THE HINDU BusinessLine
MONDAY, JULY 10, 2017

Disappearing act

Early-warning systems can help shrink the list of vanishing companies on the bourses, but there's no cure for greed

SEBI's revelation that nearly 1,088 companies which were earlier listed on the Regional Stock Exchanges may join the ranks of vanished companies on Indian bourses, hardly comes as a surprise. Regional exchanges were steadily losing their relevance from the late nineties with the rise of the two pan-India electronic exchanges. They were also home to many dubious fund-raisers from the 1994-95 IPO boom. But it was SEBI's decision three years ago to forcibly de-recognise 17 regional exchanges which did not meet its financial criteria that sounded their death knell. SEBI had issued an ultimatum to the 3,000-odd companies exclusively listed on the RSEs to either migrate to a national exchange or move to a dissemination board where their shares could be traded without an exchange guarantee. But this proved to be a devil-or-deep sea choice for investors. The dissemination board proved to be a non-starter and most companies couldn't meet the listing criteria on the national exchanges, thus remaining in limbo.

Given that over two decades have elapsed since most of the RSE-listed companies raised public money, it is doubtful if SEBI's belated actions to freeze the shares of promoters, bar them from markets or include them in the vanishing companies list, will help the cause of retail investors. However, the phenomenon of vanishing companies isn't restricted to the regional exchanges alone. It has been the scourge of the state-of-the-art national exchanges too. In 2016, the markets regulator directed the BSE to seek compulsory delisting of over 1,020 companies whose stocks had been suspended for over seven years by providing an exit option to investors. But the crackdown had little effect, as many of them were found to be incommunicado at their registered address. While bringing the promoters of these companies to book may be an uphill task today, the regulators can certainly beef up their early warnings systems to prevent a recurrence of such issues in future.

To be sure, many of the loopholes in law that allowed vanishing companies to thrive have been plugged in recent years. SEBI has significantly raised the quality bar for firms looking to tap the IPO market and unified its listing rules into a comprehensive regulation for greater enforceability. The Companies Act of 2013 clearly defined vanishing companies, mandated a Director's Identification Number for promoters, and initiated physical verification of registered addresses. The BSE has carved out more sub-groups on its platform to warn off investors from dubious firms. Some of these measures could do with further tightening. For instance, classifying a company as 'vanishing' after it has skipped regulatory filings for two years, is giving it too long a rope. Instead, the exchanges must put firms on a watch-list as soon as they delay statutory filings even for one quarter. Registering promoters' Aadhaar numbers with the exchanges, as soon as they list, will help too. But then, no amount of regulatory safeguards can save those investors who are motivated by sheer greed to scrape the bottom of the barrel, in their hunt for multi-baggers in the markets.

FROM THE VIEWSROOM

Remember your oath, Minister!

Manohar Parrikar can't loudmouth on national security

All ministers, either belonging to the State or central government, when they are sworn in take a 60-word oath of secrecy that runs: "I, …..,do swear in the name of God/solemnly affirm that I will not directly or indirectly communicate or reveal to any person or persons any matter which shall be brought under my consideration or shall become known to me as a Minister for the Union except as may be required for the due discharge of my duties as such Minister."

The idea behind this constitutional requirement is that ministers should not disclose anything that is repugnant to national security or national/ public interest while talking to the public. When a former defence minister, Manohar Parrikar, discloses too many details — and entirely unnecessary operational ones at that — about the surgical strike that was executed against our recalcitrant neighbour, isn't he violating the oath of secrecy that he took? What is the need for him to say the planning for the strike began 15 months before and all the pre-conditions that triggered it?

Won't this go against the Government narrative that the strike was in retaliation to a more recent provocation?

Ministers must learn to sing the same song or they will just feed the army cabals in the neighbouring country that are sustained on being a victim to 'our conspiracies'. The deed has been done and those in authority must stop gloating about the 'strike' again and again in what seems like a desperate attempt to whip up patriotic sentiment. Army officers live by retelling old stories with embellishments. Leave the stories to them. Don't confer legitimacy, especially as a former defence minister, to any of the stories associated with those missions. Parrikar must stop being a loose cannon. Or he risks damaging the country's cause more.

NS Vageesh Associate Editor

Stop fiddling with small savings rates

Whimsical fixing of rates may end up benefiting one set of market players at the cost of small investors

RADHIKA MERWIN

Minutes of the Monetary Policy Committee Meeting held on June 6 and 7, aside from revealing the long-drawn debate on inflation versus growth, touched upon another less contentious issue. RBI governor Urjit Patel, while re-iterating the need to avoid premature policy action, made a passing remark on the need to align interest rates on small savings schemes to the 'committed formula'.

