roadly speaking

which the very young

Somesh Jha of this news-

paper scooped about the

National Sample Survey

Office (NSSO) survey on

jobs. One was the gnash-

wo responses to the story

there have been

sorts of

Jobs, employment, work, income



ing of teeth by supporters **MARGINAL UTILITY** of the government and the other was the sound TCA SRINIVASA RAGHAVAN of hands being rubbed in

glee by its opponents. But, as always happens when something like this happens, everyone missed the point. And thereby hangs a personal tale.

In 1996, I decided to quit my job with this newspaper and work from home. This decision was consistent with a paper I had written for ICRIER in 1988 that service deliverv would become disembodied and would not need the physical presence of the producer of that service.

Besides, I just didn't see the point of sitting in an office when I could be watching cricket on TV and writing at the same time.

Thus in 1997 technically I became 'unemployed'. However, over the next few years my income increased very sharply because now I had become more productive.

Instead of selling my time to one buyer I had started selling my output to many buyers. In income tax terms, I went from Form 16 to Form 16A. As my then colleague Dr Ashok Desai put it, I became a one-man business unit.

Or as Bertrand Russell might have put it. I became a unit set that belongs to itself. Like Schroedinger's Cat I was in two states simultaneously - working but not employed.

Wrong question, folks

When the uproar started last week, I took to Twitter and posed what I believe is a cosmically important philosophical question for Indian politicians: can a person employ himself or herself? The income tax department says yes.

But what would the NSSO say? I mean, if the surveyor asked me if I was employed what would I say?

I would say no, right? But what would I say if he asked me if my income was zero because I was unemployed? I would say no, right?

Whence the importance of the question that the NSSO has been asking. It is an irrelevant one for this century because not only is employment a 20th century idea, it is also an idea of 20th century politics.

Not just that: Keynes introduced the idea of government intervention into the economic thinking of politicians who, after 1945, substituted employment for investment in his famous equation. They did this to get votes.

Let me put that differently: if we can have a concept called the 'natural' rate of interest for the money market. why can't we have a similar 'natural' concept for the labour market?

The natural rate of interest doesn't mean that such a rate occurs in nature but that it is the rate that is consistent with 'full' employment and constant inflation. However, no one - least of all politicians - knows what full employment means which is why there is always a lot of confusion about it.

Economists have tried a number of definitions of full employment. The most acceptable one politically is that full employment is when only 1-2 per cent of those wanting to be employed do not get a job.

But what if, like me, a lot more people prefer not to be employed, preferring instead simply to work? The Australian labour market illustrates this phenomenon perfectly.

The wage paradox

I also strongly believe that, in India, because of labour market interventions by politicians - Kerala is an excelemployment and productivity are

Is Mamata the problem or the solution?

Many political opponents have defected to the TMC. Banerjee also seems to have forged an awkward peace in the hills



ADITI PHADNIS

t is discomfiting. But left intellectuals and rightwing Hindu nationalists have a common political problem. She is called Mamata Banerjee.

The Communist Party of India (Marxist) [CPI (M)] became the only political party across the opposition spectrum to side with the Bharatiya Janata Party (BJP) in supporting the raid by the Central Bureau of Investigation (CBI) officials on West Bengal top cop, Rajeev Kumar last week. At least two senior leaders from the Forward Bloc, an alliance partner of the Left Front in Bengal, have joined the Trinamool Congress (TMC) in the last eight months. One of them, Paresh Adhikari, was a minister when the Left Front government was in power in

Bengal. He has represented the Mekhliganj constituency in Cooch Behar district four times. Days after that, Mortaza Hossain, another Forward Bloc leader from North 24 Parganas district also joined the TMC. He had contested the 2014 Lok Sabha elections from Barasat.

It is not just its alliance partners who are defecting to TMC. CPI (M) has lost many of its members to the party. Tapas Chatterjee was reviled as a 'contractor' when he defected: But for the CPI (M) the loss of the old war horse from 24 Parganas was undeniable. That was in 2015. Between then and now, scores of activists — from the panchavat level to the legislative assembly and the Lok Sabha - have changed sides.

For the BJP too, Banerjee is a challenge. When senior leader and former MP Chandan Mitra — who was trusted by the BJP so much that he was given charge of sorting out the problems between the BJP and the Biju Janata Dal (BJD) in Odisha in 2009 — quit the BJP and joined TMC in 2018, the explanation was that only in the rarest of rare cases does the BJP offer a third consecutive Rajya Sabha term to its MPs (Mitra completed his second term in 2016 and was not offered anything after that. The general belief is that he was punished because he was a supporter of LK Advani. The BJP denies this and says Mitra crossed over because he is hopeful of being offered another upper house term by the TMC).

