THE HINDU BusinessLine
WEDNESDAY, JUNE 14, 2017

Double standards

The Centre can't turn its back on farm loan waivers after making it a poll plank

It was an odd thing for Finance Minister Arun Jaitley to say (and not for the first time) that the Centre would not bankroll loan waivers announced by States. The loan waiver promise was floated by none other than Prime Minister Narendra Modi during the Uttar Pradesh election campaign, and promptly announced in April by Chief Minister Yogi Adityanath, soon after assuming power. Jaitely had then played the disapproving treasurer. Meanwhile, it became apparent that the reckless promise was actually a response to a brewing agriculture crisis — made worse by two poor agriculture years in 2014 and 2015 — which burst into the open early this month. Farmers in Madhya Pradesh and Maharashtra pressed for a loan waiver, claiming that they were in no position to service their loans. The Prime Minister's promise to double farm incomes by 2022 turned into a harsh irony, with market prices sinking below cost of production and support prices in a bumper year.

In this restive atmosphere, made worse by the state governments' ham-handedness in handling farmer protests , it is high time the Prime Minister broke his silence. He should reiterate his blueprint for an agriculture turnaround, to restore both peace and faith in the political leadership. Agriculture reform should assume centre-stage, by addressing the problems that give rise to waiver demands. The resources being expended in waivers could be used to build market yards and storages, and honour support prices. For now, loan waivers have become a *fait accompli*, with BJP governments setting the ball rolling. Besides Maharashtra and Uttar Pradesh, poll-bound Karnataka and Gujarat are likely to follow suit. Loan waivers may end up at over 25 per cent of total farm credit to the agriculture sector (estimated at ₹12 lakh crore after including loans from the cooperatives sector). Notably, this is well beyond the actual bad debt in agriculture, which is under ₹1.2 lakh crore, or 17-18 per cent of all NPAs. This should dispel any notion that agriculture is a bigger drag on banks than industry or services, or that farmers are less prone to paying back their debt. However, it is tricky to restrict write-offs to bad debts, as that may have socio-political repercussions. Therefore, waivers of up to a certain sum — ₹1 lakh in the case of Uttar Pradesh — for all farmers are likely to be the norm across States.

The convenient emphasis on pushing agriculture credit instead of addressing structural problems should end. That said, banks should not treat farm credit in the same way as industry loans. A 90-day window for repayment before it turns into an NPA may not be applicable in the case of farming, given the complexity of crop cycles. Excess provisioning for farm loans, leading to a loss on the banks' books, should be re-examined. The RBI and the Centre have much to mull over.

FROM THE VIEWSROOM

Monetary policy panel's woes

Adopting a different meeting schedule can help

The members of the RBI's monetary policy committee (MPC) deserve sympathy. The entire country expects them to cut rates every time they meet. If they don't, every one from the FM or Chief Economic Advisor downwards conveys their disappointment and displeasure .

Poor MPC. What can it do? It faces a dilemma common to Indian policy makers. The data they get is all contradictory or blurred. One set of factors argues for a cut while another may argue for a hike in rates. The data itself is often subject to revisions and corrections — whether it is IIP or GDP numbers. Besides, they are weighed down by this huge millstone called 'credibility'. That means they have to be consistent. They can't cut rates now and reverse direction next month — even if the data or circumstances change — or they would be held accountable for lack of foresight. So whether it is low inflation levels or the monsoon, they will have to wait for a couple of months to see that the positive effects endure.

Of course, they have to consider a cocktail of global factors. Oil prices are always volatile, and given the heavy dependence of the economy on oil imports, one has to be cautious and wait for a few months before responding. Also, what the US Fed does at its meetings every second month has a direct bearing on what the RBI can do given its implications for capital flows. Why not put the MPC out of its misery, cancel these bi-monthly meetings and reduce the pressure of expectations? One can't get over the feeling that the MPC is wringing its hands helplessly (it was the governor who did this earlier), however well-couched in bureaucratese they may be. Why not just meet twice a year — once after the budget announcement, and once after significant monsoon progress, say in early August? The data will be in, you'll know what the Fed has done, whether the rains were satisfactory, whether inflation is really low, whether the government is fiscally responsible — and you can take a careful decision that no one can fault you with. Hindsight is after all, 20:20.

