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THE ECONOMIC TIMES

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Rahul Quits as Cong Prez, New Chief by Mid-July

PURE POLITICS ▸▸ 2

Iran to Boost Enrichment Level, Breaching N-Pact

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After World Cup Snub, Rayudu Quits Cricket

SPORTS: THE GREAT GAMES ▸▸ 14

RUNUP TO THE BUDGET 2019-20

ET Profiles FM's Crack Team

As FM Nirmala Sitharaman gets ready to present the first budget of Modi government 2.0, expectations are running high. **ET** takes a look at Sitharaman's team led by finance secretary Subhash Garg that will shape Budget 2019-20. ▸▸ 7

Low Expectations Keep VIX in Check

Historically, the volatility index (VIX) has spiked before the budget in anticipation of market-moving announcements. But this time, the fear gauge has fallen on low expectations of big announcements, reports **Sanam Mirchandani**. ▸▸ 9

With the economy in the throes of a slowdown, there are high hopes from Nirmala Sitharaman's maiden budget tomorrow. ET will go behind the clutter and offer cutting-edge analysis on the Economic Survey and the budget. Book your copies today

BK Birla, 98, Passes Away

Industrialist Basant Kumar Birla, patriarch of the Birla family, passed away in Mumbai on Wednesday. He was 98. Birla was the youngest son of Ghanshyam Das, the father of Aditya Vikram and the grandfather of Kumar Mangalam, the chairman of the Aditya Birla Group. Birla senior had been ailing for a few years. ▸▸ 5

Today on

ETPrime.com

- How the FM can make her Budget creative
- Japan's Uniqlo to take on Zara, H&M in India
- Can the Budget help revive the ailing rural economy?
- Why Delhi High Court is making health insurers nervy

BRANDS & COMPANIES ▸▸ 5

Spare Indu Assets from Bankruptcy Process: ED

The Enforcement Directorate has approached the National Company Law Tribunal (NCLT), seeking to exempt the assets of Indu Techzone that the agency had attached from potential insolvency proceedings against the company. ▸▸ PAGE 8

ET INSTA POLL

Should consistently loss-making PSUs be closed down if no buyers are found?

82% YES | 14% NO | 4% CAN'T SAY

TODAY'S QUESTION

Do you think India needs to set more realistic deficit targets?

www.economictimes.com

IT'S HIGH NOON ON DEAL STREET

Comcast-led Consortium Closing in on ZEE Buy

ARINDAM

Comcast-Atairos teams up with Blackstone, James Murdoch's family office; FB sends feelers

Gaurav Laghate & Arijit Barman

Mumbai: US cable major Comcast, which owns NBC Universal, and Atairos, a $4-billion investment company led by former Comcast CFO Michael Angelakis, is looking to team up with Blackstone, the world's largest PE fund, and James Murdoch's family office Lupa System to bid for Zee Entertainment, the Subhash Chandra flagship, said people in the know.

The Comcast consortium is currently involved in due diligence even as Facebook has sent feelers to explore a potential deal. Both sides have engaged in management meetings but those talks are very preliminary in nature and might not translate into a deal, warned sources mentioned above. ET in its February 19 edition was the first to report about the Comcast-Atairos teaming up for Zee. Subsequently, Lupa and Blackstone joined the group.

While Comcast will be leading the consortium, Murdoch is expected to act as the local partner on the ground and take up a small stake. Lupa also cannot have more than 9-10% stake in ZEE, as part of non-compete agreement with the Walt Disney Company after Rupert Murdoch sold 21st Century Fox business (including Star India) to Disney.

"The India team of Lupa are ex-STAR ...So they have local experience and is aware of the local regulations and market dynamics. They are acting as the catalyst to stitch it all together," said an official privy to the ongoing discussions. The key issue will be control and the exact quantum of stake. While the Zee promoters are keen to remain in control or stay on to run the business, the likely buyers are keen to take control after triggering an open offer or get a definitive path to control, even if ZEEL's managing director and chief executive officer Punit Goenka stays on an executive role initially. At current prices, half the promoters stake would fetch Rs 6603 crore. The promoters however have been seeking significant premium. The valuation mismatch remains a key potential deal breaker. "We are progressing well and with political uncertainty behind us, we hope to sign a binary agreement by July," Goenka had told analysts after his last quarterly results end May. As per the management, the deal with potential financial buyer is expected to be consummated earlier than strategic buyer as the latter has to be approved by CCI, which, as per management, will take 30 to 45 days from the date of the binding agreement.

Kalpataru-CLP Deal for Power Lines

Mumbai-based Kalpataru Power Transmission has inked a pact with CLP India Private to sell its stake in three assets for an enterprise value of ₹3,275 crore.

Buyout Giants in Talks with Wockhardt for Domestic Formulations Business

Apax, Blackstone, Carlyle & KKR in fray; Torrent may also be interested; arm may be valued at ₹4k-4.5k cr

Sneha Shah & Reghu Balakrishnan

Mumbai: Buyout funds Apax Partners, Blackstone, Carlyle and KKR are in talks with Wockhardt Ltd, one of India's oldest drug makers, to acquire a substantial stake in its domestic formulations business, said people aware of the discussions.

While the Habil Khorakiwala-owned company has placed a mandate with boutique investment firm Moelis & Company to sell 40% shareholding, the individual suitors have indicated that they are interested in buying at least a controlling 51% stake in a deal that could value the business at Rs 4,000-4,500 crore.

Torrent Pharma is also believed to have shown interest, but it is unclear if it will put in a bid, sources said. **ET** could not independently verify whether Torrent Pharma was a likely contender.

