THE HINDU BusinessLine
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A special relationship

Shared strategic interests underpin the deepening bond between India and Israel

Israeli Prime Minister Benjamin Netanyahu pulled out all the stops and rolled out the red carpet everywhere that Prime Minister Narendra Modi went during his three-day trip to Israel. Netanyahu and almost the entire Israeli cabinet lined up on the tarmac to receive Modi. And if that wasn't enough to emphasise the importance of the visit, Netanyahu was by his side all the way, whether it was at a 5,000-strong rally of Indian-origin Israelis or a visit to a water desalination plant. As one TV channel noted, only the US president and the Pope have received similar treatment. Even Israel's president, Reuven Rivlin, broke with precedent and went all the way to his gate to greet Modi.

For the Israelis, Modi's visit is, unquestionably, a significant diplomatic breakthrough. Tel Aviv has come a long way from the time when it was an outcast in the global polity. India opened diplomatic relations with Israel in 1992, around the same time as China. India's change of heart was dictated by global realities at the time. But for the last 25 years, India has always insisted on keeping its ties low-key. Modi is the first prime minister to visit the tiny country which came into being soon after India's Independence. Modi also pointedly skipped a visit to the Palestinians, indicating that India was finally de-hyphenating the relationship. For India, the benefits of the trip are less immediate but expected to bear fruit in coming years. There were great atmospherics and optics. But the seven deals signed on subjects from water desalination to industrial R&D suggest that India mainly hopes to leverage Israel's skills in science and technology. Bilateral trade — excluding defence — between India and Israel hovers around $5 billion and that is mostly in the diamond trade. Indian companies like Sun Pharma and ATG, a specialty tyre-maker, have big interests in Israel. But perhaps unsurprisingly, the Chinese are streets ahead of us in bilateral trade and their companies are investing heavily in Israel's cutting-edge start-ups. Netanyahu delighted the Indian side by saying that "Israel and India are a match made in heaven." But it didn't take long to turn up the fact that he had said exactly the same thing to Chinese President Xi Jinping during his state visit to Israel. However, when it comes to defence, India is already Israel's biggest buyer. In April, Israel Aerospace Industries (IAI) signed a $2-billion deal to supply missile systems to the Indian navy and army and in May it clinched another $630-million agreement to sell air defence systems.

Even as defence ties deepen with Israel, India has to tread carefully with the Arab States, on whom it is still dependent for a bulk of its energy requirements, and which are home to millions of Indian expatriates. With the political turmoil roiling the region showing no signs of abating and ancient enmities flaring up again, India has its task cut out to maintain its special relationship with Israel.

Don't cry foul at anti-profiteering measures

There's limited competition and too much pricing power in India's big consumer sectors. This needs fixing, GST or no GST

AARATI KRISHNAN

CIRCUIT BREAKER

The Goods and Services Tax is finally here. One aspect of the new tax law that is attracting more than its fair share of brickbats is the anti-profiteering clause.

To ensure that firms do not quietly pocket the tax or cost savings from GST on their products or services, the Government has proposed to set up a national anti-profiteering authority (APA) with State-level arms, to look into consumer complaints and industry data on selling prices.

Critics of the APA argue that this signals a return to the bad old days of 'Inspector Raj'. They contend that the Government should leave it to market forces to decide selling prices, rather than bully firms and micro-manage their pricing decisions. But if the APA idea is draconian, expecting that market forces will make Indian firms willingly share their profits with consumers is utopian.

Empirical evidence from India Inc and the structure of domestic consumer markets, both suggest that the Centre's fears about GST savings not reaching the consumer in full, are well-founded.

Pricing power

Analysts tracking the Indian corporate sector will tell you that listed companies in India's consumer-facing sectors have always enjoyed high pricing power. When raw material prices or tax rates in the economy fall, listed firms are usually able to retain a good portion of this windfall to line their employees' or shareholders' pockets. When costs rise, they usually share the burden with consumers. Elevated inflation rates in India have also made consumers rather fatalistic about perpetually rising MRPs.

A study of the annual financial data for over 2,800 listed non-financial companies put out by RBI since 2014, provides evidence of India Inc's pricing behaviour.

In the last four years, global commodity prices have gone from boom to bust, unleashing substantial raw material savings for listed firms. Thus, after consistent increase until FY13, between FY13 and FY14, listed firms saw their raw material costs to sales ratio fall sharply from 56.3 per cent to 53.9 per cent. Had they passed on the savings entirely to consumers, their operating profit margins would have remained flat. But in practice, they expanded from 12.8 to 13.6 per cent, an indication of pricing power.

