THE HINDU BusinessLine
MONDAY, JUNE 12, 2017

Angry Bharat

Astute political leadership and structural reforms in farming are called for

After two weeks of agitation, the Centre and the governments of Maharashtra and Madhya Pradesh have come under immense pressure to address the immediate concerns of farmers' groups: higher prices for farm produce and a waiver of farm loans. It hasn't helped that the two State governments have escalated rather than defused tensions by being confrontationist and high-handed in their utterances and actions. An agitation that began with Maharashtra's onion farmers spread rapidly to tur, soya and vegetable growers in Madhya Pradesh. It spiralled out of control after the police in western Madhya Pradesh opened fire on a group of protesters. There has been no explanation from the State government on why it resorted to this extreme step, or any subsequent censure of the police personnel concerned. The two State governments couldn't have done worse than call the protesters 'anti-social elements'. There needs to be an attitudinal shift, an attempt to reach out to farmers' groups. The Madhya Pradesh Chief Minister has belatedly woken up to this reality. But there can be no denying the lack of conflict management skills. Onion, vegetable, tur and soya farmers, who are being forced to sell their bumper crop at below cost, deserve both a hearing and a promise to address structural deficiencies. But to be able to talk to farmers' leaders, the political leadership must win back their confidence. After all the blundering, the State governments have perhaps been left with little option but to agree to a loan waiver, as indeed Maharashtra has done on Sunday, in order to stop the agitation. It is also high time that the Centre intervened, by restoring confidence in its policies and addressing demonetisation-related impacts.

That farmers should take to the streets after a good monsoon in 2016, leading to a record foodgrain output, tells a story — that farm marketing and procurement remain a mess, despite years of policies and promises. Governments, Centre and States, should have anticipated the fallout of a handsome increase in support prices for pulses and worked out a procurement and storage plan. The attempts at arriving at a uniform price across markets through the National Agriculture Market network are laudable, but this should be supplemented by a network of roads and market yards. Farmer producer companies must become the norm to aggregate produce, as in dairy, so that both producer and consumer prices can be kept in check. Land leasing reforms, as well as attempts at consolidation, must be implemented to alter the economics of small-scale farming.

Above all, the focus on credit as opposed to structural reforms should be reversed. The Centre must come out with a White Paper on the state of rural indebtedness and implementation of waivers, so that informed debate takes the place of overly simplistic statements 'for' or 'against' such steps. Whether such debt can be restructured — akin to what is taking place with respect to industry debt — needs to be examined.

Why RBI has turned a perma-hawk

By gunning for 4 per cent retail inflation, the RBI and the Centre may be chasing an unrealistic target

AARATI KRISHNAN

CIRCUIT BREAKER

Former Reserve Bank of India Governor Raghuram Rajan was reviled for his reluctance to trim benchmark interest rates, to give a helping hand to the Indian economy. After digging in his heels in the first year, he eventually relented, lowering policy rates by a significant 150 basis points between January 2014 and January 2016.

Now it turns out that his successor is more hawkish. After an initial cut of 25 basis points in October, policy rates have remained on hold in the last seven months. The past week, the Monetary Policy Committee and RBI have been receiving more than their usual quota of brickbats, after deciding not to trim interest rates on June 7.

Blame the agreement

The angst is understandable. The markets had been primed for a rate cut ever since the CSO's latest GDP data painted a dire picture of economy for the fourth quarter of 2016-17. And the MPC has also offered up a jumble of unconvincing arguments to justify its hawkish stance.

But it is not the personalities in question, but the new Monetary Policy Framework Agreement inked between the Centre and RBI in February 2015, which needs to be blamed for RBI's consistently hawkish stance in the last couple of years. Here's why.

First and foremost, the agreement has made price stability the lynchpin of RBI's monetary policy. Prior to it, RBI used a multiple indicator approach and could weigh growth, inflation and exchange rates to decide on interest rates.

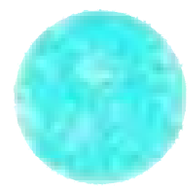
Two, the agreement has committed RBI to an extremely conservative inflation target. The agreement has explicitly bound RBI to bring inflation below 6 per cent by 2016-17 and required it to sustain it within '4 per cent plus or minus 2 per cent' in 'all subsequent years.' With inflation having dipped below 6 per cent in 2014, RBI has been gunning for 4 per cent since.

