is that the middle-skill workers have been the biggest losers in the developed countries as automation has replaced them while globalisation has also shifted these jobs to the developing world. These displaced middle-skill workers have been forced to take up lower-wage low-skill jobs. The high-skill workers (IT professionals, doctors, lawyers, Wall Street bankers, company CEOs) have gained, even when the overall labour share has shrunk. In fact, if all the compensations of these people (especially the value of their bonuses and stock options) are included as

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Finally, we should not forget that in fast-growing developing countries with surplus labour (such as China and India), rising real wages along with rising employment may well be associated with falling labour share to the extent the rise in wages is less than the rise in labour productivity. In such a situation labour as a class is gaining in absolute terms, though losing in a relative sense. Opinions may differ on whether that should be a matter of major concern.

The writer was a professor of economics at IIM-Calcutta

5 THINGS to WATCH OUT for TODAY

■ **Srinagar** will host finance ministers of all the States for a crucial meeting of the Goods and Services Tax Council on May 18 and 19. The council is to decide on applicable tax rates for commodities at the meeting.

■ **Finnish** mobile firm HMD Global will start selling the new version of the iconic Nokia 3310 handset for ₹3,310 in the country from today. The handset will come in four colours — warm red and yellow, both with a gloss finish, and dark blue and grey, both with a matte finish.

■ **Labour Minister** Bandaru Dattatreya will lead the Indian delegation to the G20 Labour & Employment Ministers' Meet in Germany, May 18-19. The meet would take up topics such as shaping the future of work, reducing gender gaps in labour force participation, labour market integration of regular migrants and recognised refugees, decent work in global supply chains, and boosting youth employment.

■ **The Aam Aadmi** Party is to launch the 'AAP Apneya Naal' (AAP with own people) programme from today to restructure the party. Volunteers and office-bearers would give their feedback regarding new office-bearers. The party recently dissolved all its units and decided to reconstitute these in order to give greater representation to local volunteers.

■ **TCS** will commence its ₹16,000-crore mega buyback offer from today. The programme, which received shareholder approval last month, will close on May 31. The share buyback, if successful, will be India's biggest, surpassing Reliance Industries' ₹12 share repurchase of ₹10,400 crore.

Cedric Villani, and the future of science in politics

VENKY VEMBU

THE CHEAT SHEET

Cedric who?

You've perhaps been too preoccupied with the IPL to notice, but newly elected French president Emmanuel Macron's party Le Republique en marche! has nominated Cedric Villani as a candidate for the upcoming French legislative election.

Again, Cedric who?

Villani is a French mathematician, and winner of the Fields Medal, considered the Nobel of maths. He is also something of a "maths evangelist", working to popularise the subject in the wider world. He has given a TED talk titled "What's So Sexy About Math?" And he will now stand for election from a Parisian suburban constituency.

Is he fancied to win?

It's too early to say, but consider this: Paris has more mathematicians than any other city, and more streets with mathem-

aticians' names! And France has more Fields medallists per inhabitant than any other country. It's fair to say that scientists are minor celebrities in France.

Good for Cedric, but why are you all aflutter?

Because a mathematician — or any scientist — contesting for public office is always cause for celebration. Many of today's global problems can arguably be traced to the absence of a scientific temper in politicians, and in fact, a worrisome "anti-science" mindset is gaining ground. So, it's good to see the scientific community pushing back, and scientists embracing public life.

Is the scientific community really pushing back?

You bet. In the US, where the election of Donald Trump has opened the floodgates for an outpouring of anti-science rhetoric, a group called 314 Action, named after the first three digits of the number pi, is campaigning to get as many sci-

entists elected in the 2018 midterm elections. More generally, on April 22, Earth Day, rallies and marches, collectively called the March for Science, were held in over 600 cities around the world.

But shouldn't science be above politics?

In an ideal world, it would certainly be above partisan politics. But when politicians and policymakers pointedly ignore science while framing policies and pursue ideological agendas that are regressive or endanger the world, scientists must wade in — to let facts and data triumph over emotions. Then again, science is already caught up in the political and economic process. And science funding is inextricably linked to innovation and future economic stability

Can scientists solve the world's problems overnight?

That's a colossal overstatement. There have been instances in the past when societies experi-

mented with technocratic leadership. In the early 20th century, the so-called technocracy movement in the US and Canada proposed replacing politicians and businesspeople with scientists and engineers who had the technical expertise. But arguably the best advertisement for scientists in politics today is Chancellor Angela Merkel, who holds a PhD in quantum chemistry.

What's India's record on this score?

Abysmal. We may have had scientists in top office — APJ Abdul Kalam as President, Raja Ramanna as minister of state for defence — and as scientific advisers to ministers, but never one that ran for public office. Indian officialdom only acknowledges scientific talent in the nuclear and defence realms. It's fair to say Villani wouldn't stand an earthly chance of winning an Indian election: as mathematicians might say, it's a highly improbable event.