It is not as if it is a one-way street. Several TMC leaders have joined the BJP as well - the latest being sitting MP Saumitra Khan and senior IPS officer Bharati Ghosh. The BJP has been predicted that at least six other sitting MPs will cross the floor ahead of the Lok Sabha elections. This could be bravado.

Why are all these upheavals happening? The reason is obvious and clear. TMC virtually swept Bengal in the May 2018 panchayat elections. A very distant second was the BJP. The TMC got upwards of 19,000 seats. The BJP got around 5,000 unseating the Left from its number 2 position. In a breakdown of the numbers, the TMC won 95 per cent of the Zilla Parishad seats, 90 per cent of the panchayat samiti seats and 73 per cent of the gram panchayat seats.

Panchayat polls are not the only ones TMC has been winning. In 2017, it contested and won four out of seven municipal bodies. The most important victory was in the Gorkha-dominated Darjeeling region: It won Mirik, becoming the first mainstream party in three decades to win from an area that is a fiercely guarded bastion of the Gorkha community.

This has to be Banerjee's most cherished victory because it crowned her victor in a clash of identities. Like Israelis, Gorkhas in India are a people in search of a land. Their original leader, Gorkha National Liberation Front (GNLF)

backed Indian Idol III Prashant Tamang, a Kolkata Gorkha policeman and a legend in these parts. He galvanised all Indian Gorkhas to help them to discover their common identity via the Gorkha Janmukti Morcha (GJM). Gurung is currently on the run, suspected to be

hiding in Sikkim, on a murder charge. Indian Gorkhas are distinct from Nepali Gorkhas and are scattered all over the country – J&K, Himachal Pradesh, Uttarakhand, North Bengal Sikkim, Dooars and the North East. The largest concentration of Indian Gorkhas is in North Bengal in the hill district of Darieeling -Kurseong, Kalimpong and Darjeeling and parts of Dooars. It has a Gorkha population of nearly 22 lakh compared to six lakh in Sikkim which became a state in 1975 following Indian annexation. The region is of great strategic value. The vulnerable Chicken's Neck or Siliguri Corridor and the National Highway 31 A to Sikkim along with the only road and rail links to the North East along the Tiger and Sevok bridges lie in this area.

supremo Subhash Ghisingh, was evicted from

power in 2007 by Bimal Gurung who piggy-

TMC and the Gorkhas have had a bitter relationship, especially lately when TMC tried to break the GJM, taking advantage of a leadership vacuum. But content with her victory, Banerji announced in January that TMC will not attempt to alter or subjugate the Gorkha identity and has even held out hope that some sort of identity-based territorial adjustment might be possible. This has set off a furious debate in the hills of North Bengal about whether TMC is part of the problem or part of the solution. Little wonder then that Mamata Banerii is the undisputed tigress of Bengal - one whose teeth other parties would prefer not to count.

BREAKFAST WITH BS ARUNA ROY POLITICAL & SOCIAL ACTIVIST

Taking on the world

Labels make her cringe, Roy tells Arundhuti Dasgupta, but she has learnt to turn a deaf ear to the epithets hurled her way

turns out to be a task conducting a

conversation without turning our-

Cappuccino, Roy says, without any

fuss. An omelette, no tomato, with

coriander, green chillies and cheese.

Crisp toasts to go with it. That is all.

She is clear about what she wants.

"Some middle class habits just stick,

you don't yearn for it but in places

that I know I can get it, I indulge."

home filled with art, music and

debate. "I grew up knowing that cul-

tural differences will always exist."

But today we attack all differences.

Roy grew up in Madras, in a

Cheese? She grins sheepishly.

A cup of coffee to start with.

selves hoarse

from Roy's natural environs. Tam Aruna. A composite human

being," says Aruna Roy whose diminutive frame conceals a spirit of steel. "As feminists we fought to not have our identities fragmented into such labels - wife, mother, daughter. We are human beings and are to be accepted as that. Such labeling is extremely objectionable.'

Her unflinching gaze dares you to disagree with her. Roy who has lent her name to almost every protest and cause from as long as she can remember has been called everything from a *jholawali* to a communist and other unprintable monikers. "I return the insults with absolute compliments," she grins. Was she always as feisty?

Silly question really, which she humours with an anecdote. In college, she remembers, her friends were wearied by her penchant for fighting other people's battles. "Groaning, they would say, here she comes again, that was in IP (Indraprastha College for Women) and the only redeeming feature is that I still have my friends," she chuckles.

"I am not a violent person but to speak up for the p

With 'this' Roy means MKSS. The Mazdoor Kisan Shakti Sangathan (MKSS), an organisation she co-founded with Shankar Singh and Nikhil Dey and that has been the fulcrum around which the Right to Information (RTI) movement coalesced. Roy has moved out of active decision making in the MKSS, but that is where she learnt nearly everything about democracy and politics.