Given that the governor has been relentlessly prodding banks to transmit its rate action more effectively, the remark on small savings is not without context. In his earlier recommendations (Urjit Patel committee report 2014 on Monetary Policy Framework) the governor, among other structural changes, has been rooting for intra-year review of rates on small savings schemes, to align them to the benchmark G-Sec yield.

The rationale? To narrow the wide gap between interest rates offered on small savings and bank deposits. These schemes, offering much better post-tax returns, have always enjoyed a competitive edge over bank deposits, leaving little headroom for banks to tinker with their deposit rates beyond a point. In a rate easing cycle, scope to cut lending rates is hence limited.

Money around

Some would argue that in the current scenario when liquidity is sloshing around the system, the need for such a move may not be as compelling. Banks flush with funds are free to cut deposit rates.

Be that as it may, the need to bring rates on small savings in sync with market rates, is nonetheless imperative to serve the long-term policy objective. After all, only if interest rates across different segments are aligned to market-determined rates, can transmission happen seamlessly. For the small investors too, adhoc fixing of rates can be unsettling. After acknowledging the need to align rates on small savings schemes with market rates and wielding the scissors on various schemes, last April, the Centre's somewhat slipshod action since then calls for attention.

After the sharp cut in the April-June 2016 quarter, the Centre has only tinkered with rates through 2016-17, bringing them down by a mere 10 basis points across schemes. For the April-June 2017 quarter, and now for the July-September 2017 quarter, the Centre has again reduced rates only by 10 basis points, despite the yield on G-sec falling by nearly a percentage point between April 2016 and March 2017.

An edge?

Since April 2012 until March 2016, interest rates on small savings scheme were hardly tweaked. The five-year post office deposit offered 8.4-8.5 per cent for four consecutive years until April 2016.

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Similarly, the humble old public provident fund continued to offer an attractive 8.7-8.8 per cent, despite the yield on government bonds swinging wildly between 8.5 per cent and 6.75 per cent across two rate easing cycles and one rate hike cycle during this period. Interest rates on bank deposits up to five years, on the other hand, dutifully moved up and down between 7 and 9 per cent. So have higher rates on small savings impacted flows into bank deposits?

Money matters Let's not make it difficult for her GN RAO

Data by the RBI show that five-year post office deposits have grown by about 24 per cent annually between 2011-12 and 2015-16. Bank deposits of similar maturity have grown at a lower 14 per cent during this period. But given that (even after including balances in five-year National Savings Certificates) the outstanding amount in five-year post office schemes is just about a tenth of that in comparable bank deposits, growth in per cent terms may mean little.

Nonetheless, security and attractive returns of post office schemes remain a big draw for investors and can sway their investment decisions. Consider this.

Effective April 2016, the Centre slashed rates by 40-130 basis points, across post office schemes and had decided to revise them every quarter based on the prevailing rates on government bonds.

But after the first blow, the Centre hardly tweaked the rates, despite the yield on G-sec falling by nearly a percentage point between April 2016 and March 2017. Is this why receipts under small savings scheme continued to remain healthy through most of last fiscal?

The Centre had announced its sharp rate cut effective April 2016 last March. Receipts in that particular month (March) did dwindle. Under all post office schemes put together, receipts that were averaging about ₹28000-35,000 crore every month until Feb 2016, fell to a low of ₹1,900 crore in March last year. But inflows picked pace once again. By October 2016 (pre-demonetisation) receipts were back to ₹30,000-34,000 crore levels per month.

While five-year bank deposits offered returns comparable with five-year post office deposits, NSC that offered 8-8.1 per cent through 2016-17 continued to trump bank deposits. PPF too offered rates similar to NSC (remember interest on PPF is completely tax-free).

Transmission worries

The Urjit Patel Committee report talks at length about aligning interest rates across different segments to market-determined rates. Aside from small savings scheme, the report also suggests the need to bring down banks' statutory liquidity requirement (SLR) — government securities held by banks — to do away with a captive market for government securities.

The Centre now needs to create a more conducive environment for monetary transmission, by aligning the rates on small savings schemes with market rates. But its task does not end there. Being transparent in the manner in which it carries out its rate action is imperative too. Last year, while the Centre had issued a comprehensive note on the rate structure for each scheme, lack of access to the underlying benchmark rates made it difficult to reconcile rates.

Rates on small savings were pegged to FIMMDA G-Sec rates of similar maturity. FIMMDA (Fixed Income Money Market and Derivatives Association of India) is a market body for the bond, money and derivatives markets.

