THE HINDU BusinessLine
FRIDAY, JUNE 9, 2017

Desert storm

India needs to tread carefully in the Qatar–Saudi showdown

The stakes are high for India in the diplomatic faceoff in the Gulf. On one side is a muscular Saudi-led coalition that includes Bahrain, the UAE and Egypt. On the other is tiny Qatar, which supplies 30 per cent of the world's LNG and boasts of the world's highest per-capita income. Indians, meanwhile, live all over the region. For starters, there are over three million in Saudi Arabia and two million in the UAE while in Qatar, which is on a building spree for the 2022 Football World Cup, 650,000 Indians work in professional and blue-collar jobs like construction. India is also one of Qatar's biggest fuel clients.

It all means New Delhi will have to play both sides of the fence carefully in this long-simmering dispute. It's already stressing its non-interference policy and its good ties with all regional players. At the heart of the latest crisis is the perpetual regional tussle for dominance between arch-enemies Saudi Arabia and Iran. Qatar shares its giant North Gas Fields with Iran and the Saudis have always accused it of being soft on the predominantly Shia nation. For Qatar, there are numerous reasons why it isn't falling in line with the Saudis. Firstly, it's managed its riches skilfully and now has a $335-billion investment fund said to control over 20-million-square-feet of London property. Its huge riches and the fact it seems to have managed its treasure chest more successfully, have led it to steer an independent course from the Saudis. Another constant irritant is Qatar's Al Jazeera network, which is perceived to be free to criticise everyone except the Qataris. Also, the Qataris are seen as soft on the Muslim Brotherhood, which many Gulf states and Egypt call a terrorist organisation. Observers reckon US President Donald Trump encouraged the Saudis to take a tougher line this time round than they might have otherwise — even though the US has one of its largest air base operations outside Doha. Qatar is in a tricky position, because its only land border with Saudi Arabia has been closed. It also depends heavily on Dubai's Jebel Ali port, a trans-shipment point for goods headed to Qatar. Many Indian businessmen in Qatar will also soon face difficulties because they source from the UAE. And South Indians face long air journeys home to avoid Saudi airspace.

Can Qatar hold out against its powerful enemies? About 40 per cent of its food comes via Saudi Arabia but it's reckoned to have enough supplies for the moment. Two countries considered relatively neutral are Kuwait and Oman. In 2014, Kuwait played mediator between Qatar and the Saudis. It looks like Kuwait may be called on to play the peacemaker once again. India can only sit tight and hope the conflict gets solved sooner rather than later.

For a calibrated approach to reforms

India did well not to embrace the conventional wisdom of the day, be it dispensing with capital controls or trade barriers

KV TIRUMALA / MOIN AFAQUE

The inexplicable delays in policy formulation and implementation make it seem that the bureaucracy is the biggest stumbling block for policy-driven progress.

It is indeed tempting to suggest that policy makers should hit the reforms accelerator and watch the dust in the rear mirror. But the reality can be more complex. In hindsight, India's calibrated, less hurried approach to opening up the economy in certain sectors might have seemed contrary to the conventional wisdom of the time, but it was validated later. A policy of circumspection can do no harm.

Do no harm

Prudent policy making should steer clear of groupthink about popular policy choices and evaluate them on the merits of the arguments. This may appear as delay mongering to some, but given that policy-making is both an art and a science, the policy maker should take it in her stride.

As economist Dani Rodrik argued "When knowledge is limited, the rule for policy makers should be, first, do no harm". To put this thesis in context following are a few examples from the past.

In August 1991, India approached the IMF for loans to tide over its balance of payments crisis. With these loans came conditionalities wherein IMF called for liberalisation of India's current and capital accounts. While India could move towards current account convertibility, convertibility on capital accounts was staggered.

At that time, it appeared to be against conventional wisdom to have a closed capital account when the current account was open, as an open current account could be used to bypass capital controls through mechanisms such as trade misinvoicing. While India was recovering from her 1991 financial crisis, another crisis was in the making in the East Asian Countries which had already embraced full capital account convertibility. The fixed exchange rate regimes in these countries coupled with heavy capital inflow led to an asset bubble that burst in July 1997, precipitating the crisis.

Post-crisis, there was new policy understanding about the difference between the theory and practice of capital account liberalisation and how free movement of short-term capital flows had destabilising effect on individual economies. On the other hand in India, Tarapore committee report proposed a staggered capital account liberalisation. Now post-crisis thinking also veered towards India's approach of gradual lifting of capital controls.

