

# 15 ECONOMY

<b>GOLD</b>	<b>RUPEE</b>	<b>OIL</b>	<b>SILVER</b>
₹33,170	₹68.86	\$66.52	₹39,100

\*Indian basket as on March 25, 2019

SENSEX: 38,233.41 ▲ 424.50 NIFTY: 11,483.25 ▲ 29.00 NIKKEI: 21,428.39 ▲ 451.28 HANG SENG: 28,566.91 ▲ 43.56 FTSE: 7,191.11 ▲ 13.53 DAX: 11,369.60 ▼ 22.95

\*International market data till 1900 IST

**GLOBAL MULTIDIMENSIONAL POVERTY INDEX DEVELOPED BY UNDP & OXFORD POVERTY AND HUMAN DEVELOPMENT INITIATIVE**

## 'Poverty down from 55% to 28% in a decade till 2015-16'

**ENSECONOMIC BUREAU**  
NEW DELHI, MARCH 26

INDIA REDUCED its poverty rate sharply from 55 per cent to 28 per cent in ten years between 2005-06 and 2015-16, according to a new version of the global Multidimensional Poverty Index (MPI) developed by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI). In India, a total of 271 million (27.10 crore) people moved out of poverty during these

ten years, it said. "The poorest groups in India — Muslims and Scheduled Tribes — reduced poverty the most over the ten years from 2005-06 to 2015-16," the report said. The multidimensional poverty index is based on a powerful list of 10 deprivations for poor. The dimensions of poverty range from deprivations of health facilities, education and living standards. The MPI measures acute poverty and people experiencing multiple deprivations, for example, those who are both undernourished and do not have safe

drinking water, adequate sanitation and clean fuel. These indicators are set to minimum international agreed standards in basic functioning. "While progress has been remarkable, the country still has the largest number of people living in multidimensional poverty in the world (364 million people). If one considers the 364 million people who are MPI poor in 2015-16, 156 million (34.5 per cent) are children. In fact, of all the poor people in India, just over one in four — 27.1 per cent — has not yet celebrated their tenth birthday," it said. But multidimensional poverty

### Lower castes, Muslims, children still the poorest, but have seen the most dramatic cuts

among children under 10 has fallen the fastest. In 2005-06 there were 292 million poor children in India, so the latest figures represent a 47 per cent decrease or a 136 million fewer children growing up in multidimensional poverty. "When considering the durable and lifetime conse-

quences of childhood deprivation, particularly in nutrition and schooling, this is a tremendously good sign for India's future," it said. The global MPI covers 105 countries in total, which are home to 77 per cent of the world's population, or 5.7 billion people. Of this proportion, 23 per cent of people (1.3 billion) are identified as multidimensionally poor. The report said that across the 640 districts in India, the poorest district is Alirajpur in Madhya Pradesh, where 76.5 per cent of people are MPI poor. Among states, Jharkhand had

the greatest improvement, with Arunachal Pradesh, Bihar, Chhattisgarh, and Nagaland only slightly behind. However, Bihar is still the poorest state in 2015-16, with more than half of its population in poverty. In 2015-16, the four poorest states — Bihar, Jharkhand, Uttar Pradesh, and Madhya Pradesh — were still home to 196 million MPI poor people — over half of all the MPI poor people. A total of 113 million people — 8.6 per cent of India's people — live in severe poverty, the report, which also contains a case study in India. According to the report, while

traditional disadvantaged sub-groups such as rural dwellers, lower castes and tribes, Muslims and young children are still the poorest in 2015-16, the landscape has improved dramatically, during the decade. These groups had the biggest reductions between 2005-06 and 2015-16, showing that they have been "catching up". Significantly, this trend marks a reversal from that observed from 1998-99 to 2005-06. During 1998-99 to 2005-06, these groups had the slowest progress and were left behind. That being the case, even in

2015-16, half of the Scheduled Tribes are MPI poor, whereas only 15 per cent of the higher castes are. Every third Muslim is multidimensionally poor, compared to every sixth Christian. Two in five children under 10 years of age are poor (41 per cent), but less than one quarter of people aged 18 to 60 (24 per cent) are poor. The sharp reduction happened in the UP years (Congress-led UPA was in power from 2004-05 till 2013-14). The average GDP growth rate during the UPA period was about 7.6 per cent.

