THE HINDU BusinessLine
FRIDAY, JUNE 23, 2017

Good move

SEBI's move to ease the regulatory process for acquirers of stressed assets by doing away with the open offer norm is welcome

The most important decision coming out of Wednesday's meeting of the Securities and Exchange Board of India (SEBI) was the one to exempt buyers of debt-laden companies from making an open offer or preferential issue. The move indicates welcome coordination between regulators in the matter of resolving the biggest issue facing the economy now. Currently, only lenders are exempt from the open offer requirement whenever they take a controlling stake in the listed borrower. Henceforth, investors who step up to acquire equity in a distressed company from the lender would also be exempt from the provisions of the Takeover Code. This is a big step that will make it just that bit easier for lenders when they set out to find prospective investors who can buy the stressed asset and turn it around. The investor will not have to spend on acquiring equity from other shareholders and can instead divert the resources to turn around the stressed asset.

The equity derivative segment needs urgent attention with signs of over-heating evident in the turnover numbers. Average daily traded volume in the derivative segment of the NSE has increased 50 per cent between December 2016 and May 2017. The point of concern is that the volume in futures and options, where smaller investors typically trade, has doubled in this period. There are some structural flaws as well. The derivative market for equities dominates the spot market with over 80 per cent share in overall turnover. Within the derivative segment, trading is mainly in index options, with other segments accounting for just one-fifth of the derivative turnover. This concentration of volume in index derivatives is not a healthy signal as it implies lack of depth. It is just as well that SEBI has now said it will hold talks on the current derivative market framework.

SEBI's move to allow category III alternative investment funds into the commodity market is a judicious one. With the launch of commodity options, increasing the users of this instrument is an imperative. Since hedge funds employ complex strategies involving spot and derivative market across asset classes, allowing entry to these investors could boost volume in this segment. An area where the regulator needs to tread with care is in making changes to laws governing foreign portfolio investors. The Board has stated that the access norms for foreign investors will be eased by allowing entry to investors from countries with whom India has diplomatic ties and by simplifying and rationalising the eligibility criteria for FPIs. With foreign funds continuing to flow into the stock market at a rapid rate, there does not seem to be any need for the regulator to ease the existing norms any further. It is also contrary to the regulator's recent moves to rein in speculative fund flows and round-tripping of funds.

Why consumers should welcome GST

GST simplifies life for consumers by making taxes more transparent and eliminating double taxation

AARATI KRISHNAN

CIRCUIT BREAKER

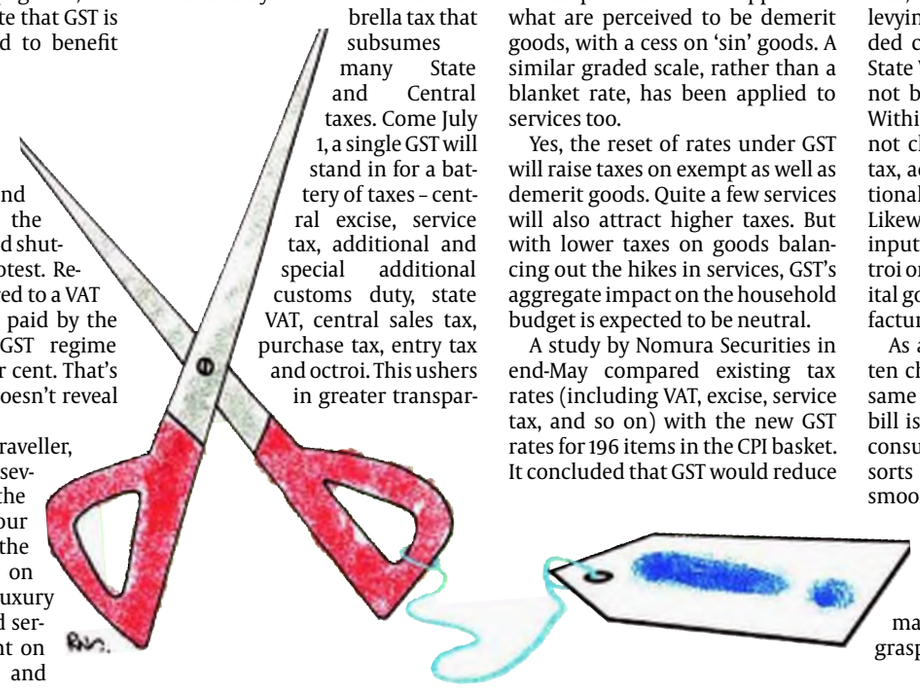
As the July 1 deadline for the rollout of the Goods and Services Tax (GST) draws near, the financial press is filled with tales of woe from businesses large and small. Apart from fervent pleas to the Government to defer implementation, India Inc is worried that the new tax regime will raise costs and tax outgo. Retailers are busy with pre-GST sales urging you to indulge in one last shopping binge. But before you fall for all this propaganda, it is important to appreciate that GST is a tax reform intended to benefit consumers. Here's why you should look forward to GST.

