THE HINDU BusinessLine
THURSDAY, JULY 20, 2017

More steel to lenders

The Gujarat High Court verdict in the Essar Steel case sanctifies the IBC process and strengthens the hands of lenders

Counter-intuitive as it might seem, Essar Steel may actually have done a favour to the fledgling Insolvency and Bankruptcy Code by challenging the Reserve Bank of India and State Bank of India in the Gujarat High Court, which the latter has now dismissed. The embattled steelmaker had challenged RBI's direction to the lenders to start insolvency proceedings against the company. Essar Steel argued that it was not given an opportunity by the central bank to present its case before its name was included in the list of 12 borrowers that was referred to the National Company Law Tribunal (NCLT) for commencement of insolvency proceedings. The company had argued before the court that it was in the process of revival now having repaid ₹3,467 crore between April 2016 and June 2017 out of its massive outstanding debt of ₹45,000 crore. Its operating parameters had improved and the company was in talks with banks and therefore ought to have been given time to complete restructuring the debt.

The Gujarat High Court needs to be lauded for not just clearly spelling out the rights of lenders under the IBC but also calling out Essar's attempt to delay the insolvency process. The company had argued that initiation of insolvency proceedings would disrupt operations and threaten the livelihoods of workers. By holding that a bank is entitled to launch insolvency proceedings even without the directions of the RBI under section 35 AA of the Banking Regulation Act, the court has cleared the path for lenders to proceed aggressively against truant borrowers to recover their dues. The court has left no room whatsoever for borrowers to exploit by expressly clarifying that banks do not require either permission or direction from the RBI to initiate insolvency proceedings because it is their absolute right to do so. In the process, the powers of the NCLT as the insolvency court have also been upheld with the High Court stating that the former would give Essar Steel the chance to explain its position before deciding on the insolvency petition of the lenders.

The judgment effectively closes an option for other troubled borrowers who may have been considering appealing against the IBC proceedings as Essar did. While the action now shifts back to the NCLT, the challenge for the lenders is to keep to a minimum the sacrifice that they have to make for a settlement. Borrowers such as Essar Steel have commissioned state-of-the-art assets on the ground and it will be interesting to watch if suitors emerge to rescue the company during the IBC process. Meanwhile, the rap on the knuckles that the RBI got from the court is well-deserved. Its press release which referred the 12 borrowers to the NCLT for consideration on a "priority" basis was clearly wrong in using language that was not appropriate while dealing with a quasi-legal authority such as the NCLT.

The picture's hazy, even six months on

However, there are some interesting aspects to the impact demonetisation has had, and that cannot be ignored

MADAN SABNAVIS

Six months since the end of the demonetisation effort, there is no clarity on its impact or consequences. For a cash-driven economy, such a transformation is significant as it has tried to change the way in which business is conducted.

It is still not certain whether or not equilibrium has been reached in terms of the repercussions of this scheme having played themselves out. Answers are not easily forthcoming; however, we can make some interesting observations.

Some observations

First, the major objective was to attack if not impound black money. Unfortunately, the Government has not yet come up with a number regarding how much illegal money flowed from the second income disclosure scheme and the accompanying tax. The RBI too has not yet announced the quantum of money that came back into the system out of the ₹14.5 lakh crore of demonetised currency, though the market believes that almost everything returned. Hence, it is *status quo* on black money.

The second objective was to target terror funding which, *prima facie*, made sense: it was revealed that during the demonetisation drive, the incidence of terrorist activity in Kashmir had reduced. But with skirmishes against the establishment increasing of late, the comfort experienced during November-December could be interpreted as being only temporary. We cannot be sure whether or not terror financing has ebbed.

Third, the Government had sought to attack counterfeit currency, but the actual picture is not known as yet. There have been reports of such money being discovered, though these are isolated incidents. In fact, counterfeit currency is very difficult to trace; this is an issue facing almost all countries as the currency tends to blend into the system through different means.

Economic impact

How about the economic impact? Here too there is not much clarity. The impressionistic view is that GDP growth got impacted by at least one percentage point. The economy appeared to be moving along very well till October when a good monsoon and high consumer spending augured well. Hence, there did not appear to be anything amiss in the economy which should have registered higher growth than 7.1 per cent relative to 8 per cent in FY16. Assuming that the lower growth could be attributed to this process, it could be construed as being the cost of demonetisation on output.