Sub prime and Asian crisis

Again during the global recession of 2008, India was amongst the less affected countries. Till then RBI had not allowed Indian banks to invest in synthetic structured products like MBS, CDOs, and CDS. These products despite having sub-prime American housing loans as their underlying asset were rated as highly secure AAA investment products. US and European banks had invested heavily in subprime tranches. A conservative approach towards such instruments saved India from the direct contagion risk of the great recession. All along these years, the accepted wisdom was that free capital flows across borders would usher in higher investments and was a part of the standard dose for sick economies. However, in 2012 the IMF finally came around to the view that robust institution building should precede capital liberalisation and free capital flows, at times, might do more harm than good. India still lacks, institutional depth to handle free cross-border capital flows.

Long distance runner Speed is not necessarily a virtue DUDAREV MIKHAIL/SHUTTERSTOCK.COM

Trade liberalisation

When the course was uncertain, policy planners chose to 'do no harm' to start with. There is similar policy uncertainty when it comes to the question whether to provide infant industry protection. The infant industry argument calls for state support for new or sunrise industries by way of high import tariffs or domestic subsidies until the industries have matured and attained economies of scale. Industrialisation of USA and Germany took place behind the high import tariffs walls. Import tariffs in US till the end of World War II were one of the highest in the world. However, the conventional wisdom changed over time.

The era of high globalisation dawned with WTO agreement. We have two diametrically opposing examples from India where our policymakers took two opposing views and ended up with two different results which hold a lot of value. When India signed the Information Technology Agreement (ITA-I) in 1997 under WTO's Singapore Ministerial Conference it removed tariff protection for IT hardware products covered in the agreement. This effectively made the electronic hardware imports cheap and Japanese, Korean and Chinese manufactured IT hardware poured in, stalling our nascent electronics manufacturing.

Japan, Korea and such signatories of ITA-I were operating at economies of scale that were built over preceding decades, while in India, the infant IT manufacturing industry was barely born. The effect is such that even today India is struggling to come up in this area. On the other hand, the auto and auto-ancillary sector in India was protected through high import duties and other conditions in terms of mandatory localisation provisions and investment restrictions during early and late nineties. This led to a healthy growth of auto sector in India and as India's auto sector grew confident, India slowly withdrew most of the restrictions except high duties on fully assembled vehicles.

As a result a world class auto and auto parts sector grew here. The free-trade brigade which dominated discourse was ignored due to representations from the organised auto sector and planned policy making by the Government. India has been constantly critiqued as a slow liberaliser and high import tariff country.

Today, as the world turns back on low tariffs and talks about pains to domestic sector arising out of job losses due to factory Asia led by China, India finds itself well-padded in critical areas and sensitive sectors. These examples certainly don't imply that we should go slow on policy reform. The point however is that, all too often simplistic models are imposed on complex societies without due consideration for the diverse developmental strategies possible.

It always helps to step back from currently accepted paradigm moulds and do a rethink and allow the files to move in the corridors till the lobby noises settle down. Till then, policy makers can abide by the adage to 'do no harm'.

The writers are with the Indian Trade Service. The views are personal

Three years of promises kept and violated

The Centre has delivered on 'Make in India' and 'Smart Cities', but gone back on its assurance of light-touch governance

NV KRISHNAKUMAR

That slogans win elections is widely known to citizens and punditry. "Morning in America" was the slogan used in 1984 during the re-election bid of President Ronald Regan that won him 49 of the 50 states and gave him 59 per cent of the popular vote. More recently "Yes We Can" won the election for a young candidate Barack Obama who asked voters to be optimistic about their prospects after America was hit with a terrorist attack and a financial crisis. The trouble, of course, arises when the hope raised by these slogans and promises remains unfulfilled.

Modi Government's record

In India, the memorable slogan "Garibi hatao desh bachao" single handedly brought Indira Gandhi to power in 1971. And in the 21st century, "Congress ka haath, aam aadmi ka saath" brought the United Progressive Alliance (UPA) to power by winning over "India Shining" campaign of the National Democratic Alliance in 2004. Fast forward to 2014, the current NDA Government headed by Prime Minister Narendra Modi's unforgettable slogans "Sab ka Saath, Sab ka Vikas" and "Minimum Government and Maximum Governance" won the BJP and its allies an absolute majority in Parliament.

What is new about Prime Minister Modi and his Government is that catchy slogans have continued to be part of his governance agenda. Thus "Make in India", "Digital India", "Smart Cities" and many others have become part of the governance lexicon. Some of these slogans have been taken forward sincerely, and others half-heartedly; in the case of at least a couple, there has actually been a U-turn.