It's an umbrella tax

A few days ago, hotels and restaurants across the Southern states downed shutters in an anti-GST protest. Reports said that compared to a VAT of 14.5 per cent being paid by the hotel industry, the GST regime would levy 18 to 28 per cent. That's technically true, but doesn't reveal the whole picture.

If you're a frequent traveller, you'll know there are several taxes besides the State VAT that bloat your hotel bill. Apart from the VAT of 10-15 per cent on food items, there's luxury tax of 3-10 per cent and service tax of 6-8 per cent on room rent. Both VAT and luxury tax rates vary for different States and room tariffs. Post-GST though, the hotel bill will feature just one tax – the GST. Under the GST regime, stays with room rents below ₹1,000 are entirely exempt. The rate is 12 per cent for non-AC restaurants and rooms with tariffs up to ₹2,500, and 18 per cent for AC restaurants and rooms with tariffs up to ₹7,500. Premium rooms costing upwards of ₹7,500 a day alone will be taxed at 28 per cent. In effect, if you add up all the present levies, you will find hotel stays actually turning more affordable post-GST for budget and mid-range hotels.

The hotel industry's case just illustrates why a straightforward comparison of the current state VAT, Cenvat or service tax rates on any item with the new GST rate gives you a misleading picture of the impact. GST is touted as a tax reform mainly because it is an umbrella tax that subsumes many State and Central taxes. Come July 1, a single GST will stand in for a battery of taxes – central excise, service tax, additional and special additional customs duty, state VAT, central sales tax, purchase tax, entry tax and octroi. This ushers in greater transparency for consumers. It benefits manufacturers too. Instead of liaising with multiple tax authorities, the manufacturer gets to deal with a single entity – the GST Network.



It isn't inflationary

When GST was mooted, there were apprehensions that the default GST rate would be pegged at 20 per cent or higher, that service tax rates would shoot up from 15 per cent and that essential goods would attract steep levies to bolster tax revenues for the exchequer.

But these fears have been allayed by the GST Council, which has designed the rate structure to be progressive. The default GST rate is 18 per cent. Merit and essential goods (*atta*, milk, bread, medicines, tea, coffee) remain zero-rated or attract just a 5 per cent levy. Most packaged products attract 12 or 18 per cent. The 28 per cent rate is applied to what are perceived to be demerit goods, with a cess on 'sin' goods. A similar graded scale, rather than a blanket rate, has been applied to services too.

Yes, the reset of rates under GST will raise taxes on exempt as well as demerit goods. Quite a few services will also attract higher taxes. But with lower taxes on goods balancing out the hikes in services, GST's aggregate impact on the household budget is expected to be neutral.

A study by Nomura Securities in end-May compared existing tax rates (including VAT, excise, service tax, and so on) with the new GST rates for 196 items in the CPI basket. It concluded that GST would reduce official CPI inflation by 0.33 per cent in the near term. An impact study by CRISIL notes that consumer items such as soaps, hair oils, two-wheelers, commercial vehicles, cars and SUVs will see a 2-12 per cent cut in tax outgo post-GST. Services such as telecom, financial services and air travel will be pricier by 3 per cent, but the burden will be reduced by input tax credits.

The GST Council has also been quite accommodative of genuine petitions for lower rates, reviewing 66 items in a recent meeting.

Don't forget input credit

A big advantage of the GST that is being swept under the carpet in the blanket rate comparisons is the seamless input tax credit.

India is already supposed to be on a value-added tax regime. But under the current fragmented system, with the Centre and States levying separate taxes, the value-added concept exists only on paper. State VAT and the central taxes cannot be set off against each other. Within Cenvat, manufacturers cannot claim set-offs for central sales tax, additional excise duty or additional customs duty on inputs used. Likewise, state VAT does not allow input credit for central sales tax, octroi or mandi tax. Tax credits on capital goods are denied both to manufacturers and service providers.

As a result, indirect taxes are often charged twice or thrice on the same good or service. The inflated bill is then glibly passed on to the consumer. By unifying taxes, GST sorts out these tangles and allows smoother tax set-offs across the value chain. This is bound to reduce selling prices for consumers.

Well aware that consumers may not be savvy enough to grasp such nuances and demand a better deal from firms, the Centre proposes to set up an anti-profiteering agency too. This price watchdog can force firms to pass on GST benefits to consumers, levy penalties and even de-register the ones found to be 'profiteering'.

Lower costs

There's a lot of hand-wringing about the transitional issues and compliance costs that will be unleashed by GST. Yes, GST contemplates an overhaul of the present indirect tax system, possibly disrupting businesses over the next one or two quarters. But in the long run, this may be a price worth paying. By charging tax on stock transfers, GST forces firms to rejig their logistics and supply chains, which will entail costs. But in the long run, this could lead to enduring cost savings as firms can run their supply chains on purely commercial lines, instead of basing them on VAT differences between States. Filings and assessments under GST are to be entirely online, resulting in a lot of filings for taxpayers. But then, reducing personal contact between taxpayers and officials shrinks the scope for bribery and evasion.

GST imposes a tax obligation on firms dealing with unregistered suppliers, which is a pain point. But if this sweeps large swathes of the informal economy into the tax net, the higher tax collections will eventually flow to taxpayers.