Second, the corporate performance for Q3 and Q4 was downbeat. Demonetisation affected all the consumer-related sectors which are driven by cash such as consumer durable goods, automobiles and real estate, and those linked with them. There was some recovery in the auto segment in March when companies tried to offer discounts to sell vehicles that were not compliant with the Bharat IV norm. This performance could have been treated as an anomaly but for the fact that India Inc will continue to face challenging times in Q1 and Q2 of FY18 due to GST which has led to major destocking exercises that will further disrupt normal activity.

Third, the combination of the first two factors has also meant that job creation continues to be slow as there were substantial job losses to begin with especially in the SME segment where an embargo on production due to absence of availability of cash led to large-scale retrenchment. The impressionistic view is that employment also was impacted in the plantations segment in agriculture. This has turned around gradually of late but will reach normalcy only after the impact of GST gets absorbed.

Fourth, there is no clarity on the digitisation process, which became the objective of this move somewhere along the way. There are two ways of looking at this. There is evidence to show that there has been an increase in the use of digital modes of transaction such as mobile phones and electronic wallets. This cannot be disputed even though the numbers have declined somewhat after March-April.

Still in shadow The other end of the tunnel HUNG CHUNG CHIH/SHUTTERSTOCK.COM

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An interesting aspect

But the data on money supply is interesting. As the supply of currency kept increasing there has been a tendency for larger quantities of currency to be held by the households. At the time of demonetisation the currency to money supply ratio (a currency multiplier) was 7.02. It peaked in January at 13.91 and came down to 8.56 by June. Hence, the penchant for holding cash has not ebbed and will be absorbed as supply increases.

Fifth, the banking system has certainly gone through turbulent times. The surplus cash has found its way into deposits, leading to the build up of extra cash with the system. The amount is quite large at around ₹2.7-3.7 lakh crore as the outstanding amount under term and overnight reverse repo. This automatically means that there is a carrying cost for banks, which may have to pay at least 4-7 per cent on these deposits depending on the tenure, while the return is around 6.25 per cent. The cost borne by the RBI/Government on an annualised basis would be around ₹18,000-20,000 crore.

These developments have been positive for the electronic mode of transactions as cards/e-wallets/transfers carry a cost which is paid finally by the customer/trader, etc. The widespread use of such facilities has positive implications for the telecom industry too with greater usage of the media as well as the manufacturers of phones as the habit catches on. This is a big positive for the system on this score.

Bold move

But on the whole the demonetisation exercise as it stands today looks to have been a bold experiment which went through peacefully though the results are still unclear. The digitisation objective which came in later has certainly made progress. But the abhorrence for currency as posited by votaries of this scheme is definitely not supported by the households which continue to prefer holding cash for various reasons. Hopefully the generation of future black money will be slower with GST and other reforms such as RERA in place which will help make transacting easier as well put a check on the generation of such income in future.

The writer is the chief economist at CARE Ratings. The views are personal

China's cashless revolution is catching

The QR code is a trendsetter in e-payment transactions. The rest of the world will soon follow suit