Its data on G-sec rates is only accessible to members, who could be banks, financial institutions and dealers, for a fee. If rates on small savings are to be tweaked every quarter, it is only fair that such data be made available to a small investor.

The rationale for different spreads for various schemes and the diversity in rates must be spelt out clearly. Lest whimsical fixing of rates can well be used to benefit one set of market players at the cost of small investors.

Housing for all: There's a lot to be built

The Government must clear policy bottlenecks for the Pradhan Mantri Awas Yojana to meet its ambitious target

SHREYA DEB

Amidst the government's celebrations on completing three years in office, one flagship scheme remains a massive — and challenging — opportunity: Housing for all by 2022. The groundbreaking, affordable housing initiative backing this promise, the Pradhan Mantri Awas Yojana (PMAY), plans to provide homes to 18 million households in urban India and nearly 30 million households in rural India .

But as of this April, the Government has approved only 1.88 million urban houses — and roughly 103,000 have been built. The progress of PMAY's implementation has been disappointing. However, it's important to understand how India's affordable housing puzzle challenges the programm's ability to reach the 2022 goal.

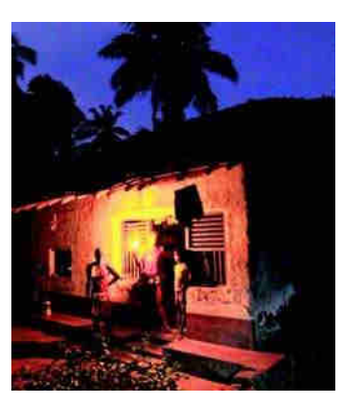
There are factors impeding PMAY from reaching its full potential.

Challenge 1: *How do we "build" millions of new houses?*

The Technical Group on Urban Housing Shortage estimated that the national housing shortage reached 18.78 million in 20123. It's easy to see why real estate developers may be keen to highlight the need to build millions of new houses. But at the current pace of PMAY, with a little over 100,000 houses built, it will take hundreds of years to build our way out of the housing shortage. However, the Technical Group's report pointed out that 80 per cent of the shortage was attributed to congested houses — something that may be better addressed by enabling individual households to upgrade their own homes.

Challenge 2: *Land is scarce*

If the aim is to build millions of new housing units, clearly, land is scarce. However, if the intent is to enable people to upgrade their congested housing, then there is no shortage; these congested households are already occupying land. The challenge is to in-situ upgrade this housing. The Government has made efforts to unlock this land potential by providing Transfer of Development Rights (TDR) to incentivise developers to in-situ rehabilitate slums. While this has proven effective in Mumbai, the economics breaks down in smaller cities where land values are not as high and developers are unable to recover their costs.



Shed more light Housing for all is a daunting task

Challenge 3: *The unacknowledged bottleneck of property records*

An important aspect of PMAY is the interest subsidy on a home loan and the direct subsidy for individual house construction or enhancement. However, a requirement to avail either subsidy are title documents to the property. And therein lies the crux of the problem: our land and property records are in a poor condition.

Many people continue to live in ancestral homes, whose title deeds may be in the name of deceased grandparents. Slum dwellers — arguably the target beneficiaries under PMAY — are unlikely to have title documents.

To complicate things further, land records are governed by the State's revenue department, while housing is a separate agency. Citizens are unable to navigate this maze to obtain their property documents, ending up locked out of the scheme's benefits.

Challenge 4: *One crore vacant houses do not enter the rental market*

The Census showed there were over 10 million vacant houses in 2011, nearly half the urban housing shortage. The vast majority of these property owners are private citizens who prefer to leave their house vacant, rather than offer it on rent. This reflects the distorted rental market in India where property owners fear they may lose their property to tenants, leading to under-utilisation of assets.

Overcoming challenges

There are three major policy levers that can help solve these challenges. First, States need to simplify the process of updating property records. This will allow all citizens to obtain legal documents to their land and property in order to fully embrace the subsidy features of PMAY and access credit, which will enable them to upgrade their housing.

Secondly, enable individual households who don't have legal titles to in-situ upgrade their housing by providing them with security of tenure — even a "no eviction guarantee". Ahmedabad's success with the Slum Networking Program shows that the security and comfort from such measures can encourage slum residents to invest money and upgrade their shelter.

Finally, States need to push through the much-needed rental reforms that balance the interests of tenants with the protection of property owners' rights, and don't distort rental markets by artificially controlling rents.

This has the potential to bring vacant housing stock into the rental market and alleviate the housing shortage.