Scan & share
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As the commodity meltdown gathered steam in FY16, India Inc reaped even higher savings. The raw material to sales ratio fell from 53.9 per cent in FY15 to 49 per cent in FY16. But operating profit margins expanded from 13.6 to 15.2 per cent. In both years, firms also saw a rise in staff costs and overheads, suggesting that the cost savings were either retained in profits or spent, with only residual amounts passed on to consumers. The curious thing is that the firms decided not to take steeper price cuts, despite a weak demand environment.

Yes, these aggregate numbers are bound to mask divergent trends at the firm level. Some sectors and firms, faced with the windfall, may have tightened their belts and taken price cuts. But the big picture clearly tells us that, left to its own devices, India Inc likes to choose higher profits over price sacrifices that can pep up volumes.

Where's competition?

But given that India is a liberalised market economy, why doesn't competition nudge some firms to rock the boat when costs fall, and start a price war?

Well, the answer is that across most big consumer sectors in India, there is no perfect competition in the textbook sense. While there are a number of players in the fray, it is just two or three who hold dominant shares and call the shots on pricing.

Take the FMCG category, which is believed to be highly competitive. In detergents, the top three players (HUL, P&G, Nirma) command over 60 per cent share of the market. In soaps, the top player (HUL) commands nearly a 50 per cent share. In toothpastes, the top two players (Colgate and HUL) sit tight on 75 per cent. While challengers such as Patanjali do crop up from time to time, they usually find it hard to chip away at those market shares, given the high marketing spends and entrenched distribution of the leading players.

It's a similar story with big-ticket consumer items such as cars and two-wheelers. In FY17, Maruti Suzuki accounted for 47 per cent of all passenger vehicles sold with Hyundai a distant second (16 per cent). Hero Motocorp (51 per cent share) and Bajaj Auto (18 per cent) have a stranglehold on the motorcycle market. In most big-ticket consumer appliances, the top two players straddle nearly half of the market.

Services, you would think, are more amenable to competitive forces. But consider telecom. Even with the advent of the aggressive Reliance Jio which has bagged a 6 per cent share, the market is divided up neatly between the top three players – Bharti Airtel (24 per cent), Vodafone (18 per cent) and Idea (17 per cent). In airlines, IndiGo commands now a 41 per cent share of all domestic traffic, followed by Jet Airways at 15 per cent. Consolidation is set to further cement these shares. While smaller rivals in these sectors do try to compete on prices, the survival rate of newbie entrants is not high, given the deep pockets required to scale up and sustain operations.

Protected by regulators

If sheer scale and distribution reach act as natural entry barriers in some consumer sectors, convoluted regulations keep new entrants at bay in others. The promising telecom sector has seen hardly any new entrants in recent years, save for the 800-pound gorilla Reliance Industries, because of the exceptionally high costs of acquiring pan-India spectrum and licences.

Or take banking, where despite fragmented market shares and dozens of private and public sector banks, price competition is absent. Deposit rates and lending rates across banks move in tandem, with the latter actually subject to a formula decided by RBI. RBI's frugality with granting universal bank licences in recent years has strengthened the hands of older players.

In some sectors, the Government itself is the villain of the piece, with legacy benefits granted to public sector giants allowing them to keep private rivals at bay – LIC and the public sector general insurers are a case in point. In services, the high switching costs of migrating from one provider to another also ties consumers to older brands.

With so many entry barriers protecting older players, and the market muscle they continue to enjoy, it should come as no surprise that Indian consumers have little say in the prices they pay for most goods or services. The weak enforcement of consumer protection laws adds to their plight, as fighting unfair trade practices or usurious pricing can entail high outlays and long delays.

Given this backdrop, the anxiety that an anti-profiteering authority will bully big firms and put them out of business is somewhat overdone. In fact, the APA may have its task cut out in unearthing firm-level data to make out a tenable case against the entrenched players.

If the APA lets the big fish go scot-free and nets smaller firms alone (they are already feeling the squeeze from GST), that will lead to even less competition.

All this suggests that, rather than rely on a new regulator to force firms to toe the line on GST, the Centre would be better off embarking on a much bigger project. It should task the Competition Commission of India with conducting a detailed, time-bound study of the entry barriers impeding competition in India's key sectors. It should then go about systematically dismantling them.

The sham that passes for learning

Teaching shops do not equip people with skills to rise in life. It's precious money down the drain — yet we aren't outraged

EA RAMASWAMY

The daughter of my cowherd, wanted me to have a look at her test results. A bright kid in the tenth standard, she was especially keen to show her English test. The test consisted of a series of short questions that needed a pointed answer. I picked up what I thought was an interesting question: Is there any substance that is hotter than fire? No, there is no substance that is hotter than fire, she had answered, and got full marks.