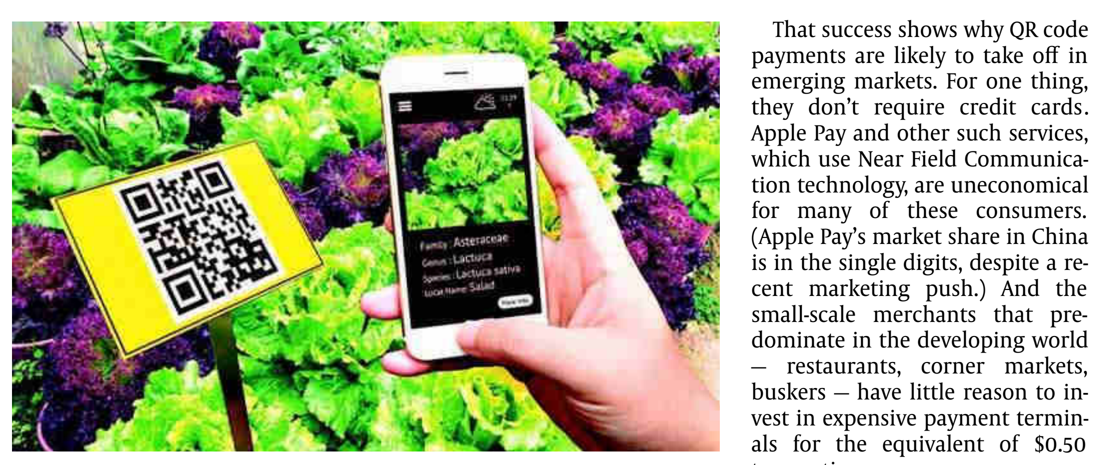
ADAM MINTER

On a recent trip to Shenzhen, in southern China, I came across a subway busker with two tip jars. The first was a cardboard box filled with coins and bills; the second was a small QR code taped to the box that allowed passersby to leave a tip by smartphone. On one level, this was simply smart business: Chinese made around $5.5 trillion in e-payment transactions last year. But it also offered a glimpse of the future.

Around the developing world, QR codes are beating out Apple Pay and other brand-name payment services for consumers and businesses keen to go cashless. China offers a useful model for that transformation — and a standard that others may soon be emulating.

Wild card

The QR code may seem like an unlikely candidate to foster a financial revolution. It was developed in the 1990s by Japan's Denso Corp after customers grew dissatisfied with the limited amount of information that could be stored using traditional barcodes. In solving that problem, Denso came up with new codes that could be read 10 times more quickly than their predecessors — QR stands for "quick response".



Flavour of the season Should see a long run ZAPP2PHOTO/SHUTTERSTOCK.COM

The technology first caught on in Japan's automotive industry, which used it to track inventory. But in the early 2000s, Japanese customers began buying feature phones that could read the codes, and marketers began using them to promote websites and products.

By the time Tencent Holdings Ltd released the social media app, WeChat, in 2011, it was clear that QR codes had a lot more potential. WeChat offered users personalised codes that could be used to exchange contact information. When combined with the app's built-in wallet, they could also be used for payments. Sending money through the app has since become a way of life: During this year's Chinese New Year holiday, WeChat users sent 46 billion cash gifts via virtual "red envelopes".

That success shows why QR code payments are likely to take off in emerging markets. For one thing, they don't require credit cards. Apple Pay and other such services, which use Near Field Communication technology, are uneconomical for many of these consumers. (Apple Pay's market share in China is in the single digits, despite a recent marketing push.) And the small-scale merchants that predominate in the developing world — restaurants, corner markets, buskers — have little reason to invest in expensive payment terminals for the equivalent of $0.50 transactions.

WeChat Pay, by contrast, allows just about anyone with a bank account and a smartphone to make electronic payments. All a Shanghai noodle shop or a Shenzhen busker needs to accept payments is a free WeChat account and a printout of a QR code. Much of China has become a QR-first economy, where codes are now found next to nearly every cash register. WeChat's share of China's mobile payments market has grown from 3.3 per cent in 2013 to 40 per cent today.

Other developing countries are starting to see the potential. Last year, MasterCard Inc rolled out a QR code system in Africa that has already attracted 100,000 Nigerian traders. In February, the Indian government launched India QR, its latest effort to spur a cashless society.

High ambition

But perhaps the most ambitious step is a new industry standard published last week by EMVCo, a global payments consortium that includes MasterCard, Visa Inc and the state-backed China UnionPay Co. The effort, spearheaded by UnionPay, would effectively extend China's payment standard globally, helping to ensure that QR-mediated transactions can flow seamlessly between banks and card companies, while also making them more secure.

That should make the technology more attractive to consumers, merchants and governments around the world. It could help fill the digital tip jars of subway buskers from Shenzhen to Lagos. And it just might make the cashless society a reality far sooner than anyone had predicted. BLOOMBERG

OTHER VOICES

South China Morning Post

Turkey needs unity and reconciliation

The first anniversary of an attempted coup against Turkey's government should have been about unity nation. Instead, President Recep Tayyip Erdogan backed a return of capital punishment so that convicted conspirators could be beheaded. Turkey is also threatened by extremists such as Islamic State, who have brought the violence of neighbouring Syria and Iraq to Turkey through attacks that have killed hundreds in recent years. Erdogan's strategy is dividing the nation and distancing allies. HONG KONG 19 JULY 2017

