THE HINDU BusinessLine
MONDAY, JULY 24, 2017

Scratching the surface

Speedier default resolution is welcome, but structural issues need to be addressed to prevent a recurrence of the problem

Such has been the concern over the mountain of bad loans with banks that when the Reserve Bank of India, empowered by the new NPA ordinance, went into fire-fighting mode and identified 12 big defaulters for insolvency, the markets cheered, hoping the worst was finally over. The Gujarat High Court's recent verdict dismissing Essar Steel's petition and clearing the way for lenders to initiate insolvency proceedings against the company, has also been lauded as a path-breaking move. With bad loans in the banking system threatening to cross the ₹8-lakh crore mark, the urgency with which banks and the regulator have been pushing forth resolution of large accounts, is indeed welcome.

But the damage control is going to cost banks dear. A lack of concurrence on the serviceable portion of debt has impeded resolution. The success of a resolution plan this time around rides on banks' ability and willingness to right-size their debt, and taking huge haircuts. According to CRISIL, banks may have to take a hit of ₹2.4 lakh crore on just 50 large stressed assets that account for half of the NPAs in the system. India Ratings pegs the bare minimum additional provisioning towards the 12 big defaulters at ₹18,000 crore, eating into banks' profits by about 25 per cent. Balance sheets could erode further, if the resolution fails and companies go into liquidation, entailing steep haircuts of 80-90 per cent. These mind-boggling numbers beg the question: Will this finally rid the banking system of its bad loan problem?

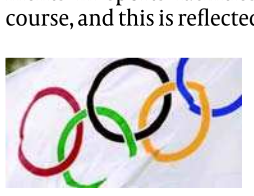
Not really, unless underlying structural issues are addressed. The RBI's asset quality review about a year-and-a-half back was touted as a major clean-up, one that would allow banks to start off on a clean slate. Six quarters hence, banks continue to report huge slippages, with some leading private banks that got off with a shorter AQR list, playing catch-up. Realising that there were still divergences in asset classification compared to its norms, the central bank recently issued a circular requiring banks to make suitable disclosures pertaining to FY16. Divergences in some private banks alarmingly ran into thousands of crores of rupees. As a last throw of the dice, the RBI has been forced to dirty its hands and look into loan recasts. It is time to pause and address the structural issues within the banking system. In a bid to deal with the problem at hand, important issues of inadequate credit appraisal systems and shoddy lending practices that caused the problem in the first place, have been ignored. The fact that the RBI had to take it upon itself to clean up the mess and issue numerous directives, highlights the critical governance issues at banks. There is an urgent need to professionalise and depoliticise the governance structure, if past mistakes are to be avoided.

FROM THE VIEWSROOM

Perish the thought

India should avoid vanity projects such as hosting the Olympics

The news that the sports ministry is studying a proposal to bid for the 35th Olympics in 2032 should occasion disquiet in anyone who is justifiably concerned about the squander of public resources. India's record of investments in sports facilities is, of course, sub-par for the course, and this is reflected in its dismal show in successive Olympics. And yet, the expectation that spending hundreds of billions of dollars on a vanity project such as hosting the Games will translate into athletic and sporting prowess is more than a little naïve. As the experience of hosting the Commonwealth Games in New Delhi in 2010 shows, it is more likely to lead to architectural white elephants, and the channelling of mega-corruption in the name of showcasing India.



Studies have also established that although spending on stadiums and infrastructure for the quadrennial extravaganza boosts economic activity in the short run, hosting an Olympics is financially risky. There are even instances when hosting the Games has pushed economies into crises or into heavy debt, as happened with Greece. And even when hosts avoided crises, their economies have been left with an 'Olympics hangover'. Researchers at the Saïd Business School (University of Oxford) established in a 2012 study that the problem is primarily of cost over-runs. And as sports economist Andrew Zimbalist notes in *Circus Maximus*: The economic gamble behind hosting the Olympics and the World Cup, the strategy of the entities that gain from a city's hosting of the Games — construction companies, media companies, hotels and restaurants — is "to lowball the cost estimates with a bare-bones plan, and then, once it is approved, to add the bells and whistles". If a realistic estimate of costs were provided, the proposal would never secure public support, he notes.

