THE HINDU BusinessLine
THURSDAY, JUNE 15, 2017

Casting the net wider

The anti-BEPS initiative brings greater clarity and standardisation to tax dealings with MNCs

Being highly dependent on foreign investors for its prodigious capital needs, India has always been on the back foot when it comes to enforcing its tax laws on multinational corporations (MNCs) and foreign investors. Ambiguities in law and public face-offs between the taxman and global corporations have also sullied India's image as a friendly place to do business. It is therefore welcome that India has become a signatory to the OECD's Convention on Base Erosion and Profit Shifting (BEPS). By standardising tax and compliance rules across countries and over-riding more than 3,000 bilateral tax treaties, the anti-BEPS framework arms governments with the tools to crack down on MNCs which exploit tax arbitrage to shift profits to low or zero-tax regimes. By "looking through" fictitious holding structures to tax firms in the country where the bulk of their value creation originates, the anti-BEPS initiative is broadly expected to improve tax revenues for large consumer economies such as India.

Specific action points of the agreement that are likely to have a high impact on India-based enterprises are those that plug treaty abuse, tax digital transactions and intangibles, and expand the ambit of permanent establishment and transfer pricing rules. Pharma, consumer and chemical MNCs in India which vest their patents and marketing operations with overseas arms in an effort to redirect revenues to low-tax regimes may fall foul of the new rules. So will e-commerce players with a substantial domestic presence. Nor is the anti-BEPS initiative a one-way street which only impacts MNCs. Indian companies with cross-border operations must also expect enhanced scrutiny of their web of foreign subsidiaries, treasury operations and royalty/dividend transactions. Country-by-country reporting, which requires all global companies with over €750 million in revenues to share a geography-wise breakup of operations, is expected to affect over 150 Indian companies. With a significant proportion of FDI, private equity and FII flows routed via low-tax regimes, there is the possibility of interrupted flows to India. The Centre has taken many preparatory steps to reduce the shock value of this transition. It has renegotiated tax treaties with Mauritius and Cyprus, started taxing online transactions and implemented the General Anti Avoidance Rules.

As a signatory to the multilateral agreement, India is obligated to ensure seamless tax information sharing with other signatories. This may pose challenges for the tax administration which is under-staffed and under-invested in ICT. By sweeping more cross-border transactions into the tax ambit, the regime is bound to escalate disputes on issues such as transfer pricing. Resolving these will require India's dispute resolution mechanism to function effectively. But this is sorely lacking. Building skills and capacity in the tax department may ultimately hold the key to India reaping large payoffs from this landmark agreement.

OTHER VOICES

ALL THE NEWS WITHOUT FEAR OR FAVOR
The Japan Times

Qatar, cut off

Qatar is rich, ambitious and vulnerable — a dangerous combination. It is discovering just how dangerous that combination is in the wake of the June 5 decision by Saudi Arabia, Bahrain, the United Arab Emirates and Egypt to cut relations with Qatar. They complain that Qatar supports dialogue with Shiite Iran and backs groups like the Muslim Brotherhood and Hamas. That latter charge is rich, given Saudi Arabia's support for Wahhabism. Qatar counters that it is not sponsoring terrorism but is instead backing popular manifestations of political Islam. TOKYO, 14 JUNE 2017

theguardian

Coalition of chaos

John Major, the former Conservative prime minister, warns in the strongest terms against a deal with the Democratic Unionists, and calls for "facts, not idle hopes" on Brexit. Inflation surges to a four-year high as sterling continues its post-referendum fall. The European commission reveals rule changes likely to hit the City. The thoughtful and cogent case against any kind of formal relationship with the DUP should resonate throughout the Tory party. LONDON, 13 JUNE 2017

THE AGE

Tax reform is sorely needed

The survey by Melbourne-based policy research organisation Per Capita also indicates most of our citizens reckon high income earners and companies do not pay their fair share of tax. As recent elections in Britain, the US and France show, people are rejecting the status quo, largely out of disenchantment over policies that are disproportionately beneficial to the rich. In Australia, such laws include tax concessions on speculation on property. MELBOURNE, 13 JUNE 2017

Coping with the China factor in Myanmar

India cannot match China in developing infrastructure in Myanmar. But health and education initiatives can create goodwill

G PARTHASARATHY

When Aung San Suu Kyi emerged victorious in national elections in Myanmar, there were widespread expectations that given her iconic image in the west, her Government would receive substantial economic assistance from the US and the European Union. Suu Kyi had two priorities on assuming office.