The New York Times

The Trumpcare bonfire

The Senate and House health bills and President Trump's promises to sabotage the ACA have destabilized some of the health insurance marketplaces created by that law. If it chooses to set partisan point-scoring aside, the Trump administration would continue subsidy payments to insurers, House Republicans would drop their lawsuit and Congress would appropriate money for these payments so that they could not be used to undermine the health care law. Quick action is needed on all fronts. NEW YORK 18 JULY 2017

the guardian

Heading the wrong way

Thousands of Poles protested against changes that undermine the rule of law by handing politicians control of who is in the judiciary. The response of the ruling Law and Justice party (PiS) has been to step on the accelerator — its proposals to terminate the appointments of all supreme court judges could be passed within days or even hours. These developments are probably the most frightening manifestation yet of the rightwing, nationalist, populist illiberalism that has taken root in Poland and Hungary. LONDON 18 JULY 2017

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.

Innovate, that's the key

CBDT's plan to boost TDS collection appears to be very complex. It is an uphill task to bring in all TDS deductors and deductees under TAN, TIN and PAN. The Government and the I-T department should innovate a new model for tax deduction at origin (TDO). Every year, RBI releases lakhs of billions of rupees to boost economic growth. If the Government empowers RBI to collect TDO on such money supply, the huge collection will narrow down the fiscal deficit and enable the Government to meet the huge infrastructure expenditure.

Once the money originated is subjected to a small percentage of TDO, all other subsequent transactions exceeding a certain value and taking place through banks, treasuries, housing banks and NBFCs can be subjected to a lower percentage of the conventional TDS. Even elimination of TDS for transactions below the higher limit of money can be enforced because such a process will reduce the floating of black money and increase white-money spending. Of course, both TDO and TDS should be supported by lowering of direct tax rates in the next budget. The passage of money from the RBI to the end beneficiary must follow a well planned digital pathway.

V Subramanian
Coimbatore

Total miscarriage

With reference to 'Sasikala bribery charge: Jail officials booted out' (July 18), instead of condemning the high-handedness in providing out-of-turn facilities to those in jail, the authorities are quick to reprimand a honest official for exposing administrative irregularities. What a tragedy! Such acts are likely to encourage corruption.

RS Raghavan
Bengaluru

eNAM woes

This refers to 'Why the eNAM platform hasn't taken off despite all the fanfare' by Rajalakshmi Nirmal (July 19). Farmers are angry due to alarming crash in prices of of commodities primarily due to oversupply. Demonetisation has created a cash crunch in the rural economy forcing traders to back out of trading. Farmers are denied remunerative prices. Nothing short of a fair price will make farming sustainable and attractive.

eNAM was launched to create an online national trading platform integrating the mandis in various States, so farmers can sell at the best price across the country. The lukewarm response to eNAM from farmers and traders is mainly on account of the tardy progress in creating infrastructure for grading and assaying in the mandis. The traders also fear tax harassing by the authorities. eNAM will be a reality only if State governments amend the APMC Acts facilitating e-auction. GST has created the right environment.

Philip Sabu
Thrissur, Kerala

Good choice

The candidature of M Venkaiah Naidu is a masterstroke from the BJP. He comes across as someone who has cordial relationships across party lines. These qualities will certainly come in handy in the Rajya Sabha.His candidature will help the ruling party expand its base in southern India. His opponent, Gopalkrishna Gandhi, has neither have the legislative experience nor the numbers.

Bal Govind
Noida, Uttar Pradesh

Smart politics

The extraordinary climb of Emmanuel Macron to power from obscurity marks him out in global politics. He is confident enough to persuade Donald Trump to change his hard stand on the Paris climate accord. Trump, no match for the wily French president, may likely oblige. Macron is now pulling up the Israeli PM on settlements. He could steal a march over Germany's Angela Merkel in the EU.

The West has a mixed bag of leaders. Theresa May lost the majority in election, unable to drive public opinion, even as a beleaguered Trump continues to leverage it. If Putin represents the enforcement of raw power, Macron employs its subtle manipulation. The French have always been enamoured with palace intrigues and thus its young and enterprising president may prove greatly successful. The party he founded less than a year ago, has already won an impressive victory to give him enviable political eminence.

