

BusinessLine

TUESDAY, MAY 23, 2017

Power play

SHAKTI is a welcome reform move but the Centre should closely watch over the health of existing coal-based power producers

In the long list of catchy acronyms to describe policies and programmes of this government, one more was added last week by the power ministry — SHAKTI or Scheme for Harnessing and Allocating Koyla (coal) Transparently in India. SHAKTI aims to reform the bureaucratic and often non-transparent process of coal allocation for power projects. Under the present system, an independent power producer (IPP) proposing to set up a coal-fired power plant will have to request the power ministry for coal linkage. The ministry will forward the request with its own recommendations to a standing committee that will decide on approving the request along with the quantum and duration. SHAKTI proposes to do away with the discretionary element and introduce market-based pricing for IPPs. Those IPPs that have already stitched up power purchase agreements (PPAs) will have to bid for coal supply on the basis of discount over the tariff. Those without PPAs will have to bid over the notified price of coal by the supplier, Coal India or Singareni Collieries.

The transparency that this move will introduce is indeed welcome especially at a time when the power sector in general and coal-based generation in particular are at a low ebb. Generation capacity growth is outrunning demand with capacity utilisation (plant load factor) falling to as low as just 60 per cent in 2016-17. This has been the trend over the last couple of years — the highest PLF registered in this period was in April 2016 at 67.83 per cent according to data put out by the Central Electricity Authority. On the fuel side, Coal India has been forced to go slow following lower offtake by power producers, public and private. The company's output grew by just 2.9 per cent in 2016-17 with offtake growing by an even smaller 1.6 per cent.

The narrative has shifted in the power generation sector from basic energy and peak deficits to how to increase capacity utilisation and keep the businesses running. Public sector generators and IPPs with PPAs signed with State utilities are marginally better placed than merchant power producers who are faced with falling prices on exchanges. The former at least get their fixed costs reimbursed if the utilities fail to source power as agreed. Though the focus is all on renewables now, especially solar, the fact is that renewables cannot take on the base load operations which can only be fulfilled by coal. The Centre has rightly acknowledged this, noting that coal-based generation will be the bedrock well into the future. SHAKTI is a recognition of the importance of this segment but the Centre would do well to closely monitor the fortunes of existing coal-based generators even as it thinks up ideas to attract fresher investors. Keeping existing projects going should get higher priority than attracting newer ones, which are unlikely to come any time soon.

So far, the GST Council has got it right

The new rates are not inflationary. The Council should fix lower rates for textiles and stiff rates for gold when it meets next



VS KRISHNAN

The GST Council has finalised the rates for almost all the commodities, as well as the rates for services. The Council has approved five-tier structural rates — 0, 5, 12, 18 and 28 per cent — for both goods and services.

While the five-tier structure was expected on the goods side, a similar rate structure for services has come as a bit of a surprise. Nevertheless, one message that emerges clearly is that the broad rate structure especially on the goods side, far from being inflationary, may encourage a downward movement in prices.

This combined with already low levels of CPI inflation and strengthening of the rupee provides space for a looser monetary policy regime. Fiscal rectitude now may afford the Reserve Bank of India the luxury to move towards a more accommodative monetary policy and perhaps cut the rates. This will afford considerable relief to the private corporate sector and stimulate private investment.

Interesting decisions

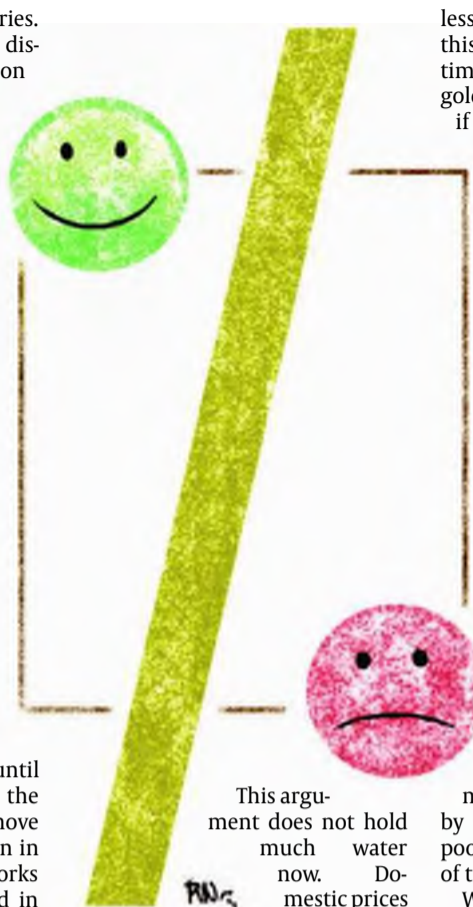
Besides this general message, there are two interesting decisions on the rates which merit elaboration. First of all, the GST council has approved a levy of 5 per cent GST on unmanufactured tobacco in the hands of the purchaser. This is an important measure as it recognises that from the health point of view, all tobacco needs to be treated uniformly for tax purposes without discriminat-

ing between product categories. The measure will also bring in discipline in the tobacco auction market and create an audit trail of transactions which will reduce non-compliance in sectors such as bidi, chewing tobacco and cigarettes. It may also bring in much needed revenue to the extent it finds use in the exempted product category.