Where they have worked

"Make in India" and "Smart Cities" have turned to be true to promise. The Prime Minister in September 2014 made a grand announcement to make India a global preferred destination for manufacturers. With Apple starting to assemble its iPhone in Bengaluru, it shows that there has been progress on improving the business environment, making India more investor friendly, opening up various sectors including defense and creating modern infrastructure. "Smart Cities" too has seen progress with transparent selection of cities and allocation of funds. If execution continues to get top priority in the remaining years, development and prosperity will touch many 'tier-two' residents.

Unfinished task Swachh Bharat PTI

But "Startup India", "Skill India", "Digital India" and "Swaach Bharath" are half-truths. In January 2016, the Prime Minister launched with much fanfare "Startup India, Standup India". An auditorium filled with new age entrepreneurs heard the Government define "startup", provide tax breaks and announce seed funding through Small Industries Development Bank of India (SIDBI).

Thus far, an ecosystem for startups to thrive is lacking and it is doubtful whether it can be created in the remaining two years. Similarly, "Skill India" and "Digital India" have seen fund allocation but lack the quantum progress required for the Government to claim success. "Swaach Bharath" too won many hearts and minds but has seen little progress despite celebrity endorsements. Many are critical of the fact that the Centre has brought upon itself a municipal function and questioned imposition of a cess. Progress, or its lack, on cleaning up of the Ganga has left many disappointed.

Interventionist government

The biggest U-turn of the Modi government is on the all important slogans that brought the BJP and NDA government to power with an absolute majority, "Sab ka saath sab ka vikas" and "minimum government maximum governance". In the last three years, welfare spending has seen a meteoric rise.

And during the campaign trail Modi repeatedly pronounced, "It's not the government's business to run a business", but once in power he has justified government's right to be in business. The Centre has also been more intrusive in the lives of citizens, the most recent being introduction of rules of cattle slaughter. There have been no signs of a reversal of this trend, except for few vague responses from Finance Minister and Niti Aayog members on sick PSUs.

However, the NDA government can take solace in the fact that the opposition parties are unlikely to mount a strong challenge in 2019. Congress is still reeling from the defeat in 2014 while many regional outfits have been successfully tamed in assembly elections. Thus the Modi Government might yet have seven years or more to turn half-truths into reality.

The writer is a Bengaluru-based money manager

FROM THE VIEWSROOM

Loan waiver blues

Be prepared for a rash of populism, deepening banks' woes

Every year, in his budget speech, it is almost a ritual that the finance minister announces a suitable hike in bank credit to the agriculture sector. That is usually accompanied by much desk thumping and cheers among party faithful, smugly satisfied that they have discharged their duties to the farming community. For the current fiscal, that number is ₹10 lakh crore. Neither does the FM offer information in the speech on how much of the previous year's loans have come back nor does any one ever ask this. It is something that MPs had better start asking, for they are going to have the Government on the mat.

A crisis is brewing thanks to the farm loan waivers that have been announced recently by the Uttar Pradesh and Maharashtra state governments. A total of ₹66,000 crore is the amount that is estimated to be waived off by these two states in response to demands from beleaguered farmers. That is identical to the amount the earlier UPA government at the Centre waived off in 2008 — and reaped the rewards at the hustings in the next year. That lesson is not lost on politicians and we are going to be in for some competitive loan waivers in the next two years.

There are estimates that the amount that may have to be waived could be ₹2.5 lakh crore and more. Even those who may have been able to pay back the loans will now sit tight in anticipation of loan waivers. Such borrower behaviour is typical in these situations. It will be a miracle if the banks can get back even half the money they have lent. If they do, it would probably merit bigger desk thumping in Parliament. For public sector banks, who are already on 'capital drip infusion', and struggling with recoveries of loans given to the manufacturing and infrastructure sector, this can only mean very difficult times ahead. Fresh agricultural lending will almost certainly take a hit since it will require very brave branch managers to lend money with the sword of future vigilance enquiries hanging over their head. Any hope of doubling farmer incomes within five years will have to be kissed goodbye for now.

NS Vageesh Associate 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.

Not the time to cut

This refers to the editorial 'Overly cautious' (June 8). The decision of the monetary policy committee to keep the key policy rate unchanged at 6.25 per cent is a logical step given the circumstances. The demonetisation drive had led to the creation of excess liquidity which could not be productively redeployed by banks due to low credit demand from corporates. Instead, the banks have invested the funds in government securities.