India's aspiration for Olympics prowess will be better realised by making targeted investments in building sporting infrastructure and on incentivising human potential, and not by underwriting boondoggles by deploying scarce public resources.

Venky Vembu Associate Editor

Last hurrah for the bond-bulls?

Benign inflation has fuelled a bond rally. But global monetary tightening and stressed States' finances could end the party

TUSHAR ARORA/ABHEEK BARUA

News on the stock-market indices might have dominated the headlines but the less visible and somewhat mysterious (to many) bond markets have also seen a bull run. Bond prices are inversely related to their yields and so a fall in yields captures a rise in prices. The yield on the 10 year benchmark index has dropped from around 6.9 per cent in February this year to 6.45 per cent in July, a hefty capital gain. Given this run-up in prices, it might be sensible to ask the same question that is being increasingly asked for stocks. Will this rally last?

To answer this, a quick recap of recent history is useful. For the bond markets the first six months of 2017 produced a raft of surprises. The mother of these surprises was perhaps the RBI's decision in its February monetary policy to change its stance from "accommodative" to neutral when the market participants almost to the last man expected a rate cut to compensate for the disruption caused by 'demonetisation'. The RBI justified its unexpected behaviour on the ground that the disruption would be temporary and argued that inflation would over time become a problem. This led to a sharp dip in bond prices and yields rose. As a large number of risks confronted the markets — the monsoon, oil dynamics, GST structure, the new US president's policy agenda on emerging market assets, bond investors seemed to have told themselves – 'the central Bank must know something that we don't'(a common syndrome when markets are caught on the wrong foot).

The April policy, too, came as a bit of a shock. Market participants expected a status-quo on all policy rates but the RBI went and hiked the 'reverse repo rate' (the rate that the RBI offers banks when they park surplus cash with it) so as to ensure "finer alignment of the weighted average call rate" with the principal policy rate – repo rate. The net result was a rise in both short term and long term rates.

However, from April headline inflation numbers started coming in well below what the RBI had provided in its earlier guidance and also below what professional forecasters had pencilled in. Pulses and vegetable prices had collapsed on the back of massive oversupply. The bond markets finally got its prediction right for the June policy. While only few expected the central bank to actually cut its signal rate there was consensus on the fact that the RBI would tone down its hawkish rhetoric on inflation. The RBI played ball with a sharp downward revision of its inflation forecasts (from 4.7 per cent to 3.3 per cent for 2017-18) paving the way (or so the majority of market players believe) for a repo rate cut in the monetary policy due on August 2. These developments brought the benchmark bond yield down by around 30 basis (a basis point or bp is one hundredth of a percentage point) over the last two months.

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What comes next?

Clearly, there is a strong case for a rate cut in August and if the RBI disappoints, the bond rally could become a rout. However post the August policy, market movement will dependent critically on both inflation expectations and movements for the second half of the fiscal. In this regard, it is important to understand that major part of the recent collapse in food prices is cyclical and hence temporary. While prices of pulses for example are unlikely to spike in the near future and will continue to remain low this year, the medium-term trajectory is still uncertain. If they do follow their usual cyclical pattern, prices will tend to harden as we go into the next year and the RBI could factor this in forming its view.

Emerging possibilities Will it be boom or bust for bonds? ALEXSKOPJE/SHUTTERSTOCK.COM

Bond bulls point to the fact that food prices are not the only contributor to the inflation decline. The closely watched core inflation number (shorn of cyclical elements like food and fuel) has also declined. It remains to be seen how the RBI views this fall since roughly half of the 'core' items remain sticky. In any case as the effect of ultra-low food prices fades and statistical factors like the base effect turn adverse, inflation is set to rise.

State finances

Another red flag for the bond markets is the likely deterioration of State finances. States face serious fiscal challenges principally from pay hikes for government employees and the series of farm loan waivers announced recently. As yet bond investors do not appear too perturbed by this. Pay hikes are likely to be staggered over the next couple of years. For example, Gujarat, Haryana, and Himachal Pradesh budgeted for it in the last fiscal year and for Maharashtra and Jharkhand, the pay outs could be deferred to 2018-19. Meanwhile, Andhra Pradesh, Kerala and Telangana follow their own cycles and the next review for them is due in 2019.