The first was to establish ethnic peace in Myanmar, where minority groups have resorted to armed insurrection. President Thein Sein, who headed the Government earlier, had negotiated cease-fire agreements with a number of these groups. But, a number of influential and powerful groups continued with their revolts.

Suu Kyi's second priority was to create conditions for accelerated economic growth. Illusions that she may have entertained about receiving substantial western aid were not fulfilled. Myanmar has, however, done well on her second priority, by diversification of agricultural production, while achieving a growth rate of around 8 per cent.

Rather than appreciating Suu Kyi's efforts to seek ethnic peace, western powers and Islamic busybodies such as Turkey and Malaysia chose to pressurise Myanmar for alleged violation of the human rights of its Rohingya Muslim population. Japan and India have shown understanding of Myanmar's internal problems. China embarrassed its Southern neighbour by offering to "mediate" in the Rohingya issue. It is, however, China's approach to Myanmar's ethnic problems which is forcing Myanmar into a tight Chinese bear hug.

How China prevails

The long-running ethnic insurgencies in Myanmar now involve the dominant majority Bamars facing 22 armed groups, comprising ethnic minorities. Amongst the strongest of these groups are the United WA State Army (UWSA) with 25,000 well-armed cadres and the 5,000-strong Kachin Independence Army (KIA), which operate across the India-China-Myanmar tri-junction. These groups receive weapons and logistical support from China.

The KIA has backed India's north-eastern separatist groups such as ULFA and the NSCN (Khaplang), in consultation with government officials in China's neighbouring Yunnan province. The Chinese have equipped the UWSA with sophisticated weapons, used in Myanmar's insurgency-ridden Shan State. Cross-border attacks by the UWSA are a major instrument of China to pressurise Myanmar.

China also regards Myanmar as a land bridge to the Indian Ocean. It was initially concerned about the reportedly pro-western Suu Kyi's election victory. However, Beijing skillfully used its security and economic leverage to 'persuade' Suu Kyi to give it a significant say in her quest for peace agreements with armed separatist groups. China shielded Myanmar from western criticism in the UN, on the issue of Rohingya Muslims.

It also used short-sighted western aid policies to acquire considerable leverage within Myanmar. It reportedly persuaded the UWSA recently to accept a ceasefire. It is acting similarly with the Kachin Independence Organisation (KIO). China's envoy to Myanmar has "facilitated" talks with the KIO – a development India should closely monitor. China now has an ability to significantly influence Myanmar insurgent groups.

Large Chinese infrastructure and mining projects in Myanmar have come up since the early 1990s, with scant regard for environmental degradation and displacement. Myanmar's first Constitutional President, Thein Sein, was compelled to suspend a $3.6-billion hydroelectric project called the Myitsone dam because of public protests.

Looking forward India should reach out to the people of Myanmar REUTERS

Apart from displacement of thousands, this project involved the transmission of 90 per cent of the power generated to China. Suu Kyi, however, personally and controversially approved, amidst widespread local protests, a Chinese-backed copper mine project, giving the Chinese partner a 30 per cent share of profits.

Another controversial Chinese project is the development of the Bay of Bengal port of Kyauk Pyu, involving an estimated Chinese investment of $7.3 billion. Beijing is looking at a 70-85 per cent equity stake in this project. Alongside the port is a proposed 4,289-acre Kyauk Pyu Economic Zone, where China has sought a 51 per cent stake, with an investment of $2.1 billion. China is reportedly agreeing to not press its demands for the Myitsone hydroelectric project if Myanmar agrees to its terms for projects in Kyauk Pyu. China could, thereafter, assume control of the Kyauk Pyu port and use it for berthing its naval vessels, as it has done in Gwadar. Its navy recently held joint exercises along Myanmar's shores.

India has continued its engagement with Myanmar, with both Army Chief General B. P. Rawat and Foreign Secretary Jaishankar visiting Myanmar recently. The Indian Armed Forces have traditionally had friendly relations with their Myanmar counterparts. Both countries face problems of armed separatist groups using each other's soil. Problems for India have now increased, because of covert Chinese support for India's north-eastern separatist groups.

India at a disadvantage

India has to recognise the reality that it cannot match China in weapons supply, or in a range of infrastructure and industrial projects. India, for example, cannot match Chinese supply of JF 17 fighters manufactured in Pakistan, as our much-touted Light Combat Aircraft has not yet been operationalised.