The writer is Principal, Investments at Omidyar Network

BELOW THE LINE

Last lap pace

The GST rollout is being keenly watched by domestic as well as foreign players doing business in India. And everyone seems to have a view on it. Talking about the preparedness to GST, a foreign-origin CEO of a European consumer goods company offered his two cents: "India might be walking at snail pace most of the times, but when it reaches the last 10 meters of the marathon, it runs like it's running a 100-meters' race."

"Also, if it ends bad in any situation in India, it's not the end," he quipped, as he hinted at the multiple changes in regulations the country saw during demonetisation. In GST too, it took the Government five days to come out with regulations on old stocks and new maximum retail price.

Taxing clarifications

Since the GST was launched on July 1, confusion, contradictions and clarifications have taken much of the time of the entire government machinery. But it was expected, wasn't it? The latest was on the declaration of MRP. A joint clarification from the Department of Revenue and the Department of Consumer Affairs came on the July 4, explaining that the declaration of new MRP on unsold stock manufactured/packed/ imported prior to July 1 should not be done mechanically, but after factoring in and taking into consideration extra availability of input tax credit under GST (including deemed credit available to traders).

Tractor for Jaitley

India's tractor makers are a happy lot now, all thanks to the GST. Tractors have become cheaper after the implementation of GST. Tractor manufacturers hope it will boost sales. No wonder then that at a recent event by the Delhi wing of BJP, they gifted a small model of a tractor to Jaitley to express their happiness!

Airport forums

Airports are unlikely avenues for forming alliances. Well, science and technology minister Harsh Vardhan doesn't think so. Speaking at an event in New Delhi last week, in which the Council of Scientific and Industrial Research and Kendriya Vidyalaya Sangatan joined hands to explore means to inculcate scientific curiosity among school children, Vardhan said that the date for the event was firmed up at the Indira Gandhi International Airport on July 2 when he bumped into his cabinet colleague Prakash Javadekar, who was there to board a flight to China.

Vardhan, coming back from an official visit to Kerala, requested Javadekar for his time to grace the function which got postponed several times since March. Javadekar agreed and four days later, on his return from China, came straight from the airport to the Hotel Ashok function.

'Sanjhi virasat'

This is the new one. During the past one year, as build-up to GST began, one started hearing terms such as revolutionary, 'one nation one tax', Good and Simple Tax, co-operative federalism. But this one is about legacy. The roll-out of from July 1 has seen all the ministers of the Narendra Modi government go to various parts of the country to explain what GST is all about. The Minister of State for Minority Affairs (Independent Charge) & Parliamentary Affairs Mukhtar Abbas Naqvi, was also doing a similar job at Hyderabad recently.

Addressing common people and traders at an awareness programme on GST in Hyderabad, Naqvi said: implementation of GST is the biggest economic reform after Independence. GST will change both the condition and direction of the Indian economy. GST is also one of the best examples of India's federal structure. "GST is the *sanjhi virasat* (combined legacy) of the people of India, and not the creation of the Central Government alone…" he advocated.

Our Delhi Bureau

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Teething problems

GST still has many issues to be sorted out

RITUPARNO MUKHOPADHYAY

GST puts a great deal of dependence on compliance, wherein item-wise details of all supplies would need to be uploaded to the GSTN portal. This is going to be a challenge, especially for SMEs who will find it difficult to meet documentation and other statutory requirements according to the GST ecosystem.

Creating a balance between various segments of industries may not be easy as the entire compliance process is online and it is resulting in a varied incremental burden for different classes of businesses. Hence, optimal synchronisation of GSTN with taxpayer's enterprise resource planning (ERP) or accounting packages is the need of the hour to make life easy for businesses.

What needs to be done

Though large ERP suppliers had released GST-specific solutions, last-minute changes in the law had new patches getting released even during the hours when GST was going live.

So it's imperative that whatever we have done to make our systems compliant, our existing ERPs should be tested and retested in the days to come so that the niggles are sorted out without much business downtime. Also, one needs to check the accounting entries from an audit perspective.

Several organisations would have gone live on GST without all the master data (especially, Vendor Master, Item Master, HSN/SAC codes) in place. So, we need to keep updating our master data so that in the days to come we have the complete master data in place.

While the Government has given two months for the first return to be filed (September 5 for a consolidated return for July) and subsequently complete return to be filed on September 20 for July and August, we need to rush and get our compliances in place. However, businesses should not relax as many practical scenarios will evolve over the next two months, and the first return needs to be filled diligently.

So, the next important requirement is to choose a GST Suvidha Provider (GSP) or Application Service providers (ASP) (if we have not done yet) and get the accounting and ERP data in sync with the return requirements and subsequently prepare the data sheets in the systems. SMEs can do the compliance directly with GSTN if they don't want to go through the ASP/GSP route.