In short, unlike demonetisation, GST is a reform move where one can be fairly sure that short-term pain will lead to long-term gains.

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Hapless farmers and clueless policies

Loan waivers are not advisable. However, restrictive policies on storage, marketing and exports should be done away with

G CHANDRASHEKHAR

Starting with Tamil Nadu a few months ago, a sudden surge in farmers' protests in recent days across the country – Madhya Pradesh, Maharashtra and Karnataka – seeking waiver of farm loans has put the respective State governments and the Centre on the defensive.

It all started ten years ago with the ₹70,000-crore loan waiver announced by the previous government.

More recently, the new government in Uttar Pradesh decided to waive farm loans worth ₹37,000 crore. Farmers in other States are now demanding similar treatment. How far is it justified?

Writing off farm loans is a perverse incentive that neither helps build capacity among growers nor improves the efficiency of farm activities. It is more a dole than anything else.

Usually, receiving such an unwarranted incentive becomes habit-forming and more often than not, promotes a tendency to treat farm loans as a grant rather than as a debt.

Difficult conditions

Having said this, it is no one's case that farmers should not be treated softly. Under Indian farm conditions, farmers are greater risk-takers, much more than industrialists, but their risk-reward profile is seldom favourable.

In most parts of the world, especially in developed economies, agriculture is almost invariably subsidised. Countries adopt various ways to deliver direct and indirect benefits to growers.

Often, they find ways to beat the commitment made under the WTO agreement (to reduce farm subsidies). In our country, agriculture enjoys little subsidy and often, suffers negative subsidy in the form of various restrictions.

The status of farmers differs across the country. For instance, in Tamil Nadu, Karnataka and parts of Maharashtra, inadequate rains, and lower prices have weakened farmers'capacity to repay loans.

The same cannot be said to be the case in Madhya Pradesh where agriculture is a success story of recent years. The annual average growth rate of agriculture in the last five years has been a spectacular 14 per cent.

Rural infrastructure, road connectivity, marketing reforms and easy credit have combined to encourage growers in MP to produce more. Diversification from cereals to high-value horticulture crops has also meant improved incomes.

Surely, farmers in MP are much better off than their counterparts in many other States.

However, the protests there seem to have garnered disproportionate media attention and coverage primarily because of the unfortunate events in Mandsaur.

Lasting solution

Be that as it may, we have to find a lasting solution to the recurring problems of farm distress and waiver demands. Although agriculture is a State subject under the Constitution of India, it devolves on the Centreand the State governments to find practical solutions that would not unduly hurt the banking system and the fiscal situation while advancing growers' interests.

Needed A holistic view S SUDARSHAN

As a short-term measure, instead of writing off loans, rescheduling or restructuring them should be explored. This is particularly important in States that have suffered natural calamities, such as poor rainfall.

From a medium-to-long-term perspective, it is vital to step up policy support, investment support and research support for agriculture.

Some of the important steps to revive agriculture include:

- Strengthening the input delivery system
- Rapidly expanding irrigation facilities
- Investing farming with multiple technologies
- Investing in rural infrastructure
- Using ICT to deliver price, market and weather information to growers
- And last but not the least, work to build capacity among farmers to withstand market volatility as integration with the global market grows.

Supply-demand mismatch

All anti-farmer restrictions such as those on storage, marketing and export trade should be done away with. We have a surfeit of pulses with domestic production (224 lakh tonnes) and imports (64 lakh tonnes) reaching record highs. Yet, growers continue to desperately seek remunerative prices, but cannot because of poor exim policy support and inadequate procurement support.

Soyabean growers are disillusioned as the lucrative export market for soyameal has nearly dried up in the last two years. Low prices of pulses and oilseeds cannot be treated as isolated incidents. They represent a trend that cannot be overlooked. However, policymakers seem to be clueless.

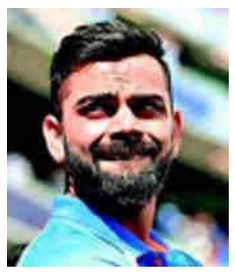
Preserving the innate pride of our farming community should be on top of the nation's agenda. Genuine growers will go back to their farm once the southwest monsoon covers the entire country in the next two weeks.

The writer is an agribusiness and commodities market specialist. Views are personal

FROM THE VIEWSROOM

Cricket captain, a demigod in India

Kohli's star value, read money, prevails over reasonableness



There are few sports where the captain plays as crucial a role as in cricket. Irrespective of the format, the captain has to soak in the pressure for his teammates, make quick decisions (from bowling changes to field placements) and then ensure his own performance is up to the mark. A captain who doesn't score, or take wickets, is hardly inspiring.

That is one reason why the captain in cricket, especially in India, is like a demigod. Look at India's last five Test captains; each one of them — Sourav Ganguly, Rahul Dravid, Anil Kumble, MS Dhoni and now Virat Kohli — was, and is a superstar, and a fairly successful one at that.

In that case if there is a clash between the captain and his coach, it is inevitable that the latter has to go, isn't it? Greg Chappell made an inglorious exit in 2007, after skirmishes with Ganguly and other senior players. And now 10 years later, Kumble put in his papers after the captain, Kohli, made known his reservations with the coach's style.