I asked her if she understood the question. No, she said, with a straight face. And the answer? Not the answer either, she replied. And that was true for all the questions and answers. It was not her fault. Her education consisted of mugging up all possible questions and their answers. It was rote at its worst. She was good at that. Her teachers were happy and her parents were overjoyed that she had done so well.

What would happen to this girl? With such good grades, she was no doubt aspiring to a career, but what kind of career can that be? I got the answer soon, but from Bhagyam, a farm hand. Her son had completed 12 years of school and gone on to obtain a bachelor's degree in engineering. He got a job, but his pay was not much more than that of his mother. Having spent a fortune on his education, she had now to send him money. What was the point of this education that cost so much and produced so little, she asked.

Great expectations

I soon got a chance to understand the whole business from the other end. I was consulting for a firm in the neighbourhood of Chennai. It was a young plant with a young workforce, and in need of engineers. The managers were vexed because they had to interview an unending stream of aspirants to find anyone who was suitable.

The aspirants were vexed too. They didn't want to be questioned outside the syllabus. They felt entitled to a high salary because they had spent so much on their education. The managers had no respect for syllabi or entitlements. They wanted to recruit the needle in the haystack, but the haystack had other ideas. The problems for the company did not end there. The ones they chose didn't stay for long. This was a high-profile firm with a huge reputation. A few months here was enough for a trainee to secure a better paying job and move on. There is clearly a labour market for engineers, but the market is for the needle and not for the stack.

Job quest But are they prepared? G SRIBHARATH

The cowherd's daughter has, meanwhile, passed the twelfth standard with good grades and joined a diploma course in pharmacology. She gets on to one of the yellow buses ferrying students to the numerous teaching shops six days a week, and after four years of this routine she will get a diploma entitling her to become a pharmacologist. The gap between the generations is mind-boggling. Her grandfather is a cobbler who spends his day mending footwear in the village bazaar. Her mother is a cowherd and her father works in a garment factory for a daily wage. The family is spending a fortune on her education. Is she learning something that is marketable or is it rote all over again?

Dim future

If she makes the cut in the labour market, the family will experience sharp upward mobility, but what if she fails? The vast majority of graduates churned out by the teaching shops will not make the cut. They are destined for the dustbin, earning a pittance and living under miserable conditions in a city slum. Their children will face a dire predicament. They won't get even the so-called education their parents got.

The cowherd's daughter is now eighteen and in no hurry to marry, but suitors are showing up. The first has two degrees, but could not find a job. He is now selling footwear with his father in the bus stand. The second has a master's degree in commerce and earns ₹300 a day as a collection agent for a money-lender. No man will work in a farm for that wage. Both have been rejected.

Children's education is almost everything for today's young parents, but the education they get is piffle. We are willing to block roads, burn buses and break windows for all kinds of causes ranging from bullfights to Hindi on milestones. Why are we not outraged by the sham that passes for education?

The writer is a labour relations and HR consultant

FROM THE VIEWSROOM

GST and medicine shortages

The disruption caused by big-bang moves is wholly avoidable

It's a familiar story of panic that plays out every time the Government makes a tectonic policy change. Panic that stems from the fear of medicine supplies running short at chemist's shops.

The fears this time were not unfounded. Covert messages had been doing the rounds since May, urging people to stock up on critical medicines in the event of a shortage after the start of GST. As D-day got closer, the messages became more overt as online pharmacies also alerted customers to stock up. The reasons for anticipating a shortage varied from lack of clarity on GST to more practical reasons, like the time required to change computer systems to reflect all GST requirements.

Last year too when the Government made its dramatic demonetisation announcement, the initial days saw people being turned away from chemist stores, never mind if customers were low on their diabetes or blood pressure pills. The Government has its reasons to initiate policy changes on one sacrosanct date. But given the dismay it triggers involving medicine supplies and health services, a more practical view needs to be taken. Despite the efforts of the regulator, National Pharmaceutical Pricing Authority, in publicising helplines to report medicine shortages and despite the rare truce between the pharma industry and retailers (both commending the other on being better prepared this time to keep supplies running), the truth is that short supplies are inevitable for various reasons including plain logistics.

A Mumbai or Delhi may not report shortages but suburban areas with fewer chemists could tell a different tale, one that could grow grimmer as you move to smaller and more remote areas. The Government needs to tread carefully on huge policy changes, giving drug-makers and retailers an expanded (maybe months-long) transition period. Making people panic and run around for their medicine is unbecoming of any Government, let alone one that runs the country hailed as being "pharmacy" to the world.

PT Jyothi Datta 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.