The other interesting decision was fixing a duty rate of 12 per cent for works contract relating to construction of residential/commercial buildings when the full value of the land is included in the taxable base. Full input duty credit has been allowed whereas hitherto no credit was given on input goods. This measure could be the precursor to the inclusion of real estate in the GST in the next round.

This will bring the full value chain in the real estate segment within the GST which until now was restricted only up to the construction stage. It will remove the present artificial distinction in services taxation between works contract and services rendered in relation to construction of residential/commercial buildings. This will help clean up the land market and reduce the generation of black money income by bringing in greater transparency in transactions.

The duty rates on two important segments, namely gold and gold jewellery and textiles, have not been finalised; the decision has been postponed to a June 2 meeting in New Delhi. The traditionally low rates of excise duty/VAT on gold and gold jewellery are predicated on the premise that an increase in rates would encourage smuggling of gold into the country.



This argument does not hold much water now. Domestic prices of gold are a function of the level of international prices abroad and inflationary expectations at home.

On the international side gold has ceased to be an attractive store of value given the emergence of new financial instruments such as digital bitcoins and low levels of inflation. The relative strengthening of the US dollar makes gold even less attractive.

Inflation and opportunities

Within India, inflation is at an all-time low. The Government's Jan Dhan Yojana has given the poor greater access to credit, and their financial inclusion will make gold

less attractive. For all these reasons, this is probably the appropriate time to raise the duty on gold and gold jewellery to at least 5 per cent, if not more. This is only the head-

line rate and the effective rate may be lower if embedded credits of taxes in the supply chain are available post GST.

Regarding textiles, a great opportunity presents itself to clear up the multiplicity of rates. A uniformly low rate of duty of, say, 5 per cent across the value chain would remove the existing distortions and allow the rapid growth of the sector. One principle that has guided the fixation of rates of indirect taxation is the rich-poor dichotomy. The conventional wisdom has been that goods consumed by the rich should be taxed higher than goods consumed by the poor. While this argument appears attractive on the surface, in fact it may have an adverse effect as

many of the products consumed by the rich are produced by the poor. Garments are a good example of this.

What was conspicuous consumption yesterday is mass consumption today and therefore these categories over time segue into one another. Historically, the textile industry is a good example of how wrong policies adversely affected the growth of the sector. At Independence, the textile industry was poised to become the leader in Asia but high rates of import duty on textiles machinery and a policy of reserving textile items for the smallscale industry effectively prevented the emergence of large textile companies in the seventies; the space was taken over by China, Taiwan and South Korea. Today another opportunity presents itself

for simplifying and lowering the rates and maintaining fibre neutrality.

Insightful debates

The debates over the fixation of rates are illuminating. While the proposed structure definitely represents an improvement, we need to move to even fewer rates of duty in the GST. Historical experience shows us that indirect taxes are not a good instrument for achieving socio-economic objectives with two important caveats. One, higher rates could be justified on environmental grounds, while lower rates could be justified for labour-intensive sectors. Other than this, the poor/rich argument should be jettisoned, for egalitarian objectives could be better addressed through the direct tax route than through the indirect tax regime. The best way to ensure that the well-to-do contribute their share to tax revenues is by bringing them into the taxnet and subjecting income tax payees to a graded tax system based on income.

The time has therefore come to look at the differential role of direct and indirect taxes in achieving equity and investment objectives. The recently created 'Tax Policy Research Group' is probably well placed to look at the relative roles of direct and indirect tax revenues in the macro-economic scenario. There is another interesting area where GST by improving compliance in the trading segment can ensure buoyancy in the direct tax revenue.

There is no doubt GST is a transformational tax reform and a fine example of the concept of pooled sovereignty. A good GST can become a great GST with some additional policy measures.

The writer is a senior tax advisor at EY India. The views are personal.

Three cheers for a spunky woman

The people of Kerala have important lessons for women and the oppressed: speak up, hit back, don't succumb



RASHEEDA BHAGAT

Though violence is condemnable, on some occasions it is required, such as when a 23-year-old woman from Kerala chopped off the genital of a so-called godman at her home in Pettah, near Kollam. She charged that he had been sexually molesting and raping her for six years, which means it began when she was a teenager. Some reports indicate that her mother had been aware of her torture for years, which is heartbreaking.