Three, the agreement holds RBI solely accountable for any misses vis a vis the target. It explicitly states that, if the retail inflation rate strays beyond the range for three consecutive quarters, RBI needs to put in writing, the reasons for the slip-up and the remedial actions proposed to be taken. It even needs to specify the period within which inflation will fall back in line.

Stiff target

The onerous obligations under the agreement may still have allowed RBI some wiggle room, had the inflation target been pegged at more realistic levels.

History tells us that a 4 per cent retail inflation target is quite a hard ask in the Indian context. Taking stock of the new series of the Consumer Price Index (CPI) which was flagged off in January 2012, we find that the monthly inflation reading has been at 4 per cent or below it only in 9 out of 64 months. Put simply, retail inflation has remain at or below 4 per cent only one-seventh (14 per cent) of the time. But this data does not cover multiple economic and global cycles. How often has India experienced 4 per cent or lower consumer inflation rates in the last twenty years? Well, studying the data on CPI – Industrial



Workers, which has a much longer history, tells us that monthly CPI inflation at 4 per cent or below only 23 per cent (less than one-fourth) of the time.

In fact, if you average the monthly inflation rate over the twenty years from 1997 to 2017, you find that the 'normal' level of retail inflation in India is 6.8 per cent. The most frequent inflation print (the mode for the series) is 5.3 per cent. So, given that actual retail inflation rates have been a good 100-200 basis points above the 4 per cent target, it's no surprise that RBI has gone into a default hawkish mode ever since the agreement was inked.

But what made the Centre adopt the 4 per cent target in the first place? And why is the RBI keen to contain inflation at 4 per cent, even though it has a 200 basis point leeway to go over it?

Well, the number (as also the decision to move to an inflation targeting approach) was mooted by an expert committee (ironically) chaired by Dr Urijit Patel in January 2014. When the committee was constituted, India was just coming off a decade of exceptionally high CPI inflation (it averaged 10.1 per cent in 2008-2012).

High retail inflation rates were then seen as the villain of piece in impoverishing low-income earners, denting consumer confidence and prompting savers to flee from financial investments. In those circumstances, bringing down re-

tail inflation rate to 4 per cent probably appeared to be a very desirable goal. Statistical analysis also showed that 4 per cent was the inflation level at which the Indian economy displayed a zero output gap (no excess capacity).

How much influence?

Stiff targets apart, there's the question of how much influence RBI really wields on price trends in the economy. While the agreement seems to assume that all the RBI has to do is to shift the rate lever for inflation to fall into place, the reality is much more complex.

In India, 'core' inflation components, for which demand is inelastic and RBI has limited ability to tame prices using monetary instruments, make up 57 per cent of the CPI. This ties the RBI's hands in influencing the CPI numbers as quickly or effectively as it would like.

Then, there's the fact that RBI has a surfeit of data to gauge price trends in the economy, but very little data on evolving growth and employment trends.

Unlike the US, where the Fed can access monthly data on non-farm payrolls, reliable employment data in India (NSSO and Labour Bureau survey) is available once in a blue moon and with a multi-year lag.

This impels the central bank to respond promptly to runaway inflation, while putting off action to tackle a severe slowdown.

Falling inflation over the last three years has also demonstrated that very low inflation is not very easy to digest for the aspirational Indian economy.

It is after all inflation that decides income growth for salary earners, crop prices for farmers and revenue and profit growth for India Inc. Inflation also helps the Indian government improve its fiscal metrics by piggybacking on high nominal GDP growth.

All of this suggests that, if the Centre is keen to see a more dovish RBI, it should revisit the Monetary Policy Framework Agreement to shift that inflation target a few notches higher.

Trump's love for coal vis-a-vis Moore's Law

The US President can love coal miners, but he can't stop solar from becoming the cheapest energy source in the near future

STEPHEN MIHM

Donald Trump justified his decision to withdraw from the Paris Climate Agreement by claiming that compliance would impose crippling economic burdens on the United States. I happen to love the coal miners, Trump declared, before reaffirming his intention to make the fossil fuel the centrepiece of the nations energy policy.

The backlash against the president was ferocious, but mainly focused on his lack of concern for the catastrophic effects of climate change. Far less attention has been directed at his conviction that coal will be cheaper than renewable sources of energy in the foreseeable future.