But that is hardly a fair assessment. Ask Gary Kirsten, arguably one of India's most successful and loved coaches. The 'man management role' that a coach does is a 'massive task,' Kirsten told *The Indian Express*. Kumble seemed to have been doing well, but had to quit in spite of some stellar performances by the team.

If this were football, it would have been Kohli who would have been looking at the exit door. Almost every star player-manager clash in football has ended in the latter's favour. Remember the Ferguson-Beckham or Scolari- Romario episodes?

Sadly, Indian cricket is governed by a Board that is a mess in itself. Instead of telling the players to fall in line, it opted to toe the line of a superstar who gets ticket sales and viewership.

Prince Mathews Thomas Deputy Editor

LETTERS TO THE EDITOR

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

Damaging poll promises

An economic policy initiative's main intention is price stability with greater employment opportunities and growth of economic activity. Unfortunately, the States' decisions on farm loan waivers do not seem to be viable.

These waivers were campaign promises. Before polls in Punjab, Amarinder Singh promised to waive loans irrespective of the farmer's ability to repay them, provide smart phones to a section of society whose household income is less than ₹6 lakh per annum, and pay unemployment allowance of ₹2,500, for 36 months if the government fails to employ one youth from each household of the state, and so on.

Sticking to such irrational commitments for Punjab, a State with more than 30 per cent debt-GDP ratio, appears to be infeasible and unsustainable. Declaration of ₹20,000-crore loan waiver has further pushed the State's economy for an irreparable damage. Other States have followed suit. With such precedents, in near future, we would certainly arrive at an increased level of NPAs in agriculture sector. It would also increase farmers suicides.

Every citizen has equal rights over State's revenue. With 82 per cent of our workforce in the informal unorganised sector, there are many who need the States' and Centre's attention.

Sagarika Mishra
Bhubaneswar

Kovind's naming, BJP's triumph

By nominating Ram Nath Kovind for the next Presidential election both Prime Minister Narendra Modi and the BJP have taken most of the opposition leaders by surprise.

Now many of them have extended support. Others will find it tough to oppose his candidature. It is a kind of masterstroke by the ruling party as it has literally created a huge rift among the Opposition which was trying to join hands against the BJP in the wake of BJP's winning streak in recent State elections. And choosing a Dalit candidate, which constitutes a majority of the country's vote bank, has forced the opposition to re-think saying no to Kovind's candidature.

Bal Govind
Noida

Poll strategy for 2019

It seems that the BJP has tactfully pierced the unity of opposition parties, as it has chosen to field Ram Nath Kovind for President.

But one may reckon that the BJP has been forced to nominate a Dalit candidate only in the wake of the grand alliance of opposition parties. Otherwise, the BJP would have chosen a candidate at its will or as dictated by the RSS. After all, the BJP has well used this President election as a pitch for bringing back its old allies (JD – U and BJD) to weave a strong coalition ahead of the 2019 general elections. The current political scenario suggests that the President election will turn out to be a golden opportunity for the BJP to grab some political parties in its fold.

S Lakshminarayanan
Cuddalore

Don't ban participatory notes

The alleged move by SEBI to phase out issuance of participatory notes (PN) is an ill-conceived one. PN being an overseas derivative instrument with stocks being the underlying asset, investors have a right to subscribe to such instruments to protect themselves from market /currency risk. SEBI has alleged that it is being misused by individuals/companies to remain anonymous and launder money. The problem lies in its implementation. Hence the logical step would be to tighten the rules governing its issuance rather than advocate a total ban on it.

Foreign portfolio investors (FPIs) who are SEBI-registered entities and with whom foreign investors open accounts to buy stocks through PN should be made accountable for deviations and misuse. There has to be an ongoing risk assessment mechanism put in place to track changes in the ownership pattern of partnership firms/ trusts/unincorporated bodies who invest in such instruments. Its sudden withdrawal might lead to a market crash like in 2007 when SEBI had imposed a temporary ban. A ban on PN is akin to RBI prohibiting commercial banks from opening trading accounts as there is a risk of traders misusing derivatives for speculative purposes.

Srinivasan Velamur
Chennai

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On input tax credit

Analysing the central feature of GST

AJAY SRIVASTAV

GST MASTERCLASS

Input tax credit (ITC) is one of the core concepts of the GST framework. ITC is the credit of the GST into the account of the buyer of goods or services. It equals the amount already charged by the supplier from the buyer as tax and paid to the Government. This tax paid by the seller makes the buyer eligible to claim input tax credit of an equal amount.

To understand how the ITC works, consider a simple buy-sell transaction. Firm A buys fabric of worth ₹100 from Firm B for making, say, a shirt. GST on the fabric is 5 per cent. Firm A pays ₹105 to Firm B. Firm B has to pay ₹5 to the Government as GST. When Firm B has paid the GST, firm A will get the input tax credit of ₹5. Firm A can use this credit to pay GST on the shirt.

Essential conditions

Here, both the supplier and the recipient should be registered under GST. Every registered firm is entitled to take ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax.