India, China clash hurts trade

This refers to the editorial "Dealing with the dragon" (July 6). India and China are engaged in border disputes. But they cannot afford to ignore the importance of bilateral relations and the fruits reaped from their economic ties. For China, India is one of the biggest markets for the manufactured goods. In specific, India imports the bulk of raw materials called Active Pharma Ingredients (API) to produce medicines.

India's strategic moves to get closer to the US, Japan and some other industrialised nations might have spurred China's ire. Apart from that, India – having granted asylum to Dalai Lama in 1959 – keeps supporting him, adding fuel to China's wrath. The US has been mute on the ongoing tussle between India and China.

It is unlikely that the US would stand by India in crucial times but would certainly not be aligned to either side. For the two Asian superpowers, there are many issues to be sorted out amicably through dialogue. The rhetoric on both sides will fetch nothing but dampen their respective economic growth.

S Lakshminarayanan
Vriddhachalam, TN

Modi in Israel

There can be no second opinion that the visit of Prime Minister Modi to Israel is historic.

One only expects that his visit results in a mutually beneficial relationship without affecting the good ties India has nurtured all along with Palestine, standing with it in its justified struggle to become an independent entity. It is also hoped that India will not fall a prey to the super intelligence and unpredictable actions for which Israel is known.

Yvonne Fernando
Chennai

Closer ties

The most significant take-away from Modi's 'historic' visit is the unambiguous message that the Palestinian cause is no more as dear to India as it used to be. The promise of a diminution of the isolation from the international community held out by India's de-hyphenation of Israel and Palestine explains the red-carpet treatment given to the Indian prime Minister in Tel Aviv.

Given his political background and disposition, Modi is the least likely person to act as a go-between Tel Aviv and Ramallah. Modi tends to believe that his ill-disguised pro-Israeli line will only enhance his domestic standing. It is a gloomy prognostication that the procurement of war equipment from Israel can lead to an escalation in the arms race in the region. A fine balance between the military upgrade and the priority of meeting the basic needs of impoverished masses needs to be struck.

G David Milton
Maruthancode, TN

New real estate law

The new law on real estate, RERA, has come into force,and real estate agents have also been brought under its purview. What about the conflict of interest if a real estate agent represents both the buyer and the seller in the same deal? Also, under the existing laws governing cooperative housing societies, the members are not that empowered, unlike managing committees. If the committee acts in a non-transparent manner, the members are helpless. If a member asks for information, which is his right, the committee appoints an advocate who is not needed, and does not bother to part with the required information. The cooperative housing societies need to be brought under the purview of the Right to Information Act. After all,in these days of skyrocketing real estate prices, cooperative housing societies should be compelled to work transparently.

Deendayal Lulla
Mumbai

Governors and governments

Acrimonious slug-fests among the Governors and elected Governments are on the rise in recent times. To avoid confrontation, only apolitical persons, such as retired judges, bureaucrats and persons of eminence should be made Governors. Or people with party affiliations could be considered after a cooling-off period of, say, five years minimum. To do this a strong political will is required. Will our Prime Minister, who minces no words in expecting probity in public life from others, take the initiative in this regard?

V Subramanian
Sholinganallur, TN

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Typically obtuse

GST's clumsy notifications can hit compliance

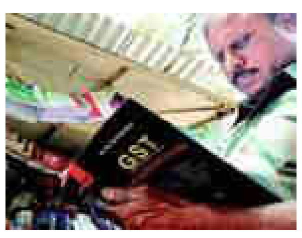
MOHAN R LAVI

After GST was rolled out on July 1, it did not take long for the first GST bills to be circulated on social media. Unsurprisingly, most of these bills were from restaurants. While some bills did not break up the tax component into CGST and SGST, others just mentioned GST without taking the trouble of classifying the tax.

While these snafus can be attributed to the fact that GST was introduced in a tearing hurry, it sends out a message that there should be absolute clarity in the procedures to be followed under GST. Invariably, the procedures are laid out through Rules and implemented through Notifications.

Notifications galore

So far, 79 notifications have been issued before and after the advent of GST. The notifications have been segregated into two categories: those relating to Rate and Others. One can expect a significant number of notifications to follow, covering an eclectic mix of areas. If the taxpayer is to deal with such a quantum of notifications, the least he can expect is that the notifications are worded clearly and tell what has to be told unambiguously.



Sadly, the GST law seems to be suffering from the same malaise that plagues current ones: great in quantity but poor in quality. For instance, notification No.12/2017 reads: "In exercise of the powers conferred by clause (xiii) of section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) read with sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council hereby notifies that no refund of unutilised input tax credit shall be allowed under clause (xiii) of section 20 of the said Integrated Goods and Services Tax Act, read with sub-section (3) of section 54 of the said Central Goods And Services Tax Act, in case of supply of services specified in sub-item (b) of item 5 of Schedule II of the Central Goods and Services Tax Act, 2017. 2. This notification shall come into force with effect from the 1st day of July, 2017."