This is a question, luckily, that history can help answer. Recent research suggests that certain technologies introduced over the past two centuries exhibit very predictable rates of advancement, becoming more efficient — and thus cheaper — at a steady clip. And solar energy is one of those technologies. Looking into the past can give us a glimpse of the future.

Moore's Law

In 1965, Gordon Moore, one of the founders of chip giant Intel, noticed that the number of transistors per integrated circuit doubled every two years on average, with corresponding advances in speed and declines in cost. This quickly became known as Moore's Law. In the succeeding half century, Moore's Law has held up, with the cost of computing power plunging dramatically over the years.

Last year, two economists published an intriguing paper that riffed off Moores Law. Many technologies, they correctly observed, followed a generalised version of Moores Law in which costs tend to drop exponentially. Some technologies, however, do not follow this model, and it can be hard to distinguish between them. Past performance, in other words, is not always predictive of future results.

In order to sort out the ones that follow a version of Moore's Law from the ones that don't, the researchers engaged in an interesting thought experiment. They selected 53 very different technologies across a range of sectors and built a deep database of historical unit costs for producing milk; sequencing DNA; making laser diodes, formaldehyde, acrylic fibre, transistors, and many other things; and electricity from nuclear, coal, and solar. They then engaged in a statistical method called hindcasting.

Coal ain't cool Trump must admit the truth sooner or later

This entails going back to various points in the past for each technology, taking whatever trend existed at the time, and then extrapolating it into the future. They then took this prediction and compared it to what actually happened. This has the virtue of actually testing the predictive power of the data rather than fitting the data to a model.

Moreover, it gives some insights into the accuracy of future forecasts. After all, the authors note, a sceptic who looks at the trends in the cost of solar and coal would rightfully respond, How do we know that the historical trend will continue? Isn't it possible that things will reverse, and over the next 20 years coal will drop dramatically in price and solar will go back up? Hindcasting offers a way to answer that question in quantitative terms.

The outliers

And the answers are rather interesting. The researchers found that many technologies don't follow a robust version of Moore's Law, even if the cost per unit can fluctuate a great deal in the short term. The cost of chemicals, household goods, and many other goods don't stay the same, but they fluctuate in a random fashion, going up for a number of years and then going back down again. Others, like transistors, DNA sequencing, and others, are eerily predictable.

Energy, on the other hand, is a mixed bag. The current unit cost of coal is approximately the same as it was in the year 1890 in inflation-adjusted terms. It has, however, fluctuated randomly over time by a factor of three, exhibiting short-term trends that eventually reverse themselves. The same is true of gas and oil.

Nuclear has also fluctuated, but is actually more expensive now than when it was first introduced in the 1950s. In short, there's no equivalent for Moore's Law when it comes to fossil fuels and nuclear power.

Which brings us to solar. Here the trend has been unmistakable, with the price per unit dropping a very steady 10 per cent per year. This has been a very rapid decline with little variability. Despite changes in demand, the ebb and flow of government subsidies, solar has steadily dropped in cost.

This very Moore-ish trajectory permits us to make reasonably secure predictions about the future cost of solar power. There's a very slim chance those predictions could be wrong, but compared to predicting the cost of coal — which is akin to spinning a roulette wheel we can get some glimpse of the future.

And that future will almost certainly be dominated by solar — not because its green, but because its cheap. Indeed, the authors data suggests that there's a fifty-fifty chance that solar will become competitive with coal as early as 2024; there's a good chance that could happen even sooner. Indeed, it already has in some countries.

In the near future, it will likely be the coal industry that will need subsidies to compete with solar, not the other way around.

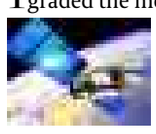
Trump can love coal miners all he wants. But he cannot stop solar from becoming the cheapest energy source. BLOOMBERG

FROM THE VIEWSROOM

Monsoon forecasting has improved

IMD uses sophisticated models now

India Met Department (IMD) has in its June update upgraded the monsoon rainfall outlook to 98 per cent of the long-period average (LPA) from 96 per cent as projected in the first-stage operational long-range forecasts of April. In IMD's parlance, the 'normal' rainfall represent anything on a scale of 96 per cent of LPA to 104 per cent. But 98 per cent and above make it 'near-normal' since it is closer to the true normal of 100 per cent.