Besides we believe that States could find alternatives to borrowing directly in the bond markets in order to finance farm loan waivers. Transferring special bonds (UP floated the idea of Kisan Rahat Bonds) to banks is a possibility. States would pay interest on these loans while deferring principal payments. However there is perhaps a limit to which financial engineering can stave off the impact of what is clearly a major fiscal lapse for States.

Global monetary tightening is another risk that looms on the horizon and could offset the easy domestic liquidity regime. The US Fed appears to be less aggressive than in the past but some more rate hikes are due. Combine this with the possibility of both the European and American banks lightening their overstretched balance sheets (the result of sustained quantitative easing) by selling bonds and you get a scenario where global impulses push up rates.

What is the upshot then? In the near term, a rate cut from the RBI and another good inflation print are likely to keep bond yields depressed or support a mild uptick in bond prices from current levels. However if the RBI sounds very cautious and flags impending risks, which we believe is the most likely scenario, it could set a floor to bond yields. A sharp spike in yields is unlikely but the markets might swing between expectations of another cut (if inflation does print below predicted levels) and anxiety over rising domestic debt (the States' fiscal position) and global risks. If in the unlikely event that the RBI sounds particularly soft on inflation and the odds of a rate cut rise post-policy, the current rally could sustain.

Arora and Barua are Senior Economist and Chief Economist, respectively, at HDFC Bank. Views are personal

In informal insurance and savings, we trust

The urban poor need a one-stop shop which absorbs savings and provides risk insurance. Organised finance fails in this respect

NARENDAR PANI

CITYZEN

Much has been said and done in recent years to get the poor into systems of formal finance. Committees have been set up, recommendations implemented, and 'no frills' accounts launched in their millions. Underlying this effort has been a steadfast official belief that the challenge is essentially one of providing the poor access to formal financial systems; once banks and other official institutions are available the poor would flock towards them. In reality, the informal systems are proving to be much more resilient. Indeed, the poor in our cities, despite having banks all around them, often prefer to function within informal systems of finance.

This preference has a lot to do with informal systems being much more sensitive to the conditions the poor actually face in the city. A major challenge for the poor, particularly for those who migrate from great distances — is the uncertainty built into the entire exercise. They are often functioning in an environment that provides them very little support. The very nature of some of their work, such as construction labour, limits the number of years they can work. There is thus considerable pressure to save as much as their limited wages will allow.

At the same time they are exposed to considerable risk. An accident at work can be ruinous both in terms of their health and their earning capacity. In cities like Bengaluru that emphasise expensive upper end private healthcare over government hospitals, even an otherwise manageable health challenge can be financially devastating for the poor.

Understanding the dilemma

The official response of the twin challenges of savings and risk is usually to provide financial products for both. There are financial products designed to meet the need of the poor to save, and there are insurance products. And the poor are expected to divide their severely limited resources between the two products. This is a choice that even the non-poor often find difficult to make. An investment in insurance may be a necessity but if nothing untoward happens you would be better off saving that money and earning interest.

The informal sector understands this dilemma very well. It recognises the need of the poor to have a mechanism that allows them to save with the option of converting it to insurance if and when an unexpected expenditure arises. The product the informal sector provides to address this need goes by different names in different Indian cities. It involves a group of people pooling their savings, say, every month for a period of ten months. Individuals can bid every month for the amount that is pooled in the month. This provides a kind of instant insurance premium; those who do not need the money that month can treat their contribution as a saving and the amount the others have bid as interest.

Migrant workers These systems don't quite work for them S GOPAKUMAR

This system relies heavily on trust. Those who are given the responsibility of keeping the pooled contributions are trusted not to disappear and provide the money at short notice. And for those who do not face an emergency the returns can be quite high, particularly in times of great uncertainty. When unexpected events hit a larger number of workers it would increase the number of people willing to bid to take the entire amount pooled in, say, that month. This would increase the returns for those who do not face that event.