Invariably, the first half of all GST Notifications read the same and can be ignored — they commence with "In exercise of the powers" and go on till "recommendations of the Council". The essence of all notifications lies in the second half.

If one were to summarise notification 12/2017, it states that there would be no refund of unutilised input tax credit to tax payers who are in the business of construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

The notification takes great pains to state this by using the word Section four times, and the words sub-section and clause twice. The fact that tax payers engaged in the business mentioned in the notification are not eligible for refund of unutilised input tax credit has been clearly stated in the rates of service tax.

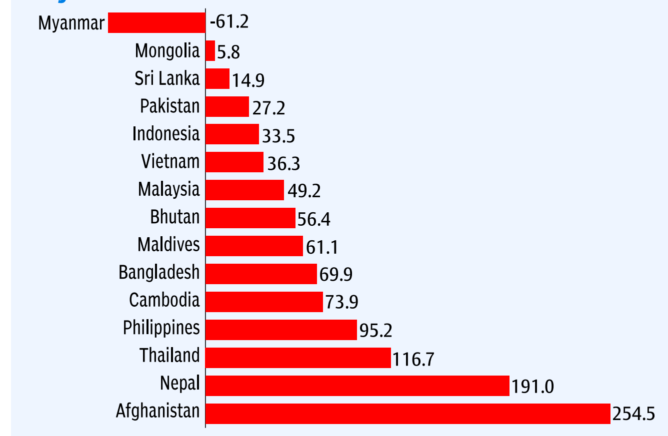
The GST Council is aware of the fact that a whole of bunch of tax payers are entering the GST family. They should also be aware of the fact that a barrage of unclear notifications is going to scare them away from compliance, and can hurt India's ranking in the Ease of Doing Business parameter.

The writer is a chartered accountant

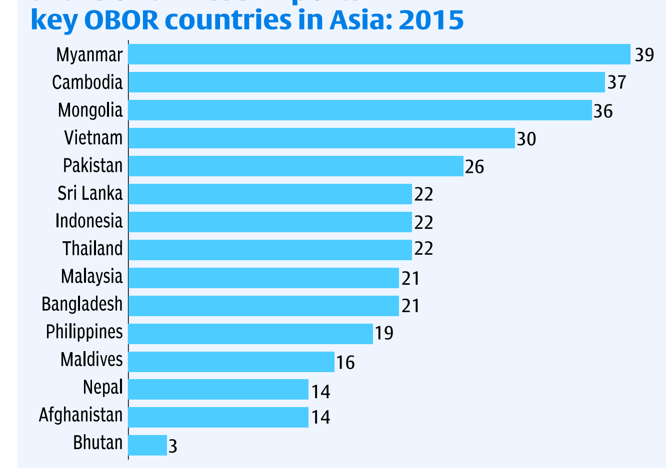
Obor can lead to economic colonialism

China's expansionist strategies exploit the vulnerabilities of developing countries, leading them to a debt trap

RAHUL MAZUMDAR



Source: Data derived of IMF; Exim Bank Research



Source: Data derived of IMF; Exim Bank Research

Since the start of this century, the world has seen a shift in power balance, courtesy China's emerging economic might, which challenged a US-dominant unipolar world that had been in existence since 1991 when the Soviet Union was dissolved, officially ending the Cold War.

China, thanks to its burgeoning foreign exchange reserves, started exhibiting power and influence over economies. Chinese hegemony further got a fillip with the US ceding to its nationalistic views and becoming an inward-looking economy under Trump.

When the previous US regime was negotiating the Trans Pacific Partnership (TPP), China — inspired by the ancient Silk Route — chalked out the 'One Belt and One Road' (OBOR) strategy. The TPP soon lost its steam with the Trump deciding to move out of it and OBOR caught the imagination of the world for its sheer promise of covering over 60 countries that form almost 30 per cent of world GDP and 60 per cent of the world's population.

Expanding China

The Chinese foreign policy touts OBOR is purely an economic mission, facilitating cooperation in trade, investment, energy, developmental projects such as railway and road. But not many buy that. India, for one, perceives OBOR as a geopolitical architecture aimed at expanding Chinese influence in and around the region.

India may have a point there; OBOR has the potential to lead much of the world into a debt trap. While it is not new that China dominates the global trade market, the narrative gets further accentuated by OBOR's intent to create an infrastructure which would allow physical movement of goods, more specifically Chinese goods, to large parts of Asia and Europe including Russia.

The initiative, which is largely motivated by concerns about slowing growth in China and the desire to boost China's global influence, has the potential to create an inextricable debt trap in most of the countries which comes under the ambit of OBOR.