Organisations are very concerned about ensuring security and integrity of data and keen to know how ASPs and GSPs will interact with ERP systems while extracting transaction records. We have a deeper understanding of how the data will flow back and forth between the systems and how the checks and balances are created to keep the data secured from all possible aspects.

On the one side of the coin, small taxpayers with inadequate infrastructure may find the compliance process difficult. GSTN has recently proposed the facility for filing of offline returns which can be availed from July 17.

However, its efficacy can be only tested after the facility is made available. On the other the side, large corporates are grappling with a new set of tax rules, aligning processes, automating tax computation and, finally, reconciling all the input and output invoices.

The offline facility may not be very handy for these organisations. Naturally, there would be several teething problems which are inevitable as a new system has been implemented.

The writer is Partner-Technology Consulting (GST Transformation), PwC India. With inputs from Roshan Gupta. The views are personal

BOOK REVIEW

End of the road for the West

Brexit and Trump are symptoms of a civilisational collapse; the future belongs to India, says Luce

VENKY VEMBU

Playwright George Bernard Shaw famously bemoaned that up-close observers of history, including contemporaneous journalistic chroniclers of it, had lost the ability to discriminate between a bicycle accident and the collapse of a civilisation.

Making sense of the numerous bends in the arc of history in recent decades has proved particularly problematic. Even political scientist Francis Fukuyama, who made bold in 1989 to proclaim "the end of history" (following the fall of the Berlin Wall and the perceived end of the Cold War) and the "universalisation of Western liberal democracy", was compelled to concede 25 years later that he was today perhaps a lot less idealistic than he had been during those "heady days".

Retreat of democracy

There are today 25 fewer democracies than there were in 2000, which perhaps suggests that history does not end — or even flow in linear fashion — and that the assumptions that underlay notions of the supremacy of Western thought were probably flawed.

Similarly, the outbreak of the rash of demagogic, populist politics that gave rise to Brexit and the election of Donald Trump last year, and the assertion in recent times of a hardline version of national destiny in many parts of the world, including in India, have severely tested the analytical capacity of commentators looking to enhance our understanding of the undercurrents of history.

Of polemical, high-falutin rants that masquerade as high-minded philosophy but take us no closer to comprehension, there have been several. Pankaj Mishra's *Age of Anger*, which traced the roots of the restless modern-day disaffection around the world to the West's own experience of modernising in the 18th century, readily comes to mind.

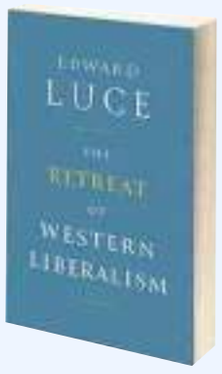
But mercifully, there are more coherent — and less pretentious — contributions that help us sort through the rubble heaps of history, offer a more serviceable explanation for the post-modern angst all around us, alert us to the seismic shifts that are reconfiguring the ground beneath our feet, and point the way to a plausible future.

Journalist Edward Luce's book, *The Retreat of Western Liberalism*, is a masterly work in this space. Its foremost strength is that its clear-eyed author sees today's developments for exactly what they are: symptoms of the collapse of the Western liberal order, not a bicycle accident.

Brexit and Trump's election are only the most proximate props for Luce's magisterial investigation of the causatory factors. Arguing counter-intuitively, and marshalling a wealth of data, he disabuses us of the left-liberal notion that these two events, and more generally the rise of populist nationalism in other parts of the world, are aberrational blips on the radar of history.

Not race, but economics

More than racism, Luce argues, it was middle-class angst in the West over declining job opportunities and deteriorating standards of living that gave birth to Brexit and President Trump. Over the past 50 years, median income in the West has barely increased. Over the same period, as Asian economies grew at a fast clip, their per-capita incomes increased fivefold.



Title: The Retreat of Western Liberalism
Author: Edward Luce
Publisher: Little, Brown
Price: ₹599

Worse, that trend — of downward pressure on incomes in the West — is about to get worse, Luce posits. In that sense, the West's crisis is "real, structural and likely to persist."

After losing blue-collar factory jobs to China, and countless white-collar jobs to India, the Philippines and other IT capitals, the West now faces the prospect of yet more painful job losses to automation. And demography, too, is working against it: the median age in now 39 in the US, and 40 in the UK — compared with 27 in India. But the Brexit vote and Trump's election suggest the West is fretting rather more about the entry of low-skilled immigrants.