But KJ Ramesh, Director-General, says this is exactly what the IMD had hinted at in the April forecasts when it had assessed at 38 per cent the chance of 'near-normal' rainfall during June to September. The June update merely went to confirm this probability, made possible by 'improved forecasting techniques' currently at IMD's command. For, it had made an experimental run of its dynamical model this year, called the Monsoon Mission Coupled Forecasting System, along with its weather-beaten Statistical Ensemble Forecasting System.

In the past, IMD forecasts were a topic of jokes. However, a survey of 918 agricultural households in 35 districts conducted in 2014 by the National Council of Applied Economic Research and published in August, 2015, says that reliability has improved over the previous four or five years. During 1988-2008, the forecasts were qualitatively correct in 19 years, or 90 per cent of the time. The exception was in 2002 and 2004, both drought years. However, in some years, the forecast error was more than 10 per cent.

Meanwhile, the Ministry of Earth Sciences has ordered for augmentation of high-performance computing to help IMD crunch even more atmospheric data. Another round of upgradation at a cost ₹400 crore is being taken up to ramp up the computing power manifold. So it is fair to give IMD a chance to further improve on its forecasting capabilities and deliver what the farmers of the country need.

Vinson Kurian Deputy Editor

BELOW THE LINE

Technical snags

The implementation of Goods and Services Tax (GST) is facing its own set of hurdles. Though the enrolment window for taxpayers under the GST has been re-opened, the portal has been registering technical snags with assessees finding it difficult to register due to problems such as maintenance of the portal or not getting a one time password to register. The GST Network has been working overtime to address these concerns.

Hot potato?

There is no dearth of high profile ministers in the Union Cabinet. But the Narendra Modi government could not find one on Wednesday to do the customary post Cabinet briefing in which several important decisions were taken. First, the Press Information Bureau sent out alerts to media persons about a briefing at 1 pm, which was soon followed by a message stating 'briefing stands cancelled'. The cancellation was not unusual, but this time around no reason was given, triggering rumour mills. The buzz was that none of the Ministers was willing to go on record to talk about the Minimum Support Price (MSP) hike decision, when farmers around the country were staging protests in different States.

What made matters difficult was that finance minister Arun Jaitley who usually (and readily) accepts the responsibility of briefing the media was away in Paris and Ravi Shankar Prasad, the other minister who also regularly conducts Cabinet briefings, was away at Noida for a Samsung event.

The bottomline: No one to say whether MSP was actually revised or not, and if so for which crops and by how much.

Here goes Kant

Flamboyant Chief Executive of NITI Aayog Amitabh Kant couldn't hide his delight when he landed up at a conference organised by Internet and Mobile Association of India (IAMAI) on early Thursday morning. He opened his chief guest's address with the remark that it was a "great pleasure" to be in the midst of "young and lively audience".

Kant did not stop with that but went on to say: "Normally when you come to Taj Hotel you are welcomed by pot bellied men!". Wonder who Kant was hinting at.

Yet another blueprint

Public sector oil retailers know best that the slightest disturbance in prices or availability of auto and cooking fuel will result in flak from the corridors of power.

To ensure that no such disturbances happen while implementing the latest decision of daily revision of petrol and diesel prices from June 16, the retailers have been wooing petrol pump dealers and convincing customers. Dealers have been crying foul stating that it is a decision is hurried, while the customer is confused. IndianOil came out with a statement on Sunday, with a blueprint for smooth roll out of the dynamic pricing regime: Extensive training of dealers so that customers do not face any pricing misinformation; dealers will be given timely information on effective prices at a pre-designated time, say 20:00 hrs for the next day. At automated fuel stations, daily price can be automatically updated centrally. At the non-automated ones, dealers would get the updated price through customised SMSs, e-mails, mobile apps and the web portal for dealers. For their convenience and assurance, customers would be able to fetch daily updated prices of petrol and diesel at all cities through IndianOil's mobile app, Fuel@IOC.

Erratum

With reference to the report 'Idea seeks shareholders' nod to waive recovery of excess wage paid to MD'(June 9), the company has clarified that Himanshu Kapania was paid ₹10 crore in 2016-17, and not ₹10,040 crore, as published. The error is regretted.