The trust factor

There have expectedly been efforts to formalise this system, as in the creation of chit funds. But the very size of these larger formal chit funds takes away some of the advantages of the local informal products. The chit fund agency is usually a distant and largely unknown entity which cannot generate the same levels of trust as the informal group. And the record of some large chit funds does not generate confidence either. Large formal institutions cannot also always provide support immediately, say, for a medical emergency in the middle of the night.

In this battle for trust the formal financial sector has other constraints as well. Its search for efficiency can take it further away from the poor. The accelerated process of digitisation has many advantages, including providing round-the-clock services, but it cannot replace the trust in someone you know. This preference for some elements of the informal is by no means an Indian peculiarity. China for one also has a resilient informal sector. In fact, informal financial systems are also used by their industry. But while the Chinese tend to believe that what cannot be changed must be accepted, Indians, in official circles at least, prefer to insist that there is nothing that is not in their power to change.

The writer is a professor at the School of Social Science, National Institute of Advanced Studies, Bengaluru

BELOW THE LINE

'Kindly adjust'

Full marks to Congress leaders Mallikarjun Kharge and Jyotiraditya Scindia for trying hard to convince Union HRD Minister Prakash Javadekar to defer passage of the IIIT Bill in the Lok Sabha. Reason: Discussion on the Bill was delaying the start of the all-too important debate on the agrarian situation in the country for which Opposition leaders Scindia and Bhartruhari Mahtab had given notice under Rule 193.

Kharge went to the extent of saying that Javadekar was well known to be "accomodative" and expressed the hope that the minister would agree to postpone the ongoing discussion on the IIIT Bill to another day and allow the lower house to begin discussion on the agrarian situation.

However, Javadekar did not relent and in turn requested the Congress leaders to be patient for half-an-hour before going ahead with the discussion on the agrarian situation.

One-way street

Indian trade officials were quite exasperated after a recent meeting in New Delhi with their counterparts from the US as the guest delegation apparently did not have any patience with India's complaints on work visas.

"All they talked about during the interaction was the growing trade deficit with India and how it could be bridged," one harried official recounted.

India's argument that the trade deficit was legitimate and the result of a conscious decision taken by the US to move away from labour-intensive agricultural and manufacturing activities to the sophisticated services sector fell on deaf ears.

"The officials seemed to have taken on the personality traits of their president, Donald Trump. They just wanted to put forth their views without listening to counters," the official added. Hope the Indian team is better prepared to deal with inflexibility the next time round!

Dharmendra Pradhan Left with nothing to say KAMAL NARANG

Tell-all Sarraf

Outgoing ONGC chairman, Dinesh Sarraf, was caught on a slippery wicket when journalists hounded him on his company buying the Government's stake in HPCL. Sarraf was first cornered for giving a 30-minute interview during which he excruciatingly repeated the same thing over and over again.

Sensing the opportunity for a backhanded comment, Oil Minister Dharmendra Pradhan too said that he wasn't left with anything to say since Sarraf had disclosed all available information a day earlier. Sarraf was grilled further and accused of speaking only to selective journalists.

As Pradhan quipped, "*Gaali dijiye, boycott kijiye inka*" (curse him, boycott him).

Nonchalant about security

In what could be a case of security breach, a senior Telangana Rashtra Samithi MP was seen getting pictures clicked on his mobile phone while posing with Science & Technology Minister Harsh Vardhan inside the Lok Sabha, a few minutes after the House was adjourned on Wednesday afternoon.

When some BJP members pointed out that this was not allowed, the TRS member laughed and said he would "erase the background". Incidentally, AAP member Bhagwant Mann had been suspended from attending proceedings during the Winter Session after a House panel found him guilty of security breach for live-streaming his trip to Parliament House.

Ready to clarify

GST is one issue that the Government doesn't mind issuing clarifications about any time of the day. So, whether it's extending the time limit for filing intimation for composition levy, or extending the period of applying for cancellation of registration for taxpayers who "were provisionally migrated by virtue of existing laws but who are no longer required to be registered under GST", the Government's clarifications keep coming, thick and fast. That can only be good news.