R Narayanan
Ghaziabad, Uttar Pradesh

Published by N. Ram at Kasturi Buildings, 859 & 860, Anna Salai, Chennai-600002 on behalf of KASTURI & SONS LTD., and Printed by D. Rajkumar at Plot B-6 & B-7, CMDA Industrial Complex, Maraimalai Nagar, Chengleput Taluk, Kancheepuram Dist., Pin: 603209. Editor: Raghavan Srinivasan (Editor responsible for selection of news under the PRB Act). ISSN 0971 - 7528

CH-X

Mission clean up

Target tax evaders more scientifically

MOHAN R LAVI

While the Central Board of Excise and Customs is busy issuing Notifications and Circulars in a bid to clear the confusion over various provisions of GST, the Income Tax department is busy issuing Notices allaying concerns over the deposits taxpayers made during demonetisation.

While the jury is still out on whether demonetisation was a success or not, it is clear that the information received was scanty enough to force the tax department to ask for more. Taxpayers received notices immediately after they made their declarations during November/December last year. Most of them responded, clarifying the purpose of the deposits and the reason why they were holding demonetised notes.

Recently, some taxpayers who had responded have received another notice that starts off with a bit of a threat: " While we have received additional information regarding the deposit/declaration made by you, this notice is being issued to you". In April, the tax department notified the new ITR forms which added a new column seeking information on cash deposits above ₹2 lakh during the 50-day demonetisation period.

Companies Act

It is not only the Income Tax Act that deals with demonetisation. The Companies Act, 2013 has also been amended, mandating that every company shall disclose the details of Specified Bank Notes (SBN) held and transacted during between November 8, 2016 and December 20, 2016.

Auditors' of these companies were not spared either. In their audit report, they were supposed to disclose whether the company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the same period and if so, whether these are in accordance with the books of accounts maintained by the company.

It is obvious that all these measures are being done as a part of the Operation Clean Money, which has assumed various forms and names ever since the government was voted into power.

Targeting all

Based on the declarations made during the demonetisation period, the tax department commenced issuing notices to everyone who filled in the form while banking their demonetised notes. Even government departments such as e-seva centres, which receive cash for statutory payments, received notices.

Considering the huge amount of data in its possession, the department is using data analytics to send out notices to taxpayers and extract information from them. Despite all these measures, there is an impression that the tax department is on a witch-hunt since the ones whom they had planned to target never made any declaration and most of the ones who made the declaration were not their original targets.

The only manner in which the tax department can remove the confusion prevalent in the minds of the tax-paying public is to send out messages to those whose cases are closed that they are happy with the information provided.

The Government has successfully created a sense of unease in the minds of the taxpayer who is now aware that this government is not afraid of treading paths not taken before. All that the Government needs to do is to bank on this sense of unease and target tax evaders more scientifically. They have enough and more data from various sources to do that.

The writer is a chartered accountant

Time to focus on 'more crop per drop'

India can achieve water sustainability by making better use of agricultural water resources. Is the Government listening?

SYLVAIN HUGUENARD

Familiar scenes play out in urban India in the summer. As the heat drives up demand for water, tankers crisscross city streets supplying water to parched homes. Residents line up to get their share. Most tankers can carry 5,000-10,000 litres, which can meet requirements of 10 to 20 families for a day.

While we have learnt to respect every drop of water in these tankers, an alarming statistic highlights the water sustainability conundrum in India. In summer, a farmer would need a similar tanker of water to grow just two kilograms of rice.

Today, an estimated 3,000-5,000 litres of water is used to produce 1 kg of rice in India. This makes for a very unbalanced sustainability equation: pitting the need for food security against the requirements of water for drinking, cooking, washing, bathing and sanitation.

Thirsty farming

India uses a staggering 25 per cent of its water resources to grow rice. Of course, rice is not the only culprit. India is among the most inefficient agriculture producers in the world and all major crops — wheat, sugarcane, cotton — consume large quantities of water. Agriculture consumes 83 per cent of India's water resources, leaving only 17 per cent for domestic and industrial use.

According to the 2030 Water Resources group (WRG) report, by 2030, India will be able to meet only 50 per cent of its projected demand of 1,498 billion cubic meter (m3) of water.

So, where does the solution lie? Paradoxically, India's poor water efficiency record offers the greatest hope. This inefficiency means that the scope for improvement is enormous, without the necessity for any dramatic interventions.

Even modest measures and technologies that have proved successful in other parts of the world, if adopted in India, can lead to significant improvements in water sustainability. A principle objective of the National Water Mission is to increase water use efficiency by 20 per cent. This objective is eminently realisable when we look at some focus areas that would help achieve this.