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Nature of new taxes

What's the framework for the 3 GST levies?

AJAY SRIVASTAV

GST MASTERCLASS

India chose to follow the dual GST model signifying Centre and States as partners in tax administration. This led to the current model of the three types of GST: Central GST (CGST) for use of Centre, State GST (SGST) for use of States and Integrated GST (IGST) for use of both. A clear understanding of the applicability of the three types is necessary for making payment of correct tax.

When a taxable good or service is supplied, the supplier pays the GST. CGST is the levy on the supply of goods and/or services within a particular State, by the Central Government. SGST is the levy on the supply of goods and/or services within a particular State, by the respective State Government. Union territories would levy Union territory GST (UTGST).

This is the first of a series of columns to introduce readers to GST's intricacies.

An intermediary tax

IGST would be levied by the Centre on inter-State supply (including stock transfers) of goods or services. India is the first country to adopt the IGST. It is essentially an intermediary tax mainly on B2B transactions.

It is not envisaged as final tax as input tax credit of IGST would be available to the recipient in another State. IGST model ensures maintenance of uninterrupted Input Tax Credit chain on inter-State transactions.

If IGST is paid on the B2C transaction, the state where goods or services or both are consumed will get their share of SGST. IGST rate is expected to be double the CGST rate and will be uniform all over India.

Import of goods would be treated as inter-State supplies and subject to IGST in addition to the applicable customs duties. Import of services would be treated as inter-State supplies and would be subject to IGST.

Inter-state vs Intra-state supplies: Let us now understand when a supply would qualify as Inter-State or Intra-State Supplies.

Intra-State supply implies any supply of goods and/or services where the location of the supplier and place of supply are in the same State.

However as the SEZs are considered foreign territory, any supply concerning SEZs, even though within the same state would be considered Inter-State.

Utilisation of the GST credit: GST Acts provide guidelines on how the input tax credit could be utilised for making payment of taxes. The credit of CGST paid on inputs may be used for paying CGST and any leftover credit may be used for payment of IGST.

The credit of SGST paid on inputs may be used for paying SGST and any leftover credit may be used for payment of IGST. The credit of IGST paid on inputs may be used for paying IGST and any leftover credit may be used for payment of CGST and SGST in that order. A taxpayer is required to maintain separate details in books of account for utilisation or refund of credit.

Care needed: The GST would have to be paid online through the GSTN platform along with the filing of appropriate returns like GSTR 1,2, 3, etc.

While this means freedom from visiting tax offices, this also means taking utmost care in making right returns and payments on time. Any wrong or delayed payments may block the money paid and invite other actions.

The writer is from the Indian Trade Service. The views are personal. Adapted from his book, 'The GST Nation: A Guide for Business Transformation'

BOOK REVIEW

Still a bumpy ride for Indian startups

Alan Rosling catalogues the entrepreneurial dream and asks if the current upsurge can sustain and transform the country

VINAY KAMATH

Alan Rosling is uniquely positioned to have authored *Boom Country? The New Wave of Indian Enterprise*. A Britisher educated at Cambridge and at Harvard Business School in the US, and who later worked in multinational outfits in India, you could say it's an outsider's view in. But, as the first foreigner to be on the board of Tata Sons and an entrepreneur himself, co-founding a solar energy company and setting up plants in India's hinterland, it could well be an insider's view of entrepreneurship in the country.

Rosling's book is a compelling read for anyone wanting to make sense of the entrepreneurial ecosystem in India. It has plenty of personal anecdotes, stories, background on contemporary economy, analysis, perspectives of entrepreneurs, venture capitalists and investors across the spectrum, and has takeaways for all.

Wide spectrum

The author has done a lot of legwork for his book, interviewing over 100 entrepreneurs, investors and observers of the entrepreneurial ecosystem. While stories about IT and e-commerce entrepreneurs abound, given that they dominate the entrepreneurial landscape, Rosling also narrates stories of people in manufacturing, dairy, a *chai* chain and of a company that increases energy efficiency and lowers the cost of carbon capture.