Our Delhi Bureau

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Trade secrets

Why we need a public discourse on RCEP talks

KV KURMANATH

As India gets ready for the crucial 19th round of Regional Comprehensive Economic Partnership or RCEP negotiations this week in Hyderabad (July 24-28), one wonders how aware the people in general and the stakeholders in particular are, on the likely fallout. If you go by arguments put forth by activists, the RCEP would have far-reaching impact on the economy. They say, if ratified, the RCEP provisions could impact agriculture, manufacturing, e-commerce, services and pharma.

It's not that no discussion had ever taken place. But it was largely confined to only one layer, keeping the majority out of the discourse. The opponents of RCEP compare this with the discourse that happened over other global trade pacts such as the WTO. Or, the Government has not done enough to make India discuss this.

The RCEP has 16 member countries — 10 Asean countries and six with whom it has free trade agreements. It aims at creating a free, common market place for the member countries, which are home for 3.5 billion people. India, home to over one-third of the RCEP population, holds the key as it offers the second biggest market after China in the group.

The People's Resistance Forum against FTAs-RCEP feels that the manner in which the talks are being held is undemocratic and not inclusive. They are demanding that India withdraw from negotiations to safeguard its interests.

It alleges that the details of the agenda and provisions are kept as a secret from the public. Talks are being held behind the doors, giving little scope for the public to understand what is happening inside.

They fear severe harm to the interests of farmers, dairy industry and pharma sector as imports from developed countries could flood the domestic market. Smallholder farmers face the biggest risk as imports from developed economies could make them jobless.

They fear RCEP could impact seed sovereignty of farmers. Farmers' organisations fear that dairy imports from Australia and New Zealand could flood the Indian market, putting the domestic dairy sector in serious trouble.

The States too have taken not much interest in the RCEP deliberations or its impact on the primary sector. Agriculture being the State subject, the States should have discussed the provisions in detail. Political parties too seem to have no clue on what is happening.

Still more surprising is the late realisation by the activists themselves. They began rallying farmers' associations, trade unions and intellectuals a couple of weeks ahead of the conference. They are holding parallel meetings to explain the likely fallout of the talks.

Whether it is good or bad is a different issue but it is imperative that the RCEP should have been discussed in the public domain in detail, considering the scale of impact it would have. Complete absence of discourse in the public space is baffling, particularly when the crucial round of negotiations are being held in the country.

Considering the apprehensions and likely implications on the country's economy and livelihoods of crores of people, the Government should put forth the RCEP agenda for discussion.

It must publicise the provisions of RCEP and what it would mean by joining a big free trade region. It will not only give them a chance to come out with suggestions, but will also help them prepare for such a regime.

BOOK REVIEW

Blighted by a neoliberal vision

A rebel economist shows how the discipline lacks both compassion and a sense of responsibility

UDAY BALAKRISHNAN

Kate Raworth's new book, *Doughnut Economics: Seven Ways to Think Like A 21st Century Economist*, was published to much public acclaim earlier this year. In it she argues that the mindless pursuit of limitless economic growth has had some extremely undesirable side-effects on economies have for long ignored or trivialised, especially the ever-rising inequalities and environmental devastation.

This is something Amartya Sen too is concerned about, observing that the acceleration of economic growth has coincided with unprecedented environmental plunder.'

The 'Doughnut' in Raworth's book needs some explaining. It is a stylised diagrammatic representation of a doughnut with its trademark hole in the middle. She uses it to illustrate an alternative contemporary model of economics resting on 'a social foundation of well-being that no one should fall below and an ecological ceiling, of planetary pressure that we should not go beyond. Between the two, she tells us, lies a safe and just space for all.'

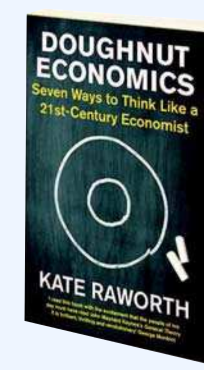
Renegade economist

Raworth takes on the entire pantheon of economists from Adam Smith onward with verve and sneering erudition. She is clearly derisive of a century and more of efforts to float economics as a science complete with complex formulae and pointless diagrammatic representations, while callously disregarding real life concerns and issues. Here she joins EF Schumacher in demanding that economics be reinvented as a discipline 'as if people mattered.'