Spokespersons for Blackstone, Apax and Carlyle declined to comment, while queries emailed to Wockhardt, KKR and Torrent Pharma did not elicit a response till press time.

Not only has the pharma company failed to find a minority investor, its efforts to refinance debt through a dollar bond offering have also not been successful.

Health Check

Wockhardt has been selling assets to stay afloat after it failed to raise funds overseas

- **2009** Sold its prized hospitals (5 in Bengaluru, 2 in Mumbai and 3 in Kolkata) for ₹909 crore
- These contributed 85% to the company's revenues then
- **2011** Sold nutrition business to Danone for $356 million (₹1,576 crore)
- **2018** Launched $300-m dollar bond issue, which did not go through
- **2018** Tried selling rest of the hospitals business, but deal failed to get off

K Raheja Corp to Buy Citi's Former HQ in Mumbai for ₹400 cr

US-based PE major Blackstone Group-backed realty developer K Raheja Corp is set to acquire Citibank India's erstwhile headquarters in Mumbai's business district BKC for over ₹400 crore, reports **Kailash Babar**. ▸▸ 8

BREACH IN GREAT WALL OF CHINA

India Eyes Gains from Sino-US Trade Tension

Big push by PMO on day Modi met Trump; India in touch with 250-plus US cos to shift manufacturing under 'China Plus One' policy

Dipanjan Roy Chaudhury & Anandita Singh Mankotia

ANIRBAN BORA

New Delhi: India has opened conversations with over 250 US companies that are exploring a shift in their manufacturing operations from China — an effort that has got fresh impetus after the meeting between Prime Minister Narendra Modi and US President Donald Trump.

ET has reliably gathered that the Prime Minister's Office, in fact, set the ball rolling on this effort through a letter to Niti Aayog on June 28, the same day that Modi and Trump met in Osaka.

"Several global companies engaged in large scale manufacturing, especially in China are seriously considering an alternative location, owing to political, economical and strategic reasons. The ongoing US-China trade was has further accelerated the pace of the efforts at relocation or towards finding a diverse location," stated the letter which calls for setting up an inter-ministerial panel to look at ways to harness India's potential to become a low cost manufacturing hub for high-end IT products.

The talks with American companies, on the other hand, are in initial stages and delicately poised amid growing Sino-US tensions, ET has learnt.

Auto components, electrical and electronics, consumer durables, processed foods, mobile accessories could be among sectors that could see investments in India following relocation from China.

The inter-ministerial panel is expected to identify "disability' vis-à-vis other potential investment destinations such as Vietnam" and look at opportunities arising out of the trade dispute, possible fiscal and non-fiscal interventions that will be compliant with the WTO mandate.

Electronics is the biggest chunk of global exports and the govt wants to capture a large share of this pie

Electronics are the biggest chunk of global exports and the government wants to capture a large share of this pie. According to the National Policy on Electronics, India is targeting exporting $110 billion worth mobile phones of our total estimated production of $190 billion and secondly, smartphones and electronics are the single largest imports for six out of the 10 largest importing countries, globally.

APPLE STARES AT A WEAK HARVEST

IPhone Shipments Crash Here

Apple is staring at its weakest year since 2015, with iPhone shipments falling a sharp 42% in the January-March quarter from a year before, reports **Gulveen Aulakh**. Shipments rose threefold in April, but again declined in May and June. ▸▸ 5

AS NPA BURDEN LIGHTENS, BANKS MAY LEAD THE SHOW

Nifty 50 Companies' Net Profit may Rise 29% in April-June

Construction, cement and capital-goods firms to do better on increased capacity utilisation

ET Intelligence Group

Mumbai: Net profits of Nifty 50 companies could climb 29% on-year in the June quarter on expectations that some of the banks, which had shown significant asset stress a year ago, would perform better.

Revenue will likely expand 7.4% and log single-digit growth for the first time in at least nine quarters, reflecting higher base effect and slowing demand.

Banks, construction and cement companies, and capital-goods makers are likely to do better, given the higher rate of loan recoveries, increased capacity utilisation at plants, and rising prices. Automobile, consumer goods, metal and telecom companies are expected to report subdued earnings.

"The first-quarter corporate results will have the large base of Q1FY19 as an impediment. High-frequency data in India for Q1FY20 have been largely weak, although some respite was seen in steel and power generation in the first two months of the fiscal," said Deepak Jasani, research head, HDFC Securities. "The consumer space has also been facing a slowdown, compounded by tightness in the credit markets."

Operating margin is expected to contract by 100 basis points (1 percentage point) to 20.9% in the June quarter. But it will still be better than the 18% operating margin of the March 2019 quarter.

Growth momentum for the rest of FY20 hinges on the pace of demand recovery in various pockets of the economy - rural and urban consumption, and industry. Experts believe the government will likely announce key growth initiatives in the Budget session.

Cabinet OKs Higher MSP for Kharif

The Cabinet has approved higher support prices for kharif crops, a new labour code that will allow minimum wages to be paid by cheque or bank transfers to workers of both organised and unorganised sectors, and leasing out of Lucknow, Ahmedabad and Mangaluru airports to Adani Enterprise.

FULL REPORT ▸▸ PAGE 7

TELECOM AND IT MINISTER IN PARLIAMENT

'Cos Supplying US Gear to Huawei may Face Action'

Tangled Wires

- **India is** planning to auction 4G and 5G spectrum later this year
- **It expects** to start 5G trials in three months
- **It has** still not finalised the base price for the airwaves
- **In India,** Huawei is believed to have tied up with Vodafone Idea to conduct 5G

The US govt has directed its companies, not to supply software and hardware to Huawei, alleging security risk from the co

Our Bureau

New Delhi: Indian entities supplying US-origin technology components to Chinese telecom major Huawei may face penal action under American regulations, Telecom and IT Minister Ravi Shankar Prasad told Parliament on Wednesday. However, he said, the government is yet to decide on whether to bar the telecom equipment maker.