Apparently this time around, the scoundrel demanded oral sex and the woman, armed with a knife, did the deed which has cheered lakhs of Indians, and got the support of her chief minister, Pinarayi Vijayan, who described her act as "courageous; no doubt about it".

This heroic act once again tears the curtain off the murky goings-on in many ashrams and religious establishments of other faiths too,

where men sexually exploit women, all the while hiding behind the sanctity of god and religion.

Right response

It is fitting that a girl from Kerala had to commit this violent act, end her agony and teach the rapist a lesson. It is not that all is perfect on the gender front in Kerala society, hailed as a matriarchal one. But Kerala's women and men, especially the young, do display spunk when required. No other State has taken on or defied moral policing, be it the anti-Romeo squads or the Shiv Sena goons enforcing a behavioural code for young couples through a more stinging slap than the 'Kiss of Love' campaign held at Kochi's Marine Drive on March 9.

On the eve of Women's Day, at this favourite hangout of Kochi's young, a handful of Shiv Sena activists had attacked young couples. Armed with canes, these moral policemen had carried a banner saying they would put an end to "romance under umbrellas" in the city. The leader of the group, swinging a cane, chased away young boys and girls who he thought were a potential threat to morality. People watched in horror and the police accompanying the procession remained mute spectators.



We want freedom from the moral police

But the response came soon enough, in a day. At the same venue, and elsewhere in the State too, the 'Kiss of Love' campaign was announced to proclaim that Kerala will not accept moral policing. A large group of young activists, cultural organisations and even politicians — yes politicians — held rallies and meetings, the largest one being at the Marine Drive, where hugs and kisses were exchanged by couples. Hundreds of youth turned up, dancing and kissing in a rare public display of affection. This was the second 'Kiss of Love'

campaign in Kerala; the first was organised in November 2014 after some members of the Sangh Parivar attacked youngsters in a Kozhikode restaurant. But while that event was marred by minor incidents of violence, this time the police threw a protective ring around the hugging and kissing couples, who said they had come out to protect their public spaces. With the couples wearing floral garlands, crowns and coloured masks, the event acquired a festive air. Icing on the cake: the hugging and kissing were done under umbrellas painted with images of smooching couples by Kalakakshi, an artists' collective!

Dark, ironic

The irony that hangs over these two separate incidents — a rapist being bobbitised and a section of our political class increasingly taking on the moral policing role, can't be missed. While in recent years the noise over *Bharatiya sanskriti* and the "corrupting" influence of western forces has been growing in its cacophonous might, the debauchery and lust displayed by Pettah's fake godman is the tip of the iceberg. Surely, this is not the only woman this pervert would have sexually molested. Hopefully, in the next few

weeks more brave women will speak up against his atrocities and their exploitation.

Of course most parents or spouses will balk at their women speaking up, fearing the media circus that will follow such disclosures. But this one case has once again restored faith in the leadership qualities shown by this small southern State. For long years it has led in parameters such as literacy and education, maternal and infant mortality, and related spheres. Economists and industrialists often ridicule Kerala for its trade unionism which is hampering industrial growth as industrialists are afraid to set up shop here. That the skilled from Kerala have to seek jobs outside India, the Gulf in particular, is sneered at in some circles.

But education brings awareness, and Keralites are passionate about not allowing polluting industries upset their fragile ecology. For instance, for its energy security, the government is partnering with Odisha to set up a coal power plant in Odisha to meet Kerala's power needs. But along with economic development and industrial growth, human development parameters are important too. And above all, the guts to stand up and fight for your rights.

OTHER VOICES



Rouhani's victory

Hasan Rouhani's victory shows that the Iranian people want a moderate, pragmatic leadership to address their domestic woes. The crowning achievement of the first Rouhani administration was the nuclear deal between Iran and the P5+1. That landmark deal was hailed across the international community, with the exception of Israel, the Gulf Arabs and the hard right in America. Donald Trump has sent a message about where his foreign policy priorities lie by visiting Saudi Arabia and Israel in his maiden overseas visit. KARACHI 22 MAY 2017

The New York Times

Big strides on climate change

Until recently, China and India have been cast as obstacles in the battle against climate change. That reputation looks very much out-of-date now that both countries have accelerated their investments in cost-effective renewable energy sources — and reduced their reliance on fossil fuels. According to research released at a UN climate meeting in Germany, China and India should easily exceed the targets they set for themselves in the 2015 Paris Agreement. NEW YORK 21 MAY 2016



A failure of political imagination

There is a cagey optimism in the way Mrs May has structured her manifesto. The implication is that the future is a scary place and that the job of government is to insulate citizens from the dangers. But Corbyn's manifesto is also steeped in nostalgia. The weapons that Mr Corbyn proposes to defeat injustice and inequality — nationalisations, raising taxes for higher spending on public services — are conventional, retreats of the 70s. LONDON 21 MAY 2017