The comment by Aniruddha Sharma of Carbon Clean Solutions to Rosling exemplifies the proclivities of the investment community in India. As Sharma said: "India is a country where nobody invests in a tech company. If you open a web site which is selling used shirts, you will raise a million today or tomorrow. If you say 'I am going to save the world, here is the technology, and we actually won three prominent awards', no one is interested!" Sharma and his partner, Prateek Bumb, moved their company from India to the UK after winning a global grant of 3.6 million pounds in 2012.

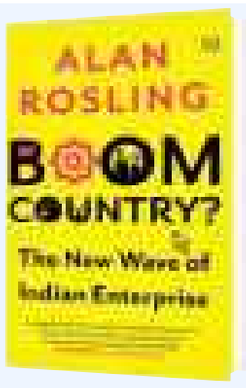
Sharma's would be a stray case as VCs and angel investors have invested millions in a host of other sectors. Rosling talks to several of these entrepreneurs.

Rosling's own entrepreneurial ambitions were stalled when he met Ratan Tata to discuss his venture. He had just finished a five-year stint as Country Chairman of the Jardine Matheson group, which did business with the Tata group. "That's not a good idea," Tata told a surprised Rosling. Instead, Tata suggested that he join the Tatas; which he did, for five years on the Tata Sons' board.

Those many waves

The first part of the book sets the economic context of India; then Rosling talks about what he terms 'Manmohan's children', the entrepreneurs who rode the first wave of liberalisation when Narasimha Rao became Prime Minister in the early 1990s, with Manmohan Singh as his finance minister.

Later, the book discusses those who became entrepreneurs post-2000. The older group demonstrates greater struggle and also had much less access to risk capital. "Many of the newer stories I heard are more purposeful, better funded and based more on a pure idea," says the author. Another phenomenon, he notes, of the tech-driven entrepreneurs of this century is most of them are US-educated, exposed to the energy and entrepreneurial ecosystem of that country, worked in multinationals and returned to become entrepreneurs in their homeland.



Title: Boom Country: The New Wave of Indian Enterprise
Author: Alan Rosling
Publisher: Hachette India
Price: ₹599

While Rosling does catalogue success stories of many well-known entrepreneurs, it's not paeans right through. Despite its teeming population of entrepreneurs, until recently at least, India has been short of the high-aspiration entrepreneurs who create the 'gazelles' that research indicates generate job growth.

Quoting economist Maria Minniti, Rosling says that as income per capita increases and formal job opportunities develop, in middle-income countries, the proportion of the population which is self-employed tends to be lower. Then, beyond a point, self-employment increases again as the economy becomes more sophisticated and wealthier. The reasons for this poor 'quality' of entrepreneurship in transition economies are many, as Minniti says: a lack of formal market-supporting institutions, institutional weaknesses, including issues with the rule of law and corruption, poor access to finance and attitudinal issues such as fear of failure. "Much of that, if translated from academic speak, would ring true for India," says Rosling.

India fares poorly in the global entrepreneurship index despite its teeming millions of entrepreneurs and its exciting new cult of the young tech entrepreneur. In the 2016 index, India was ranked 98 out of 132 countries. However, slice this data and look at the tech-urban phenomenon and India ranks right up there as having a vibrant tech start-up eco-system. As Rosling argues, there are many Indias in which contradictory things can co-exist and be equally true at the same time.

Bangalore to Bharat

In the modern, youthful, educated, connected India of Bangalore, Gurgaon and Powai, there is clearly a tsunami of ambitions, he says. At the same time, in more traditional and rural Bharat, the old thinking, challenges and constraints persist.

Rosling quotes Ratan Tata and the Tata group often, not surprising given his many years with the group. Ratan Tata, he says, was surprised by the speed with which people adopted the smartphone, enabling them to become customers of new-era ventures such as Bharti, MakeMyTrip and Paytm.

Rosling's book is a compelling read for anyone wanting to make sense of the entrepreneurial ecosystem in India.

"The same connectivity is spreading a new ambition among young people, just as Peter Drucker saw in the US 34 years ago," says the author. He quotes Anand Mahindra: "There is a much larger, disproportionate hunger among young Indians to succeed because of the sheer number of educated people who are savvy about new technology." Digital technologies will be the key to transform India, he says. It offers opportunities to entrepreneurs to solve challenges facing traditional services like retail or education. Over a third of the 92 entrepreneurs Rosling interviews are in the digital space, though all of them are applying digital tech in some form or other in their businesses.