Likewise, our public sector infrastructure projects such as the Sittwe Port, the Kaladan Corridor linking our landlocked north-eastern States to the Bay of Bengal at Sittwe, or the proposed 1800 MW hydroelectric project, have either been delayed or abandoned.

While diplomatic efforts enabled us to get a stake in successful offshore gas exploration, we lost access to the gas because of our inability – and indeed inefficiency – in devising measures to transport/transfer and utilise the gas, which is now transshipped to China by a pipeline. Private sector projects to use Myanmar's vast bamboo resources for the paper industry, or investment in the agricultural sector have similarly been delayed, or failed. The main area which has won us gratitude is vocational training and education facilities for Myanmar personnel.

We need to review and restructure our economic cooperation with Myanmar, with an increasing focus on assisting the populations living close to our borders through imaginative schemes for education, health, communications and small/village industries.

The rupee could be made legal tender for such cross-border projects. This could be undertaken in close cooperation with Japan and the Asian Development Bank and duly integrated with new measures now being considered for giving momentum to Regional Cooperation through BIMSTEC. Larger industrial and agricultural projects in Myanmar are best left to market competition, and not undertaken through monopolistic public sector involvement.

The writer is a former High Commissioner to Pakistan

Light at the end of the NPA tunnel

The involvement of RBI in cleaning up balance sheets will resolve many issues. Professionalism can help banks to bounce back

SUBIR ROY

Three years after coming to power, the Narendra Modi government has at last taken a key step which has a chance of making a reasonably quick impact on the critical problem of unbearably high levels of non-performing assets of public sector banks. These (gross non performing assets) have gone up from 3.6 per cent in 2013 to a colossal 9.3 per cent of advances for 2016 on repeated central bank prodding to stop hiding things.

Under an ordinance, the government may now authorise the Reserve Bank of India to direct banks to initiate insolvency proceedings against defaulters under the bankruptcy code. Indeed, the RBI on Tuesday listed 12 NPA accounts for insolvency proceedings. Government authorisation means the highest political backing for the insolvency proceedings. This takes care of two reasons why, instead of slowly declining, the NPA problem has only gotten worse. One is that political connections have a lot to do with large corporate loans going sour. So for resolution the issue has to be addressed on the say-so of the political authority of the day. This the ordinance does.

Long and winding road

It also addresses the second reason for lack of progress. Senior bank officials so far simply did not risk their necks structuring deals which involved writing off a part of the loan. Now they will be acting under RBI directives.

Once bank balance sheets are lightened of the load of very high NPAs, there can be a return to normal business activity of sanctioning fresh loans. In this, the earlier government action to set up a Banks Board Bureau, which is tasked to identify capable senior executives to run the banks efficiently and improve governance levels, can play a key facilitating role. After all, part of the problem was created by the wrong kind of people getting into leadership positions in banks.

Any optimism on this score must however be tempered by the sudden resignation and subsequent withdrawal of it by a non-official member of the board on it being reportedly bypassed by the government while shifting a couple of bank chief executives to lesser banks. Clearly, certain habits die hard. But if all goes well hereafter, then the ruling NDA should be able to go into the next elections due in a couple of years touting the achievement of having set right the balance sheets of public sector banks. This will enable these to continue as public sector entities.

The road ahead It's not so clear

But what if this does not happen and the next government (it does not matter which outfit it is because in some respects most Indian politicians are similar) begins with the same set of problem-ridden public sector banks whose condition has only gotten worse?

Privatisation prospects

To find a way out, what if post-2019, the government of the day decides to look at privatisation also because of the huge cost to the exchequer in write-offs and recapitalisation ? The prospects of privatisation do not look bright either because of the banks' inadequate capitalisation and non-existent (in fact negative) brand value. About their only asset, a large branch network, is also currently devalued with the onward march of digital banking.

And when it comes to the little woman taking a small loan, the representative of a small finance bank will probably readily come to her doorstep. The government is trying to get around all this by seeking to merge the weak with the not-so-weak but this is likely to be counter productive as it will only result in the not-so-weak becoming weaker.

The full road ahead is not visible but an intermediate key step has been outlined.

In this scenario, with the merger of the small weak banks with a few large ones we will have maybe five large strong public sector banks without going in for the politically unpopular agenda of privatisation.