"Any Indian company which will act as a supplier of US-origin equipment, software, technology to Huawei and its affiliates in entity list could be subject to penal action/sanction under US regulations," Prasad said in a written reply to the Lok Sabha. ET was the first to report the same in its June 19 edition.

On Huawei, he said that as per the information available till now, the US Department of Commerce has added Huawei Technologies to the entity list on May 16, 2019, by amending the US Export Administration Regulations.

"Huawei's inclusion in the entity list implies that US companies require prior export licence for sale of any equipment/software/technology to Huawei," Prasad said.

The US government directed its companies, including Google, not to supply software and hardware to Huawei, alleging security risk from the company. However, US temporarily eased the restriction on the Chinese company.

Prasad said a committee under Principal Scientific Adviser (PSA) has been constituted to give recommendations on various issues, including security, relating to 5G and technology trials in India, which would include a decision in Huawei's participation in India's 5G trials and deployments.

"A committee under Principal Scientific Advisor (PSA) has been constituted to give recommendations on various issues, including security, relating to 5G and technology trials in India. To address security concerns including surveillance, there are comprehensive security conditions as part of existing license agreement," he said.

Come to the Table, Govt Tells Restaurants, Foodtech Cos

Dept for Promotion of Industry & Internal Trade to hold talks with Swiggy, Zomato, Foodpanda & UberEats and associations today

Kirtika Suneja & Alnoor Peermohamed

New Delhi | Bengaluru: The policy menu for online food aggregators may get new entries – the Department for Promotion of Industry and Internal Trade (DPIIT) has summoned Swiggy, Zomato, Foodpanda and Uber Eats for a meeting on Thursday. This follows complaints from restaurants that food aggregators are engaging in "deep discounting" and "predatory pricing".

Recently, the commerce and industry minister, Piyush Goyal, admonished global ecommerce players for "hurting" local kiranas and small retailers through their "predatory pricing" practices. He categorically stated that the government will not allow small retailers and kirana shops to be wiped out and that it is making all efforts to balance the interests of small businesses, retailers and ecommerce companies.

"The meeting has been called to resolve the issues of the restaurants. They have problems similar to those brick-and-mortar retailers had with ecommerce platforms," said an official in the know of the details. He spoke off record.

At the Thursday meeting, representatives from various restaurant associations, including Federation of Hotel & Restaurant Associations of India and National Restaurant Association of India, will also be present.

The department wants the two sides – restaurants and online players – to "discuss mutual areas of interest and develop viable solutions for equitable growth in the industry", said another official.

"We are invited to the meeting chaired by DPIIT secretary, Ramesh Abhishek. This meeting will be attended by key stakeholders from food service industry tomorrow (Thursday) and is intended to address the issues and challenges faced by the industry," said a spokesperson for Swiggy in an email response.

Mails sent to UberEats, Zomato, and Ola (Foodpanda) remained unanswered.

The meeting comes almost two months after representatives of offline restaurants met the department to highlight the impact of food aggregators' "deep discounting" and "predatory pricing" on their trade.

Another complaint is that aggregators have launched their own private labels that, restaurants allege, is eating into offline players' business. Restaurants have also complained that consumer preference data available to food aggregators is being used by the latter to shape their private label menus.

ZAHID

'I AM RESPONSIBLE FOR THE LOSS... ACCOUNTABILITY IS CRITICAL FOR GROWTH'

Rahul Officially Quits as Congress President; New Chief by Mid-July

Asks party to transform to take on BJP's might, assures he would be available for advice

Nidhi.Sharma@timesgroup.com

New Delhi: Over a month after Rahul Gandhi owned responsibility for Congress' debacle in Lok Sabha elections and offered his resignation at a meeting of Congress Working Committee, he formally resigned with an open letter. The timing of the decision indicated that a new president may be chosen by mid July.

Gandhi took to the social networking website Twitter and posted his four-page resignation letter, where he thanked party workers for their love and support, exhorted Congress to radically transform to take on the might of BJP and assured the party that he would always be available for inputs or advice. Remaining firm on his decision to step aside for a new person to lead the party, Gandhi also changed his Twitter bio from "president" to "Member of Congress and Member of Parliament" within minutes of posting his resignation letter.

"As president of the Congress party, I am responsible for the loss of the 2019 election. Accountability is critical for the future growth of our party. It is for this reason that I have resigned as Congress president," he wrote in his letter, which was not addressed to anyone and was later released by Congress as a "statement". "Rebuilding the party requires hard decisions and numerous people will have to be made accountable for the failure of 2019. It would be unjust to hold others accountable but ignore my own responsibility as president of the party," he wrote.

In CWC meeting on May 25, Gandhi had pointed out that he had taken on Narendra Modi, Amit Shah and Mohan Bhagwat alone and the party seniors did not support him in raising vital issues. He conveyed the same in his letter when he said that he often stood "alone". "I personally fought the Prime Minister, the RSS and the institutions they have captured with all my being... At times, I stood completely alone and am extremely proud of it. I have learned so much from the spirit and dedication of our workers and party members, men and women who have taught me about love and decency," he wrote.