"We are taught to think that our democracies are held together by values," writes Luce. "But liberal democracy's strongest glue is economic growth. When those fruits disappear, or are monopolised by a fortunate few, things turn nasty." And the "most mortal threat to the Western idea of progress comes from within," he warns.

Luce is searing in his criticism of the "intellectual poverty" of the left-liberal elite, who have airily dismissed Brexiteers and Trump voters as "racists" and, famously, "deplorables". Failure to acknowledge the reasons for these votes will only accelerate the rise of Western pluto-populism, he reasons. Nearer home, the same can perhaps be said of the left-liberal sneering of the pop-nationalistic narrative of Narendra Modi, which has proven thus far to be the more electorally savvy one.

Luce's prognosis makes for pretty grim reading for the West. Liberal democracy, he reckons, "is not yet dead, but it is far closer to collapse than we may wish to believe."

India, the star democracy

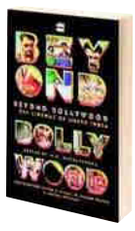
So must we abandon all hope? Amidst all this doom and gloom prognostications, Luce sees a ray of democratic sunshine in India, a country he reported on up-close as a correspondent for Financial Times. Although its growth has been less stellar than China's, India has the more stable political system, even despite the "million mutinies" it faces. And however bad the level of income inequality may be, it comes across as suffused with optimism, and a place where "most people are getting better off."

In fact, Luce goes so far as to say that democracy "is now safer in India than in the West." That's a pretty hyperbolic expectation to have, which — it's fair to say — many in India don't themselves have, perhaps because they're attuned rather more to see the 'downsides' of our feisty democracy. For India's sake, we have to hope that Luce is as astute at prophesying the rise of a civilisation as he is in identifying the collapse of another.

MEET THE AUTHOR

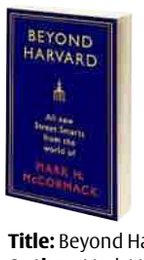
Edward Luce is a graduate from Oxford University in politics, philosophy and economics. He worked as a speech writer for the treasury secretary in the Bill Clinton administration, worked as the South Asia bureau chief for the *Financial Times* and is based in Washington DC as the *Financial Times*' Washington commentator.

NEW READS



Title: Beyond Bollywood: The Cinemas of South India
Edited by: MK Raghavendra
Publisher: HarperCollins India
Price: ₹499
A look at South Indian cinema. Analysing the colourful histories of Tamil, Malayalam, Telugu and Kannada cinemas, their megastars and politics.

Title: The Writer, the Reader and the State: Literary Censorship in India
Author: Mini Chandran
Publisher: Sage India
Price: ₹695
The book offers a comprehensive account of the censorship of literature in India since Independence and the recent trends in literature banning.



Title: Beyond Harvard
Author: Mark McCormack
Publisher: Profile Books
Price: ₹399
Another interesting book from the author of What They Don't Teach You at Harvard Business School.

5 THINGS to WATCH OUT for TODAY

- **AU Small** Finance Bank will debut in the stock market today. It had opened its bid for IPO on June 28 which was oversubscribed 53.60 times and raised ₹1,912 crore. The bank received licence from the RBI to set up a small finance bank in December 2016 and commenced operations from April 2017.

- **The RBI** will launch its next tranche of gold sovereign bonds today. This time the Bombay Stock Exchange will offer the purchase of units in physical form. The central bank has fixed the price at ₹2,780 per gram.