According to the World Bank, the growth of overseas development assistance (ODA) is slowing down globally, leading to ODA's diminishing share in gross national income (GNI) in the developing world, while multilateral development banks merely support 10 per cent of the developing world's infra spending. In least-developed countries, ODA was only 5.89 per cent of GNI in 2013, against 11.28 per cent in 1990.

Cash-rich China is, perhaps, trying to make use of this opportunity to fulfil its expansionist tactics and lure countries to fund their infrastructure needs through Chinese funds. These funds may not be in the form of a grant, and would seek a return on the long term investments made, which in some cases could accrue much higher interest rates than offered under ODA.

Chinese investments in some countries under OBOR equals a decent slice of their GDP. For example Chinese investment proposals such as the $46 billion in China-Pakistan Economic Corridor is over 15 per cent of Pakistan's GDP; the $13 billion in Uzbekistan is 25 per cent of its GDP; while the one with Bangladesh which is to the tune of $24 billion is equivalent to almost 20 per cent of Bangladesh's GDP.

Debt trap

This pattern of growing investments by China would increase the external debt of the OBOR economies towards China. An analysis of the Asian economies, mostly emerging, under OBOR's influence (where data from IMF was available), shows the average reserves to external debt as on 2015 stands at 53.3 per cent. These debts levels are bound to increase as they get more intertwined with OBOR plans.

The situation in Myanmar is grave, showing a negative 61.2 per cent external debt to reserves. According to a Parliamentarian in Myanmar, out of the $9 billion of the total foreign debts, Chinese loans amount to almost $4 billion, accounting for 44 per cent of the total external debt.

On the other hand, Mongolia, which has plunged into deep crisis with the drop in commodity prices, witnessed its economy growing by just 1 per cent in 2016, down from 17.5 per cent growth in 2011. It now has US$ 22 billion in debt, more than double the size of its economy.

Sri Lanka is a classic case of Chinese debt-trap, which can spillover to other economies as well. Sri Lanka's estimated national debt as per the data available from IMF stands at $44 billion in 2015, of which around 15 per cent is owed to China. Recently, for the Hambantota port project, Sri Lanka was coerced to borrow around $300 million from China with an interest rate of 6.3 per cent, while the World Bank and the ADB could have provided soft loans with the interest levels within 3 per cent.

Nepal and Afghanistan are, however, outliers given the fact that they are huge recipients of grants in the form of official development assistance. A brief analysis of the import pattern of the Asian participants, who have agreed to be a part of this OBOR initiative, reveals that most of the ASEAN countries, especially Myanmar, Cambodia, and Vietnam, run a Chinese-led trade deficit which is more than 30 per cent.

The OBOR initiative may act like a slow poison killing the domestic production capabilities of not only the emerging economies in Asia, but also those crisscrossing continents in Central Asia and Europe, making them heavily depended upon Chinese imports. Trade deficits are also about the jobs that we lose to overseas competitors. All these would have major political and economic implications.

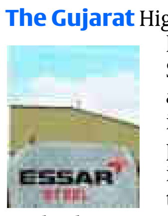
Given the debt situation in most of these OBOR economies in Asia, and their inability to repay the debt, could lead the Chinese acquiring equity possession of these large tracts of infrastructure projects and thereby making inroads into the geographic space. We may also not forget that China has perennial border disputes with almost all the countries it shares boundaries through land or sea. Another possible implications of OBOR could also be the spreading the use of Yuan as an alternate currency to the dollar. Given such multiple corollaries, the OBOR can even lead towards economic colonisation by China.

The writer is an economist with Exim Bank, India. The views are personal

5 THINGS to WATCH OUT for TODAY

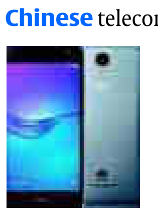
- **Leaders** from the world's top economies will gather in Hamburg, Germany at the two-day G20 Summit beginning today. Terrorism, climate change and global trade will top the agenda. Any possible meeting between PM Modi and Chinese President Xi Jinping will be keenly watched in the wake of the recent spat between the two countries.

- **The Gujarat** High Court will hear Essar Steel's plea against insolvency proceedings initiated by the banks on the direction of the Reserve Bank of India. The High Court has stayed further proceedings by the National Company Law Tribunal on the insolvency petition.



- **Tesla** will roll out its first Model 3 electric car today. Tesla CEO Elon Musk said the mass market sedan has passed all regulatory requirements for production two weeks ahead of schedule. Tesla's previous launches for its Model S sedan and Model X sports utility vehicle were hit by production delays and initial quality issues.