The timing of making the resignation public took Congress workers by surprise. However, the party saw it as an indication that a decision had been reached by party seniors on a formal working arrangement. A senior leader told ET, "A CWC meeting would be called to take a final call on the issue." Gandhi wrote in his letter, "Immediately after resigning, I suggested to my colleagues in CWC that the way forward would be to entrust a group of people with the task of beginning the search for a new president. I have empowered them to do so and committed my full support to this process and a smooth transition." Though there were reports of Congress entrusting the responsibilities of president to senior-most general secretary, the party did not announce any formal arrangement.

'It would be unjust to hold others accountable but ignore my own responsibility as president'

Through his resignation letter, Gandhi took on the BJP for weakening democracy. "I have no hatred or anger towards the BJP but every living cell in my body instinctively resists their idea of India," he wrote. Gandhi even questioned the fairness of recently-concluded Lok Sabha elections. "A free and fair election requires the neutrality of a country's institutions; an election cannot be fair without arbiters – a free press, an independent judiciary, and a transparent election commission that is objective and neutral. Nor can an election be free if one party has a complete monopoly on financial resources," he wrote.

Disappointed with Rahul's Resignation as Cong Chief, says Amarinder Singh

PTI

Chandigarh: Punjab Chief Minister Amarinder Singh Wednesday expressed disappointment over the resignation of Rahul Gandhi as the Congress chief, saying he should have continued to lead the party with the dynamism and spirit shown during the General Election. Gandhi formally resigned from the post of the party president on Wednesday, saying he was responsible for the loss in the Lok Sabha elections and accountability was critical for the party's future growth.

He had expressed his intention on May 25, two days after the results of the Lok Sabha elections were declared.

Reiterating that Gandhi alone was not responsible for the defeat, the senior Congress leader said party leaders shared collective responsibility for the drubbing in the Lok Sabha elections and one electoral defeat could not define the "sum total of his leadership".

It was not fair for Rahul to hold himself accountable for a collective defeat, he said, adding that the party had registered impressive victories in three states just a few months before Parliamentary elections.

He stressed that the party's downfall was the result of a multitude of factors.

The BJP swept the polls at the back of their nationalist diatribe, which overshadowed the positive electioneering of the Congress led by Rahul, the senior Congress leader added.

Victory and defeat were part of any political party's fortunes in an electoral polity like ours, said Singh, adding that every defeat formed a platform to rise again.

Under Rahul's mature and dynamic leadership, the Congress would definitely have risen again, he added.

The chief minister said this was what he and other Congress chief ministers had conveyed to Rahul when they met him on Monday in New Delhi.

He lamented that they could not persuade Rahul to reconsider his decision.

"It is a difficult time for the party, but together, we will get through it, come out stronger and bigger, with Rahul's vision continuing to guide us," he added.

RS DEBATES ELECTORAL REFORMS

Joint Polls, Bonds, EVMs, Data Abuse Centre of Attention

Our Political Bureau

New Delhi: Union minister Ravi Shankar Prasad while replying to a short duration discussion in the Rajya Sabha on election reforms in the country, agreed that further steps needed to be taken for ensuring transparency in election funding. "There is a need to further plug the gap as far as funding is concerned. We need to take further steps to make the election free from money power," Prasad said. However Prasad rejected that those with money power can win the elections. On electoral bonds, Prasad clarified that there are lot of dos and don'ts and every money is accounted through electoral bonds. In his reply Prasad put the thrust on One Nation One Election and argued that election is a festival of democracy and the festivity shouldn't be lost. "Even if there is an assembly election on one state model code of conduct comes in place and you can't do anything in another state. Election cycle is cycle which has no stoppage. We can come to a proper conclusion with open mind," he urged the opposition.

Prasad attacked the opposition on raising concerns over EVM and said that they should review their own defeat rather than blaming EVM's. "Since 1999 four Lok Sabha and 122 assembly elections have been conducted through EVMs. It is all fine when either Congress, SP, BSP or Trinamool wins an election. But you question when BJP wins the elections," Prasad said. "This double standard impinges on the credibility of the polity of the country."

On the issue of data abuse by companies like Facebook, Prasad stated that the government will never allow the abuse of Indian data by any foreign companies.

Earlier while initiating the debating from opposition AITC leader Derek O'Brien had blamed that international companies like Facebook are interfering with Indian elections. O'Brien had also suggested that something should be done about multi-phase elections as it affects the election process. BJP leader Bhupendra Yadav also in his speech urged on one nation one election. Yadav suggested that there should be one voter list right from Panchayat elections to the Lok Sabha elections and the suggestion received applause from opposition benches too. Speaking from Congress, party leader Kapil Sibal raised a question on funding through electoral bonds saying that BJP got 95 per cent of the funding through bonds. Sibal also raised issues about several social media groups who spent money to campaign for the BJP. Talking about EVMs Sibal argued that most of the developed countries don't use EVMs. "Our objection to EVM is principled. The US, European countries, Germany don't use EVMs. In 2009, Germany declared voting through EVMS as unlawful and unconstitutional."

Union minister Ravi Shankar Prasad in his reply said that several Indian High Courts and the Supreme Court has said it that EVM is a completely safe and secure system.

SP leader Ram Gopal Yadav also argued that to restore the people's trust the country should go back to ballot papers. Yadav also argued that there should be a resident rule in every state six months before elections and there should be a national government during the Lok Sabha elections.

BEFORE WITHDRAWAL OF INCOME-TAX EXEMPTION FOR DISABLED SOLDIERS...