"We want democracy but the delivery system is so corroded." The minimum wage and other such struggles helped forge the identity of MKSS and subsequently the RTI Act. People's organisations are vital and MKSS is truly one, she says. "Even the name was given by the people — we wanted to give it something like a Loktantrik Morcha (people's rally), but they said no morcha, Sangathan (coalition)."

Our breakfast arrives, the omelettes and the toasts (brown bread) with tiny whirls of butter and small jars of jam and marmalade. We tuck in, but the omelettes are overdone ar the toasts, cold by the time they make it to our table. But neither of us is paying much attention to the food on our plates.

work, she says. But politicians are busy playing their own games. She is clear though that even if politics gets in the way, no movement can be isolated from it. "The MGNRE-GA was born as a result of our joint discussions, every political formation except the BJP was a part of the campaign," she says.

Life has been a long struggle, but "Ours is non-violent and it takes time and we don't mind, it will be long lasting," she says her eyes flashing. How does one deal with the opposition, the brutality of powerful regimes?

Roy has a story. They were in the midst of a hunger strike in a village, fighting for minimum wages. In the dark of the night a group of men came to drag them away. "We were well prepared. As soon as they came close, we wailed into the mikes. No slogans, nothing. Just weep as one does for the dead. Finally they left.

Sometimes people who you work with let you down, but that too is par for the course. Roy is bitter about Arvind Keiriwal. but says that he never really was working for anyone but himself. It was a very difficult period, Roy says especially when Kejriwal came up with his version of a Lokpal. The differences soon became irreconcilable and the rift remains till today.

Roy gently steers the conversation back to RTI and the book she has co-authored. This is how people are looking change not a scholar o politician or anyone else, she says. Is the RTI unique to India? There are freedom of information laws, the spirit exists in some other East European countries too. But it has not been a ground-up movement like here, she says.

M Krishna, will be doing this. She is in a bit of a flap, breakfast has been delayed and age has set limits on her ability to run on empty. "I have to make some concessions to the years that are piling on,"

she says apologetically, rushing us through our discussion on where we ought to hunker down for a conversation and a meal. Speed is of the essence and the hotel's coffee shop comes up trumps. But that is a serious error of judgment. Noisy, crowded with large groups of tourists, it

inversely linked. What an employee earns has very little to do with how much he or she works.

Government employment provides the extreme example of this. Once the government employs you, it constantly feels the need to pay you more but not the need to make you work. Pay is compulsory while work is optional.

I suspect in India a government job alone is what is regarded as real 'employment' because of its permanent nature. If you work for the private sector or for yourself, you are not regarded as being employed - and this is what shows up in surveys.

But truth be told, the fact that people stop looking for a 'job' doesn't mean a damn thing economically. It is stupid to say they have withdrawn from the workforce except in some technical sense.

Of course, politically it is entirely different. It gives an Opposition a big stick with which to beat a government.

thing. Who speaks for them today?" Over the years, Roy has taken up cudgels on behalf of people in the villages, those whose rights are easily trampled upon and their spirit regularly broken. She was in Mumbai to attend the Tata Literature Live, an annual literary festival held in the months of November-December, and her time was limited.

We meet in the lobby of the Taj Vivanta President, located in Cuffe Parade, a wealthy precinct at the tip of the city. Once envisaged as a sort of a diplomatic enclave with state emporia and government offices, Cuffe Parade is now just another sprawl of high priced residences and commercial spaces and a far cry

She is appalled by the outrage and calumny that classical musicians such as T M Krishna are being subjected to. Trained as a classical dancer at Kalakshetra, the institution founded by famed danseuse Rukmini Devi Arundale, Roy is passionate about classical music and dance. She tries to catch the odd concert — be it Delhi or Chennai. But she is equally at home squatting in a maidan, watching street theatre.

Her eclectic tastes take many by surprise. She chuckles at the memorv of running into a shocked senior IAS officer at a T M Krishna concert. "I am not always protesting on the street. I feel at home with many people." Who knew when I went to Kalakshetra to learn classical dance, and I who love Leela Samson and T

Roy calls herself a political and social activist today but she has donned many robes before. From professor (she briefly taught English Literature at her alma mater) to bureaucrat to street fighter—over the years, Roy's identity has been shaped by the different worlds she inhabited.

She joined the IAS after a year as a professor but left 7 years later to work with an NGO where she says, she found herself questioning much of what she had learnt. "It showed me, who fancied herself as somewhat of a liberal, just how condi-



tioned I was," she says.

Democracy (at the risk of sounding clichéd) lives in the villages she says. The poor, the people fighting for their rights, they are the ones working to keep our democracy alive. More than any others, more than the activists.

The people's struggle for livelihood embodies the fight for fundamental rights. All people want is

What next? Roy, Magsaysay Award winner, social activist and writer. Well life has a way of turning back full circle and now almost five decades later, she has taught again. Just a semester at the School of Public Policy at CEU (Central European University) and quite enjoyed the experience. Next is wherever the road takes her, but whatever she does, activism will always be dogging her heels.