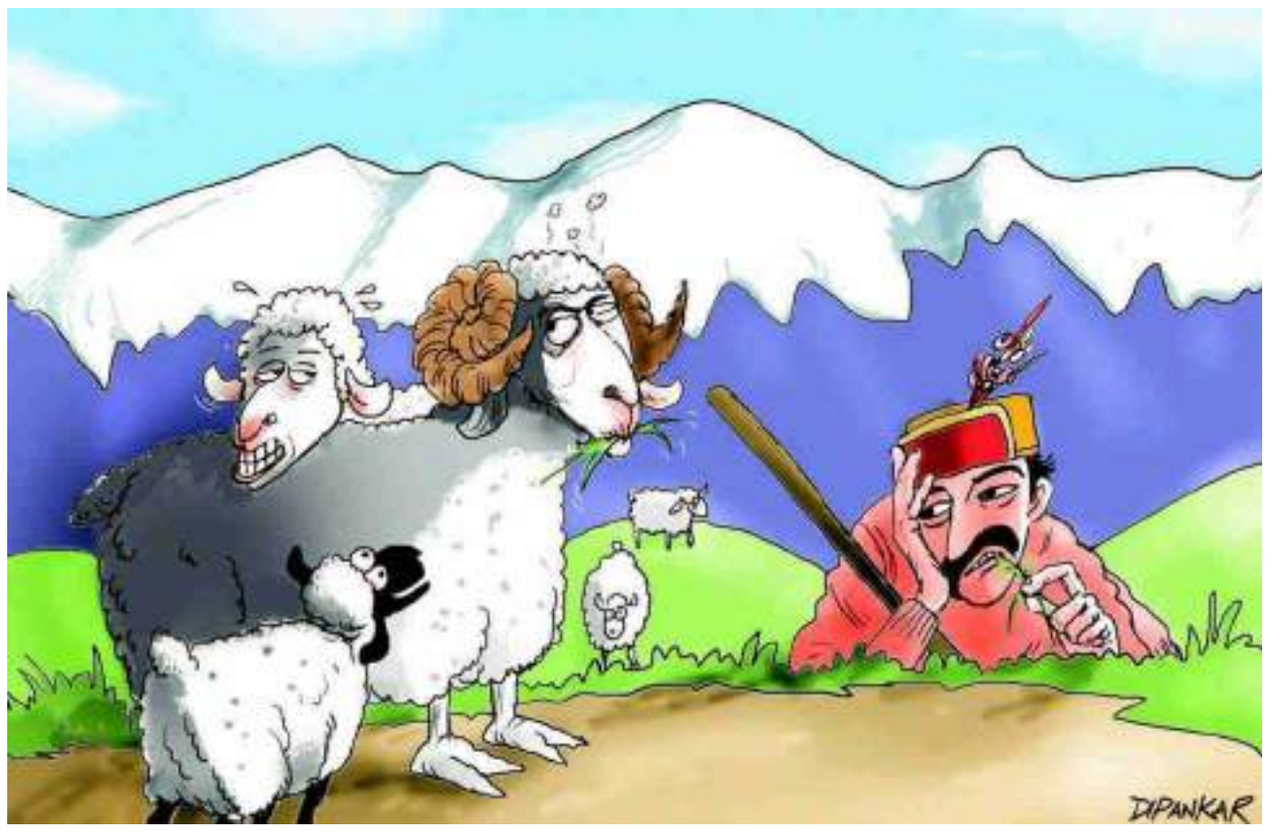
- **Prime Minister** Modi will be meeting chief secretaries and finance secretaries today during the national conference of chief secretaries, finance secretaries and planning secretaries of states. Modi is likely to deliberate to fast-track the development projects.

- **Apple's** upgraded 10.5 inch iPad Pro, MacBook Pro and iMacs will be available in India from today. The gadgets were unveiled at the Worldwide Developer Conference 2017. Apple's products got a price-cut recently following the introduction of GST.

- **Malabar** war games, the naval exercise of India, Japan and US will kickstart from today in the Indian Ocean, amid the Sino-India tensions. The exercise will strongly focus on Anti-Submarine Warfare. India's only aircraft carrier INS Vikramaditya will also join the Malabar war games.

BY THE WAY

DIPANKAR BHATTACHARYA looks at people and professions



BusinessLine TWENTY YEARS AGO TODAY

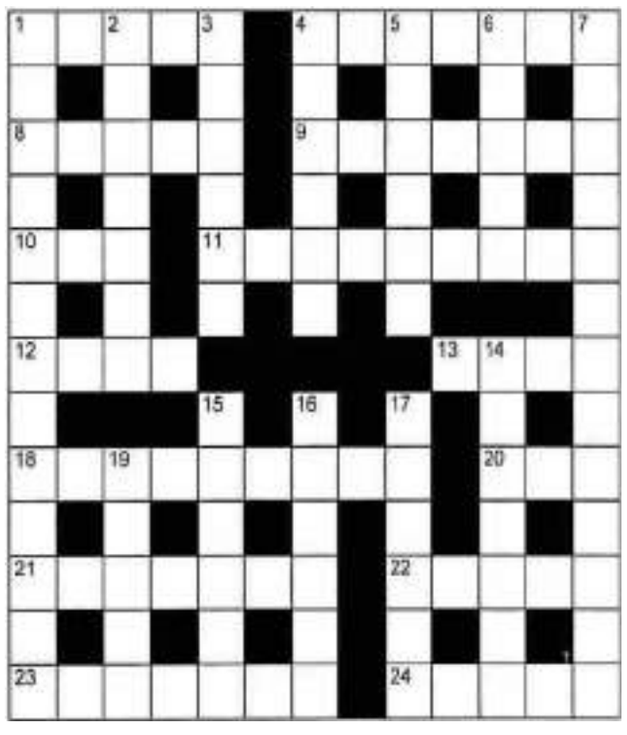
JULY 10, 1997

Sensex crosses 4,400-point barrier
Aggressive buying by foreign institutional investors saw the BSE Sensex breach the 4,400-point barrier for the first time since October 1994. The Sensex, which over the past one week had recorded an intra-day high of 4,393- 4,395, jumped to close 98.30 points higher over yesterday's close at 4,404.69. This is a new high after almost two-and-ahalf years. The 50-share NSE index NIFTY recorded its highest ever at 1,236.55, reflecting a 38.30 point jump over its previous close. The NIFTY had first breached the 1,200-point level on July 1, 1997.