COAS' Office Discussed Steps to Reduce No of People Getting Disability Pension

'Many talks have taken place and are continuing for management of disabled persons'

Manu.Pubby@timesgroup.com

New Delhi: Before the unexpected change of rules to impose income tax on disabled soldiers last month, Chief of Army Staff Bipin Rawat received internal presentation on measures to reduce the number of people getting disability pension.

ET has learnt that Rawat's key result areas (KRA) cell was aware of the proposals and several presentations on the matter were made to him, including the suggestion to do away with income-tax exemption for disabled soldiers, people aware of the development said.

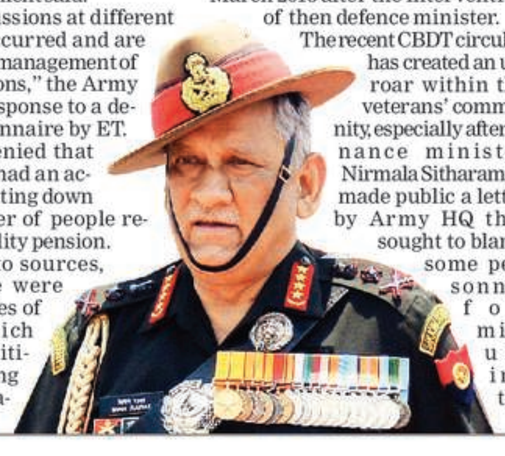
"Many discussions at different levels have occurred and are occurring for management of disabled persons," the Army HQ said in response to a detailed questionnaire by ET. The Army denied that the KRA cell had an active file on cutting down on the number of people receiving disability pension.

According to sources, the measure were part of a series of reforms which Rawat had initiated, including capping education allowances for children of war widows and the war wounded. The cap on these allowances was, however, withdrawn in March 2018 after the intervention of then defence minister.

The recent CBDT circular has created an uproar within the veterans' community, especially after finance minister Nirmala Sitharaman made public a letter by Army HQ that sought to blame some personnel for misusing the system for the change in rules.

Rawat was given at least two presentations by the office of Director General of Medical Services (Army) in July 2018 and January 2019, where several measures on the subject were discussed, including abrogation of income-tax exemption for disabled soldiers, they said.

Besides the order on income tax, the Army also made an internal policy that made it difficult for soldiers with disabilities to be granted honorary commissioned ranks. As per the policy that was issued in July last year, negative marking was introduced for disabilities, including diabetes and hypertension that were attributable to service life. This policy has resulted in penalising junior commissioned officers with a long length of service for medical conditions inducted due to stress and strain of service.



OFFICER FOUGHT IN 1971 WAR; CUT HIS LEG OFF AFTER INJURY

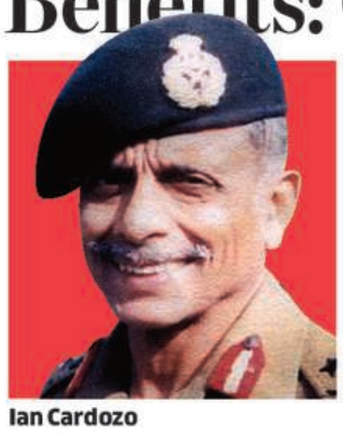
Take Action against Those Misusing Benefits: Cardozo

Shaurya.Gurung1@timesgroup.com

New Delhi: A retired army officer, Major General Ian Cardozo, who is at the centre of the controversy over the government removing income tax exemption on disability pension for defence personnel, has said that all soldiers with disability should be treated 'fairly' and not be clubbed with those who are misusing the benefit. He added that action should be taken against such personnel.

Cardozo, who fought during the 1971 India-Pakistan war and had used his khukri to cut his leg off after being severely injured, was speaking to ET about changes in the disability pension. He also commented on the army's posts on social media site, Twitter, which claimed that several retired personnel were misusing the benefit. The army had paraphrased some paragraphs of a letter mentioning Cardozo's bravery and injury issued by the Army Headquarters on the disability pension matter and posted them on Twitter. A few hours before this, Finance Minister Nirmala Sitharaman had tweeted the letter through her office's official handle. This followed an uproar among veterans over a recent notification of the Central Board of Direct Taxes, which reversed a privilege of exempting income tax from disability pension.

Cardozo explained that the army's tweets showed soldiers suffering from non-combat disabilities in an 'unpleasant light'. He said that disabilities which have been shown as 'lifestyle diseases' in the tweets are covered under the disability pension rules, because they are affected by service conditions such as exposure to operations and lack of sleep. He added that if there are instances of 'feigned disabilities', the loopholes should be plugged instead of 'broad-brushing'.



Ian Cardozo

THIRD EYE

ZAHID

Brushing up on knowledge

Many first-time MPs are seen browsing through books and journals in Parliament library to keep themselves updated. Party seniors have specifically asked them to be familiar with the rules and procedures of Parliament, functioning and powers of various committees and the like. With Lok Sabha Speaker Om Birla encouraging the first-timers to speak on various issues and raise questions, these newbies don't want to create a faux pas.

With Full Flow

The Jal Shakti Abhiyan will roll out not only in over 250 districts but also across schools in every state. The government is preparing to involve school children in generating awareness on the mission, which will begin with mass activities on July 15. The HRD ministry is set to ask all states to get the programme started.

A Helping Hand

In a bid to reach out to the students of Jammu and Kashmir, the Union home ministry has updated its list of nodal police officers. The move follows several incidents of Kashmiri students in colleges outside the state being harassed and beaten up. While an SP-level officer has been deputed in most states to look after their grievances, Delhi police has identified a special commissioner as the nodal officer.

Poliloquy R PRASAD

Two birds in one shot! Auction the leadership off and tide over the financial crisis!