There's nothing to beat cash



PEOPLE LIKE THEM **GEETANJALI KRISHNA**

ast week, when I bought some fruit from a local vendor, he didn't have change for the ₹2.000 note I gave him. Just as he was running around to nearby vendors asking for change, another customer also handed him a ₹2,000 for six bananas. The vendor flatly refused. The customer noticed a faded sign on his cart which said "Paytm Accepted Here". "I can pay you through Paytm," he offered. The vendor snorted: "The early days of notebandi forced me to adopt Paytm". "Within months, when it was back to business in cash, I stopped accepting e-wallet payments altogether."

Like others in the street vending

business, his earnings too had dropped to almost zero in the first week of demonetisation. Like other street vendors, he too found he had no money to buy from the wholesale market. "Many of my rich customers offered me bags of cash, asking that in return I gave them a fixed amount of fruit every week for a year," he recounted. "But the lines to change notes in the banks dissuaded me."

Instead, he went through a period of extreme pennilessness as the demand for fruit took a nosedive at a time when people were more concerned with buying the basics. Initially, he was resistant to the idea of e-wallets because in his line of work, it was all about having cash in hand rather than deposits in the bank. "I was forced to adopt this payment method for the sake of somehow keeping my family afloat," he said. "So for some time, the payments I made to the wholesaler and accepted from my customers were all electronic."

What made him return to the old system of cash payments, I asked. "Demonetisation jogged my faith in banks," he said. In his view, among his peers in the vending business, those who had cash in hand, survived demonetisation better than those who have money in their banks. "At least they had some notes to trade," he said. "I had just deposited my week's earnings in my account when notebandi was announced — and the crowds outside the bank next morning made me wonder if it would collapse and take my money with it."

Cash, he declared as he put my fruit in a bag, was definitely back in the market. "As a fruit vendor, when I see the demand for expensive exotic fruit like black cherries and California grapes go up, I can tell that my customers have black money to spare," he said. "People rarely splurge on fancy fruit otherwise." Although his daily expenditure in the wholesale mandi has gone up, so have his profits.

Memories of the first two weeks after demonetisation when I could barely make ends meet let alone pay my room rent, still linger - luckily my landlord was understanding, else I'd have been on the road!" he said. So the first step he took after his business stabilised was to spend his savings on a shanty in Sangam Vihar. "It's small, but it is security against any future economic shocks like notebandi," he said. He is also stashing away a contingency fund in small notes. As he put it: "The government can say what it likes, but there's really nothing to beat cash."



PEOPLE LIKE US KISHORE SINGH

long, long while ago yesterday, at A a time when chaos was just a the ory and not the state of the a time when chaos was just a thehouse, when life was regulated by comings and goings to work with the odd coffee break, when I believed myself to be organised, at such a time I had not anticipated how ill-equipped I was to handle my son's wedding. Was it last week when I could put my head on a pillow and hope to fall asleep? When order meant drawing up a list and ticking off points one at a time till all was done? Was it then that one could sit down with a drink over a conversation that made sense? How did I become Alice in Wonderland?

Maybe because at that naïve, innocent time - soon disabused - I thought organising a wedding was like hosting a party, only larger, with more people, and some perfunctory rituals. I told myself that we had booked ourselves a caterer, designed the venue, ordered a valet service, what else was there to do but shine one's shoes, wear something shiny, and turn up to receive the guests. That was a long, long while ago yesterday, and I now know chaos is not just a theory, weddings are a whole lot harder to organise, and frustration is imminent.

Weddings make you wish you had a hundred hands instead of a brain that feels like a sponge attached to 10 different heads being pulled in different directions, each issuing contradictory instructions. If you thought sending out invitations was an easy task, you haven't accounted for the tyranny of lists, separate ones for different functions, and woe be yours should these not be coordinated with the e-vites issued earlier. To say nothing of the gifts that must accompany each invite sweets in one, chocolates in another. clothes for some, a mere card for those not in the family's favour. Some to be couriered, others to be hand-delivered by the driver or sundry other "volunteers", yet some that require one's presence, inane conversations about the children "all grown up", and generous portions of dessert just when you were trying to lose weight.

What it all boils down to is knowing how many chafing dishes the halwai wants, the number of tables the caterer may run short by, the permission required for heavy vehicles to ply in the city, the website to obtain a licence for liquor to be served, the right spot where a vanity van might easily park so guests have usable toilets, a generator that is genuinely "silent", the size of the dance floor to print a flex for, whether the DJ can be relied on to play non-Bollywood music, the numbers of mehendiwallis, turban-tiers, emergency electricians, overnight tailors, presswallahs, florists and beauticians-who-come-home on speed dial. Did I mention the accommodation and transportation that needs to be coordinated for out-oftowners? Can anyone tell me why so many of relatives want to attend the wedding of someone they haven't met in vears?