A weekly column that helps you ask the right questions

BusinessLine TWENTY YEARS AGO TODAY

MAY 18, 1997

Hike in PDS price of sugar on cards

A hike in the retail issue price of sugar channelled into the public distribution system is in the pipeline with the Food Ministry proposing an increase in the ration price from Rs. 10.50 to around Rs. 12 a kg. The hike, if effected, would be the second one this year as prices were raised from Rs 9.05 to Rs 10.50 a kg in February. Regular increases in the issue price is intended not only to bridge the gap between levy price payable to factories and the price charged on consumers, but also to bring the PDS rates closer to open market prices.

Transport Ministry on 'expressway' to US

The Ministry of Surface Transport is drawing up a special 'attract-American investors' package for developing expressways in India. This follows the Government decision to include the Surface Transport Secretary in the team of secretaries to visit the US on a 'hard-sell India' tour along with the Cabinet Secretary, Mr. T.S.R. Subramaniam, from June 10. According to official sources, both American and Canadian investors have shown interest in the Indian roads and ports sector. However, nothing more than consultancy jobs have materialised from these two countries in recent years.

NSE takes steps to curb malpractices

The NSE has taken preventive measures to reduce the incidence of fake and forged shares entry into the market. The exchange has decided that no trading member shall deal on or access the National Exchange Automatic Trading System or related facilities through another trading member or on behalf of another trading member, unless the prior approval of the exchange in writing is obtained.

EASY

ACROSS

- 07. Fact of being involved in (13)
- 08. Lamp whose light could be covered (4-7)
- 12. Bits (6)
- 14. Light cavalry soldier (6)
- 16. Counting-frame (6)
- 18. Story told in parts (6)
- 19. Zigzag stitch crossed at corners (7-4)
- 23. Great fire (13)

DOWN

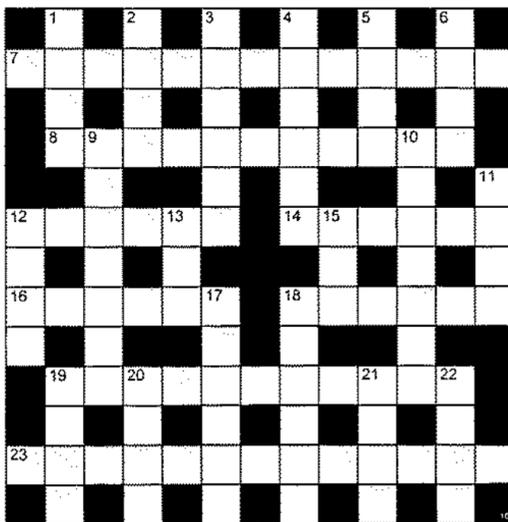
- 01. Group of players (4)
- 02. Asterisk (4)
- 03. Weighing device (6)
- 04. Magnesium aluminate (6)
- 05. Eyelid inflammation (4)

- 06. Earth satellite (4)
- 09. The mean (7)
- 10. Disturbance, rumpus (7)
- 11. Viva voce (4)
- 12. Tragedy (4)
- 13. Running-bird (3)
- 15. One-spot card (3)
- 17. Go round and round and up (6)
- 18. (Too) sweet (6)
- 19. Wooden ring (4)
- 20. Fissure (4)
- 21. Grain crop (4)
- 22. Officer of the Yeomen of the Guard (4)

SOLUTION: BL Two-way Crossword 851

Across 1. Continuance 7. Presage 9. Milk 11. Chain 12. Direct 14. Play the game 18. Define 20. Lilts 22. Gore 23. Gyrate 24. Terrestrial
Down 2. Overall 3. Need 4. Crime 5. Spice 6. Skate 8. Annoying 10. Singular 13. Shy 15. Militia 16. Adage 17. Aside 19. Forge 21. Ages

BL TWO-WAY CROSSWORD 852



NOT SO EASY

ACROSS

- 07. One's involvement in role one puts in one possible caption (13)
- 08. What one carried if one didn't want one to see the light? (4-7)
- 12. Bits and odd chessmen (6)
- 14. Light cavalryman could learn about campaign leader (6)
- 16. Take a taxi back: being American, one can count on it (6)
- 18. Story not told at once is real for a change (6)
- 19. Material pattern discarded by fish-eater? (7-4)
- 23. Great Fire for instance leaving congregation holding Alf back (13)

DOWN

- 01. Some players are prohibited, by the sound of it (4)
- 02. Is it fair, every other one being a top-liner? (4)
- 03. They weigh the outer covering of fishes (6)

- 04. Mineral giving one backbone at beginning of Lent (6)
- 05. It's an eyesore on the street, yet incomplete (4)
- 06. No honour is given up by satellite (4)
- 09. Mean value gave era a different aspect (7)
- 10. A row of iron cut out (7)
- 11. No written exam is ethical if unbegun (4)
- 12. Pounds in wages for a dramatic presentation (4)
- 13. Bird that resumes partial upturn (3)
- 15. One pipped a super player to hole in one (3)
- 17. Go round and up like the thread of a screw (6)
- 18. Sweet guys have a right to change it (6)
- 19. Wooden ring, or ring used in dance (4)
- 20. Split a tree up on time (4)
- 21. Grain from South Africa to be distributed (4)
- 22. Yeomen's commander shortly coming from Exeter (4)