First, farmers can look for better yields through methods other than increased water use. India today has among the lowest yields in the world for most crops. China, for example, has significantly higher yield for rice and is thus able to use 30 per cent less land for its cultivation compared to India and yet grow 39 per cent more rice.

According to a 2010 report of the Unesco-IHE Institute of Water Education, the water footprint (the ratio of total volume of water used to the quantity of production) of rice production in India is 2,020 M3 a year compared with 970 M3 a year in China and a global average of 1,325 M3 a year. This means we use more drop per crop than most other countries, an inverse of our avowed national objective of "more crop per drop".

Biotechnology, drip irrigation

Through a combination of research and development to develop higher yielding varieties, better agronomic practices, and improved agriculture extension services, higher yields are within reach even while using the same amount of water.

India can also consider the potential of biotechnology. A recent vision document from the Indian Council of Agricultural Research has a clearly defined the objective of sustainable increase in agriculture productivity through genetic improvement of food crops.

Second, micro-irrigation deserves greater attention. According to WRG, drip irrigation in India has a technical potential to cover 37 million hectares by 2030, up from only around 2.5 million ha in 2005. Drip irrigation is relevant not only for horticulture crops but also for water intensive crops like sugarcane and cotton.

A study by the National Mission on Micro-Irrigation shows a 22 per cent to 40 per cent saving in water across different horticulture crops. The same study shows a saving of up to 20 per cent and 40 per cent in sugarcane and cotton respectively. These figures represent significant water saving and therefore it is vital that greatest importance is attached to micro-irrigation.

Third, water saving agronomic practices can be readily implemented. The most obvious example of this practice is direct seeding of rice. An International Rice Research Institute paper, which reviewed 44 studies from different countries, showed 12 per cent — 33 per cent lower irrigation water use in direct seeded rice than in flooded transplanting. As most rice in India is grown using transplantation, it is important that the practice of direct seeding is encouraged.

None of these measures is novel and nor is this the first time they are being discussed. What is missing is the singular focus that is required to address a sustainability challenge of this magnitude.

Missing focus

Three days of smog that turned Delhi virtually into a gas chamber last November served a very useful purpose. It brought the issue into sharp national focus. Today, the most powerful institutions of the country — Supreme court, NGT, the environment ministry — are all engaged in finding a solution to Delhi's air pollution.

Sadly, this focus is missing in the water conundrum. One hopes that a crisis is not required to spur action. The cradle states of India's green revolution, Punjab and Haryana, have already fired the first warning signals.

Central Ground Water Board has classified 82 per cent and 77 per cent of its monitoring wells in Punjab and Haryana, respectively, in the critical or over exploited category.

It is time to heed the warning signals. It is time to focus on our most precious national resource — water.

The writer is Vice-President, Functional Materials & Crop Protection, BASF South Asia

Between the cup and lip Myriad issues of water conservation and usage AP

5 THINGS to WATCH OUT for TODAY

- **The parliamentary** panel on finance will hold its final meeting on demonetisation of high value bank notes today. The panel has called representatives of the IT industry body Nasscom for a presentation on digital payments and government's think tank Niti Aayog on policy related issues.

- **Counting** of votes to elect the 14th President of India will take place in Delhi today. Numbers are stacked in favour of the ruling coalition's nominee Ram Nath Kovind, a former Bihar governor, over the opposition's candidate Meira Kumar.

- **Shares** of Reliance Industries and Wipro will be in focus today. While Wipro's board will consider a proposal to buy back its equity shares, RIL is set to announce its first quarter results. Fiscal 2017 has been in the news for buyback announcements. TCS, HCL Technologies and Mindtree are among the IT majors that have gone for buyback of shares.

- **The bail** plea of Malayalam actor Dileep will come up for hearing in the Kerala High Court. He was arrested for allegedly plotting the February 17 abduction and assault of a well-known South Indian actress.

- **India** will take on reigning champions Australia at Derby in the ICC Women's World Cup today. India humbled New Zealand by 186 runs in a do-or-die match to enter the semifinals. India, whose best result in World Cup has been a final appearance in 2005, suffered an eight wicket loss against Australia in the round robin stage.

Our kids' $535-trillion laundry bill, and climate change

JINOY JOSE P

THE CHEAT SHEET

What? What on earth have they sent for cleaning?
Earth itself. And, mind you, it's mostly our dirty work they would be paying for.