**'PANEL TO EVALUATE ALL ASPECTS OF THE UNSOLICITED OFFER'**

## Mindtree sets up panel to look at L&T open offer, drops buyback plan

**ENSECONOMIC BUREAU**  
MUMBAI, MARCH 26

MINDTREE ON Tuesday formed a committee of independent directors (IDC) to look into "unsolicited open offer" by Larsen & Toubro to give its recommendations and decided not to go ahead with its share buyback plan. "All the independent directors will be members of the IDC, and the IDC has elected Apurva Purohit, Lead Independent Director, as the Chairperson of the IDC and spokesperson. The IDC will consider and evaluate all aspects of the unsolicited offer, taking into account all relevant facts, circumstances, data related to the company and industry and the interests of all stakeholders involved," Mindtree said in a stock exchange filing.

**EXPLAINED**

### Dropping buyback plan a dilution of the tough stance

THE DECISION by the Mindtree board to not go ahead with the buyback plan indicates a dilution of the tough stance taken by the promoters of the Bangalore-based IT company against the L&T takeover offer. A share buyback will bring down the public stake in the company while promoters stake will go up, if they don't participate in the offer. L&T made an open offer on Tuesday to acquire a 31 per cent stake in IT services firm Mindtree Ltd for Rs 5,030 crore.

tions placed on the independent directors under the prevailing regulations with respect to providing reasoned recommendations on the unsolicited offer by L&T," the company said. This committee will be supported by independent legal and financial advisors to help it with its deliberations, it said. Significantly, indicating the dilution of tough stance taken by Mindtree promoters against the L&T takeover offer, the company has decided not to go ahead with the buyback plan. A share buyback will bring down the public stake in the company while promoters stake will go up if they don't participate in the offer. On March 18, L&T said that it has entered into an agreement with VG Siddhartha and his related entities — Coffee Day Trading Limited and Coffee Day Enterprises Limited — to acquire

20.32 per cent stake in the technology firm at Rs 980 per share aggregating to approximately Rs 3,269 crore. The takeover, involving market purchases and open offer, is expected to cost L&T over Rs 10,000 crore. L&T is aiming for 66.32 per cent stake in Mindtree. According to the promoters, a hostile takeover by L&T, unprecedented in the IT industry, "could undo all of the progress we've made and immensely set our organisation back." "We don't see any strategic advantage in the transaction and strongly believe that the transaction will be value destructive for all shareholders," they said. The promoters of Mindtree are: Krishnakumar Natarajan (executive chairman), Subroto Bagchi (co-founder), Rostow Ramanan (CEO) and Parthasarathy NS (executive vice chairman and COO).

## Public sector banks dip into employees' pockets for capital

**GEORGE MATHEW**  
MUMBAI, MARCH 26

BANKS EMPLOYEES are willingly contributing to the bailout of public sector banks hit by huge bad loans and losses. PSU banks have raised or are in the process of raising around Rs 5,000 crore from employees through the employee stock purchase scheme (ESPS) amid allegations of coercion by bank managements for forceful subscription of shares. Some of the banks are arranging loans to their employees through other banks for subscribing to their shares. While some banks were offering discounts on the shares, employees of banks complained of coercive methods and branch-wise targets to raise the money. "Through ESPS, employees of PSU banks are forced to buy shares without analysing the buying capacity. Two banks have signed up with another bank to provide personal loan to their employees that too by violating the norms," said a bank employee who didn't wish to be named. PSU banks which have availed of or planned the ESPS scheme to raise funds from employees include Allahabad Bank (Rs 315 crore), Union Bank (Rs 470 crore), Punjab National Bank (Rs 500 crore), United Bank of India, Syndicate Bank (Rs 538 crore), Bank of India (Rs 660 crore), Central Bank of India (Rs 270 crore), Oriental Bank of Commerce, Indian Bank, Bank of Maharashtra and Canara Bank (around Rs 1,000 crore). "Branch-level bankers are being harassed over their unwillingness to buy bank shares. The management is forcing to take loan and buy shares under the ESPS scheme," said an-

### Staff alleges forceful subscription of shares under stock purchase scheme

other employee of a PSU bank who preferred anonymity. "Regulations do not allow banks to offer loans to their own employees for purchasing shares under ESPS. Two banks have informally told their employees that they may take loans from Canara Bank should they want to purchase shares," complained the staffer of a nationalised bank. Most of the PSU banks have either raised funds or are in the process of raising funds through ESPS issues. "The object of the issue, apart from raising of long-term resources is to enable the bank to attract, retain and reward employees for our bank by sharing the value created by them and to motivate them to contribute to the growth and profitability of the company," Bank of Baroda said in an exchange filing. "Besides, the fund mop-up aims to shore up the capital adequacy and to fund the general business needs of the bank," BoB said. Unions have come out against the share issues to employees. "They talk of sense of commitment to the bank. As employees, we do owe a sense of commitment to our duties and responsibilities but we do not believe that by purchasing some shares of the bank, we will be more committed to the bank. We are always loyal and committed to the banks, even without owning some shares of the bank. Holding some shares of the bank will not add to our sense of commitment to our bank," said CH Venkatachalam, General