Will these few large healthy public sector banks be able to run successfully with professional managements chosen by the Banks Board Bureau? This is theoretically possible but quite unlikely given India's current political culture which cuts across party lines.

The writer is a senior journalist and the author of Made in India: A Study of Emerging Competitiveness

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.

GST launch needs more work

This refers to the article, "Rushing to get last mile delivery right" by Paran Balakrishnan (June 14). In its concluding observations in 2016, the Committee headed by Chief Economic Adviser Arvind Subramanian on possible tax rates under the Goods and Services Tax described the tax as a game-changing reform that would facilitate "Make in India by Making One India".

The Goods and Services Tax can not only help improve governance and strengthen tax institutions but also impart buoyancy to the tax base.

However, the tax rates arrived at by the GST Council are higher than the current service tax rates for certain goods and services. This would lead to an increase in cash outflow and constrain liquidity in the business.

Also, in the new tax regime, credit of input tax will be available on the basis of matching concept.

If there is a mismatch in details as provided by the supplier/vendor vis-a-vis those provided by recipient, then input tax credit would be disallowed and the latter might have to pay tax (equal to input tax credit) along with interest.

There might also be an increase in the compliance cost due to decentralised registrations which will affect the working capital needs of small businesses.

Further, the GST Council is yet to provide clarification on certain place of supply and time of supply rules and the anti-profiteering framework which might further affect the ease of doing business.

The impact of GST cannot be realised fully unless a robust communication and logistics infrastructure is in place. It is time the Government reassessed its preparedness for its transition.

Shreyans Jain
Email

Loan waivers futile

This refers to your editorial 'Double standards (June 14). The nationwide loan waiver announced by the Janata Dal government headed by VP Singh in 1990 has become a precedent. The concept was picked up by the UPA in 2008; these bounties proved an exercise in futility.

Loan waiver is just a quick fix and does not address the root cause of agrarian distress afflicting the country even a wee bit. Waiving loans will have a cascading effect with demands pouring from other States as well. With most States' financial situation not in the pink of health, they are forced to fall back on the Centre to help tide over the crisis.

HP Murali
Bengaluru

Rejoinder

■ With reference to the report, "New broadcasting norms set to lower your monthly bill" (June 7) please note : The impact and implications (both long- and short-term) of the TRAI Tariff Order & Interconnection Regulations has not been analysed and discussed in a holistic manner insofar as the industry and the consumers are concerned.

Accordingly, the title of the report is false and misleading and conveys exactly the opposite of the actual consequences that will arise once the Tariff Order and Interconnection regulations come into effect. The said article lacks elementary research as the various aspects of the TRAI Tariff Order and Interconnection Regulations were not even adverted to nor the prevailing dynamics in the pay TV market even addressed.

All the relevant stakeholders in the broadcasting ecosystem were not consulted; instead, a single entity's views have only been chosen to be articulated and an isolated investor advisory has been relied upon.

K Aravamudhan
VP (Regulatory Affairs), Star India, Gurgaon

Bindu Menon responds: Star's outrage seems to be prompted by the fact that TRAI has taken a stance not to its liking. The story clearly states Star TV and Vijay TV were opposed to TRAI's new framework. Star even legally challenged TRAI's jurisdiction. A final verdict is pending. What is mentioned in the story is a part of TRAI's new framework. The story indicates a general trend following TRAI's recommendations. It was not to favour any one side but to say that subscribers may benefit from it. We had reached out to several players including Parul Sharma of Star TV, who was not available.

Editor's note: We stand by our story. We strongly deny Star TV's allegations of bias, which are unfounded.

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Value for money

GST helps cut taxes by its focus on value added

AJAY SRIVASTAV

GST MASTERCLASS

How will GST reduce prices through taxing only the value added?

Let us first understand how the current system works. A manufacturer pays central excise at 20 per cent on a shirt of value ₹100. At the time of sale, another tax VAT is to be paid at 15 per cent to the State government, which should be ₹15 in this case. But the State government charges VAT not on the ₹100 but on ₹120 which is the value of shirt plus the central excise tax that was already paid. So, the VAT rate of 15 per cent in effect becomes 18 per cent, leading to a higher price of the shirt. The current system has many such inconsistencies.

GST resolves the issue by integrating tax systems of central and State governments by introducing a facility to set off taxes paid across the value chain. Consider a simple three-stage operation of a small shirt-making unit owned by a person called Ria. She buys fabric from John, makes shirts and sells them to Vijay, the retailer who finally sells shirts to the end consumers.