NS Vageesh Associate Editor

Rushing to get last mile delivery right

Much remains to be done before the Goods & Services Tax is rolled out on July 1

PARAN BALAKRISHNAN

The Government is moving at what can only be described as lightning speed given the bureaucracy's usual torpid pace. On the weekend, Finance Minister Arun Jaitley assembled the GST Council to review 133 tax rate appeals and slashed duties on 66 goods from cashews and *agarbattis* to computer printers and kids' drawing books. "Overall, it was a very positive result," says Pratik Jain, PwC partner and Indirect Tax leader. But there's still way more that must be done in a mind-bogglingly short time before the government rolls out India's biggest-ever tax upheaval on July 1.

It's easy to understand why the Government's keen to launch the GST as fast as possible. The countdown clock to the next election is now well and truly ticking, and with less than two years to go, the BJP must ensure dust from the GST disarray will have settled long before May 2019 when the people's voice will be heard again. For equally obvious reasons, the Congress and other opposition parties have wanted to stall the GST's start.

Loose ends aplenty

Setting aside politics, though, and just looking at the logistics, many observers, especially chartered accountants, believe there are too many loose ends to be tied up for the GST to go live July 1. Many smaller vendors and distributors say they need more time. In Malaysia, for instance, when GST was introduced in 2015, there was an 18-month lead time and even then the birth pangs were considerable. Our seven-tier GST is far more complex than Malaysia's two-tier one and Malaysia's economy is smaller and less disparate. "We can't wait for everything to be perfect. But I don't think the smaller corporates will be ready for it," says Crisil chief economist Dharmakirti Joshi.

In fact, it's India's seven-slab system that may cause the real headaches. (For reference, the slabs are zero, 0.25 per cent, three per cent, five per cent, 12 per cent, 18 per cent and 28 per cent.) Also, the multi-tier GST is giving many industries a strong incentive to fudge prices. Take the hotel industry which has been hit with 28 per cent GST for rooms costing over ₹5,000. There's talk of introducing room rates of ₹4,999 and then charging for other add-ons such as breakfast that's currently included in room rates.

Over 160 countries have GST regimes; that includes countries from Canada and Australia to Gambia and the Sierra Leone. The lesson from everywhere is it's impossible to overhaul the tax code on such a large scale without major disruption. Countries found the switch caused inflation of up to 2 per cent, even in well-ordered economies such as Singapore, Japan and Australia. The BJP insists it's minimised GST's potential inflationary impact by keeping 50 per cent of products in the Consumer Price Index basket in the zero tax bracket. But the Government's view is far from universally accepted. Some experts suggest GST could have a far greater negative impact on the economy short-term than demonetisation.

More papers to file

Also, it may seem like a contradiction, but the GST – which is being introduced to make life easier for business – will actually increase paperwork. Sure-fire GST winners are chartered accountants who see it as a goldmine. For starters, GST involves some 37 filings or compliances every year for small businesses. That's compared to half-a-dozen currently for service tax. Even professionals will have to file monthly. "Bigger organisations will need one or two people just for this," says chartered accountant Satyendra Jain. Smaller firms will also need to revamp their systems to ensure monthly compliance.

Keeping a date Much needs to be tied up before GST's launch next month

Then there are the GST act's anti-profiteering clauses. Some companies fret the provisions are too onerous and give too much discretion to tax officers – and could lead to the very harassment GST aims to minimise. Jaitley has promised there'll be no "witch-hunt" and accountants predict the Government will waive penalties in the first one or two years till everyone gets used to the GST system. Still, in countries such as Malaysia where GST legislation included an anti-profiteering clause, it was ineffective in any case.

Also there's IT infrastructure to be tested for GST-compliance and firms that still have to adopt the digital technology to be ready for the tax. Many industries are still crying foul over their assigned tax rates and making last-ditch pitches for lower levies.

Many demands to hear

The entertainment industry, for instance, has been waging a high-decibel battle for reduced rates. At the weekend, the GST Council lowered duties on movie tickets below ₹100 to 18 per cent from 28 per cent. But tickets above ₹100 will still attract 28 per cent GST and Bollywood says this is just going to mean more people will watch movies on their phones, tablets or TVs rather than going to theatres. Similarly, the service sector wants taxes pared further.

Now, people using telecom services or taking insurance pay 15 per cent but that's now going to be 18 per cent. Says Joshi: "The pressure on inflation will come from services."

Simultaneously, States are turning up the heat, both to keep local industry happy and to ensure their own revenues don't suffer. At Sunday's meeting, the GST on cashew nuts was cut from 12 per cent to 5 per cent, largely on the insistence of States such as Kerala.