Secretary, All India Bank Employees Association (AIBE). A section of employees feel that PSU banks and the government are using employees to recapitalise the banks which recklessly gave loans to shady promoters who in turn defaulted on the loans and some even fled the country. "They talk of selling the shares for profit when the share price goes up. Some managements are even tempting the employees that they can make profit by selling the shares when the prices go up. If the shares are to be sold when prices go up, then what will happen to the theory of sense of ownership? They want employees to become greedy and run after money," Venkatachalam said. Ramnath Pradeep, former Chairman and MD of Corporation Bank, said, "This scheme is supposed to be voluntary, and not mandatory. As there's a lock-in period of one year, employees may not be very enthusiastic. If there's no discount, why would somebody go for the share. You can always buy from the stock market." A Bank of India official said, "The ESPS offer to employees was completely voluntary. It was offered at a discount of nearly 25 per cent. Around 2,600 employees did not subscribe to the offer." Refuting reports of coercion, a senior Syndicate Bank official said the issue which was offered at 25 per cent discount was a success with the bank raising around Rs 538 crore. "Employees were not forced to subscribe to the bank's employee stock purchase scheme. The subscription was purely voluntary," he said. PNB, Allahabad Bank, Union Bank and Oriental Bank of Commerce did not respond to the mail sent by *The Indian Express*.

### Jet to bring back 40 planes by April end

New Delhi: A day after the lenders put together a revival plan for Jet Airways the airline assured the government of bringing back into service 40 grounded aircraft by the end of April. The cash-strapped airline is currently flying only 35 aircraft out of its total fleet strength of 119 due to non-payment to lessors. Civil Aviation Secretary Pradeep Singh Kharola on Tuesday said that no more aircraft would be grounded by Jet Airways' lessors. **FE**

### 'ONLINE FOOD ORDERING MARKET GROWTH MAY TOUCH \$17.02 BN BY 2023'

16% annual growth: India's online food ordering market is slated to grow at a CAGR (compound annual growth rate) of 16.2% to touch \$17.02 billion by 2023, the study claims

78% individuals surveyed said they order food as it is convenient

95% respondents surveyed said they ordered food online owing to promotional offers and discounts

The growth in online food ordering market is due to rising number of women in working population in most metro cities, as per a study by Market Research Future

MARKET SHARE OF OTHER PLACES:	Share
Bengaluru	20%
Mumbai	18%
Pune	17%
Delhi	15%
Hyderabad	12%
Other cities	18%

### FE CFO AWARDS

## High time banks got back to lending: Deepak Parekh

### THE WINNERS

**LIFETIME ACHIEVEMENT**  
Koushik Chatterjee, Executive Director & CFO, Tata Steel

**CFO OF THE YEAR**  
Srinivas Phatak, Executive Director, Finance & IT, and Chief Financial Officer, Hindustan Unilever Limited

**NEWSMAKER OF THE YEAR**  
Sashidhar Jagdishan, Chief Financial Officer, HDFC Bank

**MANUFACTURING INDUSTRY**

**SMALL ENTERPRISES**  
Valiant Organics Limited  
Arvind Kanji Chheda, Director & CFO  
Jenburkt Pharma Limited  
Dilip Bhuta, Whole Time Director & CFO  
Multibase India Limited  
Satya Nagesh Ventrapragada

**MEDIUM ENTERPRISES**  
Eris Lifesciences Limited  
Sachin Shah, CFO  
Caplin Point Laboratories Limited  
D Muralidharan, CFO  
Balaji Amines Limited  
G Hemant Reddy, DIRECTOR & CFO  
NOCIL Limited  
P Srinivasan, PRESIDENT (FINANCE) & CFO

**LARGE ENTERPRISES**  
Natco Pharma Limited  
Appa Rao SVVN, CFO  
P&G Hygiene Health Care Limited

Prashant Bhatnagar, CFO GSK Consumer Healthcare Limited  
Vivek Anand, CFO Hindustan Unilever Limited  
Srinivas Phatak, Executive Director, Finance & IT, and Chief Financial Officer

**SERVICE INDUSTRY**

**SMALL ENTERPRISES**  
Alphageo (India) Limited  
Venkatesa Perumallu Pasumarthy, CFO  
Nesco Limited  
Dipesh R Singhania, CFO  
Shemaroo Entertainment Limited  
Hiren Gada, CFO  
Deep Industries Limited  
Rohan Shah, CFO