LETTERS TO THE EDITOR

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

Over-ambitious

With a single executive order, the Trump administration has cast a shadow on the staffing and operations of Indian corporates (From being Bangalored to being Trumped' by Narendra Pani, May 22). Though companies like Infosys have chosen to fall in line with the revised guidelines, it is the price to be paid for being global. The Government's push towards big banks with a presence in overseas markets is fraught with similar risks. Our expertise and exposure do not match global practices. Further, when banks are grappling with issues on the domestic front, venturing into untested waters is risky. S Veeraraghavan Coimbatore

Primitive punishment

The incident of bobbitising in Kerala has revived the debate on castration as punishment for rape.

This is a primitive method that a civilised society cannot countenance. Its efficacy as a deterrent cannot be taken for granted. Severing the penis for rape or attempted rape is like chopping off the hand that held a murder weapon.

This is not to underrate the gravity of rape. A woman should be entirely free to act in self-defence in the face of advances by a sexual predator. But it is hard to reconcile to the chopping off of a man's genitals. Biologically and morally it makes no sense. The prevalence of sexual exploitation of young women is a grim social reality. It needs to be tackled by reducing the vulnerabilities of families and by forming support groups. G David Milton Maruthancode, Tamil Nadu

Three years

NDA government has completed three years in office. While TV channels and newspapers offer

their own points of view based on ideology and position as regards the BJP, the opposition parties have not found even one single positive achievement.

It seemed as if the UPA government in its last 2-3 years in power had lost all interest in governance. There is a sharp difference in all spheres of governance during the NDA regime. They are going about their work in reforming taxation and trying to weed out archaic and outdated laws. Even demonetisation is showing results as more and more corrupt people are being brought to book and are being made to pay income tax. K Ashok Kumar Kolkata

It appears the majority of the people are satisfied with the performance of the Centre. However, job creation has suffered. Banking sector reforms have not had a telling impact and issues related

to Kashmir could be handled in a better way. Srinivasan Velamur Chennai

Language counts

The Kerala government's Bill making Malayalam compulsory in all schools in the State up to Class 10, is welcome. This is needed to protect the culture and give respect to the mother tongue. The education boards from outside the State are bound to honour the aspirations of Kerala. Learning Malayalam in no way undermines the significance of English. KA Solaman Alappuzha, Kerala

Speed control

Speed governors are the best option to control the speed of vehicles ('Speed governors made mandatory for Delhi cabs', May 22). Too often, the person behind the wheel cares two hoots about

other road-users. A sense of responsibility should be inculcated in the minds of drivers/riders. HP Murali Bengaluru

Such a mockery

By challenging the ICJ's directions and filing a plea to have the case of Kulbhushan Jadhav reheard, Pakistan has made a mockery of the International Court of Justice and created a new low for itself. Srinivasan Umashankar Nagpur

Super cartoon

The cartoon appearing in 'By The Way' by Dipankar Bhattacharya (May 22) shows a keen sense of observation. He has aptly described the profession; especially the way the person is holding the sickle and the coconut in the other hand. Congrats. Milind S Kulkarni Badlapur, Maharashtra



# Where will global demand come from?

Even as the US withdraws as the engine of global demand, other economies seem unable to pick up the slack. And Germany's mercantilism is only making matters worse



CP CHANDRASEKHAR JAYATI GHOSH  
MACROSCAN

For several decades, the US economy functioned as the principal agent of global demand, sucking in vast amounts of imports from the rest of the world as it built up vast current account deficits. Of course, it was easily able to finance these deficits with capital inflows, benefiting from its status as the holder of the only viable global reserve currency. But just as the US was able to make the rest of the world, in effect, pay for its own domestic economic expansion, this expansion had positive effects on growth in the rest of the global economy.

The US functioned as the primary source of demand for major exporting nations, thereby pulling much of the rest of the world economy along with it in the intermit-

tent periods of boom. In the 1990s and again in the 2000s, there were prolonged periods during which the current account deficits of the US grew and then remained at very high levels, generating demand for others in the world economy. While major exporting nations like Germany, China and to a lesser extent Japan, were obviously the chief beneficiaries of this, the expansion trickled down to other countries and regions.

This was clearly not the ideal mode of global expansion, since it created imbalances that were bound at some point to become unsustainable, and possibly erupt in crises, as they indeed did in 2001 and again more severely in 2008-09.

The problem was that countries tried to export their way to growth and therefore re-

lied on an external stimulus for demand expansion, which had to be at the expense of others. A better and more preferable route to global growth would be to enable and allow domestic expansion within countries - but that requires international co-ordination.