- **Chinese** telecom firm Huawei is likely to launch an affordable smartphone today in the Enjoy 7 series. The company had launched a mid-segment phone, Enjoy 7 Plus, in China in April.



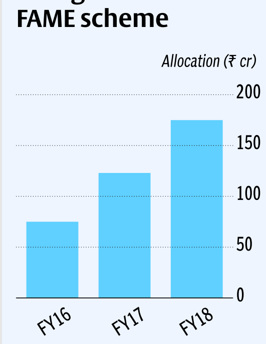
- **Samsung** will start selling a refurbished version of the recalled Galaxy Note 7 in South Korea today. Batteries for the refurbished devices will have a lower capacity than those of the original Note 7s. The world's biggest smartphone maker by volume was forced to halt sales of the Note 7 in October, roughly 2 months after its launch, due to fire-prone batteries.

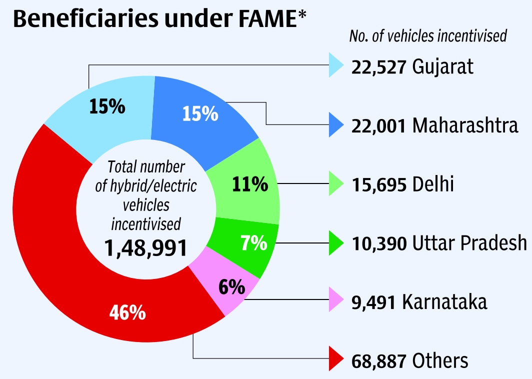
PARVATHA VARDHINI C

STATISTALK

Mission clean air

To tackle vehicular pollution, the Government has taken steps under the FAME Scheme, promoting electric and hybrid vehicles since 2015. But the roadmap for sustainable mobility by 2030 laid out by Niti Aayog suggests that a much bigger push for e-vehicles is needed





Savings achieved so far*

in litres

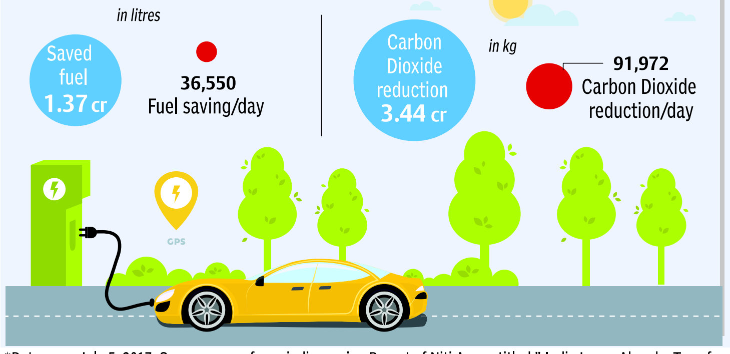
Saved fuel 1.37 cr

36,550 Fuel saving/day

Carbon Dioxide reduction 3.44 cr

in kg

91,972 Carbon Dioxide reduction/day



Roadmap for 2030

	(%) (Desired)
Ownership mix of vehicle	
Private	50
Commercial	50
Electrification (%)	
Two-wheeler	40
Three-wheeler	100
Four-wheeler	
• Personal	40
• Commercial	100
Public transit	100

Savings if the desired mix of electric vehicles is reached

in 2030

Transport energy requirements down by 64%

Emissions down by 37%

*Data as on July 5, 2017; Source : www.fame-india.gov.in ; Report of Niti Aayog titled " India Leaps Ahead : Transformative Mobility Solutions for all" , May 2017

Graphic: Visveswaran V

BusinessLine TWENTY YEARS AGO TODAY

JULY 7, 1997

Internet services to be opened up soon

In A significant decision, the Telecom Commission has decided to open up the Internet to private service providers. The much-awaited decision was taken at the Commission's meeting on Wednesday and is expected to be formalised within the next couple of weeks by the Department of Telecommunications (DoT). The move is expected to virtually end the monopoly of Videsh Sanchar Nigam Ltd. (VSNL) as the sole commercial Internet Service Provider (ISP) in the country. The decision to open up the Internet services sector is expected to lead to an exponential growth of the Internet user community in India.