Earth?
Well, a study published this week in the reputed *Earth System Dynamics* journal says that if we don't do enough to cut carbon emissions, it will cost our children as much as $535 trillion to clean up the atmosphere by year 2100. That's about seven times the size of the global economy now.

Such a huge bill?
Yes, but if we take responsibility and decide to trim emissions by at least 6 per cent a year by 2021, it may cost $8-19 trillion to clear unwanted carbon dioxide and avert the impact of climate change, according to the study led by James Hansen of the Columbia University Earth Institute, who is considered the father of climate research. So, this is a classic case of a stitch in time saving nine.

But many sulk at the current bill itself! Even Donald Trump.
That's another form of climate change denial. Trump thinks cutting greenhouse-gas emissions by moving to clean energy will cost the economy, especially jobs in the coal sector. And that's why the US took a shocking (though expected) U-turn on the United Nation's Paris Agreement and joined hands with the likes of Nicaragua and Syria. But this paper clearly shows that such costs and concerns are only temporary and inaction only begets bigger crises. This is true for the US as well.

Like how?
For instance, let's take Trump's famous concern over "lost jobs, lower wages, shuttered factories, and vastly diminished economic production" due to climate change mitigation efforts. Trump says US commitments under the Paris accord would cost the country's GDP $3 trillion, but he simply ignored the potential benefits from avoiding emissions, say experts, and avoided estimates on effects of climate change on GDP, not just for the US, but for the world as a whole.

Like what?
A few months ago, a study by researchers at the University of California Berkeley found that unabated climate change could reduce global GDP by over 20 per cent by 2100 — this is the year by which our children would be forced to pay the whopping laundry bill we mentioned at the start. In 2015, a report from Cambridge University's Judge Business School found that climate change (moderate warming scenario) could wipe out $400 trillion in 'net present value' in damages, while it would cost the world only $40 trillion to fight the calamity.

Phew! That's way beyond the 'losses' Trump and Co calculate.
There's more: A 2015 report from Citibank found that if we don't do enough to cut emissions, climate change will cost $44 trillion by 2060, while investing in low-carbon energy would save $1.8 trillion through 2040, as compared to a business-as-usual scenario. An *HBR* analysis last week found that the share of national GDP at risk from climate change crosses $1.5 trillion in 301 major cities across the globe. Including the impact of human pandemics - which are likely to become more severe as the planet warms — the figure increases to nearly $2.2 trillion in economic output at risk through 2025.

So, it's not a question of numbers any more, right?
Yes, it's more a mindset issue and also one that of political will. Governments and businesses should join hands to make sure our future generations won't share our laundry bill. Businesses must be more proactive and take fighting climate change more as a business need than a CSR activity because, as the first estimate from economic modelling revealed recently, climate change could shave off value of the world's financial assets by $2.5 trillion as things stand now.

A weekly column that helps you ask the right questions

BusinessLine TWENTY YEARS AGO TODAY

JULY 20, 1997

CA firms to inspect NBFC accounts
The RBI proposes to engage firms of chartered accountants to carry out a special round of inspection of some of the non-banking finance companies. According to Dr. C. Rangarajan, the RBI Governor, outside auditors are being used as a "special vehicle" for examining NBFC accounts and their reports will be scrutinised by the Department of Supervision. Addressing the RBI's officers-in-charge of the Financial Companies Wings in the regional offices, he said the central bank had constituted a committee with representatives from the RBI and the ICAI to devise a format of report in which the auditor of the NBFC will be required to give his opinion on specific aspects.

Coal bed methane blocks through open bidding
Coal bed methane (CBM) blocks are to be offered for exploration and exploitation through an open competitive bidding system under the terms of a fiscal and broad model contract to be drawn up shortly. As per the approval procedure cleared by the Cabinet Committee on Economic Affairs (CCEA), the award of CBM blocks to prospective investors will be made by the CCEA on recommendations of a four-member Empowered Committee of Secretaries.

Aviation pact signed with Singapore
After long negotiations spread over a few months, India has entered into a key bilateral pact on aviation with Singapore. Described a "win-win" agreement, it offers a new port of call for Singapore Airlines at Thiruvananthapuram, gives Air-India access to North America and Australia through code-share flights and permits 2,400 more seats by the year 2000 on this sector. The Indian delegation led by the Civil Aviation Secretary, Mr. M.K. Kaw, thrashed out the issues in Singapore with the island republic's team headed by its Mr. Teo Ming Kian.