**Declining US stimulus**  
Such co-ordination has been lacking in the recent past. This is unfortunate, because since the Global Financial Crises, in which the US economy was the epicentre, the US economy's net stimulus to the rest of the world has been on a declining trajectory. And the absence of other demand stimuli condemns the global economy to its low "new normal".

Consider the net current account deficits (in US \$ billion) of the major regions and economies, shown below using the latest data from the IMF online database. As Chart 1 shows, in 2008 the advanced economies as a group ran a huge current account deficit of more than \$580 billion in 2008. This shrank dramatically the following year, and thereafter, especially since

2013, advanced economies have shown growing current account surpluses, implying that they as a group no longer provide a net demand stimulus to the world economy. Meanwhile the group of developing, emerging and transition economies ran surpluses until 2014, which turned to deficits thereafter. However, these deficits were much smaller in absolute size and so nowhere near enough to counteract the impact of the declining net demand from the advanced economies.

As the chart shows, the world economy as a whole has shown significant current account surpluses over this entire period, essentially implying an increase in aggregate reserve accumulation, as well as the impact of "errors and omissions".

This aggregate global current account surplus (which effectively amounts to a global excess of ex ante savings over investment, and therefore levels of output well below potential full capacity output) increased sharply between 2008 and 2014. While it has fallen a little since then, the IMF's projections for

2017 are still nearly three times the level of 2008.

Chart 2 provides the regional division of these current account balances over this period. Several significant features emerge: a rise and then equally sharp decline in the surpluses of the Middle East and North Africa region, largely driven by oil prices; a decline, increase and then decline again for emerging and developing Asia; a decline in the North American deficit followed by only a marginal increase after 2014; and most strikingly of all, a very significant increase in the surpluses of the Eurozone.

While these regional aggregates are instructive, it is clear that they are driven by a few large countries, and in the contemporary global economy there are no prizes for guessing which these are. Chart 3 provides data on the three most significant players: the United States, Germany and

China. The US deficit fell after 2008 and since then the net stimulus coming from that economy has been stagnant or falling. The Chinese current account surpluses are well known and much talked of, but they have been much more variable and recently on a clearly declining path.

But the big news is about Germany, which since 2010 has been running the largest surpluses of any economy in the world - and furthermore,