**MEDIUM ENTERPRISES**  
Kovai Medical Center & Hospitals Limited  
MK Ravindra Kumar, CFO  
TCI Express Limited  
Mukti Lal, AVP & CFO  
Newgen Software Limited  
Arun Kumar Gupta, CFO  
Shreyas Shipping Limited  
Rajesh Desai, CFO

**LARGE ENTERPRISES**  
Oracle Financial Services Limited  
Makarand Padalkar, CFO  
Crisil Limited  
Sanjay Chakravarti, CFO  
L&T Technology Services Limited  
P Ramakrishnan, CFO  
Tata Elxsi Limited  
HV Muralidharan

**ENSECONOMIC BUREAU**  
MUMBAI, MARCH 26

PUNISHMENT CAN'T be meted out for "bonafide financial transactions" that have gone wrong, HDFC chairman Deepak Parekh said on Tuesday, calling on risk-averse banks to get back to the business of lending at a time when certain sectors, such as real estate, are gasping for liquidity to survive. Speaking at the FE CFO Awards function in Mumbai, Parekh said leverage and liquidity are the two Ls that a smart CFO has to be the guardian of. Leverage is a "double-edged sword" and while it helps scale up businesses and enhances returns, it is the very tool that has caused the downfall of many a business, he said. Liquidity or the lack of it is the other "bugbear". "Bankers have to get back to the business of lending. Companies have to get back to expanding and building India with financial discipline. Unviable institutions must be allowed to wind up and new bankruptcy system has to be strengthened to prevent long overdue and long legal battles," he said. At a time when private capex has remained elusive for a long time, partly due to the fact that companies created huge capacities following indiscriminate lending by banks earlier, Parekh said businesses have erroneously be-



The winners of the FE CFO Awards along with chief guest HDFC Chairman Deepak Parekh and Anant Goenka, Executive Director, The Indian Express Group in Mumbai on Tuesday. *Nirmal Harindran*

lieved that "ships can transform themselves into submarines and continue doing business despite being under water". "So as the CFO, it's your job to raise the red flag at the right time. Don't be a silent CFO, assuming things will sort out themselves; neither be a CFO who says I have sounded a

warning which nobody followed. You have to show spine; you have to speak up...." With the advent of the Insolvency and Bankruptcy Code (IBC), bankers have an excellent tool at their disposal to tackle the bad loan menace and the fear of losing their companies has

prompted many promoters to settle cases after lenders have filed for insolvency proceedings at the NCLT, Parekh said. "In easy liquidity conditions, lot of borrowing took place in the past. The merriment of the party continued as long as there was surplus liquidity and confidence

in the system. But when the confidence is shaken, you all see the domino effect of that." Although gross non-performing asset ratio in the banking system is expected to ease for the first time in almost a decade, it would still be as high as 10.3 per cent by the end of 2018-19 under the baseline scenario (from as much as 11.2 per cent a year before), according to the latest RBI projection. "The amount of request (for liquidity) that I have been seeing in the past few months, I have never seen in the last 40 years," said the HDFC chairman. Speaking at the event, Anant Goenka, executive director, the Indian Express Group, highlighted the evolving impression of CFOs towards marketing. Asserting that successful brands are much more important than their products,

Goenka touched upon the changing focus of the world of advertising and marketing. In the 1950s, he said, brands were associated with products; by the 1990s, they were associated with customers and in the early 2000s, brands started to be associated with emotions. While some of the established brands such as Apple and Google have long resisted bait from fans to speak up against the Trump administration's policies, Goenka feels brands must also speak up, especially in polarising times like these, to display their human side. Highlighting the crucial role of CFOs, FE's managing editor Sunil Jain said these samaritans work behind the scene, away from the limelight, to set things right in trying conditions. Earlier in a panel discussion on whether over-leverage has killed India Inc, moderated by FE's deputy managing editor Shobhana Subramanian, some of the panelists said a sustained uptick in private capex cycle is still 12-16 months away. Koushik Chatterjee, executive director and CFO at Tata Steel who also won FE's life-time achievement award, said the IBC has brought about a positive change in the credit culture. Seasonality doesn't matter much in capex decisions when companies are optimistic about the long-term growth story, he added. The panelists included Ajay Srinivasan, chief executive officer, Aditya Birla Capital; Vishakhya Mulye, executive director, ICICI Bank; Pradip Shah, founder, IndAsia Fund Advisors; and Amit Tandon, founder and MD, Institutional Investor Advisory Services India.

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