If there's one thing I've learned, it is to text while talking on the phone, telling the tentwallah what to do, eating, dealing with the courier, shifting furniture around, counting bottles of whisky, ordering the ice, writing welcome letters, all at once, while hoping it will soon end. This time, next week.

10 MARKETS

Equity inflows at 2-year low

IASH KRIPLAN 4umbai, 8 February

he mutual fund (MF) industry witnessed deceleration in equity inflows for the third straight month in January.

Inflows into equity schemes, which include tax-saving schemes, stood at ₹6,158 crore last month.

This was the lowest since the ₹6,462 crore recorded in February 2017. Equity inflows in January 2019 were 42 per cent lower than the last 12-month average of ₹10,594 crore.

Market players say volatility in the broader market and sharp sell-off in indebted companies could have hurt investor sentiment. "The monthly data shows there are reasons to be worried on the equity side. Of the ₹6,000 crore of equity flows, the data shows ₹2,000 crore has come through new fund offers. After the rationalisation of schemes, there is a limit on the number of schemes that can be launched each month," said Aashish Somaiyaa, managing director and chief executive officer, Motilal Oswal MF.

Another disappointing trend was outflows from balanced schemes. According to the data released by the Association of Mutual Funds in India

LOSING GROUND



(Amfi), the category saw the first month of outflow since May 2014. The outflow stood at ₹952 crore in January.

However, there were some positives in the monthly numbers. The income category, which has been hit owing to volatility and credit events in debt mar-Market participants expect the to grow at a good clip

flows to improve on the debt side. "With the RBI easing the rates, we expect inflows to rise in the coming weeks," said N S Venkatesh, chief executive officer. Amfi. Investors sinking lump sum money in equities seem to have applied the

kets, saw an inflow of ₹2,080 crore after brakes, but inflows through systemateight months of outflows on the trot. ic investment plans (SIPs) continued

SIPs in January stood at ₹8,063 crore, marginally high compared to the previous month.

"Despite acute market volatility owing to credit events and global uncertainty, retail Investors continue to repose their faith in the India growth story. This is evident from the SIP flows and folio numbers, which continue to rise sequentially," Venkatesh added.

The mutual fund industry saw an inflow of ₹65,439 crore as against an outflow of ₹1.36 trillion seen in December

Inflows into the liquid fund category stood at ₹58,637 crore, which pushed up the overall tally for the industry.

The broader market conditions remained weak in January even as the benchmark indices found support from a select set of companies.

The Nifty Midcap 100 was down 5.43 per cent, while the Nifty smallcap 100 was down 4.9 per cent during the month. Meanwhile, the BSE Sensex was up 0.52 per cent, while the Nifty 50 saw a marginal fall of 0.29 per cent during the month.

Assets under management (AUMs) for the industry stood at ₹23.4 trillion in January compared to ₹22.9 trillion at the end of the previous month. Total equity AUM dipped marginally to ₹7.74 trillion.

Sebi tightens criteria for F&O segment

SAMIE MODAK Mumbai, 8 February

The Securities and Exchange Board of India (Sebi) on Friday tightened the criteria for moving derivatives stocks to physical settlement.

The move follows a sharp swing in stocks belonging to frontline groups, amid concerns surrounding high share pledging in recent weeks. In a circular, Sebi said a stock will be moved to physical settlement from the new expiry cycle if any of the conditions are met.

These include intra-day movement of 10 per cent or more on 10 occasions in the last six months or three occasions in one month; or 25 per cent-plus intra-day movement on one occasion in a month. Recently, shares of several firms saw a drop of above 25 per cent in a single day. However, existing contracts will be settled under the prevailing mode, which in most cases is cash.

Ethanol revenue hike a boost for sugar mills



FACT SHEFT

TACT STILLT (Quantity in mn litres						
Year	Required by OMCs	Offered by sugar mills	Finalised by OMCs	Procured	i	
2014-15	1,559	1,311	887	674		
2015-16	2,656	1,473	1,316	1,110		
2016-17	2,809	1,172	807	665		
2017-18*	3,136	1,763	1,588	935		
2018-19 E	3,300	3,100	2,500	301		
				-		

*as of August 13, 2018 Compiled by BS Research Bureau Source:ISMA

DILIP KUMAR JHA Mumbai, 8 February

Triggered by a narrow movement in sugar prices, mills are banking largely on ethanol to improve their financial health and remain afloat in the future.

Oil marketing companies (OMCs) have issued a tender for procurement of 485 million litres of ethanol from 'B' heavy molasses and 18.4 million litres from sugarcane juice for the current sugar season that egan in October 2018.