A firm can take credit of input tax on inputs even if the inputs or capital goods are directly sent to a job worker for job-work without their being first brought to its place of business. ITC cannot be claimed by a firm registered as a composition tax payer.

If goods and/or services are used by a firm partly for the purpose of any business and partly for other purposes, the amount of credit will be restricted to so much of the input tax as is attributable to the purposes of his business.

ITC can be availed on the taxable and zero-rated supplies. It is not available on non-taxable supplies, exempt supplies and nil-rated supplies. ITC is also not available on many types of specific supplies.

These include: (I) Supplies made after one year from the date of issue of tax invoice relating to such supply; (II) supply of motor vehicles except when for commercial purposes; (IV) supply of food and beverages, outdoor catering, beauty treatment, health services except where such supplies are used by a GT-registered firm for making an outward taxable supply of the same category of goods or services; (V) membership to a club, health and fitness centre; (VI) goods or services received by a taxable person for construction of an immovable property on his own account.

Core concerns

What is the core concern of many firms on ITC?

There will always be cases where the seller charges a price from the buyer that includes the GST. But the seller does not pay this tax to the Government. In such cases, the buyer will suffer as he cannot claim input credit even though he has paid full price that includes the tax.

So, post-GST, a buyer has to worry not only about his business but also ensure that his business partners pay tax and file returns on time. For the Government, this self-policing policy ensures that the tax is paid by someone in the value chain.

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 6 of a series to introduce readers to GST's intricacies. The previous part appeared on June 22

Indo-US strategic ties on firm footing

The Trump administration is unlikely to turn off the tap on what is now an established bilateral defence partnership

SUBIMAL BHATTACHARJEE

Next week Prime Minister Narendra Modi will undertake his first visit to the US since US President Donald Trump's assumption of assumed office. Much is being speculated about the nature of India US relationship under the new US regime — more so after President Trump's climate change bombshell, where he strangely accused India of seeking billions of dollars and yet not doing much to reduce its pollution in the context of Paris agreement.

However, a clear message came from US Defense Secretary General James Norman Mattis at the recently held Shangrila Dialogue in Singapore, where he clearly said that 'we recognise India, the most populous democracy, as a major defence partner'.

While this reference to major defence partner possibly emanates from the already approved position on India from the Obama presidency and bipartisan support from the US Congress, its strategic import cannot be disregarded. It tells us something about how the bilateral relationship will proceed on the strong foundation built over more than a decade.

A lot has happened — direct arms sales to India under foreign direct sales (FMS) of more than $14 billion, over a dozen exercises involving the Services, easing of defence licenses related to Indian pursuits and most significantly the unique bilateral Defence Technology and Trade Initiative (DTTI) that allowed joint efforts at co-development and co-production in identified projects.

Homeland security and cyber security have been focus areas. Engagements at senior levels on all strategic aspects have become a regular feature.

Big deals

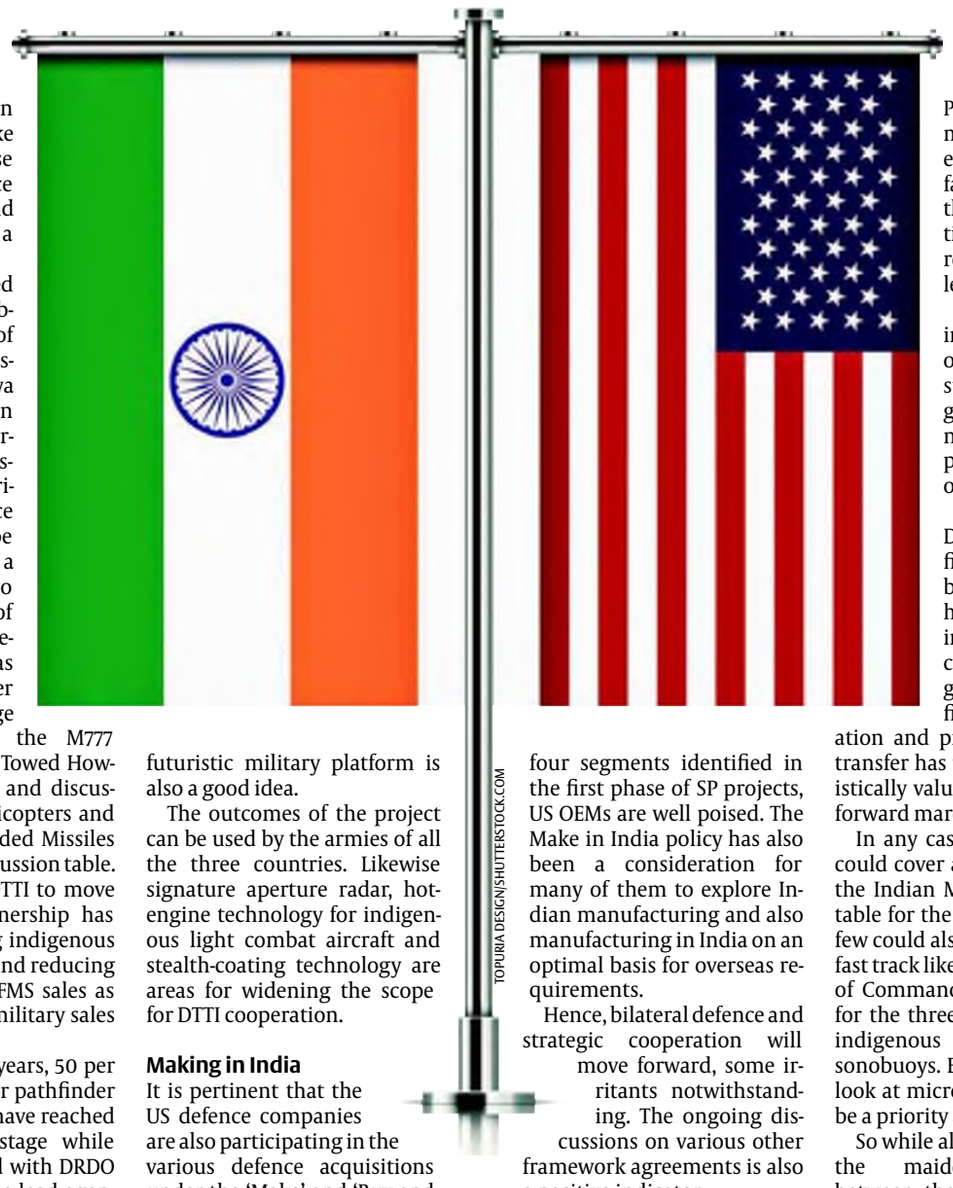
Significant induction of US weapons and equipment have addressed operational needs of the Indian defence set up. These dispatches have been 'on time and within budget' unlike weapons purchase from other defence powers where cost and time overruns are a regular feature.