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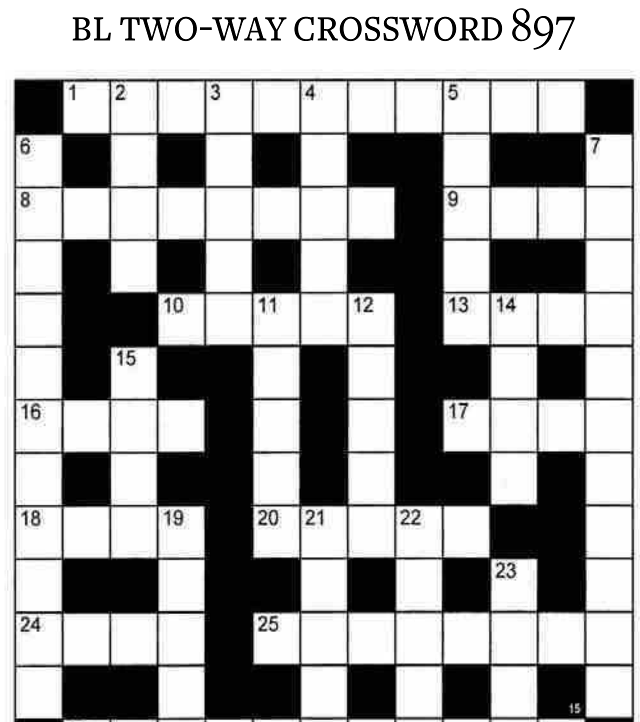

EASY

ACROSS
01. They are housed in belfries (6,5)
08. Productive (8)
09. Deep unconsciousness (4)
10. Children's magazine (5)
13. Unpleasantly moist (4)
16. Change direction (4)
17. Grain (4)
18. Grape plant (4)
20. Pot, jar (5)
24. Lengthy (4)
25. Principle of living for others' interests (8)
26. Choice cut of beef next to sirloin (11)

DOWN
02. Time division (4)
03. Quotient (5)
04. Voluptuous, alluring woman (5)
05. Not darkened with madness (5)
06. In a serviceable way (11)
07. Marching on the spot (7,4)
11. Witchcraft (5)
12. African capital (5)
14. Stratford river (4)
15. Smile broadly (4)
19. Ardent, keen (5)
21. Straightedge (5)
22. Freight (5)
23. Archaeological excavations (4)

SOLUTION: BL Two-way Crossword 896

ACROSS 1. Baldness 4. Aces 8. Tar 9. Reach 10. Mar 11. Dressed 12. Prank 13. Turning over 17. Odium 18. Pelican 20. Two 21. Naked 22. Net 23. Romp 24. Triptych
DOWN 1. Betide 2. Large 3. Stand 5. Compare 6. Strike 7. Shop-soiled 9. Resentment 14. Uniform 15. Mortar 16. Snatch 18. Poker 19. Candy

NOT SO EASY

ACROSS
01. They should be sound on service days (6,5)
08. Productive, like the cornucopia (8)
09. Pause heartlessly in one's stupor (4)
10. Funny chap to be in print for children (5)
13. Quaffed it, without the right to be moist (4)
16. An act on which one is going sour (4)
17. Something with ears giving one trouble afoot (4)
18. This yard is where they grow the grapes (4)
20. Old gaffer who may be going to pot (5)
24. Extended to a fellow of American verse (4)
25. Rail must adapt to principle of acting in others' interest (8)
26. Trolleyman, quite at home with a steak (11)

DOWN
02. Time one got away from 4 (4)
03. Sense of proportion one will almost allowance out (5)
04. Nymph found by one following 2 (5)
05. It's clear there's no end of luck one initially deserves (5)
06. Successfully employed by Eve, yet Cliff changes (11)
07. Correcting homework on the 2, moving but going nowhere (7,4)
11. Scotsman holding American soldier by sorcery (5)
12. Capital song company can take in (5)
14. River does a star turn (4)
15. Look pleased to telephone the last first (4)
19. Are, for example, keen to be upset (5)
21. One may get a line straight from the head of government (5)
22. Petrol is to make it in the hold (5)
23. Does some spadework to find accommodation (4)