Further, the capacity utilisation rate of industries also remains low due to consumption not picking up, justifying lack of demand for credit. Nevertheless, the RBI has created enough space for limited lending by effecting reduction in SLR rate by 50 basis points.

In the case of home loans, RBI has decided to reduce risk weight on specific categories. Rising demand from different States to waive farm loans has brought enormous pressure on banks that are already facing the problem of stressed assets, which have wiped out the net worth of some banks, giving little or no room for credit expansion.

Finally, the present stand of RBI has brought relief to senior citizens, who are already affected by steep fall in deposit rates.

Srinivasan Velamur
Chennai

Locking horns?

North Block and Mint Street appear to be on a collision course yet again with the RBI declining an invitation from the finance ministry for a meeting just before the monetary policy review on Wednesday.

This is not the first time that the finance ministry has tried to poke its nose in the working of the RBI. The central bank is well-equipped to take stock of the current macroeconomic situation and can perform better with least government interference.

NJ Ravi Chander
Bengaluru

Playing safe

Clearly, the RBI wants inflation to stay benign before it cuts rates. The state of Indian economy as it stands today may appear to be good but there are enough serious grey areas to cause plenty of worry and need to be resolved quickly to put things back on track. Playing safe rather than saying sorryis, nevertheless, a prudent move at this point of time. The RBI has now demonstrated the assertiveness that was expected of it.

Srinivasan Umashankar
Nagpur

The view that RBI should have cut rates to fuel credit offtake lacks basis. Already, the system is in excess liquidity of around ₹4 lakh crore and banks have parked their funds in SLR securities in excess of the mandatory requirements. Historically, interest rate cuts have had little impact on lending and the confidence of doing business.

With lower credit offtake in the corporate sector, banks push for retail portfolio, which is already overcrowded. Banks in their anxiety to expand retail portfolio should not finance sub-prime borrowers. Retail borrowers are more conscious about turnaround time rather than the cost of funds. Hence, the stand of RBI to hold rates is a welcome move.

S Veeraraghavan
Coimbatore

Be considerate

This refers to the report 'Chatter over layoffs in IT industry highly exaggerated: TCS President' (June 3). Companies say that sending off people is performance-based. But persons past a certain age would find it difficult to secure another job. Alternate solutions should be found to meet such cases. Employees should be forewarned in cases of unsatisfactory performance and given an opportunity to improve. Opportunities other than termination of jobs should also be considered.

TR Anandan
Coimbatore

Attack on Iran

The dastardly attacks on Iran's parliament building and Khomeini tomb are condemnable. Iran has accused Saudi Arabia of behind these attacks. Arab nations need to present a united face in fighting terrorism. The war between Shia-majority Iran and Sunni Saudi Arabia has escalated now. India needs to tread its path cautiously as it has friendly relations with the Gulf nations. Lakhs of Indians are working in the region.

Deendayal M Lulla
Mumbai

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In bitter taste

RBI shouldn't take the spice out of masala debt

ANDY MUKHERJEE

There was a flicker of anticipation last year when an Indian borrower issued the first masala bond, a local-currency note sold outside the country. It was expected that that, once a thorny tax issue was sorted, the securities would go on to become the Indian version of dim sum debt, which has played a large role in internationalising the Chinese yuan.

But the Reserve Bank of India, now under a different boss, has poured cold water into the curry.

In guidelines issued late Wednesday, the central bank imposed a ceiling on the extra yield (300 basis points over similar maturity government notes) that an Indian borrower can offer investors in London or Singapore. It also barred issuers from raising more than $50 million for less than five years.

Worst of all, it said that investors couldn't be related to borrowers. India imposes similar curbs on foreign-currency borrowing, but extending them to offshore rupee bonds makes little sense. Money owed to foreigners is far less likely to trigger a financial crisis when the liabilities are in local currency.

The most puzzling showstopper, however, is the requirement that investors be unrelated to issuers. ReNew Power Ventures Private Ltd., a Goldman Sachs Group Inc.-backed solar power producer, was hamstrung by the RBI guideline that the all-in-cost of such dollar financing should be no more than 300 basis points over six-month Libor. According to the reporters' calculations, the cost of ReNew Power's 6 per cent borrowing, excluding transaction expenses, worked out to a little over 400 basis points.

To get over the hump, Neerg Energy Ltd., a Mauritius-incorporated special purpose vehicle, raised the financing, and invested in ReNew, which in turn offered rupee-denominated masala bonds — which had no pricing restrictions — to Neerg.