The GST rate for fabric is 5 per cent and garments is at 18 per cent. If John, Ria and Vijay are located in the same State, the transactions among them will be considered under the intra-State sale provisions and GST payable would be the total of CGST and SGST.

If one of them is located in a different State, the transaction will be considered inter-State and GST payable would be the IGST, which would be the total of CGST and SGST. The tax liability would remain same in both cases.

Let us see the how the GST is paid at each stage of business operation.

Stage 1: Raw material Purchase. John sells fabric of value ₹1,000 to Ria. He pays GST of ₹50 at 5 per cent on the fabric value of ₹1,000. The total price of fabric shown by John in the invoice given to Ria would be ₹1,050. This includes the basic value of the fabric at ₹1000 and the GST paid of ₹50.

Stage 2: Manufacturing and sale. Ria manufactures shirt using fabric bought from John. Here, she adds ₹100 as value during the conversion of fabric to shirts. Ria pays GST of ₹18 on the value added ₹100. The total price of the shirt shown by Ria in the invoice given to the retailer would be ₹1,168. This includes the basic value of the shirt at ₹1,100 (₹1000+100) and GST paid of ₹68 (₹50+₹18).

Stage 3: Retail sale. Vijay adds his margin of ₹200 in the price of the shirt. He pays GST of ₹36 on this value (GST at 18per cent on ₹200). The total price of the shirt shown by Vijay in the invoice given to a customer would be ₹1,404.

This includes the basic value of the goods at ₹1,300 (₹1,000+₹100+₹200) and GST paid of ₹104(₹50+₹18+₹36). The end consumer pays ₹1,404 for the shirt. This includes the GST of ₹104.

What stands out here? The supplier, manufacturer and retailer, each pays GST only on the value added by them. No one pays GST on the value that includes the tax paid earlier as it happens in the current system.

This feature makes GST superior to the current system and reduces the tax burden on the consumer.

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

This is part three of a series to introduce readers to GST's intricacies. The last part appeared on June 13.

Powering up India's medtech industry

Partnerships between industry, academia and government are required to boost research in neglected areas

MOHANASANKAR SIVAPRAKASAM
JAYARAJ JOSEPH

Medical technology is a nearly ₹40,000 crore market in India, growing at over 12 per cent. Of this, imported products account for about 70 per cent. The domestic industry mostly focuses on consumables, test kits and lower-value equipment. As a result, most local medtech companies are medium and small enterprises; only a few have an annual revenue of over ₹100 crore.

The opportunity for indigenous solutions and domestic medtech production is huge. The market can grow into an estimated over ₹1 lakh crore in seven to 10 years. But it needs efforts on multiple fronts to realise the potential. Right products, models and partnerships can do the job.

The low-cost model

Can the low-cost manufacturing model that has been successful in India's growth in vaccines and generic drugs, leading to global leadership, be replicated in medtech? Economies of scale, and volume-price dynamics that has made this model successful in vaccines and generics, is absent in medtech.

Here, the cost of manufacturing is typically 15-35 per cent of the selling price. A large part of this is components (typically imported), with a small share of that being domestic components, assembly, packaging, etc.

For a typical hospital equipment, the domestic manufacturing value added would not be more than 5-10 per cent of the final value of the product. As a result, pure-play 'low cost manufacturing' alone cannot give impetus to indigenous medtech development, given India's weak manufacturing ecosystem for technology-driven hardware.

So, what contributes the rest of value? The key activities that retain the bulk of the value are innovation/IP, design, engineering, and commercialisation.

While cost is a well-known parameter, there are other key factors that existing medtech products are not tailored for.

To list a few, limited availability of trained and skilled personnel, space, infrastructure and operational constraints in hospitals and clinics, maintenance and servicing burden of equipment, growing aspirations of smaller institutions and doctors to earn higher revenues, option to add features in a modular manner over time as business grows, travel distance and time for patient and caretaker, paying capacity of patients and families, are some of the contextual elements that today's imported medtech products do not cater to. This is an untapped opportunity and requires innovation and R&D driven product development.

Time factor

While, medtech doesn't have the scale and homogeneous nature of vaccines and drugs, it has an advantage that makes it more amenable for R&D, innovation and entrepreneurship in a practical and affordable manner. Compared to larger investments required in drugs and vaccines to support discovery based research that need extensive clinical trials, majority of medtech products take a problem-solving R&D approach using engineering techniques.