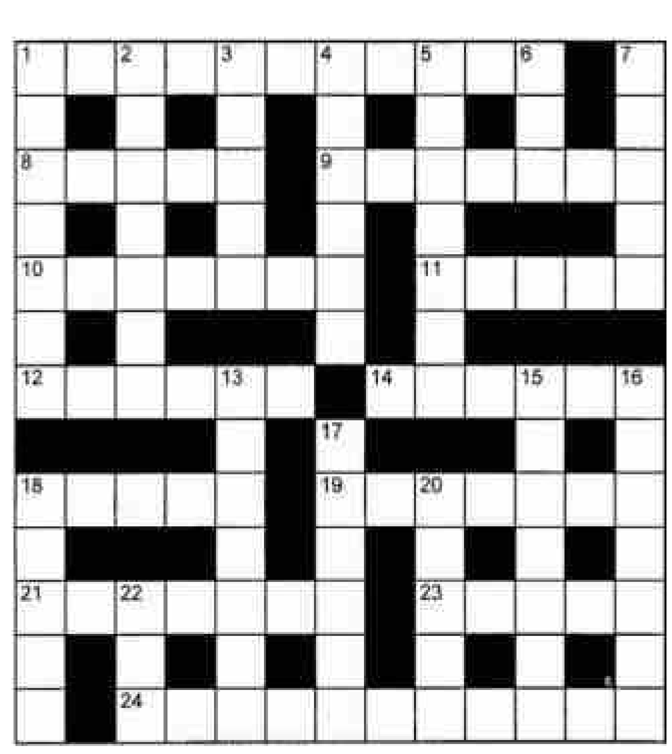
FIs want dominant partner to control PAL-Peugeot

The promoters of PAL-Peugeot Ltd (PPL) — the Doshis of Premier Automobiles Ltd (PAL) and Automobiles Peugeot (AP) — are under pressure from Indian financial institutions to settle their differences and to work out an agreement on ceding management control to the dominant partner. Although talks had been initiated a few months ago on a possible buy-out of the Doshis' stake of close to 32 per cent in PPL by the overseas partner, it floundered on the way due to the high negotiated price the Indian promoters had sought for parting with the equity, bankers said.

World Bank strings put talks in limbo

Differences over revamping of the regional rural banks (RRBs) have put the talks between the World Bank and the Government on a $700-million rural loan in limbo. The World Bank is insisting on the Centre's first shedding its 51 per cent holding in the RRBs in favour of sponsor-banks for the recapitalisation loan.

BL TWO-WAY CROSSWORD 888



EASY

ACROSS

01. Cycled without pedalling (4-7)
08. Puff up with success (5)
09. Turn out well; follow in order (7)
10. Pin bowled at (7)
11. Umbilicus (5)
12. Carpenter's bores (6)
14. Short, light sleep (3-3)
18. Cover with colour (5)
19. High chest of drawers (7)
21. In no place (7)
23. Indian corn, mealies (5)
24. (Expenses) paid out in cash (3-2-6)

DOWN

01. Church bulb flower (7)
02. Wiping, rubbing out (7)
03. Cereal grain (5)
04. Church festival (6)
05. Girl's name (7)
06. Change colour, stain (3)
07. To show clothing (5)
13. Full back (7)
15. Club for lofting (7)
16. Discharge of a debt (7)
17. It emphatically, reflexively (6)
18. Gasps for breath (5)
20. The borderland of Hell (5)
22. Which person? (3)

NOT SO EASY

ACROSS

01. Didn't pedal for nothing when we'd heel to turn (4-7)
08. Make one proud at early start, but get behind schedule (5)
09. One will do well to step into another's shoes (7)
10. Knock pin down with kilt set in a whirl (7)
11. It shows one was originally attached to a sort of orange (5)
12. They bore holes for us, gear being changed (6)
14. Jazz enthusiast has game of cards in short time off (3-3)
18. A coat may be one of many colours (5)
19. Chest to play with if it has broken ball in it (7)
21. Owner is upset when he comes in around (7)
23. Corn one found in the middle of a labyrinth (5)
24. Where one got change and was worse off for such expenses (3-2-6)

DOWN

01. Getting it for nothing is a different sort of flower (7)
02. Time to be a chorister if wiping it out (7)
03. Grain produced in thaw around the East (5)
04. Festival, each half of which disturbs one's repose (6)
05. Girl got in with Claud, somehow (7)
06. Change colour and go red, yet conceal it (3)
07. A paragon is a smaller version of the real thing (5)
13. Leave the field to rodent going round tree maybe (7)
15. Club for a writer to beat (7)
16. Money received for type man upset (7)
17. As it's reflexive, it flies around having time to enter (6)
18. Gasping, one runs for one's trousers in America (5)
20. Dance barred in the region of the lost (5)
22. What person starts wishing harvest over? (3)

SOLUTION: BL Two-way Crossword 887

ACROSS 1. Eaves 4. Lawyers 8. Contemplating 10. Inlet 11. List 12. Sale 16. Erect 17. Straight-faced 19. Steered 20. Singe

DOWN 1. Escapologists 2. Van 3. Specie 4. Lapels 5. Wealth 6. Eliminate 7. Sign the pledge 9. Discourse 13. Senior 14. Method 15. Staffs 18. Can