ET Q&A

NK SINGH
CHAIRMAN, 15TH FINANCE COMMISSION

Will Take Judicious View of States Seeking More Funds

The 15th Finance Commission will submit its report by October and is doing its last few rounds of state-wide consultations. Chairman of the Commission NK Singh tells ET's Anubhuti Vishnoi that the report will take a 'judicious view' of the near unanimous demand by states to increase allocation to 50% from 42% and on the objections to 'New India-2022' expenditure sought by the Centre. Edited excerpts...

States' demand for allocation increase from 42% to 50%

I have yet to meet any state which has not asked for it. Point is which central government would clap their hands in joy that they should be nudged in the direction of what the states have asked for and not nudged in the direction that maybe 42% itself is over the top.

The applicants will want to maximise what they can get out of us. This is perfectly understandable. I am not commenting at all on the quality of programmes states want to undertake. I am sure they have great importance, but we will have to take a judicious view.

On the states' objections to 'New India' expenditure by the Centre

These have been listed in the nature of national priorities and most of this indeed do constitute national priorities -- education, health, sanitation, drainage, drinking water. Now, whether they should be centrally sponsored or not is another matter -- we will definitely look at each of these issues closely

'Populist' expenditure

We will address that and have also asked for a study. There are also examples of what can begin as populist later became generic. The mid-day meal was denounced by everybody when Tamil Nadu launched it, but the country has now found it worthwhile of retention and higher enrolment of children across schools in the country.

CM Nitish Kumar's and MP government's demand to increase fiscal deficit ceiling

The NDA has an indelible track record of being a great believer in the path of fiscal rectitude and PM Modi himself -- despite so much provocation -- remained firm and unwavering. Hence, the FRBM committee recommendations were quickly processed and the Finance Bill 2018 is virtually a mirror of what the committee recommended. I doubt they would want to change an Act so recently enacted by the Parliament.

On the three principle ingredients -- of debt as a principle macro-economic anchor and given our level of per capita income -- we are not even a middle-income country as yet; 60% debt to GDP is an appropriate debt for a country of this size. To enable this to be realised in a particular time frame, the targets in the fiscal deficit should be 3% going down.

15th FC report reflecting concerns on GST

Certainly, you will see several suggestions on GST reflected in my report. I wrote to the former FM as well as the current FM on the need for a dialogue and a consultative mechanism between the GST Council and the Commission.

I have reasons to believe that the FM is considering this recommendation favourably. We hope to begin this dialogue process soon where we will be putting across our own point of view on how we believe that the GST can be simplified, rationalised and made more revenue positive.

I fully agree with what the former FM Arun Jaitley has said in his latest blog on further rationalisation of the rate structure, progressive elimination of exemptions, and of course ensuring quality of compliance, especially in view of invoice manipulation and leakages.

CSS scheme rationalisation

One, some CSS schemes have become enlarged and the money has become more thinly spread. Two, the sharing pattern between Centre and states has not necessarily worked in favour of the states. Third, the outcome of many of these schemes has become more and more dubious.

Since the CSS lifecycle is now co-terminus with that of the Finance Commission -- in this case, the 14th FC which is drawing to a close -- this is an opportunity for a much more fundamental review. Considerations such as duplication, congruence between outlay and desired outcomes and even a possible financial threshold may be a more useful way forward.

Current state of the economy

I remain optimistic on the overall growth trends. The medium term looks to be positive that we will certainly grow at 7%-plus -- if there is deeper structural reform -- which I believe that this government will be inclined to address.

Problem areas

One is how credible are the numbers of 3.4% of fiscal deficit. Some people have raised concerns about whether all contingent liabilities been fully captured, given the fact that there is carry forward of some unpaid bills and that there are some off-budget borrowing and so on.

The second concern is related to states -- while the central government is likely to achieve the 40% debt to GDP by 2024-25, the possibility of each of the states achieving it is impractical. We will, in fact, recommend states to amend their FRBM Act to align with the Finance Bill 2018.

Then, the worry on revenue numbers; they do not look as optimistic. With most states taxes now subsumed by GST, the states have expressed their worry to me on either extending the period of 14%, or finding a different formula -- Madhya Pradesh, for example, has said that instead of 50:50, let's do 60:40 and so on.

CHECKING FOR FISCAL PRUDENCE?

Fin Commission Seeks Detailed Note on Farm Loan Waivers from MP

Anubhuti.Vishnoi@timesgroup.com

New Delhi: The 15th Finance Commission has sought a detailed 'note' from the Congress run Madhya Pradesh government on its ambitious farm loan waiver scheme.

The state, not seen as financially robust over the last few years, announced the Mukhyamantri Rin Maafi Yojana for 2018-19 to give out benefits to the tune of ₹2 lakh to each farmer who took short term crop loans from nationalised or corporate banks in the state as on March 31, 2018.

A sum of ₹5,000 crore was set aside in the state budget for the scheme by the Kamal Nath led state government. The scheme was later named 'Jai Kisan Fasal Rin Maaf Yojana'.

"Farm loan waivers seems to be all over. In the first term of Modi govt some waivers came and former FM then said it is for them to see how they can accommodate it within their fiscal parameters, so if they have the fiscal space, that's their business. No special permission under Article 293 (3) has been given for farm loan waiver to MP or any other state. They have to see and consider whether they have fiscal space and room for the additional outlay they have announced. But yes, a note has been sought from them to understand this better", N K Singh, Chairman of the 15th Finance Commission told ET.