There's also the question of what will happen to inventories held before the GST's launch. Each industry, worried about losses under the new tax regime, is making contingency plans. E-commerce sites such as Flipkart are holding flash sales to liquidate goods while the auto industry has promised to compensate dealers if they're left holding stock when GST is launched. The pharma industry, meanwhile, is warning people to stock up on essential drugs because of potential shortages and FMCG companies such as Britannia are also talking about supply disruptions, even though they are satisfied overall with the new duties.

Then, there's the matter of the all-party meeting in Jammu and Kashmir to be followed by an assembly session to figure how to approve the Integrated Goods and Services Tax Act, 2017, without violating the State's autonomy under Article 370.

Bottom line: We know what the GST's supposed to accomplish – turn India into a single market with one national consumption tax – and hopefully boost GDP by as much as two percentage points if some economists are right. Says Joshi: "There will be efficiency gains in the next three-to-five years."

But while the government's financial advisor Arvind Subramanian last year described the GST as an economic game-changer, he also noted it was a tax that's "fiendishly, mind-boggling complex to administer." The government better hope the benefits emerge before it faces the electorate again or things could get messy — for everyone.

Why India should set store by its FTA with EU

The gains accruing to India in business services and textiles outweigh possible losses in automotives and machinery sectors

MURALI NAIR

During the latest intergovernmental talks between India and Germany, the media was abuzz with talk of resuming negotiations on the EU-India Free Trade Agreement, dormant since 2013. Though the EU-India strategic partnership has been in existence since 2004, with a focus on security, trade and cultural exchange, it looks more promising on paper than it really is when compared to the breadth and depth of relationship shared with the US and the UK. There are some exceptions such as defence cooperation, where the Indo-French relationship is decades-old. In addition, Germany has grown to become India's most important trading partner in EU.

New equations

Recent developments such as Brexit and an isolationist Trump have prodded EU to diversify its economic relationships. The discourse on free trade in Europe, politically difficult a year ago with widespread street protests against the proposed Transatlantic Trade and Investment Partnership (TTIP), has taken an about-turn as seen in the success of Macron's election campaign based on more globalisation and openness. How this would translate into a push for an FTA with India remains to be seen.

India has been active in its free trade discussions, concluding deals with many South Asian countries. Regional Comprehensive Economic Partnership talks are gaining momentum. Indian exports, though, have not benefited immediately following its agreements with ASEAN as well as those with Malaysia or Thailand. Some sectors, such as plantation, have been affected.

Win-win situation

The Bertelsmann Stiftung, a German not-for-profit foundation, recently launched a study on potential effects of the EU-India FTA based on economic modelling by the IFO Institute for Economic Research in Munich. The results point to benefits for both partners with EU gaining by $ 22.5 billion (0.14 per cent increase) and India by $28.4 billion (1.3 per cent increase). Due to the difference in size of populations and economies, the per capita increase for India would be $22 as against $44 for the EU. Within the EU, Ireland and Belgium would gain the most in relative terms and Germany the most in absolute terms with its GDP gaining by almost $5 billion (not considering the UK) .

How the sectors stack up ($ million)

India	Top gainers	EU	Top gainers
Textiles + Apparel	6,639	Public Admin/Defence/ Health/Education	4,151
Business Services	6,473	Machinery & equipment	4,082
Trade Services	3,413	Minerals	3,446
Public Admin/Defence/ Health/Education	2,557	Motor Vehicles & Parts	3,109
Construction	1,982	Metals	2,315
	Top losers		Top losers
Motor Vehicles & Parts	1,618	Wearing Apparel	2,580
Minerals	1,189	Textiles	2,540
Oil	954	Petroleum & coal products	1,888
Paper	583	Business Services	1,490
Machinery & Equipment	499	Oil	1,304

As for sectors which would gain or lose from this FTA, India would gain the most in business services ($6.4 billion) and textiles/apparels ($6.6 billion). Automotive and mineral sectors would lose $1.6 billion and $1.1 billion respectively. Increased competition in the machinery and equipment sector would cause losses of almost $500 million. (*See table*)

The automotive and textile sectors contribute significantly to GDP as well as export. The textile industry employs relatively low skills as compared to automotives. With increasing automation, and smart machines and low-cost competition from other South and South-East Asian countries, the textile industry can face strong headwinds.

