

Make PNs Dearer, Kill Money Laundering

But Sebi must ensure a thriving derivatives mkt

Sebi's move to propose tighter rules for participatory notes (P-notes) to enhance transparency with regard to the identity of those investing in Indian stocks makes sense.

Data shows ODIs issued against derivatives had a notional value of about ₹40,165 crore — about 24% of the total notional value of outstanding ODIs.

Rightly, the norms for direct participation of overseas investors in the stock market, too, have been greatly simplified.

Gather Around, the Enemy is Clear

It has been a fortnight of relentless terrorist attacks, targeting children and senior citizens, ordinary people from Baghdad to Kabul to London to Manchester.

US President Donald Trump has done great harm to the global effort on terror by holding Tehran solely responsible for funding and shielding terrorists.

As an advocate for a global response to terrorism, including the adoption of the Comprehensive Convention on International Terrorism, India must work with partners in Europe to convince hold-outs like the Organisation of Islamic Countries (OIC) to know where the enemy lies.

Why did Gujarat not report the Zika virus (ZIKV) infection when it was confirmed? The government 'consciously' did not go to the public.

Age No Bar in Ever Youthful Bihar

If Bihar's police can insouciantly claim gallons of liquor have been quaffed by rats, it is not impossible that a school's authorities would not notice that a student of Class XII looked more middle-aged than a teenager.

However, that a 97-year-old gentleman is also sitting for MA exams from Nalanda Open University this year underlines the fact that age is indeed no bar for people living in Bihar when it comes to education.

RBI and US Fed are at opposite ends of the spectrum. This imposes additional constraint on the former

Very Different Strokes



Mythili Bhusnurmath

Over the next few days, two central banks will announce their policy stance. The Reserve Bank of India (RBI) will announce its decision on Wednesday, after its Monetary Policy Committee (MPC) concludes its two-day meeting.

But there the similarity ends. RBI must contend with an economy growing below potential. Latest numbers released by the Central Statistical Organisation (CSO) show the economy slowing.

Juxtapose the inflation rate (barely 3% in April 2017 vis-à-vis RBI's target of 5% for Q4, 2016-17 or its repo rate (6.25%), with the dismal investment rate and the case for a reduction in interest rates seems self-evident.

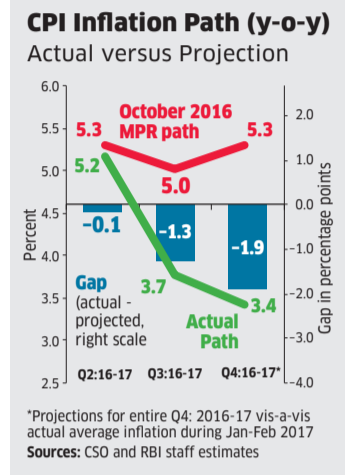
Not only is there no one-to-one relationship between interest rates and investment, demonetisation has already done what a rate cut could hope to achieve.

not to discourage investment.

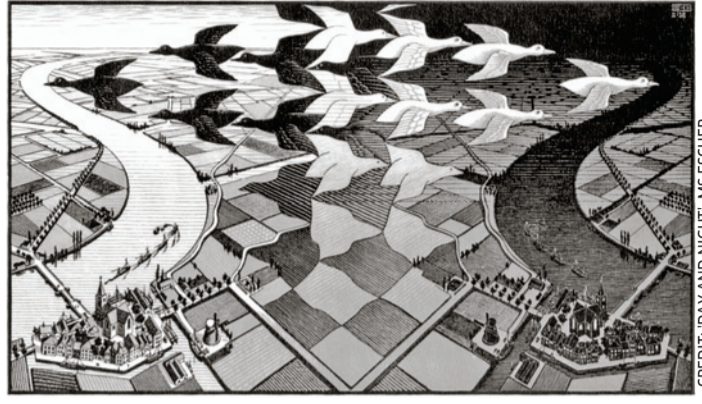
Surplus Liquidity

But it would be simplistic to see this as a cast-iron case for a repo rate cut. Not only is there no one-to-one relationship between interest rates and investment, demonetisation has already done what a rate cut could hope to achieve.

The Fed is at the other end of the spectrum. First quarter GDP growth has been revised upwards from 0.7% to 1.2%. Unemployment at 4.4% is at a decadal low and inflation is close to the Fed's target of 2%.



After the quarter percentage hike in interest rates in March 2017, the Fed is on course to raise rates by another quarter percent at its meeting next



Opposites don't necessarily attract

week. In all likelihood, this will be followed by another in September, in line with the Fed's projection of three rate hikes in 2017.

Central bank governors, the world over, like to say (believe?) they frame monetary policy keeping the domestic situation in mind. The reality is quite different.

By that logic, the current domestic growth-inflation dynamics would seem to support a rate cut. But here's the catch. When the Fed is on a tightening cycle, few central banks can afford to cut rates.

Hence, despite governor Patel's bravado about being guided solely by domestic factors, the MPC will have to keep in mind the possible consequences of Fed action.

day is unlikely to reduce lending rates further or stimulate investment. It could, at best, bring policy rates in consonance with the market, but at the risk of aggravating asset price bubbles and reigniting nascent inflationary pressures that are never very far from the surface in India.