Rosling intersperses his chapters with short profiles of a few entrepreneurs. Many unknown anecdotes and tales abound. Like the one of Paytm's Vijay Shekhar Sharma, hitting a nadir in 2004 and having to scrounge off friends to eat. He often went to bed after having had just a Coke and Britannia Bourbon biscuits! Now, he offers to drop Rosling home in a sleek BMW! Sharma tells the author that his prospective father-in-law actually audited his financial position that year and he was rejected as a suitable boy and the marriage took place a year later, when his situation improved.

Or, the nugget about Sunil Mittal who, in the 1970s, when completely out of funds in Ludhiana, went to Hero's Brijmohan Munjal to borrow. Munjal was not happy but Mittal said he was desperate and Munjal finally agreed to clear a few bills. "As I turned back to the door of his shabby cabin, he said, 'Beta, don't make this a habit!' That incident changed my life because from that day on I've never let my finances get the better of me. Never," says Mittal.

Rosling winds up with three distilled recommendations for entrepreneurs and investors. For the former: Do it when it feels right; persistence pays; and follow a path less travelled but don't travel alone. For investors: Be different, be disciplined, know more about less and contribute more than just money. Pithy but potent advice.

MEET THE AUTHOR

Alan Rosling is an entrepreneur and strategic advisor. He co-founded Kiran Energy after leaving the Tata Group, where he was the first non-Indian Executive Director of Tata Sons

5 THINGS to WATCH OUT for TODAY

- **The Supreme** Court will hear the plea of CBSE to declare the NEET result today. The exam was conducted on May 7 and the results were stayed by the Madras HC after an aspirant said that the question paper in languages were not uniform. Earlier, the Madras HC had directed CBSE to produce the question papers prepared in the vernacular languages.

- **Finance minister** Arun Jaitley will review the performance of PSU banks and financial institutions today. In a meeting with the heads of the institutions, Jaitley will discuss issues related to bad loans, interest rates and credit flow to various sectors.

- **Pro-Kannada** outfits have called for a 12-hour Karnataka bandh today over farm loan waiver and water issues in the state. The bandh called by Kannada Okoota demands the intervention of Prime Minister Narendra Modi to resolve Mahadayi water issues immediately.

- **Huawei's** latest smartphone Honor 9 is expected to be launched today. The flagship mobile is likely to have dual rear camera with 20 and 12 megapixels.

- **Home minister** Rajnath Singh will hold a meeting with chief ministers of north-eastern States bordering Myanmar on Indo-Myanmar border issues, at Aizwal. Chief ministers of Arunachal Pradesh, Mizoram, Nagaland and Manipur will be attending the meeting to discuss the status of border infrastructure, implementation of BADP projects, etc.

BY THE WAY

DIPANKAR BHATTACHARYA looks at people and professions

BusinessLine TWENTY YEARS AGO TODAY

JUNE 12, 1997

BAT seeks to pick up unsubscribed VST rights

BAT Industries plc, the UK-based stakeholder in VST Industries Ltd of Hyderabad, has applied to the Government seeking permission to pick up the unsubscribed portion of the proposed Rs. 74-crore rights issue of fully-convertible debentures by VST, to be issued in the ratio of 35 debentures for every 100 equity shares. Responding to a query in this regard, Mr. Michael Prideaux, Group Public Affairs Director of BAT, told Business Line from his London office on Wednesday that permission to pick up the unsubscribed portion of the VST rights had been sought.

'This is not effective targeting'

Renowned economist and Professor at Harvard University, Dr. Amartya Kumar Sen, has expressed scepticism over the Government's move to 'target' social services at the really needy sections of the country's population. "Targeting, in principle, has great merit in the sense of delivering social services to the right people. But if you are going to rely on petty bureaucrats with discretionary powers to oversee implementation of targeting, it may not work and would even prove counter-productive," he said while addressing newspersons.

TNEB plans to cancel MoUs for three projects

Irked by the delay, the Tamil Nadu Electricity Board (TNEB) plans to cancel the MoUs for at least three power projects. A decision on cancelling the MoUs is expected to be taken by the board next week and communications sent to the promoters giving them three months to explain their position. The TNEB had been monitoring these projects on a regular basis and found that there had not been much progress in them on issues such as fuel linkage.