The Finance Commission is currently in the state holding consultations before making its final recommendations for devolution of funds to states between 2020-25. Singh also termed the state's fiscal situation as an 'enigma' because while it has seen an increase in agricultural productivity under a stable BJP government for a good 15 years, there was no significant gain in terms of per capita incomes and the state still trailed on most human development indices.

Amit Shah Asks DCP to Explain Hauz Qazi Clash

Our Political Bureau

New Delhi: Union home minister Amit Shah on Wednesday sought explanation from Delhi Police Commissioner Amulya Patnaik over the clash between two communities in Hauz Qazi area of the capital, sources said. Patnaik was summoned by the Home Minister in Parliament over the incident which was triggered by an argument over parking and led to violence and vandalisation of a temple in the area of Chandi Chowk on June 30.

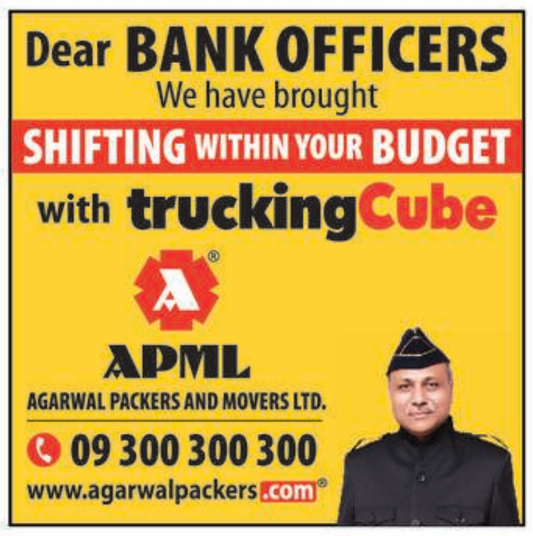
Four persons, including a minor, have been arrested in the case. Security personnel were deployed in the area after tensions heightened. The Delhi Police has registered three FIRs in this case— two cross FIRs, one lodged by each community, and one for vandalising the temple.

Apart from temple desecration, stones were also pelted in the area leading to a tense situation. A public interest litigation (PIL) was filed in the Delhi High Court on Wednesday in the wake of the incident. The petitioner, advocate Alakh Alok Shrivastava, sought the constitution of a special investigation team (SIT), duly monitored by the court, to thoroughly investigate the matter. The plea also prayed for initiation of stringent action and formulation of suitable guidelines in order to avoid such attacks on other religious places in future.

Yogi 'Retires' 201 Govt Officials, Penalises 417

New Delhi: Taking a cue from the Narendra Modi government at the Centre, the Yogi Adityanath government in UP has compulsorily retired 201 government officials and penalised 417 more officials, while keeping them under the scanner.

This is the biggest action against incompetent and corrupt officials in the state, UP functionaries said, adding the "zero tolerance approach" could reflect in an impending Cabinet reshuffle too in which some Ministers could be dropped. "With the CM's proactive approach, there will be a lot of transparency in transfers which used to be a source of corruption for such officials," a state functionary said. The maximum number of officials facing the heat have been from UP Power Department with 169 officials, the home department (51) and transport (37). – **Aman Sharma**



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BLA Ban may be US Move to Make Pak Pivot in Afghan Talks

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New Delhi: India believes America's decision to declare the Baloch Liberation Army (BLA) a terrorist group ahead of July 8-9 Taliban peace talks, blaming it for attacks on Chinese assets, may have been an attempt to appease Pakistan, whose role in Afghanistan is considered important by the Donald Trump administration.

The move is being viewed in India as a quid pro quo for ensuring Pakistan's assistance in the peace process in Afghanistan amid withdrawal of American troops ahead of the presidential election in the US, according to people aware of the matter. Pakistan had been appealing to the US for many years to ban the BLA, portraying itself as a victim of terrorism.

Incidentally, a day after this development, minister of state for external affairs V Muraleedharan said in reply to a question in the Lok Sabha, "India has on several occasions highlighted the human rights violations in Pakistan, including at the UN Human Rights Council in Geneva. It has recommended to Pakistan, inter alia, to end forced conversions and marriages of minorities, including Hindu, Sikh and Christian women, and prosecute all cases; to stop targeting political dissidents and legitimate criticism in Sindh, Balochistan and Khyber Pakhtunkhwa."

While delivering his Independence Day speech from the Red Fort in 2016, Prime Minister Narendra Modi had made a reference to the people of Balochistan. "Today, from the ramparts of Red Fort, I want to greet and express my thanks to some people. In the last few days, people of Balochistan, Gilgit, Pakistan-occupied Kashmir have thanked me, have expressed gratitude, and expressed good wishes for me...."

EXPLAINING DECISION

The US move has come ahead of Imran Khan's five-day visit to US from July 20

TILAK DEVASHER
Member, National Security Advisory Board

An official told ET on condition of anonymity, "The attempt by Pakistan to paint itself as a victim of terrorism is nothing but hogwash. Successive Pakistani governments have appealed to the US to ban BLA by referring to it as a terrorist group. Pakistan Army and ISI have been playing this game for two decades."

Tilak Devasher, member of India's National Security Advisory Board and formerly with the Cabinet Secretariat, told ET, "The decision of the US to designate the BLA as a global terrorist organisation at this stage is indeed surprising. After all, the BLA is supposed to have been in existence for over a decade and a half."

Devasher further said, "Quite possibly, three attacks by the BLA on Chinese interests in Pakistan in August 2018, November 2018 and May 2019 may have been the motivating factors. However, more likely is the fact that Pakistan PM Imran Khan is slated to embark on a five-day visit to the US from July 20 during which a meeting is scheduled with President Donald Trump. The designation could be a sweetener ahead of the visit to get Pakistan to prevail on the Taliban enabling the US exit from Afghanistan."