There's nothing dodgy here. Having an additional transaction merely allows credit and currency risk to be unbundled. Investors know all too well that their exposure is to an Indian company, which might get into difficulty servicing its masala debt to the special purpose vehicle, which may then stop paying the dollar notes.

But now the RBI has decided that deals like ReNew's, which showed an encouraging way forward for high-yield Indian issuers, shouldn't be allowed. Under the accounting standard it has chosen, the regulator will probably rule that companies such as Neerg, whose sole purpose is to invest in ReNew, is related to the latter and hence not permitted to invest in its masala bonds.

It's time RBI started fighting some real fires. After all, it's also the regulator for banks, which are saddled with $180 billion in bad loans, leaving them with little enthusiasm and even less capital to make new corporate advances. The nascent domestic bond market, meanwhile, is the private borough of large, well-known companies. Out of the $23 billion that Indian issuers have raised since January last year, barely $1 billion has gone to firms offering double-digit yields.

It appears the RBI wants the same large banks and public-sector borrowers to dominate the offshore rupee bond market. That's a shame. Deep overseas markets have a craving for yield; and small, fast-growing Indian companies can afford to whip them up without taking on currency risk. A regulator that doesn't believe in letting consenting adults decide the quantum of spice in their masala will never be able to stoke an appetite among investors.

BLOOMBERG

Don't waste time trying to revive AI

The airline is a story of multiple organ failure, thanks to neta-babu control. Better to unlock value and move on

RAGHU DAYAL

Soon after civil aviation minister Gajapathi Raju talked of the Centre reviewing options to revive Air India, his colleague Jayant Sinha informed the country of a "robust" multi-dimensional plan to turn the national carrier into a "great global airline for India". Sinha's brave stance sounds platitudinous, too familiar.

For long there have been several suggestions for revamping Air India. Most commentators suggest the Government should cut its umbilical cord with the carrier. It was referred to Disinvestment Commission in 1998; the then disinvestment minister Arun Jaitley advocated its privatisation. So did a 2012 study commissioned by the corporate affairs ministry. Again in 2013, the civil aviation minister rooted for privatisation; the move was blocked by the Opposition.

A lot of turbulence

As the *Economic Survey* of 2016-17 eloquently put it, "Defying history, there is still the commitment to make the perennially unprofitable public sector airline 'world class'", although acknowledging that the exit is "difficult especially in a precocious, cleavaged democracy dominated by vested interests".

However, there are signs of hope. With Niti Aayog's reported recommendation for AI's strategic disinvestment, finance minister Arun Jaitley's assertion that if private airlines already carry 86-87 per cent of country's air traffic, they might as well carry 100 per cent, and civil aviation minister Raju assuring that a decision for its "rejuvenation" will be taken within three months, a decision may be on the cards. The Modi sarkar could live up to Prime Minister's oft-repeated avowal that the Government has no business being in business.

Of course, as Niti Aayog says, the Government will perforce need to considerably relieve AI of its ₹55,000-crore debt overhang to make it attractive for investors.

With its decision for an equity bailout of ₹30,231 crore over a nine-year period till 2020-21 as a key element in AI's turnaround plan, the UPA government predictably opted for a soft option. The plan has not helped. As Sinha said, AI carries a "crushing load" of debt; ₹50,357 crore at end-FY16.

Worse, the CAG has said that AI in fact incurred a loss of ₹321 crore in 2015-16, instead of an operating profit of ₹105 crore it claimed. The auditor stated that AI understated losses to the tune of ₹6,415 crore in three years from 2012.

Many ailments

There is little evidence of any systematic diagnosis done of AI's real ailment. The national carrier's stewardship has mostly been an almost-exclusive prerogative of *babus* with little domain expertise, nominated directors stacked along with pliant chief executives. Once a former AI chief lamented how the management was bullied by a minister into seeking "immediate and unquestioned compliance" with orders for financially damaging and commercially unviable measures.

Probing 'Air India scam' at Supreme Court's instance, the CBI has just filed three FIRs: one, against AI's own assessment in 2000-01 that it should only lease aircraft, an order was placed in 2004-05 to buy 68 Boeing airplanes for Air India and another 43 for Indian Airlines; second; AI dry-leased four B-777s for five years in 2006 even when new planes were due to arrive in mid-2007, resulting in five B-777s and five B-737s standing idle, involving an estimated loss of ₹840 crore during 2007-09; third, several lucrative routes and schedules were given away for private airlines.

Air India's woes are too deep, it is a story of multiple organ failure. It is not just its abysmal financial situation or myriad operational glitches that often surface; the politico-bureaucratic stranglehold on it has nurtured a sinister culture of free-for-all rent-seeking and wanton fleecing of, what once it was, a real Maharaja airline, one of the world's very best, which has steadily scraped the bottom of the barrel.