A loss of $1.6 billion is not an existential threat to the $74-billion Indian automobile industry and the chances of being more tightly integrated with the global value chain would make up for the losses. However, a government aiming to strengthen local manufacturing should strengthen the automotive sector through skill development and innovation, especially in emerging electromobility to fully utilise the potential of such an FTA.

The benefits for India from a trade agreement with the EU cannot be measured just by the growth of one sector or another. Access to a large market would pay off in the future, especially when Indian firms improve their productivity, and can compete with European players. A step-by-step easing of tariff and non-tariff barrier would allow a gradual growth in productivity and the resilience to compete with global markets.

India should take a leap of faith with a region with which it shares economic and political values — more so in a world faced with a US administration in favour of protectionism and a China with hegemonic ambitions.

The writer is Senior Project Manager at Bertelsmann Foundation, Germany

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.

Waivers for vote banks

The firm stand of Finance Minister Arun Jaitley that the burden of the farm loan waiver is on the States is debatable. While successive loan waiver schemes have rewarded only the defaulters and not given incentives for prompt repayment, a scheme to give solace to farmers in case of genuine distress such as drought, natural calamities and unprofitable pricing is necessary.

That said, State governments are offering loan waivers not to help farmers but with an eye on the vote bank.

The failures in industry and service sectors are socialised, with lakh crores of rupees being written off by public sector banks, and the benefiting corporates find new avenues to carry on alternative businesses.

The farmers, though, are solely dependent on their land and migrate only due to distress. Until the issues in cultivation and marketing are addressed, it is obligatory for a welfare state to support them.

S Veeraraghavan
Coimbatore

Cut the middleman out

The recent agitations by farmers of some States to write off their crop loans may spread to other states also if the Government does not take corrective steps.

What farmers want is a reasonable price for their produce, better marketing facilities, institutional credit at low interest rate, irrigation, quality seeds and fertilisers, procurement during times of market glut and a social safety net at the time of nature calamities. These requirements were highlighted in various committee's reports but ignored by successive governments.

Middlemen should be avoided at any cost and there should be a direct link between consumers and farmers. The Rytu bazaars in Andhra Pradesh, for instance, allow farmers an allotted place to directly sell their produce to the consumers at the rate decided by them.

The scale of finance announced by the Government for various crops is always low and not based on the actual cost of production, forcing the farmers to depend on local money lenders at high interest rates to meet the difference in of cost of production and thereby incur losses.

Unless the fundamental problems of crop and regional bias of MSP policy, government procurement and access to institutional credit are addressed, a mere increase in the support price or frequent loan waivers despite the RBI's and banks' warnings on lack of credit discipline will be of no use.

TSN Rao
Bheemavaram, AP

Demand justified

This refers to the report 'Demand for farm-loan waivers spreads' and 'States that go in for farm-loan waivers should foot the bill, says Jaitley' (June 13).

The stand of the finance minister on farm loans is not justified since the farm sector offers a significant proportion of the jobs required and reports of youth preferring employment in non-agriculture sectors are points calling for serious consideration. Farming-related problems are mostly related to lack of favourable climatic conditions and the losses could be heavy and beyond financial abilities of farmers.

The States' financial burden might rise heavily if the waiver is left to them and waivers might remain unfulfilled. The Government should intensify the insurance of farming sectors also.

There is justification in the demand for farm waivers, at least in cases of smaller cases and bearing part of the burden.

TR Anandan
Email

Fall in inflation

It is learnt that inflation fell to 2.8 per cent in May, thanks mainly to the fall in prices of vegetables and pulses. If the prices of some necessary commodities fall in the economy, then consumers must benefit. But one doesn't see any signs of respite.

Needless to say, the producers cannot be happy over the development. When neither side is happy, what's happening in the country? The RBI should wake up and activate its quantitative control credit measures (say, lowering the repo rate, bank rate, cash reserve ratio) to increase the aggregate demand in the economy and step up its growth.

S Ramakrishnasayee
Ranipet

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Paris to Pittsburgh

What Trump doesn't tell us about climate

C GOPINATH

AMERICAN PERISCOPE

Early June, US President Donald Trump pointed out to his listeners, 'I was elected to represent the citizens of Pittsburgh, not Paris.' The reference to Paris was to the 2016 International Climate treaty from which he was announcing a withdrawal. The comparison to Pittsburgh is interesting. Trump, in his election campaign, made a strong pitch about bringing back jobs to the American heartland, particularly industries that had been hit by jobs moving abroad.