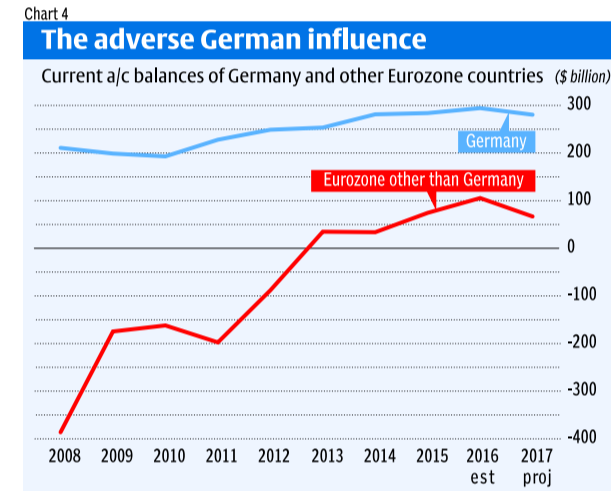
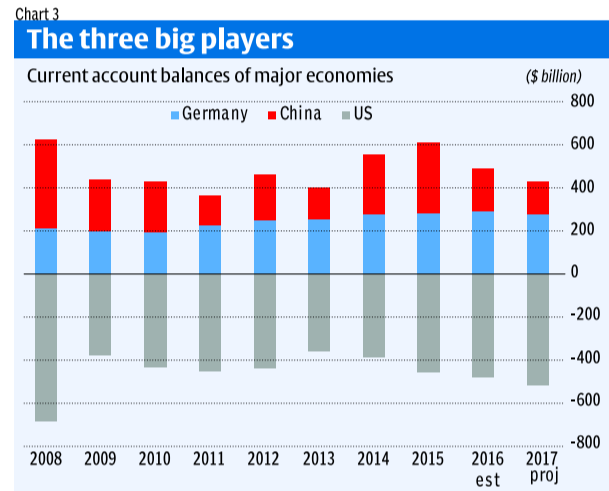
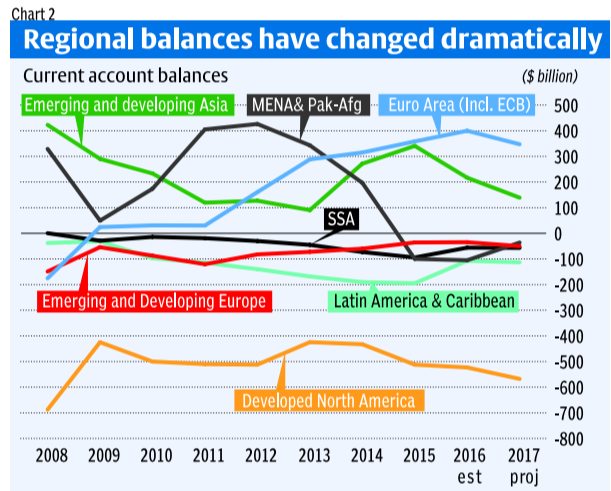
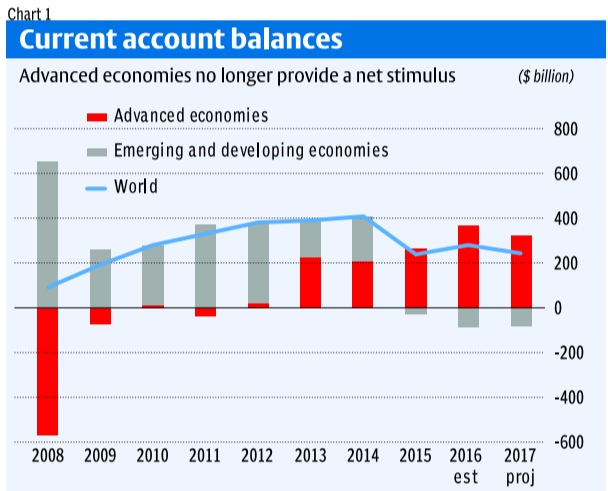
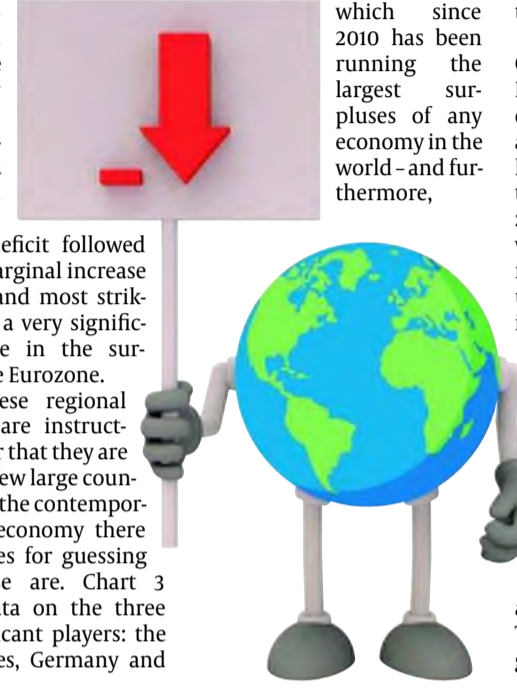
these surpluses have been increasing recently. This mercantilist approach of Germany imparts a severely negative impulse to global demand. As a large rich economy, its persistence on internal wage and demand suppression, relying fundamentally on external demand for its own expansion, deprives other economies of potential economic activity.

**German worries**  
But the adverse German influence may extend even further, as Chart 4 demonstrates. It has also been actively trying to remake the rest of the Eurozone in its own image at least with respect to this feature, by forcing austerity policies upon the peripheral economies and squeezing current account surpluses out of devastated economies in decline. The strategy is evidently to export the Eurozone's deflation and unemployment to the rest of the world. This is why, as Chart 4 shows, even the Eurozone outside Germany has generated growing current account surpluses since 2013. These have not led to faster growth with more employ-

ment, since they have been based on wage suppression within these economies. (Interestingly, other countries in the "Teutonic bloc" like Austria and the Netherlands, have behaved similarly.)

The German role in the global economy thus currently appears to be doubly pernicious. Unlike the Chinese expansion, which during the boom created more growth in a range of other developing countries by drawing them into the value chain for export to the advanced countries, the German expansion has not had similar positive effects for most developing countries. And now, by imposing macroeconomically repressive and mercantilist policies upon the rest of the Eurozone, it is further adding to the negative stimulus imparted to the global economy.

Talk of technology or trade as the villains simply distracts from the obvious point: unless significant and sustainable efforts are made to revive global demand through wage growth in a co-ordinated way, the global economy will be condemned to stagnation or worse.