Thus the FMS-based acquisitions and subsequent induction of the amphibious transport dock INS Jalashwa (former USS Trenton LPD 14), the C-130J Hercules military transport aircraft, P-8I maritime reconnaissance aircraft, C-17 Globe master III aircraft are a good guidance to building a base of trust, since the framework agreement was signed in November 2005. Even at this stage the acquisition of the M777 155mm Light-Weight Towed Howitzers is in progress and discussions on Apache Helicopters and Javelin Anti-tank Guided Missiles are not out of the discussion table.

The effort of the DTTI to move on a plank of partnership has helped in developing indigenous defence capabilities and reducing the dependence on FMS sales as the only avenue for military sales from US.

In a span of three years, 50 per cent of the original or pathfinder projects under DTTI have reached project agreement stage while two are to be pushed with DRDO and US Labs being the lead agencies from the respective countries for these projects.

These projects have concentrated on getting systems in place for plethora of capacity building like protective clothing for soldiers in nuclear, chemical or biologically contaminated battlefields. The proposal for trilateral cooperation (with Israel) on the futuristic military platform is also a good idea.



TOPURIA DESIGN/SHUTTERSTOCK.COM

The outcomes of the project can be used by the armies of all the three countries. Likewise signature aperture radar, hot-engine technology for indigenous light combat aircraft and stealth-coating technology are areas for widening the scope for DTTI cooperation.

Making in India

It is pertinent that the US defence companies are also participating in the various defence acquisitions under the 'Make' and 'Buy and Make' programmes and not only confining themselves to FMS opportunities. Even the Strategic Partnership (SP) model announced by the Ministry of Defence has been accepted by these defence corporations.

The prospect of few of them being in the fray as OEM partners for the SP is very high. In three of the four segments identified in the first phase of SP projects, US OEMs are well poised. The Make in India policy has also been a consideration for many of them to explore Indian manufacturing and also manufacturing in India on an optimal basis for overseas requirements.

Hence, bilateral defence and strategic cooperation will move forward, some irritants notwithstanding. The ongoing discussions on various other framework agreements is also a positive indicator.

The strong role of US to get India into the strategic regimes of NSG and Australia group and also address Wassenaer agreement concerns bodes well. Strategic engagements with Japan and Australia are also extending the reach of the overall India US strategic concerns in the current geopolitics in the region.

More to come

While the indications are that the Prime Minister's meeting with President Trump is more of a familiarisation visit, the strategic aspirations of the bilateral relations will not be left untouched.

Already, visits and interactions by NSAs on both sides have started. Changing regional geopolitics do not allow a longer period to knowing one another.

Next, projects for DTTI are to be identified but more should be added for more cohesive engagements into areas that help cover technology gaps. A more simplified technology evaluation and prices for technology transfer has to be worked to realistically value technology and its forward march or spinoffs.

In any case, both DTTI and SP could cover a lot of pursuits that the Indian MoD had laid on the table for the immediate future. A few could also be considered on a fast track like the Co-development of Command and Control suites for the three services as also the indigenous manufacture of sonobuoys. Even a fresh focussed look at micro UAVs Raven should be a priority as a joint effort.

So while all attention will be on the maiden confabulation between the two world leaders, the guiding principle will still be strategic cooperation between the world's largest democracy and the most powerful democracy.

The writer is the former country head of US defence corporation General Dynamics. The views are personal

5 THINGS to WATCH OUT for TODAY

- **The BJP** will be filing the papers for its nominee Ramnath Kovind for the upcoming Presidential election today. The party has prepared four sets of papers for Kovind's nomination. In the first set, proposer Prime Minister Narendra Modi will be present along with Home Minister Rajnath Singh.