However, another set of industries that were affected due to regulations dealing with pollution and global warming are also in that region. A lot of Trump's support came from the coal regions of West Virginia, affected by pollution control regulations.

Pittsburgh was once known as the steel city due to the steel manufacturers in the area and you can imagine the pollution there 40 years ago. But a lot has changed in Pittsburgh since then. The city is now a centre for healthcare, technology companies, medical research and so on. It employs more people in renewable energy than in the 'dirty' business of iron and steel making. The city's three rivers are clean enough to attract tourists.

So Trump got it wrong when he mentioned Pittsburgh. He probably thought it rhymes with Paris. But let us look at the bigger picture of what drove Trump to withdraw from the Paris treaty.

Countries that try and engage actively in the global sphere find that they have to make compromises from their original positions, both to look better on a global plane, and because they learn more about what is happening in the rest of the world and they need to shift from their national positions. This can be called the first order effect of engagement. In return, they sometimes try to get something in return to justify their shift. When they get back home, they may find their compatriots not entirely convinced. They then try to delay implementation in areas that hurt domestic constituencies, or provide domestic protections to alleviate the impact. This is the second order effect.

We have seen this happen when countries take part in WTO agreements. We even saw it previously when the US President Clinton signed on to the 1992 Kyoto Protocol about reducing greenhouse gas emissions. But the second order effect kicked in, the US senate refused to ratify the agreement and President Bush withdrew US participation. Trump is now stumbling about thinking his withdrawal from the agreement will help the jobs in some of those industries although many US CEOs have themselves seen the writing on the wall and are falling in line with strategies to reduce their environmental impact.

Bangladesh is at the other end of the spectrum from the US on per capita GDP but is connected to the US through global warming. Over the years, Bangladesh has gotten good at protecting its people from cyclone devastation but it will not be able to withstand the effects of rising sea levels if a major polluter like the US does not reduce its impact on the climate. The US already spends almost 50 per cent of its aid of $200 million (about ₹1,300 crore) to Bangladesh on health related issues.

Incidentally, Pittsburgh's mayor announced that the city will continue to make efforts in the spirit of the Paris climate treaty. One of their goals is to be 100 per cent powered by renewable energy by 2035.

The writer is a professor at Suffolk University, Boston

China is Nepal's new best friend

India no longer enjoys the deep camaraderie that had marked its ties with Nepal, and can only blame itself for that

SANJAY KAPOOR

Sher Bahadur Deuba has become the 11th Prime Minister of Nepal after Prachanda resigned on May 24 — respecting a power-sharing agreement that India had quietly brokered between the Nepali Congress and the Communist Party of Nepal (Maoist Centre) last year. Burmese State Counselor Aung San Suu Ki seemed to be as bewildered as many in the subcontinent when she observed some time ago that she had never come across a country with so many ex-PMs as in Nepal.

These rapid changes were a manifestation of not just the social and political churn that the tiny Himalayan nation has been experiencing after the end of Rajshahi, but also due to the aggressive jostling for influence by India and China.

What is intensifying this contestation is China's attempts to call the shots in Nepal's politics and India's attempts to use its shared religion and ethnicity to counter that.

For the past three years, ever since the BJP came to power in Delhi, there has been a renewed attempt by the RSS and its affiliates to spread Hindu consciousness in the turbulent plains of Nepal and the hills.

Cometh Yogi

What has really given impetus to these moves has been the elevation of Yogi Adityanath, head priest of Gorakhnath temple as the Chief Minister of Uttar Pradesh. The Gorakhnath temple is highly revered in Nepal and during the days of monarchy, the head priest would be placed on a higher pedestal than the King himself.

The coins of that period would also have images of Gorakhnath temple on them. The Yogi had been visiting Nepal periodically and his speech last year at the World Hindu Conference in Kathmandu was particularly illustrative of what the young monk thought of the country's decision to go secular. He had said that Nepal was losing its identity, which had evolved over the years due to Nepal's Hindu Kings and their respect for the Gorakhnath temple. He had asserted that Nepal would prosper under this unified identity.

It was apparent that the decision of the Nepalese government to declare itself as a secular nation in their constitution left Yogi and many in the Sangh Parivar deeply distressed.

The Indian government had dispatched Foreign Secretary Jaishankar to convince the Nepalese government against adopting secularism as its guiding principle before the constitution was promulgated.