At the heart of Raworth's book is her contention that economics has become hopelessly outdated, sustaining a 1950s mindset that has consistently failed to take a long view of things. She is critical of the neoliberal kind of economics that has emphasised on GDP growth regardless of all the adverse consequences it has entailed and wonders how 'this single, narrow metric' can 'still command such international attention?' Even the "hallowed creator of national wealth, Kuznets," Raworth tells us, had cautioned that we must be discerning enough to keep in mind distinctions between 'quantity and quality of growth.'

Raworth engagingly captures the growth of economics as a discipline from pre-modern times in ancient Greece to 'arrive' at its neoliberal 'free market' version. From small beginnings in 1947 in a gathering of some of the world's leading economists in Mont Pelerin, Raworth tracks the increasingly influential and unstoppable run of neoliberal economics to this day.

The original aim of neoliberalism, to arrest totalitarianism in its tracks, Raworth explains, 'morphed into a hard push for market fundamentalism.' In a take, so identical in tone and language to that of the American political scientist Susan George (who surprisingly finds no mention in her book), Raworth shows how big businesses and billionaires, who benefit most from neoliberalism, 'funded university professorships and scholarships and built an international network of free market think tanks including the American Enterprises Institute and the Cato Institute in Washington DC and the Institute of Economic Affairs in London,' ensuring that neoliberal economics became influential while gaining a stranglehold on leading institutions such as Harvard and LSE.



Title: Doughnut Economics: Seven Ways to Think Like a 21st Century Economist
Author: Kate Raworth
Publisher: Random House
Price: ₹699

Neoliberal economics also gratuitously ignored the contribution of the household and unpaid work, gave short shrift to commonly owned resources while calling for their privatisation. The neoliberal approach also trivialised society itself, ignoring its important role in building strong political engagement and promoting democracy. Worst of all, Raworth tells us, the neoliberals treated the Earth as an inexhaustible resource up for free and unchecked exploitation.

Raworth brings out in detail how by 'putting blind faith in markets – while ignoring the living world, society and the runaway power of banks' – neo liberalism has taken 'us to the brink of ecological, social and financial collapse.' 'It is time', she announces, 'for the neoliberal show to leave the stage,' with a new century demanding a different kind of economics, 'better suited to our times.'

Raworth has a chapter for each of the seven aspects she believes should be at the heart of the transition from neoliberalism to a new economic paradigm, among them, adopting her Doughnut model that moves the focus from the need for economies to grow even if they do not thrive, to one that makes it thrive whether or not they grow. She also expects her model to help see the big picture of an economy, respect the Earth and nurture social connections so fundamental for democracies to thrive.

Raworth also brings out how important it is to empower the state to take care of things only it can manage, such as providing health and education. Her model, she asserts, will also consciously promote and acknowledge the contributions of the households and the commons as much as it will, that of the market. Raworth also envisages that her model will replace neoliberalism's 'rational economic man', with socially adaptable humans who will collaborate and cooperate. Raworth believes that her model will create an economy which will reduce inequalities by being distributive and regenerative by design while moving it away from a 'growth will clean it up again' approach.

Raworth is a realist. With much of the world's population under 25 she expects GDP to grow but hopes her model will help achieve it through the adaptation of technologies that leapfrog 'the wasteful and polluting ones of the past.'

Doughnut Economics is an important contribution to economic thought. It is so rich in detail and so full of insights that it is hard to believe it has been written by a single individual. It is the one book that deserves to be read by all our policy makers, if only to convince them that there is a workable alternative to a 'grow now fix later,' kind of economic growth which has taken China irretrievably down to the sewers.

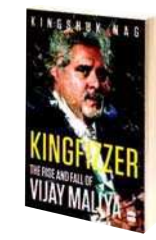
The reviewer is a visiting faculty at the Centre for Contemporary Studies, IISc, Bangalore

MEET THE AUTHOR

Kate Raworth is a senior visiting research associate at Oxford University's Environmental Change Institute. She is also a senior associate at the Cambridge Institute for Sustainability Leadership.