This additional tendered quantity is set to result into diversion of 0.5 million tonnes of sugar into ethanol, in addition to the existing quantity directly procured from molasses generated automatically from cane crushing.

Apart from the additional quantity of ethanol production and sale, the price increase by the government has helped mills increase their top line and bottom line in December 2018 quarter, and is also likely to continue supporting them in

future as well. "The benefit of upward revision in ethanol prices by the government with effect from December 1, 2018, to ₹43.46 a litre should be seen from January-March 2019 and fully during 2019-20 (FY20). Profitability from this segment would increase in the FY20 due to the benefit of higher prices and also higher volumes," said Abhishek Roy, an analyst with

Stewart & Mackertich Wealth Management, a Kolkata-based research and advisory firm. Roy analysed the Q3 financial performance of Balrampur Chini Mills (BCML). Average realisation from ethanol stood

at about ₹37.5 a litre last season. Leading sugar mills in the country, including Dwarikesh Sugars, BCML and Dhampur Sugar Mills, have reported improved revenue generation ther, he added. from distillery segment acke by lower input costs

ity is in various stages of completion which would help them further to ramp up their realisation from this segment In fact, the Cabinet Committee on Economic Affairs made 5 per cent of ethanol blending mandatory with petrol for 2013-14 and 10 per cent thereafter. Since then, however, the government has

Greenfield expansion in

sugar mills' distillation capac

and higher volumes.

been encouraging sugar mills to increase their ethanol production but, even 6 per cent blending has become impos sible to achieve even today. Data compiled by the apex

industry body Indian Sugar Mills Association (ISMA) showed, OMCs require 3,292.61 million litres of ethanol for blending with petrol of which sugar mills offered 3137.32 mil lion litres. OMCs finalised tender to lift 2593.37 million litres of which just 11.61 per cent or 301.10 million litres was sup plied so far.

Bhavesh Gandhi, an ana yst with YES Securities, said BCML reported robust 30 per cent and 5 per cent increase in distillery volumes and realization, respectively, support from central and state government efforts to cap cane costs offset the fall in sugar realisation.

"While inventory situation is yet to improve, prospect of lower output next year leads us to believe the worst of the sugar glut may be behind," he added.

A senior official of one of the largest ethanol supplying firms said the fall in realisation from sugar has not only compensated through increase in volume of ethanol, but also added much to the mill's rev enue in December quarter Further, price increase from December 1 to cushion sugar mills' revenue and profit fur-

iness-standard com



Brokerages slashed price targets on Tata Motors after the company reported biggest loss in India's corporate history. The consensus 12-month price target for the stock is down to ₹215 from ₹252 earlier this month. Some brokerages have cut the target by as much as 50 per cent.

Tata Motors reported net loss of nearly₹27,000 crore for the quarter ended December on account of a slowdown in China's car market. Th company's shares fell as much as 30 per cent, the most in 26 years, befor ending18 per cent lower at ₹150.

"We are concerned about the magnitude of equity erosion led by investment write-offs, which could hurt debt covenants and lead to downgrades," said Nitesh Sharma, analyst with PhillipCapital India. "laguar Land Rover performance was yet another disappointment. A per our checks with dealers in China the company hasn't offered them additional incentives yet and is expected to roll out the same in SAMIF MODAK 04FY19.'

BROKERAGE VIEW

		Current	Target price (₹)		Change (%)
ne		recommendation	Previous	Current	
ne - re -	Ambit Capital	Sell	166	150	-10
	BNP Paribas	Reduce	150	135	-10
	Credit Suisse	Outperform	280	250	-11
,	Elara	Accumulate	236	195	-17
1	Haitong	Neutral	302	157	-48
	HSBC	Hold	200	170	-15
,	ICICI Securities	Buy	283	258	- 9
	IIFL	Buy	275	215	-22
∖ s	JP Morgan	Neutral	200	170	-15
а	Macquarie	Outperform	300	260	-13
	Morgan Stanley	Equalwt/In-Line	198	184	- 7
	Phillip Securities	Buy	290	200	-31
4K	SOURCE: BLOOMBERG	BROKERAGES			

THE COMPASS Multiple levers of growth for Dabur

Base=100

Progress of firm's international business will be watched, despite analysts' estimates of 14–15% growth in profit

SHREEPAD S AUTE

After 14 per cent average volume growth in the first three quarters of FY19, Dabur is expected to maintain its volume outperformance vis-à-vis peers.

In addition to volume growth, margin gains on the back of lower raw material costs should help it post strong revenue and net profit growth, going ahead.

The company, which posted results in line with expectations in the December quarter, is trading at 44 times its FY20 earnings, which is at a 16 per cent discount to larger peer Hindustan Unilever.

While volume growth has the last six quarters, analysts at report 8-10 per cent volume expansion in FY20, aided by better rural growth and accelerated pace of new launches.