Can't fly high? Might as well ground it REUTERS

In reply to a question sometime ago, Parliament learnt of a score of cases of malfeasance and misdemeanour like fraudulent claims, even of some senior staff actually working elsewhere. Frequent work stoppages by different employees' unions and groups, even by "world's highest paid" pilots strangely categorised as "workmen" did an enormous damage.

Minister Raju believes that, notwithstanding the legacy issues, which drag down AI's finances, the carrier has "definitely improved" in parameters like the passenger load factor, on-time performance and aircraft productivity. Yet, some doubts linger. For example, with 32,235 employees on its rolls – regular and some 4,350 casual and contractual hands, AI's tooth-to-tail employees/aircraft ratio in 2011 stood at scandalously high of 298, almost thrice the industry's average. This is reflected in employee costs constituting 23 per cent of working expenses for AI in comparison with 12 per cent on Jet. AI's employee/aircraft ratio shown as 120 for 2015-16 is explained only by its total strength reckoned at 12,880 employees, against the number of its regular employees alone being 26,921 in 2011-12. The big drop in the numbers may be ascribed to its splitting the engineering and cargo businesses into two separate subsidiaries in 2013.

Trailing behind

While younger Indian airlines such as IndiGo and SpiceJet are scripting a bold narrative in aviation industry — increasing capacity, gaining market share, improving asset utilisation, load factor and on-time performance, AI is losing out. AI's paltry 13-per cent domestic passenger market share trails far behind IndiGo's, JetAirways', and SpiceJet's. Its international market share of 10.7 per cent also lags behind Jet's 14.5 per cent. AI's on-time performance at six of India's metro airports in 2015-16 was 89.2 per cent vis-a-vis Jet's 91.8 per cent and IndiGo's 95 per cent.

Notwithstanding the diligence and sincerity of the management now in the saddle, AI's very credibility as an institution is in question. AI will never be permitted to function as a truly autonomous enterprise and, instead, be hostage to debilitating diktats. Consider the import of the recent appalling conduct of MP Gaikwad on an AI flight tacitly, supported by a number of his colleagues, and the FIR filed by the national carrier virtually ending in the culprit having the last laugh.

Amidst a plethora of suggestions to pull AI out of the quagmire, it will be prudent to devise an innovative mechanism to somehow unlock AI's optimal value, and let it extinguish itself in its existing incarnation, to be born again in another — alive and kicking.

The writer is the former CMD of Concor

5 THINGS to WATCH OUT for TODAY

- **India** is to officially become a full member of the Shanghai Cooperation Organisation today, even as Prime Minister Narendra Modi would hold a meeting with Chinese President Xi Jinping on the issue of India's membership to the Nuclear Suppliers Group. The 17th SCO Summit is taking place in Astana on June 8-9.

- **A five-member** delegation from AAP will visit Mandsaur in Madhya Pradesh and meet the farmers today. The farmers' protest intensified on Wednesday, a day after five people were killed in firing, as agitators set on fire about many vehicles.

- **The shipping** ministry will today organise the first of many workshops under the Sagarmala programme in order to engage with stakeholders on implementation of projects. The first workshop themed 'Accelerating Sagarmala Implementation — Engaging with States' will be organised at India Habitat Centre in the Capital.