NEW READS

Title: Devoured: How What We Eat Defines Who We Are
Author: Sophie Egan
Publisher: HarperCollins
Price: ₹599
The author holds a mirror up to the daily life, revealing the deeper meaning behind our food choices.



Title: Kingfizzer: The Mallya Story
Author: Kingshuk Nag
Publisher: Harper Collins
Price: ₹399
How the king of good times lost his cheer and high spirits, in one of the biggest corporate collapses of our time.

Title: Drone Warrior: An Elite Soldier's Inside Account of the Hunt for America's Most Dangerous Enemies
Authors: Brett Velicovich & Christopher S Stewart
Publisher: Harper Collins
Price: ₹499
A former Delta Force black ops member takes us inside America's covert drone war.

5 THINGS to WATCH OUT for TODAY

- **The 19th** round of Regional Comprehensive Economic Partnership (RCEP) talks will begin in Hyderabad today with chief negotiators from 16 Asian-Pacific countries taking part in the meet. The meeting is happening under the shadow of the stand-off between India and China — the two largest economies taking part in the talks.

- **Delhi Metro** services are likely to be affected today. The Metro's non-executive staff have threatened to bring train services to a halt from Monday if their demands, including a pay hike, are not met.

- **Six ministers** from OPEC and non-OPEC nations including Kuwait, Venezuela, Algeria, Saudi Arabia, Russia and Oman will meet today in St. Petersburg, Russia, to discuss the situation in the oil market. The Joint Ministerial Monitoring Committee could recommend expanding the pact to the wider group, which holds its next meeting in November.

- **Congress** MP Shashi Tharoor's stepson Shiv Menon's application opposing opposing BJP leader Subramanian Swamy's plea for a court-monitored CBI-led SIT probe into the death of Sunanda Pushkar will come up for hearing at the Delhi High Court.

- **Punjab** CM Captain Amarinder Singh will flag off the first set of 100 Uber bike taxis, under a new scheme aimed at generating jobs for the state's unemployed youth. Singh had given the go-ahead to the launch of bike taxis or 'baxis' in the State in May as part of the government's 'Apni Gaddi, Apna Rozgar' programme.

BY THE WAY

DIPANKAR BHATTACHARYA looks at people and professions

BusinessLine TWENTY YEARS AGO TODAY

JULY 24, 1997

Slippages in divestment target feared
Barely a fortnight after the Government announced its intent to disinvest shares in four public sector units, there is mounting scepticism in official circles over raising the targeted amount of Rs. 4,800 crores during the current fiscal. Highly-placed Finance Ministry officials caution that there could be slippages in achieving the targets fixed for disinvestment proceeds in the 1997-98 Budget, in view of the perceptible "lack of urgency" among the ministries concerned over the divestment process.

Essar Shipping-Sisco merger swap at 3:1
The boards of Essar Shipping Ltd and South India Shipping Corporation Ltd. (Sisco) approved the share swap ratio of three shares of ESL for one share of Sisco. The merger of Sisco with Essar Shipping will be effective from April 1, 1996. Under the scheme, shareholders of Sisco would be issued three shares of ESL in lieu of every one share of Sisco. The paid-up capital of the merged firm would rise from about Rs. 149 crores to Rs. 197 crores. The share exchange ratio was worked out on recommendations of the valuers, N.M. Raiji & Co., and Fraser & Ross, Chennai.

Broadcasting Authority by year-end: Minister
Direct-to-home service will be permitted in the country only after the Broadcasting Authority of India is set up, the Information and Broadcasting Minister, Mr. S. Jaipal Reddy, has clarified. Responding to questions at a press conference here on Wednesday, Mr. Reddy described as "purely temporary" the July 16 Government notification banning DTH operations in the country. The Minister said the notification was issued by the Department of Telecommunications after obtaining prior consent of the Information and Broadcasting Ministry.