BL TWO-WAY CROSSWORD 869

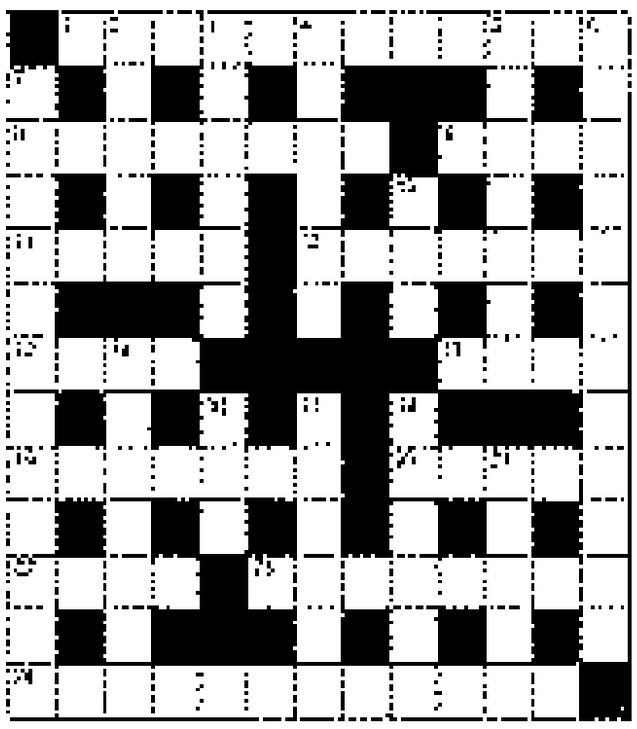
EASY

ACROSS
01. Native of Liverpool (12)
08. Gift, sacrifice (8)
09. Flat-topped forage cap (4)
11. Industrial city in Italy (5)
12. Old ----: the Devil (7)
13. Oven-baked toast (4)
15. Game betting on appearance of certain cards (4)
19. Shuffling, not straightforward (7)
20. Following in search of (5)
22. Flank (4)
23. Seize goods for debt (8)
24. Without delay (8,4)

DOWN
02. Arrive at as logical conclusion (5)
03. Commission involving short journey (6)
04. Make one suffer for offence (6)
05. Passive state (7)
06. Adjoining (12)
07. Mischievous spirits (12)
10. Fierce sea-monster (3)
14. Injurious defamation (7)
16. Skittle (3)
17. Object of obsessive fixation (6)
18. Word, phrase chanted in meditation (6)
21. Jewelled head-piece (5)

SOLUTION: BL Two-way Crossword 868

ACROSS 1. Back-up 8. Laugh 9. Scallop 11. Pretence 12. Stows 15. Lint 16. Bin 17. Easy 19. Carve 21. Dividend 24. Traduce 25. Fling 26. Waders
DOWN 2. Ascot 3. Kilowatt 4. Prop 5. Slate 6. Burn 7. Shoe 10. Prominent 12. Salt 13. Regarded 14. Tyke 18. Adage 20. Vicar 21. Deft 22. Vain 23. Draw



NOT SO EASY

ACROSS
01. Scouser turned villain, prude will show (12)
08. Saying one is willing to make a sacrifice (8)
09. Military cap would make a weapon with halves switched (4)
11. Have a go at including one in Italian city (5)
12. Only a slight wound may make one withdraw from race (7)
13. Food for an infant for us kids to hold (4)
15. Is a long way off zero in a game of chance (4)
19. Devious, the way woman holds visa back (7)
20. Following out of fear around end of engagement (5)
22. Was told one sounded sad for the team (4)
23. Seize one's goods in raid the street is involved with (8)
24. Immediately give way at this being made with rag (8,4)

DOWN
02. Gather Hell suffers no loss (5)
03. Message run — or ran — in Red revolution (6)
04. Make one suffer for his pun perhaps (6)
05. State of rest I retain somehow (7)
06. Being next door might be being in rough (12)
07. Noisy spirits set poet's girl in a whirl (12)
10. Crocodile partly given up by killer whale (3)
14. Malicious gossip as one left one living in Malta, say (7)
16. How to hold down 4 1/2 gallons of ale? (3)
17. The sort of fixation he's fit for (6)
18. Text chanted in the human tradition (6)
21. Papal dignity and the air it possibly imparts (5)