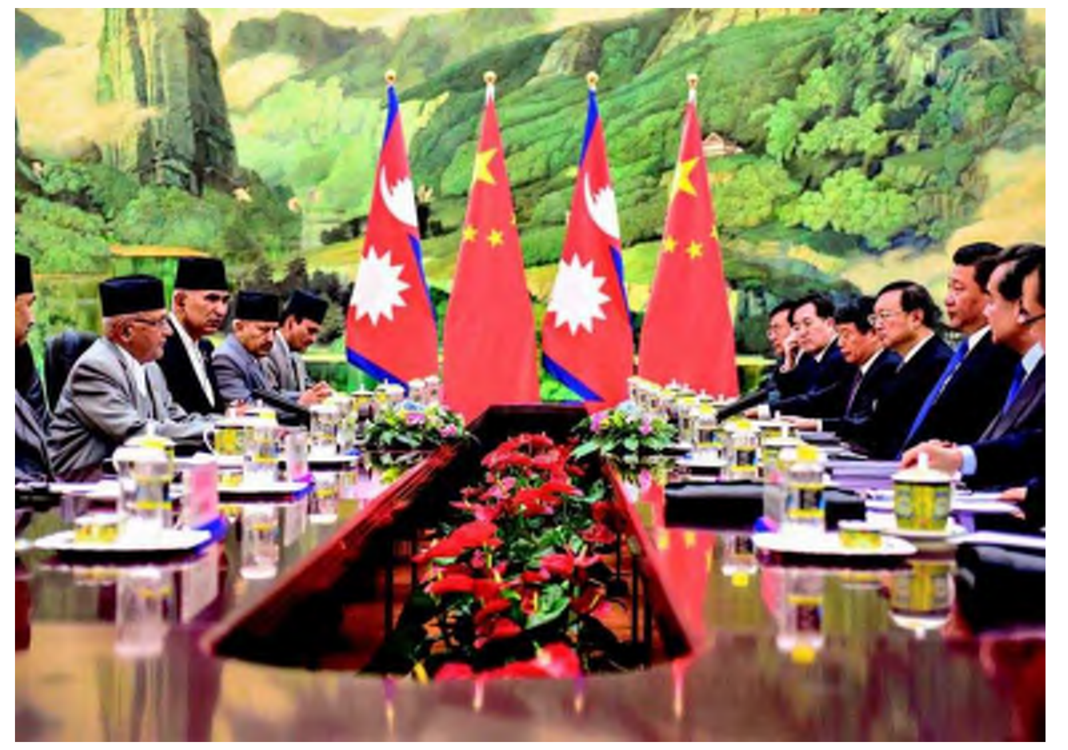
No to Modi

Pro-Indian PM, Sushi Koirala, sensing the mood in the constituent assembly and outside, had refused to oblige.

His government also denied permission for PM Modi to address a public meeting at Janakpur from where he was to formally announce a four-lane highway to connect it with the Lord Rama's birthplace, Ayodhya.

"Modi was treated shabbily by Nepalese leaders. If they had been as large hearted as Modi was during his first two visits to Kathmandu then the ties between the two countries would have been in a different orbit," claimed a Nepalese businessman who has business interests in both the countries.

These two episodes in some ways represented a rupture of ties between the two countries which was further aggravated by the botched up assistance provided during the monster earthquake and later by a long blockade by the people of the plains or Madheshis of the road route that ferried fuel and other goods from India to land locked Nepal.



Pairing well Nepal supports China's grand Belt and Road Initiative as well GETTY IMAGES

The resentment of ordinary Nepalese reached feverish levels due to this blockade by the Madheshis that were demanding inclusion and further deepening of constitution's federal character. The antagonism between the Madheshis and people of the hills was helped by Nepali PM and leader of Communist Party of Nepal (Unified Marxists and Leninists) KP Sharma Oli.

He sensed the mood against New Delhi post-earthquake and blockade, and created spaces for China to interfere more in its politics and economy. During the blockade, Chinese ended the Indian monopoly to supply fuel to Nepal when they sent their tankers through Tibet.

They also tried to work towards forging left unity by trying to get Oli and his successor, Pushpa Kamal Dahal or Prachanda to work together. This effort did not succeed as India still enjoys great influence in Nepalese politics and it managed to cobble together an alliance of Prachanda-led CPN (Maoist centre) and the Nepali Congress to pull down Oli.