- **The Gorkha** Janmukti Morcha has given a 12-hour window today when it will relax its shutdown in the Darjeeling hills, for the evacuation of students from schools. The indefinite shutdown called by the party in Darjeeling entered its eighth day on Thursday.

- **Following** a sharp rise in the incidence of fever and other contagious diseases in the State, Kerala chief minister Pinarayi Vijayan has called an all-party meeting today. The CM has admitted that the Government's actions on the hygiene front have not yielded expected results. He said a mass-cleaning campaign will be held across the State on June 27-29.

- **India** and West Indies will face off in the first ODI of a limited overs series in the Caribbean today. The Indian team, which lost the finals of the ICC Championship to Pakistan in London on Sunday, is to play five ODIs and one T20 match in this short series in the West Indies.

- **In what will** be its 40th flight, the Polar Satellite Launch Vehicle is to launch a 712-kg Cartosat-2 series satellite for earth observation and 30 co-passenger satellites together weighing about 243 kg, on Friday. The satellites will be launched into a 505-km polar Sun Synchronous Orbit, ISRO said.

DHURAIVEL GUNASEKARAN

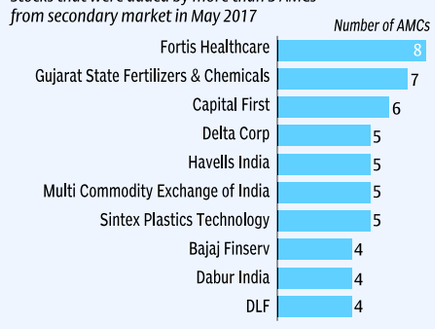
STATISTALK

Following the smart money

With markets scaling new highs, fund managers have also been churning their portfolios aggressively. We sifted through the portfolios of mutual fund AMCs to find out which were the preferred stocks of fund managers and which fell out of favour

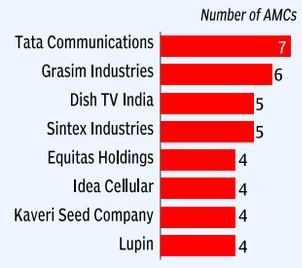
Funds made contrarian bets

Stocks that were added by more than 3 AMCs from secondary market in May 2017



Exits from companies with headwinds

Stocks that were completely exited by more than three AMCs



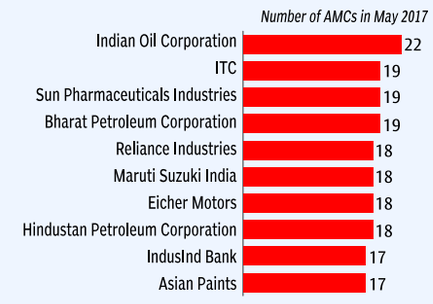
Adding more of bank and metal stocks

Stocks in which shares are accumulated by more than 16 AMCs in May 2017

	Number of AMCs
Yes Bank	21
Kotak Mahindra Bank	19
Tata Steel	19
Infosys	18
Vedanta	18
Hindalco Industries	17
ICICI Bank	17
Oil & Natural Gas Corpn	17

Profit booking in stocks that have rallied

Stocks in which shares are reduced by more than 16 AMCs



Additions to MF portfolios...

Stocks that are newly bought by MF Industry in May 2017

Name of stock	Market value (₹ cr) May 2017	Market value (₹ cr) Apr 2017
Delta Corp	391.9	-
IRB InvIT Fund	317.7	-
Sintex Plastics Technology	161.6	-
PSP Projects	106.4	-
India Grid Trust	57.9	-
Infibeam Incorporation	47.5	-
Gufic BioSciences	39.9	-
Mirza International	33.4	-

...and the exits

Stocks that are totally exited by MF Industry in May 2017

Name of stock	Market value (₹ cr) May 2017	Market value (₹ cr) Apr 2017
Kwality	-	9.6
Vascon Engineers	-	6.2
Kitex Garments	-	3.2
Tourism Finance Corporation of India	-	2.0
IL&FS Investment Managers	-	1.5
Pneumatic Holding	-	1.4
Metalyst Forgings	-	0.2
GVK Power & Infrastructure	-	0.0

Source: NAVIndia

BusinessLine TWENTY YEARS AGO TODAY

JUNE 23, 1997

Hinduja power contract may imperil coalfield

The Union Cabinet's decision to model all future fuel supply contracts for power projects on the lines of the agreement for the 1,040 MW Hinduja power project at Visakhapatnam may well sound the death-knell for the domestic coal industry What sticks out in the agreement, currently being negotiated between Hinduja National Power Corporation Ltd (HNPCL) and Mahanadi Coalfields Ltd (MCL), a Coal India (CH) subsidiary, are clauses that seek to penalise MCL for up to Rs. 1,200 crores a year in the event of a shortfall in supply. The value of the contract to supply 48 million tonnes of coal a year is just Rs. 162 crores.