## 5 THINGS to WATCH OUT for TODAY

- Prime Minister Narendra Modi** will inaugurate the five-day annual meeting of the African Development Bank (AfDB) Group, in Gandhinagar today. The meeting, from May 22-26, is the largest event of the bank, which would witness about 3,000 delegates from 81 member countries converging at the Mahatma Mandir convention centre.
- Digital wallet** provider Paytm is to launch Paytm Payments Bank today. One97 Communications Pvt. Ltd, which owns Paytm, said it had received approval from the RBI for Renu Satti to be the CEO. Satti is currently Vice-President, Business, at Paytm.
- A special** session of the Tripura assembly has been convened today to pass the Goods Sales Tax (GST) Bill. The new tax regime is all set to come into effect across the nation from July after the GST Bill was passed in the Lok Sabha and Rajya Sabha after long discussions.
- Microsoft** is organising a launch event in Shanghai today. This comes close on the heels of the launch of the Windows 10S and the Surface Laptop. While the company isn't providing any hints about what it may be announcing, reports say it could be the launch of hardware.
- The United Forum** of IDBI Bank Officers and Employees has issued a strike notice for today. The strike is aimed at demanding "revision of pay and allowances and other issues," the bank said. The forum represents a section of its employees and officers.

## All you wanted to know about...



There was a perception that the IIP (Index of Industrial Production) data did not fully represent industrial trends. Moreover, IIP till recently used 2004-05 as the base year, while GDP and WPI (Wholesale Price Index) data have already moved to 2011-12 data series. It made comparison with GDP and inflation figures a tad difficult. So, the Government set up a committee to review the IIP and introduce a new data series with 2011-12 as the base year. The change was to capture structural changes in the economy and improve the quality of representativeness of the IIP.

**What is it?**  
IIP is an important composite in-

dicator that measures changes in the volume of production of a basket of industrial products. Changing the base-year per se shouldn't make too much difference to the IIP growth figures. But what makes a difference is the constituent items of the index and weights assigned to each of them. As compared to 2004-05 series, many items were introduced or deleted in the 2011-12 series. For instance, refined palm oil, cement clinkers and surgical accessories were introduced. Gutka, tooth brushes, leather shoes, fans, calculators, pens and watches were deleted. In all, 149 new items were added in the new IIP 2011-12 data series, while 124 of them were deleted. At the broad level, the new series had 809 items from the manufacturing sector as against 620 from the old 2004-05 series.

after the introduction of demonetisation. One would have expected IIP growth figures to take a knock after demonetisation. But IIP growth using the 2004-05 series showed counter-intuitive trends. As against an average monthly growth of (0.3) per cent during the first seven months of 2016-17, there was a turnaround in the last five months of 2016-17 (2 per cent). However, using the new IIP data, growth fell from 6.3 per cent to 3.3 per cent during the post-demonetisation period.

The new IIP, moreover, correlates better with other indicators such as core sector output and PMI (Purchasing Managers Index) as compared to the old series. The better representation is a culmination of various changes that has been made in the construction of the index. Firstly, it has shuffled the list of items to better reflect the active industries. Secondly, it has introduced the concept of "Work-in-Progress (WIP)" for capital goods, to avoid lumping of production figures. Among the other changes, renewable energy were

included in the overall electricity production figures. However, it's not foolproof yet. It takes manufacturing data only from companies in the organised sector. However, in India, 75 per cent of the manufacturing jobs come from the unorganized sector. Moreover, doubts remain as to how the Government will be able to source authentic data on WIP when most companies themselves compute WIP only on a quarterly basis.

**Why should I care?**  
It's a report card on the Government's performance and a vital tool for policy makers. It also has a bearing on industrial policy making. IIP has a 75 percentage weightage for manufacturing. Moreover, a healthy IIP also bodes well for manufacturing jobs.

**The bottomline**  
While it's hard to figure why tooth brush is passe according to new series, it is a better representation of the industrial economy.

*A weekly column that puts the fun into learning*

## BusinessLine TWENTY YEARS AGO TODAY

MAY 23, 1997

**Autonomy package for 'navaratnas' being finalised**  
The nine Central public sector enterprises which have been identified as 'navaratnas' for the grant of special privileges to help them emerge as 'global giants' are being freed from the Public Investment Board and other such mandatory approvals in respect of their investment programmes. A comprehensive note prepared by the Ministry of Industry for approval by the Cabinet has also suggested the grant of "functional, financial, managerial and commercial" autonomy to these enterprises to help them chart out their path in the competitive global environment.

**A-I talks with SI A fail**  
The much awaited talks between Air-India and Singapore Airlines (SIA) for a possible commercial alliance have broken down today. Airline sources in Singapore told Business Line that the two sides failed to find a meeting ground on certain issues. Fresh from its success with Air France, A-I had been seeking access to destinations in the Far East and Asia-Pacific through a code share or block space arrangement with Singapore Airlines, which has a strong presence in these regions.

**Centre to launch economic census**  
The Centre plans to launch an economic census towards the end of the year, which will, among others, look into whether economic reforms have led to any significant increase in the 'informal' sector's share in the economy. The census, the fourth in the series to be undertaken by the Department of Statistics, is expected to shed some light on the precise links between liberalisation and growth in informal sector activities. The issue assumes importance especially in the light of allegations that the reforms have caused increased "casualisation" of the labour force.