One of the key triggers for the company is an expected uptick in rural consumption, given the incentives for the



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S&P BSE Sensex Feb 1,'18 Feb 8,'19 Compiled by BS Research Bureau

im Budget. Dabur earns over 45 per cent revenues from rural pockets. Even in Q3, the firm's rural pockets grew 400 basis points faster than its

urban segments. Besides new launches in varied from 7-21 per cent over the food category, Dabur is set to unveil ayurveda-based J.P. Morgan expect Dabur to products in oral care, hair care and health categories. The company's herbal category could benefit from the receding competitive intensity in the herbal market, say analysts.

company reported healthy rural economy proposed by double-digit growth in which is facing strain due to the government in the inter- Chyawanprash (10 per cent demand pressures.

year-on-year) and Dabur Honey (around 20 per cent YoY), which had lost ground after the debut of Patanjali in

the consumer space. Besides gaining on the top line front, the company will also benefit from benign raw

The management is confiabout sequential improvement in gross profit margin in the coming quarters. This, coupled with operating leverage amid lower advertising spends, should fuel the company's operating profit margin.

Even with lower selling and administrative expenses, Dabur's Ebitda margin stood at 20.3 per cent, just 27 basis point down YoY, versus a 228basis-point YoY fall in gross

Analysts foresee 14-15 per cent annual growth in Dabur's net profit over the FY18-21 period.

however, is the progress of the For instance, in Q3, the company's international business (25 per cent of revenues),

dent . 80

material costs.

profit margin.

What needs to be watched,

Sebi's new format for annual secretarial audit of listed entities



Sebi norms mandate every listed entity and its material unlisted subsidiaries to undertake secretarial audit and to annex the same with its annual report, starting FY2019

PRESS TRUST OF INDIA New Delhi, 8 February

Markets regulator Securities and Exchange Board of India (Sebi) on Friday came out with the format for listed entities for preparing their annual secretarial audit and compliance reports.

This would also be applicable for the "material unlisted subsidiaries" of the listed entities, the regulator said in a circular.

Coming out with the circular regarding format for "annual secretarial audit report and annual secretarial compliance report for listed entities and their material subsidiaries", Sebi said the compliance report should be submitted to the exchanges within 60 days of the end of a financial year.

Currently, under the Companies Act, the entities are required to file an annual secretarial audit report by practising company secretaries.

The annual secretarial audit reports are meant to keep a tab on entities regard-

ing compliance with applicable laws. The listed entities and

their material subsidiaries would have to provide relevant documents and information to the practising company secretary in order to

obtain the certification. "The ICSI (Institute of Company Secretaries of India) may consider issuing a guid-

ance note to practising company secretaries to enable them to undertake certifications in accordance with the regulations and this circular in letter and in spirit," the watchdog said.

As per Sebi norms, every listed entity and its material unlisted subsidiaries incorporated in the country

should undertake secretarial audit and shall annex with its annual report, a secretarial audit report, with effect from the year ended March 31, 2019.

▶ FROM PAGE 1 **Reliance Group** blames NBFCs for share rout

The Anil Ambani group assured investors that Reliance Infrastructure, Reliance Capital, and Reliance Power were performing satisfactorily on all parameters, and that they won't be adversely impacted by Reliance Communications' plans to seek debt resolution through the NCLT.

L&T Finance sold ₹234 crore worth of shares of Reliance Communications, Reliance Capital, Reliance Infrastructure, and Reliance Power on Thursday in bulk deals. Besides L&T Finance and Edelweiss, STCI Finance sold shares worth ₹37 crore of Reliance Infrastructure during the week.

"L&T Finance had granted loans against pledge of shares to Reliance ADAG Group companies. According to the loan and pledge agreements, the borrower did not cure various events of defaults including providing margin for shortfall in the stipulated security cover. Despite various notices in the past few months, events of defaults continued. Consequently, L&T Finance enforced its rights of invocation and sold pledged shares to the extent of its outstanding dues," the L&T group firm said. Edelweiss also claimed the Anil Ambani group failed to address its concerns on the shortfall in margins and

the resultant fall in collateral valuation. "On February 4, there was a sharp drop in the prices of Reliance Group shares, which led to further erosion in the collateral value. The Edelweiss group once again gave due opportunity for remediation. Since there was no response from Reliance ADAG Group, it necessitated liquidation of the collateral as per the agreed contractual terms," Edelweiss' statement read.

Shares of group firms gained 3-11 per cent on Friday, following a sharp tumble. Despite the rebound, shares are down 24-58 per cent this week, with the $exception \, of \, Reliance \, Nippon \, Life \, Asset$ Management, which is up 20 per cent.

Consumer, retail lenders make 93% of FY19 m-cap gains



The 55 consumer goods companies in Business Standard's sample had a combined market capitalisation of ₹23.8 trillion at the end of trading on the Budget day (February 1, 2019), against ₹22.1 trillion at the end of March 2018 and ₹10.5 trillion at the end of March 2014.