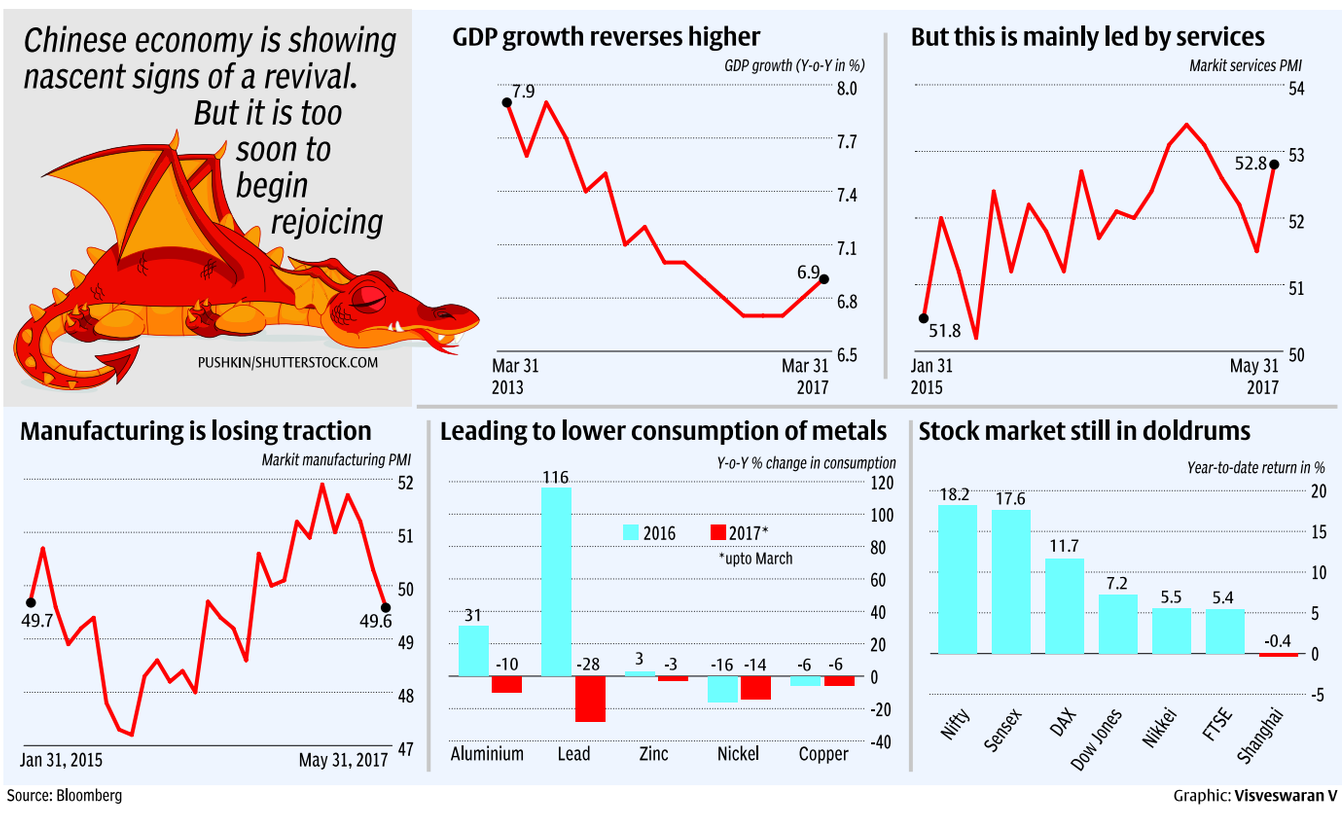
- **The full moon** today will appear as the smallest full moon of 2017, as it will occur when the moon is the farthest full moon from Earth. This month's full moon comes less than a day after reaching lunar apogee, the moon's farthest point in its monthly orbit around Earth.

- **Most part** of the Central India and East India (except parts of extreme North and North-West India) may come under the influence of the monsoon from today, till June 15. This is according to an extended range weather forecast by India Met Department.

GURUMURTHY K

STATISTALK

Will the dragon awake?



Source: Bloomberg

Graphic: Visveswaran V

BusinessLine TWENTY YEARS AGO TODAY

JUNE 9, 1997

Plan panel for transferring 115 schemes to States

The Planning Commission has finalised a proposal for transferring 115 of the existing 179 Centrally Sponsored Schemes to the States in line with the principles of "cooperative federalism" outlined in the United Front's Common Minimum Programme. The proposal is slated to come up for discussion at the Panel's full-body meeting to be convened by the PM, Mr. I.K. Gujral, on Monday. The blueprint drawn up by the Commission's Rural Development Division envisages the Centre retaining just 64 schemes, which accounted for a quarter of the total outlay of Rs. 16,138 crores on CSS during 1996- 97.

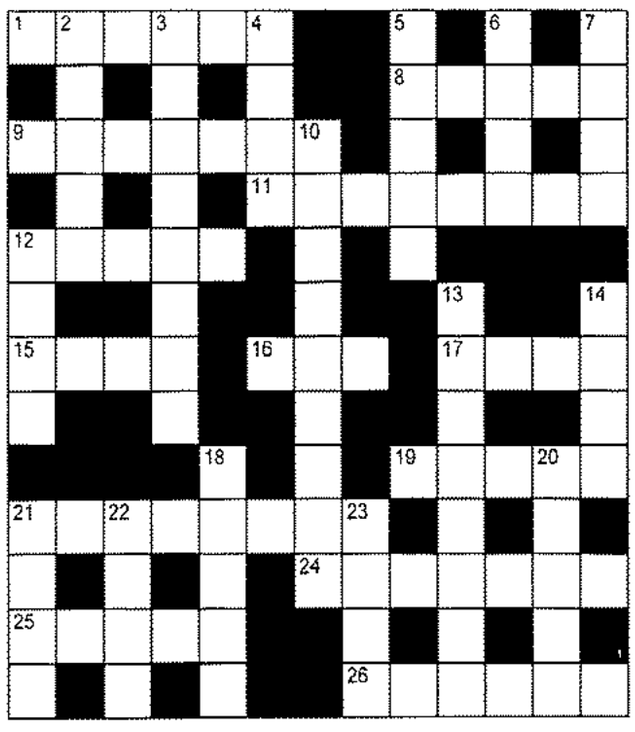
100% power cut on Kerala industries from today