Foreign shipping cos blunting the ban
Indian shipowners are squealing to the Government as foreign shipping lines are increasingly using "front companies" to grab coastal cargo. Foreign lines are not allowed to operate on the Indian coast under the Indian Cabotage regulations. But these lines are getting round the provisions by setting up joint ventures in India with minimum investment, according to Indian shipowners. They bring in their own vessels under the 'bare-boat-cum-demise charter (BBDC),' a scheme evolved to expand Indian shipping tonnage with minimum forex outgo.

Govt. set to recast TPDS scheme?
Barely a month after its launch, the much-publicised Targeted Public Distribution System (TPDS) of the UF Government seems to be in for an overhaul. A fresh review of the scheme is proposed to be undertaken in the wake of dissatisfaction expressed by several States about their respective foodgrain entitlements. The Prime Minister, Mr. I.K. Gujral, was apprised on Tuesday of the demand made by the States, particularly West Bengal, to raise the allocations over and above their entitlements.

BL TWO-WAY CROSSWORD 889



EASY

ACROSS
01. Abrupt, rough mannered (5)
04. Dissolves in stomach (7)
08. Prevent, ward off (5)
09. Drinking-glass (7)
10. Acted; swindled (3)
11. In a high degree, good (9)
12. Wife of knight. (4)
13. Engagement of gears (4)
18. Halved, and halved again (9)
20. Bottle-top (3)
21. Attempt at escaping accusation (7)
22. Girl's name (5)
23. Long locks (7)
24. Rope attached to sail (5)

DOWN
01. Bombastic in speech (13)
02. Turned upside-down (7)
03. Shackle, restraint (6)
04. Separate from, unfasten (6)
05. Play, using money (6)
06. Find answer to problem (5)
07. Go farther, conceding, than rule allows (7,1,5)
14. Put in with one's letter (7)
15. Indoor flight of steps (6)
16. Pig sounds (6)
17. A beautiful youth (6)
19. No longer sleeping (5)

SOLUTION: BL Two-way Crossword 888

ACROSS 1. Free-wheeled 8. Elate 9. Succeed 10. Skittle 11. Navel 12. Augers 14. Cat-nap 18. Paint 19. Tallboy 21. Nowhere 23. Maize 24. Out-of-pocket
DOWN 1. Freesia 2. Erasing 3. Wheat 4. Easter 5. Lucinda 6. Dye 7. Model 13. Retreat 15. Niblick 16. Payment 17. Itself 18. Pants 20. Limbo 22. Who

NOT SO EASY

ACROSS
01. Rug shaken very loudly with an abrupt manner (5)
04. Assimilates such books as have been abridged (7)
08. Turn away when an animal surgeon holds retriever's head (5)
09. Acrobatic performer provides glass for a pigeon (7)
10. Swindled one back and forth (3)
11. Be so good as to do very well before Easter (9)
12. Find her in the three card trick (4)
13. Stocking threadwork seen when hems are adjusted (4)
18. Was divided in four for having lodgings assigned (9)
20. Tell a better story of what may be ahead of a schoolboy (3)
21. The escaping of no one, bar being put back (7)
22. One will lament the return of this girl (5)
23. Long hair one emphasises there's no beginning to (7)
24. Is it this piece of paper printer puts to bed? (5)

DOWN
01. Lodger quit, and Ann turned bombastic in her utterance (13)
02. Dude perhaps took writer in and turned him over (7)
03. Abstainer broke free from this restraint (6)
04. Death awkward when about a hundred: send on special service (6)
05. Risk a half-blue being engaged in sport (6)
06. About five flatfish may provide the answer (5)
07. Make a concession in a top way after time in prison (7,1,5)
14. Once Les has worked it out, put it in with one's letter (7)
15. Steps that may be taken, in case (6)
16. Sounds like a pig, being strung out (6)
17. Fuss when offence is given up by handsome young man (6)
19. A thing a ship creates if it's vigilant (5)