Agreed, under Patel, RBI has consistently over-estimated upside risks to inflation (see chart). But that is inevitable in a monetary policy framework that gives precedence to inflation targeting over growth.

The truth, however unpalatable it might be to politicians looking for quick fixes — and regardless of far-from-subtle hints from government officials — is that no purpose will be served by cutting interest rates to day. Apart from the limited objective of aligning policy rates with the market to make RBI appear technically correct.

"An economist," said former US President Ronald Reagan, "is someone who sees something that works in practice and wonders whether it would work in theory." It would be tragic if the MPC, constituted solely of economists, were to prove him right and opt to cut rates to uphold its academic credentials (and, maybe, satisfy government). There is no other case to cut.

WIT & WISDOM

"Money won is twice as sweet as money earned."

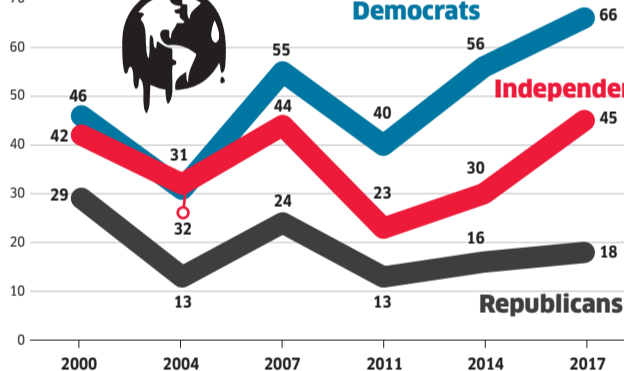
Paul Newman Actor

US Gap: Global Warming

A Gallup poll conducted two months before President Trump pulled out of Paris accord shows the formidable divide between Republicans and Democrats on the issue of tackling global warming...

Partisan gap widens on worries about global warming

Percentage who worry "a great deal" about global warming/climate change



MEME'S THE WORD



NEUTRON TO NYLON

Such Nonzenze Over Zika



Debkumar Mitra

Why did Gujarat not report the Zika virus (ZIKV) infection when it was confirmed? The government 'consciously' did not go to the public.

So, do we check the WHO website, or know from the newspaper for ZIKV cases? Or, are we assured that the ZIKV story ended with those three Ahmedabad patients? We do have some answers. The media has been active in churning out lots of information on ZIKV — from reliable to callous.

Once a vector-mediated infection is detected in a population, mere assurances are not enough. With such a large illiterate population, if you consider science health illiteracy, then it will cover a larger percentage of people, with an absence of directives.

rall, the global risk assessment has not changed. ZIKV continues to spread geographically to areas where competent vectors are present. Although a decline in cases of Zika virus infection has been reported in some countries, or in some parts of countries, vigilance needs to remain high.

Reclassification is only a part of documentation. But the need of the hour is to share the information with the medical community and draw up an action plan.

Every year, dengue, with its four strains, torments the population in Delhi, Kolkata, Mumbai and Chennai. To keep the number of dengue victims low, government agencies ignore the death certificates issued by qualified medical practitioners where the cause of demise is mentioned, even when the patient dies in a public hospital.



The buzz is about mosquitoes

Citings

Strategic Initiative

GEOFFREY GARRETT

I do not think the US is in danger of "losing" Asia — there are too many democracies and too many US allies for that. I do not think that China is a rival to the US as the world's most powerful country.

Every year, dengue, with its four strains, torments the population in Delhi, Kolkata, Mumbai and Chennai. To keep the number of dengue victims low, government agencies ignore the death certificates issued by qualified medical practitioners where the cause of demise is mentioned, even when the patient dies in a public hospital.

Viruses do not read government protocol. They need healthy human or animal bodies to multiply and evolve. Red tape, under-reporting and ignorance, are the ingredients of a vicious cocktail that help viruses break into new ground and cause an epidemic.

From: The US Needs a Proactive Asia Play — Or Risks Losing Ground to China



Fetch Your Breath Up

SENSEI SANDEEP DESAI

Men of wisdom fetch their breath up from deep inside and below while others breathe with their voice box alone.

Normally, we tend to breathe with just the top half of our lungs, leaving the bottom half unused and full of stale, impure air, preventing the fullest absorption of oxygen.

Those engaged in teaching disciplines such as singing, playing a wind instrument, athletics, yoga and martial arts are required first to become attuned with their breathing to mark growth in their chosen fields.

Chat Room

Eco-Friendly Goods Needed

We celebrate World Environment day on June 5 to demonstrate support for environmental protection. While constant research and innovation make it possible to make new products, we are lagging behind in finding out ways to make environmentally friendly products.

TS KARTHIC Chennai

Move On With Climate Accord

Apropos 'Despite Washington, there will be Paris' (June 3). It is unfortunate that US President Donald Trump has fled the battle to save the planet from the threat of climate change ostensibly to honour his campaign pledge instead of joining forces with the rest of the world to contain runaway global warming.

G DAVID MILTON Marathancon

Promote Branded Foods

This refers to new reports of exempting unpacked and unbranded items from GST as there is no mechanism to collect the levy. But branded and packaged items will come under the tax net.

MADHU AGRAWAL New Delhi

Letters to the editor may be addressed to editet@timesgroup.com