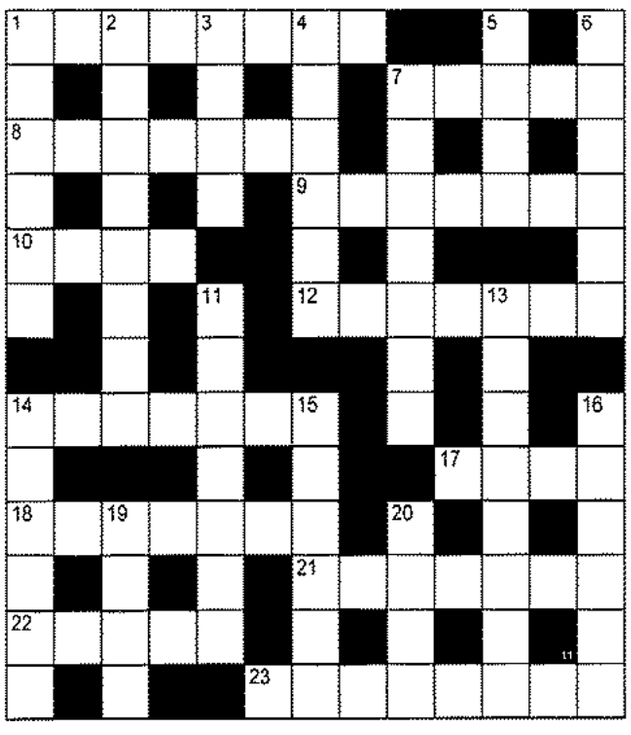
Nynex, Bell Atlantic pull out of tie-ups

The US telecom majors, Nynex and Bell Atlantic, who had merged into a single entity in their home country, have decided to pull out of their joint ventures in India Nynex is in partnership with Reliance Telecom and Bell Atlantic with Essar Telecom Both have 10 per cent stakes in the joint ventures Both of them have written to their joint venture partners informing them about their decision to pull out of India The joint ventures of Reliance Telecom are about to go operational Essar Telecom is awaiting licence for its basic telephony project.

Task force on PSU share offer norms

A high-powered task force is to be set up by the Core Group of Secretaries to look into details of the divestment of shares of PSUs to be selected by the Government from among those forwarded by the Disinvestment Commission The task force is to comprise top officials drawn from the Ministry of Finance, the Ministry of Industry, the Department of Public Enterprises and the administrative ministry under which the particular PSU falls.

BL TWO-WAY CROSSWORD 878



EASY

ACROSS

01. Wanting courage (8)
07. Pile of driven snow (5)
08. Prove, pronounce guilty (7)
09. Refrain from violating (7)
10. Of the laity (4)
12. Tombstone inscription (7)
14. Taste (7)
17. One-person performance (4)
18. Name one to an office (7)
21. Do away with, put an end to (7)
22. Compound of oxygen and other element (5)
23. Having received no instruction (8)

DOWN

01. Excite laughter (6)
02. Veil over head and to shoulders (8)
03. Incursion (4)
04. False (6)
05. Shoot gun (4)
06. Suture (6)
07. In spite of (7)
11. To furnish (7)
13. Permitting (8)
14. Liquor-jug (6)
15. Keep, hold back (6)
16. Tall cylindrical hat (3-3)
19. Hurt feeling (4)
20. Deep sleep, stupor (4)

SOLUTION: BL Two-way Crossword 877

ACROSS 7. Procrastinate 8. Gordian knot 12. Nature 14. Spread 16. Priced 18. Bridle 19. Ghost writer 23. Pressure point
DOWN 1. Frog 2. Scar 3. Satire 4. Stands 5. Anon 6. Stet 9. Ostrich 10. Overdue 11. Idle 12. Nape 13. Roe 15. Par 17. Detour 18. Barter 19. Gore 20. Oast 21. Took 22. Rung

NOT SO EASY

ACROSS

01. It might suit Moor to appear faint-hearted (8)
07. Be floated along with a set of nets (5)
08. One already inside may pronounce one guilty (7)
09. A particular way to treat one with consideration (7)
10. Non-professional officially returned in part (4)
12. Some words may be grave in their application (7)
14. Give it a taste for value not completely changed (7)
17. One-man show thus lost half (4)
18. Give one the post to paint around the Post Office (7)
21. Has boil to sort out and put an end to it (7)
22. Chemical compound kept in the box, ideally (5)
23. Without schooling; Aunt changes: ought not to begin (8)

DOWN

01. A s light touch from the bat may amuse one (6)
02. Gave a chap all it required, a veil over head and shoulders (8)
03. The right to assist one with an air attack (4)
04. False U-turn made by leading environmentalist (6)
05. If it's up to religious education, give one the push (4)
06. Least scrap of clothing may give one a pain in the side (6)
07. Notwithstanding its deep involvement (7)
11. Supply public relations video for it (7)
13. Making provision for no bills being paid? (8)
14. What jack-staff in use has that a drinker might use (6)
15. Keep the Terriers in check (6)
16. Hot tap ruined silk plush headgear (3-3)
19. Hurt feeling one has in upper part of skull (4)
20. Unconscious state turns up in dream, occasionally (4)