New chinks

On May 24, Prachanda, as part of the power-sharing agreement resigned and paved the way for the new PM who will oversee the next round of local elections on June 14. Prachanda, who displayed greater maturity than in his earlier stint, brought in economic stability to his country that saw the growth rate rise to 6.9 per cent.

He also aligned Nepal closer to China by joining the Belt and Road Initiative (BRI). He also gave permission to China to pick the 16 districts that it wanted to develop as part of its poverty alleviation programme.

This freedom was earlier reserved for India, but now politicians in Kathmandu talk openly about maintaining equidistance from the two big neighbours on such matters.

This does not mean that India and China are comfortable with Nepal playing both sides and maximising its self-interest. Though Prachanda, after he demitted office, is trying to show that he is no stooge of New Delhi, Indian government is drawing comfort from the fact that the alliance that it supports has gained in strength.

The Nepali Congress has done well in the first round and could pip Oli's CPN (UML) after the second round too.

The parliament elections that take place early next year will test how much of sway Adityanath and the Sangh Parivar have in this deeply religious country to counter the fast-growing Chinese influence.

The writer is the editor of Hardnews

5 THINGS to WATCH OUT for TODAY

- **The process** of electing the 14th President of India will begin today, when the Election Commission issues the notification for the poll. The election, if required, will take place on July 17. June 28 is the last date for filing nominations; July 1 is sthe last date for withdrawing them. Leaders of top opposition parties will meet in Delhi today to discuss the issue.

- **Finance minister** Arun Jaitley today starts a two-day visit to South Korea, aiming to to enhance bilateral economic ties and business co-operation. A high-powered FICCI business delegation is accompanying the Finance Minister.

- **Tejas Networks'** initial public offer opens today. The company, which designs and develops products for telecom service providers, has fixed the price band of ₹250-257 per share to raise about ₹776 crore. The offer comprises fresh issue of equity shares worth up to ₹450 crore and an offer for sale of up to 12,711,605 shares.

- **Stepping up** efforts to curb excess volatility, BSE will place 52 firms under 'S+' framework from today. The 'S+' framework is for enhanced monitoring of firms that are exclusively traded on the exchange's main board and do not come under the ambit of graded surveillance measures.

- **The Budget** session of the Tamil Nadu Assembly will resume today. The economic and political situation in the State indicates this could be a tumultuous session for the ruling party. The Tamil Nadu Budget was presented on March 14 by the Finance Minister D Jayakumar.

A THOUSAND WORDS

Cloud base Tourists at the RK beach in Visakhapatnam as monsoon clouds gather on the horizon on June 13. The monsoon has reached Andhra Pradesh, which has witnessed severe water shortage and heat spells in the past few months KR DEEPAK

BusinessLine TWENTY YEARS AGO TODAY

JUNE 14, 1997

Siemens posts Rs. 84-cr. loss, revamp on cards

Siemens India Ltd has reported a loss of Rs. 84.53 crores for the year ended March 31, 1997 as compared to a profit of Rs. 37.24 crores in the previous financial year. According to Mr. Juergen Schubert, Managing Director, Siemens Ltd, the dismal performance was due to the slowdown in the Indian economy, high interest costs, rise in payments, defaults by customers, and high capital expenditure in the past years that had failed to contribute to the bottomline. "This fiscal year has been one of the most difficult in the 75-year history of Siemens," Mr. Schubert said.

ECB norms modified

Accepting the recommendations of the Tarapore Committee on capital account convertibility on loans of long-term maturity, the Ministry of Finance has modified the guidelines for External Commercial Borrowings (ECBs) to exempt loans with average maturity periods of 10 years and above from the ECB ceiling. However, the extent of debt raised under this window would be reviewed by the Government periodically.