## EASY

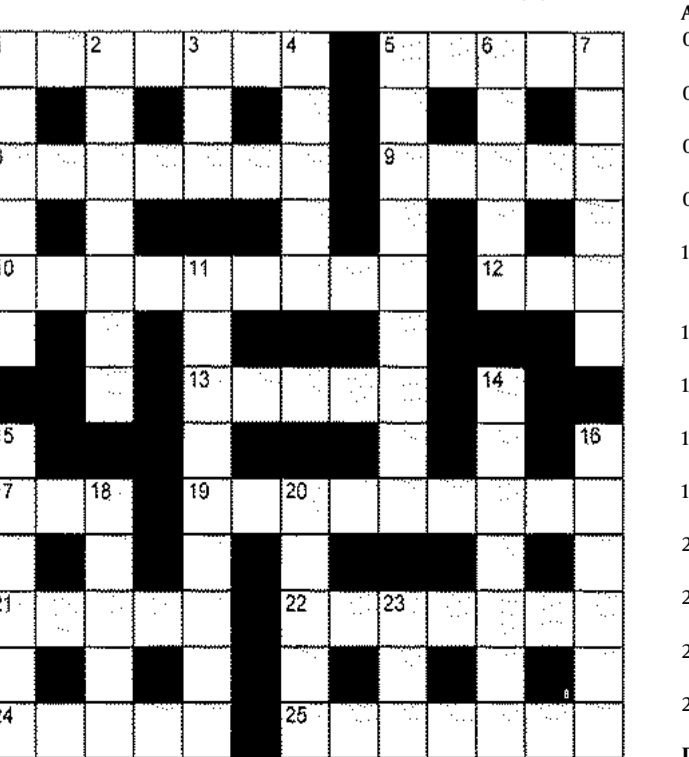
- ACROSS**
- Toe the line (7)
  - Monetary punishments (5)
  - Go ahead (7)
  - Formally, academically dressed (5)
  - Unwilling (9)
  - Still; on the other hand (3)
  - 'Aggravation' (5)
  - Terminate (3)
  - Can be taught (9)
  - Target ring (5)
  - Violation, utter scandal (7)
  - Covetousness (5)
  - Ragged clothes (7)

- DOWN**
- Antics (6)
  - Form of pasta added to soup (7)
  - Mineral aggregate (3)
  - Information outlets (5)
  - Eldest child (5-4)
  - In a high-charactered manner (5)
  - Staid (6)
  - Prattled (9)
  - Clasp, cuddle (7)
  - In view of the fact (6)
  - Stepped-back part of wall (6)
  - A dullard (5)
  - Up in the sky (5)
  - Make sound of disapproval (3)

## SOLUTION: BL Two-way Crossword 854

- ACROSS** 1. Earns 4. Descant 8. Elder 9. Believe 10. Tea 11. Melodrama 12. Iced 13. Trod 18. Celestial 20. Tan 21. Abstain 22. Mania 23. Rosette 24. Smash
- DOWN** 1. Electric chair 2. Radiate 3. Scrimp 4. Dabble 5. Salads 6. Arena 7. The garden path 14. Rotunda 15. Aslant 16. Fiancé 17. Clamps 19. Loses

## BL TWO-WAY CROSSWORD 855



## NOT SO EASY

- ACROSS**
- Follow the rules and study the racing data (7)
  - Fishy bits include end of the line punishingly imposed (5)
  - Go ahead and find a fabulous bird in deep trouble (7)
  - Pole about to be academically dressed (5)
  - Not keen on cruel reform that means so much to the French (9)
  - Still, as lost in what works for brewers (3)
  - Silver will almost grow into 'boover' (5)
  - Women decide this objective must be held (3)
  - May be directed to piece of furniture holding shower (9)
  - Is it the next best thing to the bull ring? (5)
  - The Open University has great upheaval: it's scandalous! (7)
  - It may make one guilty of overtaking (5)
  - They make lacy edging for ragged clothing (7)

- DOWN**
- Prances around both ends of the parade in limousines (6)
  - One sold out as they landed in the soup (7)
  - Seaweed may be something one can get iron from (3)
  - Made one change newspapers, television and the like (5)
  - Oldest of siblings has bits for distribution to the Navy (5-4)
  - Name boy perhaps of about fifty in an aristocratic way (5)
  - See about US prosecutor with time to calm one down (6)
  - Although teeth were knocking, one was gossipping (9)
  - Half of them take a couple with a loving gesture (7)
  - In view of one's using one's eyes (6)
  - Time when there's no sitting for it to step back in wall (6)
  - One of the USA is inside owing to a person being dull (5)
  - A space beneath the roof is up in the air (5)
  - Click one's tongue either up or down (3)