Development budget and time of a mid-value medtech equipment at a price point of, say, ₹5 lakh, with a potential market of around 1,000 pieces annually, is typically less than three years and ₹5 crore. To fill in the funding gap, government agencies such as BIRAC are supporting startups in this area at various stages towards commercial products.

The long gestation period in medtech projects, from concept to market success, is often cited as a barrier for developing new products. While it is indeed true that medtech product development takes five to seven steps, from concept to manufacturing, including animal and human trials in certain cases, this technical complexity of medtech product development is still much lower (and less expensive) than drug or vaccine development. Market success and scale takes longer than developed markets, and is a function of product fit with market needs, access to early adopters and thought-leaders, and a viable business model involving hospitals and doctors to encourage uptake of the product.

Ready to serve Medical technology could become a multi-billion industry in India in a few years

To mitigate these gaps, R&D and product development should be done through partnerships with as many stakeholders as possible. These partnerships should include collaborations with R&D institutions, hospitals, government health agencies, component vendors, OEMs, and, even other medtech companies.

With the current ecosystem, one could target such products at a 3-5-year time frame in hospital instruments, diagnostic devices, health monitors, and surgical equipment. R&D, engineering and manufacturing for such products is possible as established companies and startups in this area have demonstrated in recent years, albeit in small number.

More complex platforms and products such as active implants, minimally invasive surgery systems, high-end equipment need long-term R&D at the level of 5-7 years. Development of such complex technologies should be led by our R&D institutions with government support, in partnership with industry with goal of market-ready products.

Lack of awareness

One of the weaknesses in our industry, R&D and innovation efforts, is lack of deep knowledge of the healthcare process and detailed mapping of interplay between the medtech product, user, support personnel, beneficiary, revenue earner, associated processes and infrastructure. This is a crucial exercise and should be one of the core elements of product development. Medtech being only 5 per cent of overall healthcare market, industry needs to articulate its position and demonstrate value to the healthcare provider in order to create space and appetite for new products.

Another key missing piece for strong R&D-driven medtech is lack of high quality medical research. This is constrained by the limited number of research and teaching hospitals. Current clinical workload and patient care priorities in both public and private institutions do not lend space for technology oriented medical research. Preclinical testing, animal labs, and requisite knowledge, skills, facilities to offer such services are very few in number. These would require longer-term efforts from the Government and will gain attention as medtech industry gains traction.

Overall, we should set out a short- to medium-term goal of developing products in chosen categories that are affordable and targeted at specific problems. This should be done through partnerships between industry, academia and the Government. As the ecosystem and support structures mature, we should aim to develop products that have a large-scale impact and higher value products. On a longer term, we should aim to shape and position medtech as a strategic tool and industry that would help improve Indian healthcare and serve as a global innovation engine for medtech for emerging markets.

Sivaprakasam is head of Healthcare Technology Innovation Centre (HTIC), a joint initiative of IIT Madras and Department of Biotechnology, Ministry of Science and Technology. Joseph is Chief Technologist, HTIC

5 THINGS to WATCH OUT for TODAY

- **The Telecom** Regulatory Authority of India has asked the chief executive officers of all the companies in the sector to attend a meeting on Thursday to discuss their financial crisis. The CEOs will also meet Minister of Communication Manoj Sinha later in the month, to provide information on the problems in the sector.

- **The Supreme Court** is to hear today a plea challenging the Centre's notification prohibiting sale and purchase of cattle at animal markets for slaughter on the grounds that it violates the right to free trade.

- **A three-member** government panel comprising three senior ministers — Rajnath Singh, Arun Jaitley and M Venkaiah Naidu — is slated to meet Congress President Sonia Gandhi on the issue of selection of a candidate for President on Thursday.

- **The All India** Kisan Sabha will stage a nation-wide strike in Andra Pradesh today in support of the farmers who lost their lives in Madhya Pradesh. The agitation would be held in all 13 districts of the State by the farming community condemning the high-handedness of the Madhya Pradesh government

- **An expert** group led by T Haque is to assess the quantum of agriculture debt in Punjab, will meet farmers' bodies and bankers on Thursday to give final shape to its report. The report will be submitted to Chief Minister Captain Amarinder Singh who will then take a final call on farm debt waiver.

How Swachh Bharat can yield us an Usain Bolt

VENKY VEMBU

THE CHEAT SHEET

The champion runner who is to retire in August?