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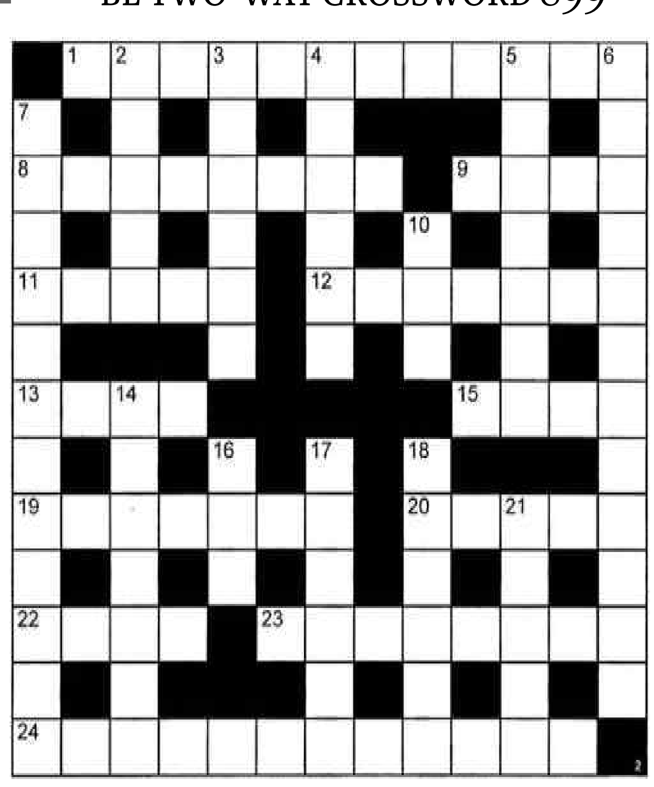

EASY

ACROSS
01. Place things come together (7-5)
08. Hardened in heart; difficult to influence (8)
09. Mark of cut (4)
11. Small anchor (5)
12. Fiction writing (7)
13. Police informer (4)
15. Essence from lemon peel (4)
19. One held for ransom (7)
20. Classic poet; pigeon (5)
22. Track (4)
23. Consisting of verses (8)
24. Pages bound for schoolwork (8,4)

DOWN
02. Finished (5)
03. Changed direction (6)
04. Legal officer (6)
05. Fragrant substance for burning (7)
06. Went helplessly upside-down (6,6)
07. Nursery item for riding (7-5)
10. Flightless bird (3)
14. Let-up (7)
16. Tree grown from acorn (3)
17. Controls (6)
18. Heavenly child (6)
21. Ostentatiously masculine (5)

SOLUTION: BL Two-way Crossword 898

ACROSS 1. Clause 8. Raise 9. Abolish 11. Earliest 12. Flake 15. Loll 16. Sly 17. Rave 19. Scots 21. Henchman 24. Runaway 25. After 26. Stroke
DOWN 2. Label 3. Unlikely 4. Else 5. Frill 6. Like 7. Felt 10. Handlebar 12. File 13. Armchair 14. Beds 18. Charm 20. Track 21. Head 22. Note 23. Nuts

NOT SO EASY

ACROSS
01. A get-together with Dot? (7-5)
08. Stubborn old schoolfellow expected to hold deserter (8)
09. There's no end to a muffler to show where cut was made (4)
11. Anchor used by ketch initially on the brink (5)
12. Italian capitalist has only half-a-cent? That's fiction! (7)
13. He informs Noah first of the craft he must build (4)
15. Enthusiasm for what may be extracted from lemon-peel (4)
19. One held for an entertaining person for a very long time (7)
20. Greek poet offering permanent shelter to the right (5)
22. Revile the bar that extends horizontally (4)
23. Encountered the right one with California in verses (8)
24. What scholar uses may be a manual for PE instructors (8,4)

DOWN
02. Having need of change before 1st December, didn't go on (5)
03. Made something on lathe and went off in the dairy (6)
04. Certifying officer changes the rota in the Big Apple (6)
05. What may burn fragrantly and make one cross (7)
06. Capsized helplessly as one rotated the soup-maker (6,6)
07. Its rider has his ups and downs, but doesn't get anywhere (7-5)
10. Half of them take a turn forbidden to grounded flier (3)
14. Temporary cessation that is concerned with malice (7)
16. Hearty supplier of material for ships in olden days (3)
17. Controls always seen in links without means of writing (6)
18. Sweet child shows there's no start to pain one can massage (6)
21. Pronouncedly masculine man endlessly choking without ruler (5)