Smart cards in lieu of rupee notes

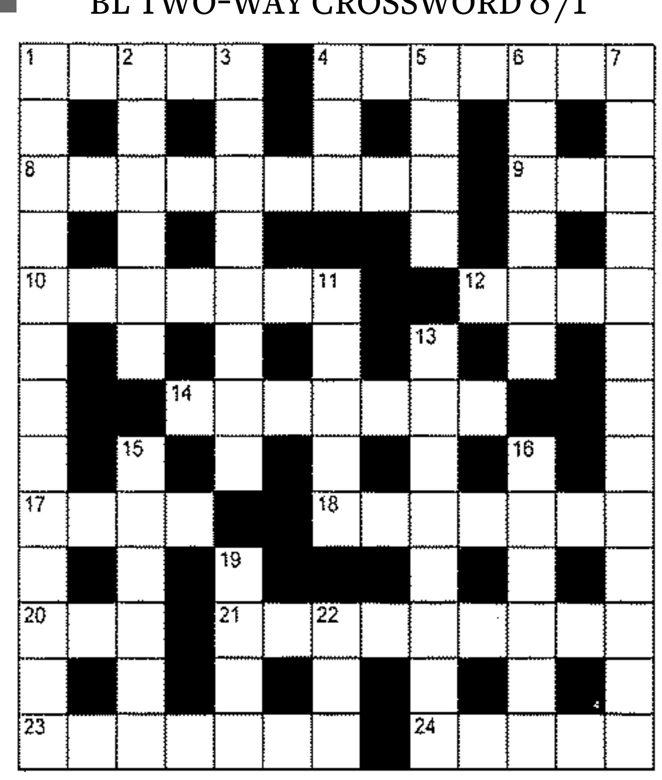
To tackle the shortage of currency notes, the Government has decided to introduce smart cards which can be used in lieu of cash. Nationalised banks will be authorised to issue these cards which would be akin to travellers cheques and credit cards sans commission or service charges. Addressing his first press conference on Friday, the Minister of State for Finance, Mr. Satpal Maharaj, said that the use of smart cards was being introduced to ease the pressure on mints which were not being able to cope with the increasing demand for currency notes.

BL TWO-WAY CROSSWORD 871

EASY

ACROSS
01. Bend (5)
04. Dirty, sordid (7)
08. Enclosing within arms (9)
09. Night-bird (3)
10. First letter (7)
12. Sounded bell (4)
14. The so-called white ant (7)
17. Woodwind instrument (4)
18. Coiled, twined (7)
20. Writing, drawing medium (3)
21. Chastise, criticise severely (9)
23. Household refuse (7)
24. Conjecture (5)

DOWN
01. Calculation of person's credit rating (6,7)
02. Bunny (6)
03. Tester (8)
04. Kind of rorqual (3)
05. Advise strongly (4)
06. Gourd skeleton used as bath-brush (6)
07. State of being extremely pleased (13)
11. Impose restrictions (5)
13. Walking with long paces (8)
15. Fruit of horse chestnut (6)
16. Strip; breadth of plank running stem to stern (6)
19. Official minutes of proceedings (4)
22. (The) female (3)



NOT SO EASY

ACROSS
01. No straight line for a graph (5)
04. How sordid to have half meal surrounded by calamari! (7)
08. Cuddling me back is like a tonic (9)
09. Sound Cockney dog makes getting the bird (3)
10. Put first letters of name to one in tail-twisting (7)
12. Telephoned one who organised games initially (4)
14. White ant destroying tree it starts marking (7)
17. Instrument old in decoration (4)
18. Contorted way one turned up a card at pontoon (7)
20. Cuttlefish produces it in certain knife-attacks (3)
21. Scold one as I get to act in a different manner (9)
23. Rubbish bag used in changing gear (7)
24. Random surmise head groundsman uses anyhow (5)

DOWN
01. Tick goal-getting as assessment of loan-worthiness (6,7)
02. Poor player will keep rambling on about it (6)
03. He tests chopper given up by a pit worker (8)
04. Whale is turning up around the East (3)
05. Press one to go in for Surgery (4)
06. Type of gourd to make halo of (6)
07. Fact of being highly pleased with slights needed modifying (13)
11. As far as one can go with one on motorway in being drunk (5)
13. Stepping out, one grinds it to pieces (8)
15. Chestnut one doesn't eat one can soundly beat (6)
16. Strip along side of street libertine is on (6)
19. Official minutes bring part of play to a conclusion (4)
22. Female will endlessly put it off (3)

SOLUTION: BL Two-way Crossword 870

ACROSS 2. Lipid 5. Gill 7. Scow 8. Utensils 9. Dourness 11. Fast 12. Configuration 15. Blue 17. Regulate 19. Compiler 21. Arch 22. Help 23. Dwell
DOWN 1. Piccolo 2. Law 3. Pause 4. Dresser 5. Gas 6. Lilts 10. Rifle 11. Fatal 13. Gargled 14. Optical 16. Loose 18. Gorge 20. Pip 21. Ail