The same. The flamboyant Jamaican sprinter is arguably one of the greatest athletes of all time, and the fastest human in history. 'Lightning Bolt' is also the only sprinter ever to win the 'triple double': gold medals in 100m and 200m in three consecutive Olympics.

Sure, but what's he got to do with Swachh Bharat?

We'll get to that in a bit. To connect the dots, you have to understand the ecosystem in Jamaica, a country of 2.8 million people, that produced not just one Usain Bolt, but an army of prodigiously gifted athletes who have performed way above their league at the Olympics. Indicatively, since 1948, Jamaicans have won a total of 77 Olympic medals, all but one of which were in athletics.

What's India's record like?

Pretty dismal. Our country of 1.2 billion people, which has participated in the Olympics since 1900, has won a grand total of 28 Olympic medals; eight of its nine gold medals were won in field hockey, and in athletics, it has won only two silver medals in all these years.

So, what's your point?

To understand why India underperforms in athletics (as in many sports), it helps to know what makes Jamaica an athletic outperformer.

Is there something in the Jamaican air?

There are many theories, including some fanciful ones, to account for Jamaica's record in churning out super sprinters. One of them claimed Jamaicans are endowed with a 'speed gene', but DNA studies have debunked notions of a genetic predisposition. In any case, Jamaicans trace their ancestry to West Africa, which isn't exactly an athletic superpower. Then there's the 'yam' theory.

The what?

Errol Morrison, former president of the University of Technology in Kingston, who has studied Jamaican sporting prowess, says the country's staple diet of yams and green bananas accounts in some measure for the excellence. But that too stands disproved: many other countries where people eat these tubers don't produce champs.

Among other reasons cited by researchers at the University of West Indies is the aluminium-rich soil; evidently, aluminiun absorbed through a pregnant woman's diet helps the foetus develop muscle fibers that are used in sprinting.

So what's the secret sauce?

Jamaican-born Harvard sociologist Orlando Patterson has pointed to arguably the most convincing explanation: a public health campaign in Jamaica since the 1920s, which focussed on hygiene, clean water and fecal and mosquito control.

Think of it as a 'Swachh Jamaica' campaign. The success of the effort, spearheaded by Rockefeller Foundation specialists, yielded successive generations of healthy children who took to running, the 'cheapest' sport, and which was nurtured by a sporting culture.

Certainly sounds plausible.

Data backs it up well. As historical demographer James Riley notes in *Poverty and Life Expectancy: The Jamaican Paradox*, even on a low per-capita income, the country dramatically improved its life expectancy, from 36 in 1920 to 75 today. Currently, Jamaica's child mortality rate is 16; India's is 48. Jamaica ranks 94th on the Human Development Index; India is at a lowly 131.

And Swachh Bharat is the key?

A public health campaign may or may not yield us Olympic champs as a spinoff. But an earnest campaign, as opposed to the photo-op-driven one we saw in India, can certainly save millions of young lives and raise them to good health. And that's worth a lot more than an Olympic gold medal.

A weekly column that helps you ask the right questions

BusinessLine TWENTY YEARS AGO TODAY

JUNR 15, 1997

'Capital formation in agriculture must improve'

The Union Finance Minister, Mr. P. Chidambaram, on Saturday regretted that capital formation in agriculture, particularly from the public sector, had suffered. Inaugurating the Agri Development Finance (Tamil Nadu) Ltd (ADFTL), a non-banking financing company floated to fund hitech agriculture, he referred to this trend that had emerged in the last few years. The focus instead was on increasing credit flow. He said private sector investments had shown an 8.43 per cent annual increase, while investments from the public sector had shown a negative growth rate during the same period.

ITC net up, to pay 40%

The ITC board, at its meeting today, has recommended a higher dividend of 40 per cent for the year ended March 31, 1997. This is against 25 per cent paid for 1995-96 (on a share capital of Rs. 245.41 crores). For the year under review, the company has recorded a 33 per cent increase in its profit after tax (PAT) at Rs. 347 crores from the Rs. 261 crores achieved in 1995-96. Significantly, the ITC board has recommended the creation of a contingency reserve of Rs. 190 crores (nil in 1995- 96) out of unappropriated profits, leaving an undistributed surplus of Rs. 128.46 crores (Rs. 156.62 crores).