Hindustan Unilever is now the most valuable consumer goods company in the country with a market capitalisation of nearly 4 trillion, up 36 per cent since March 2018, followed by ITC (₹3.42 trillion) and Maruti Suzuki (₹2.2 trillion).

The biggest gains in market capitalisation, however, have been reported by mid-size consumer companies such as Bata (up 57 per cent since March last year), Havells India (up 52 per cent), and Nestle India (up 48 per cent) during the period.

Consumer stocks continue to rally despite a slowdown in their earnings growth and decline in their earnings share in the total universe.

For example, consumer companies accounted for 16.3 per cent of all corporate earnings (ex-financials and energy) during the 12 months ending December 2018 and down from their 16.8 per cent share in earnings during the fiscal year ending March 2018.

The result has been a steady expansion of the valuation multiple of consumers stocks in recent years. A typical consumer stock in our sample is now trading at 38 times its earnings in trailing 12 months, marginally down from 38.1x at the end of March last year, but nearly double the earnings multiple for non-consumer stocks. A typical non-consumer stock is trading around 20 times its trailing earnings, the lowest in the last six years.

'There is at least earnings visibility in the consumer sector against earnings contraction in most of the non-financial and non-technology space. This has led to a situation where most of the institutional money is chasing a few top stocks in consumer-related sectors." savs Dhananjay Sinha, head institutional equity Emkay Global Financial Services.

He expects the trend to continue in the near term given poor earnings projections for most of companies in the non-consumer space.

Others see it as an extreme polarisation in the equity market not seen in at least last two decades. "The market is now extremely polarised with the top 15 stocks accounting for most of the gains in the market capitalisation and benchmark indices. The funnel has never been so narrow in at least last 25 years," says Chokkalingam.

This, Chokkalingam says, could make market highly vulnerable if earnings growth turns negative in the consumer sector or the liquidity situation worsens.

Dorabji Trust challenges tax relief denial

"The scrutiny of the books reveals some inaccurate particulars of the total income making the taxable

income to the tune of Rs 315 crore. So accordingly, the Trust has to deposit 20 per cent of the tax demand raised against it with the

Department until the matter concludes. The tax demand is typically 30 per cent along with the interest of the total taxable income. Besides. the penalty proceeding, if initiated, could go in the range of 100 to 300 per cent of the total demand raised," the official quoted above said.

According to the CIT, there is a huge difference in the percentage of the remuneration paid to trustees in case of Sir Dorabaji trust and oth-

the Dorabji Trust gets over 1.18 per cent of the total income, which is not reasonable, while others get a maximum of 0.15 per cent, it said. Most of the revenue of the Trust

comes from the dividend and interest income from various Tata group of companies. Such excessive payment to the managing trustee puts a question mark on the deployment of funds supposedly for charitable purposes.

Recently, Venkat has been under CBI investigation for a case linked to AirAsia, a joint venture airline with the Tatas where he was a director.

Sir Dorabji Tata Trust along with Sir Ratan Tata Trust are the biggest under the umbrella of Tata Trusts, a cluster of charitable organisations controlling 66 per cent of Tata Sons, the holding company of the group.

NSSO survey shows formalisation of jobs on the rise

The survey pointed to a gender pay gap for regular wages workers across the country. "It is seen that in rural areas, male persons earned nearly 1.4-1.7 times that of female persons while in urban areas, a male person earned nearly 1.2-1.3 times that of female persons," the report noted.

The share of workers in the agri-

RURAL STORY

% of regular wage/ salaried workers* ■2004-05 ■2011-12 ■2017-18



rce: NSSO's periodic labour force survey er trusts. The executive trustee of culture and manufacturing sectors was on a decline, compared to other sectors, even as more workers moved towards the services seg-

ments of the economy, the report

showed. The share of workers in the farm sector went down the most for rural males, from 59.4 per cent in 2011-12 to 55 per cent in 2017-18. In the manufacturing sector, the decline in share of workers was the most for urban females, by 3.5 percentage points to 25.2 per cent in 2017-18.

'The growth in jobs in the manufacturing segment has been stagnant for a long time. This also means that the policies for promoting manufacturing is not able to generate jobs. Also, people moving away from farm sector are joining the retail and transportation sector," Basole said.

The share of workers in trade, hotel and restaurant segment went up in 2017-18. For instance, for rural females, it went up from 3 per cent in 2011-12 to 4 per cent in 2017-18 and for rural males, it went up from 8 per cent in 2011-12 to 9.2 per cent in 2017-18. The share of workers in the construction sector went up marginally in 2017-18.

The NSSO's periodic labour force survey of 2017-18 has not been made public by the government, despite the approval of the final authority -National Statistical Commission in early December. The government has termed the report as a 'draft'.