In the absence of an accurate forecast with regard to the onset and extent of the monsoon showers and perturbed at the dwindling storage position in the State, the Kerala State Electricity Board has slapped 100 per cent power cut for extra-high tension, high tension and low tension consumers in the State. The situation had entailed a premature review of the contingency generation and consumption schedule it had prepared expecting a normal June 1 break of the monsoon over the Kerala coast.

'RBI to study Tarapore report carefully'

RBI Governor, Dr. C. Rangarajan, has said that the Bank would carefully examine the Tarapore Committee recommendations on capital account convertibility of the rupee before it takes any decision on it. The governor, who made a brief reference to the panel's recommendations on free rupee convertibility at an inter-face session with exporters/SSI entrepreneurs here on Sunday, pointed out that the approach to achieving the capital account convertibility should be in stages and not at one stroke.

BL TWO-WAY CROSSWORD 868



EASY

ACROSS
01. Support (4-2)
08. Guffaw (5)
09. Bivalve shellfish (7)
11. A sham (8)
12. Stores, puts away (5)
15. Wound dressing (4)
16. Rubbish receptacle (3)
17. Uncomplicated (4)
19. Slice joint (5)
21. Interest payment on shares (8)
24. Calumniate, defame (7)
25. Hurl (5)
26. Thigh-boots (6)

DOWN
02. Tie; racecourse (5)
03. Measure of electric power (8)
04. Support (4)
05. Reprimand, review unsparingly (5)
06. Commit to the flames (4)
07. Footwear item (4)
10. Catching the eye, outstanding (9)
12. Seasoning (4)
13. Considered; looked at (8)
14. Dog, cur; Yorkshireman (4)
18. Old saying, proverb (5)
20. Parson of a parish (5)
21. Clever, handy (4)
22. Pettily self-complacent (4)
23. Pull along (4)

SOLUTION: BL Two-way Crossword 867

ACROSS 7. Takes good care 8. Predisposed 12. Resume 14. Reaper 16. Satire 18. Peered 19. Common sense 23. Double meaning
DOWN 1. Carp 2. Here 3. Ignite 4. Copper 5. Aces 6. Trod 9. Risotto 10. Experts 11. Grid 12. Rash 13. Mar 15. Eye 17. Eloped 18. Pester 19. Cook 20. Mobs 21. Nine 22. Etna

NOT SO EASY

ACROSS
01. Standby looking like an angry cat? (4-2)
08. Sound amused at half a rhyme (5)
09. Shellfish one may cut into curves (7)
11. Trivial pretext that made ten creep about (8)
12. Packs away with two perhaps in a screw steamer (5)
15. Cotton substitute ignited with nitrogen in it (4)
16. A crazy place to store wine in (3)
17. It's not bard to give a yes to it (4)
19. Cut the stone right inside a rock hollow (5)
21. Interest on share will split, no date being given (8)
24. Calumniate one for putting copper back in the deal (7)
25. Cast has a period of complete freedom (5)
26. Boots for snipe and the like (6)

DOWN
02. Sort of tie achieved at royal race meeting (5)
03. Walk to it in order to get a measure of power (8)
04. Forward support in favour of parking (4)
05. Roofer uses it to enter on a list (5)
06. In Scotland running water may burst into flame (4)
07. Woman bolds nothing but Oxford, say (4)
10. In the public eye permit no national leader to turn (9)
12. There's an old sailor in the cellar (4)
13. Looked at short road and agreed to differ about it (8)
14. Is pretty keen to bold a Yorkshireman (4)
18. Saying how aged a turn can be (5)
20. Man of the church has IOUs experienced at second hand (5)
21. Fed up with head teacher being so handy (4)
22. It's useless having one in a commercial vehicle (4)
23. Prepare fowl for oven – with a pencil? (4)