SBI officers to go on nation-wide stir from June 23

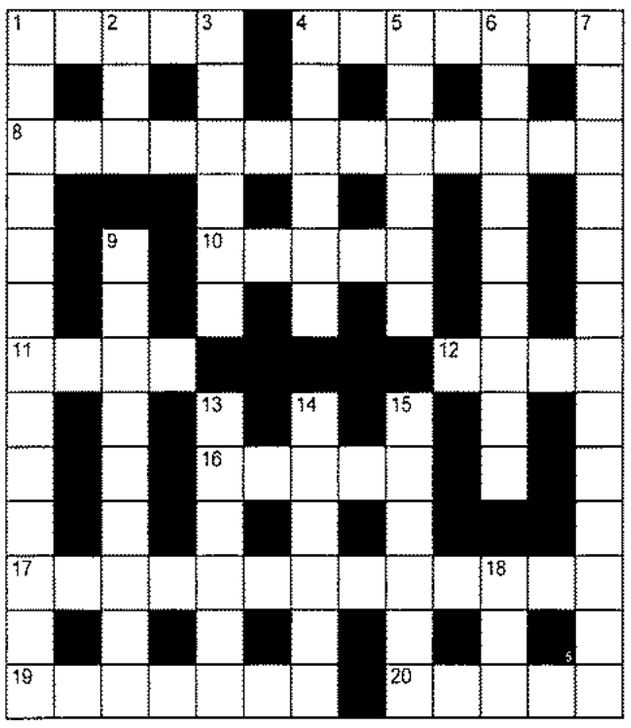
The All-India SBI Officers' Federation has decided to go on an indefinite strike from June 23, to protest the suspension of three SBI officers for their alleged role in the CRB fiasco. The Federation will meet in Calcutta on June 17 to discuss the issue and to seek the support of officers in other banks. The strike in the SBI branches here continued for the third day today. The situation is expected to take a turn for the worse next week.

BL TWO-WAY CROSSWORD 872

EASY

ACROSS
01. Push with finger (5)
04. Ancient Egyptian wire rattle (7)
08. Books, periodicals etc (7,6)
10. System of beliefs (L : I believe) (5)
11. Resolve knot (4)
12. Vocalised (4)
16. Parent's brother (5)
17. Lack of likelihood (13)
19. Sign the back (7)
20. Person who accepts bet (5)

DOWN
01. Mention the details of (13)
02. Age, important date (3)
03. Suture (6)
04. Autographed (6)
05. Dark part of a picture (6)
06. Repay in kind (9)
07. Matins (7-6)
09. Seized for ransom (9)
13. Hearsay (6)
14. Draw blade across (6)
15. Paint carefully, make likeness of (6)
18. To weary, distress (3)



NOT SO EASY

ACROSS
01. Push the papers in the cupboard (5)
04. Must Sir be shaken? It got the Egyptians rattled! (7)
08. Printed material daring me to treat it so (7,6)
10. I believe it's Latin for a part of the service (5)
11. Loosen nut to solve a problem (4)
12. Was a tenor, and was an informer (4)
16. He's related how North Carolina got involved in rubber (5)
17. Unlikelihood of limbo: pity a rib has to get broken (13)
19. To give it one's backing needs possible holding of gold (7)
20. He accepts bet that could put Kate right (5)

DOWN
01. Rail is up : react so as to enumerate it in detail (13)
02. A period educationist rather awkwardly starts (3)
03. Sew the least scrap of clothing (6)
04. Communicated with the unhearing as one put one's name to it (6)
05. Go after one cast by the Sun (6)
06. Make a comeback later, a tie resulting from it (9)
07. Soundly grieving, might repay the Right at matins (7-6)
09. Child had a snooze with Stevenson's book (9)
13. The whisper is, it's curious with your and my half (6)
14. Predicament one gets into with a thin layer of butter (6)
15. Show how it is to be put inside picture (6)
18. Prove wearisome for one king to take in another (3)

SOLUTION: BL Two-way Crossword 871

ACROSS 1. Curve 4. Squalid 8. Embracing 9. Owl 10. Initial 12. Rang 14. Termite 17. Oboe 18. Twisted 20. Ink 21. Castigate 23. Garbage 24. Guess
DOWN 1. Credit scoring 2. Rabbit 3. Examiner 4. Sei 5. Urge 6. Loofah 7. Delightedness 11. Limit 13. Striding 15. Conker 16. Strake 19. Acta 22. She