SOUTH SCAN

TRS Flays Centre on Leaving out KCR from CMs' Panel on Agri Reforms

HYDERABAD The ruling TRS on Wednesday flayed the NDA government for not including Telangana chief minister K Chandrashekhar Rao in the high-powered committee of chief ministers on transformation for Indian agriculture, saying his expertise in farmers' welfare would have aided in development. "All these experiences (many schemes implemented by Rao in Telangana) would have been definitely better utilised had he been there in the committee. He would have contributed towards development and given ideas for the betterment of farmers," Telangana Rashtra Samithi spokesperson Abid Rasool Khan said.

2 Cops Arrested in Kerala in Custodial Death Case

IDUKKI Two police personnel, including a sub-inspector, were arrested on Wednesday in connection with the alleged custodial torture and death of a remand prisoner last month. The arrests of sub-inspector KA Sabu and civil police officer Sajeev Antony, who were taken into custody on Tuesday, were recorded on Wednesday morning by the Crime Branch, which is investigating the case, police said.

Muslim Rashtriya Manch to Expand in Telangana

HYDERABAD The Muslim Rashtriya Manch (MRM), an RSS arm, has drawn up plans to expand its presence in Telangana, which has a substantial population of Muslims, according to a state functionary. The organisation planned to increase its membership base by over three-fold by this year end, MRM Telangana convener MA Sattar said on Wednesday.

Cow Slaughter: Hindu Outfits Stage Protest

MANGALURU Activists of the VHP, Bajrang Dal and Hindu Jagarana Vedike (HJV) on Wednesday staged a protest before the deputy commissioners office here against the alleged illegal trafficking and slaughter of cattle in Dakshina Kannada district. VHP leader Jagadish Shenava, who addressed the protestors, said the fight against cow slaughter, which the organisation had taken up in the last two decades, would continue.

SAFEGUARDING SOUTHERN INTEREST In a GST Council dominated by BJP ministers, moves are afoot to get minister Krishna Byre Gowda back on board the GST Council. From a political standpoint, this move is important as Karnataka is the only voice from the South

K'taka Wants Krishna Byre Gowda Back in GST Council

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Bengaluru: When the GST Council meets next, cooperation minister Bandeppa Kashempur will represent Karnataka, not rural development minister Krishna Byre Gowda, as before. The quiet change happened three months ago at the request of Gowda himself for reasons apparently related to JD(S)-Congress coalition politics.

Two meetings have been held in Delhi since Kashempur was appointed to the Council on March 14, and Karnataka was represented by only its finance department officials. The cooperation minister said he will attend the next one. "I was advised I need not attend the June 21 meeting as subjects related to Karnataka was not on its agenda. I will be attending the next one, and the finance department is in touch with me on this," he told ET.

After an eventful two-plus years on board the GST Council, Gowda quit on February 12. During this period, his performance was noticed by the then finance minister Arun Jaitley, then revenue secretary Hasmukh Adhia, and ministers and officials of other states. Jaitley and Adhia were generous in their praise of Gowda's as well as Karnataka finance department's contribution to smooth rollout of the GST and in fine-tuning of the processes.

Gowda has not revealed why he quit. In fact it was Siddaramaiah, as the CM, who appointed him to the Council after then PWD minister HC Mahadevappa turned in a dull performance. Gowda, on the other hand, stood out with his clarity in presentation and articulation. After the regime change too, CM HD Kumaraswamy continued with Gowda, though he held the finance portfolio with himself.

When Gowda decided to step aside from the GST responsibilities, Kumaraswamy reluctantly accepted his resignation, and appointed Kashempur in his place. The rural development minister, when contacted, did not want to share why he quit the GST panel, but wished to say that it was a great learning opportunity. "Working at the national level in a Constitutionally-mandated important decision making body gives unparalleled exposure to public policy. I was also able to contribute thanks to the support I got from the officers." He, however, added the decision to leave was his own.

Since the cooperation minister is yet to get on to the job, subtle efforts are underway to persuade rural development minister to return to the GST Council, and the CM too is said to be amenable to the idea. "The factors that provoked Gowda to resign no longer exist. We hope he will agree to re-nomination, and continue to represent Karnataka's interests," a government source said.

The 46-year-old Congress minister has developed a grip over matters related to public finance, taxation, centre-state relations, devolution of central funds, etc. and strongly pitched Karnataka's case in GST Council meetings in his own inimitable style. In fact, he made an impressive speech before NK Singh, chairman of the 15th Finance Commission, when the team visited Bengaluru last week, highlighting Karnataka's challenges and the need for better support from the Centre.

Leaving A Mark

Krishna Byre Gowda's performance was noticed by the then finance minister Arun Jaitley, then revenue secretary Hasmukh Adhia, and ministers and officials of other states

Jaitley and Adhia were generous in their praise of Gowda's as well as Karnataka finance department's contribution to smooth rollout of the GST and in fine-tuning of the processes

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Krishna Byre Gowda,
Rural Development Minister, Karnataka

FOR WANT OF DIRECTION

According to a former tax commissioner, Karnataka is helmed by competent officers at both Finance and Commercial Taxes department, but they lack the authority only a minister can exercise

After Poll Drubbing, Dhinakaran Fights Attrition in Party

AMMK chief meets Sasikala in prison to discuss challenges faced by the party

Bharani.Vaitheesvaran
@timesgroup.com

ALL'S NOT WELL: TTV Dhinakaran

Chennai: TTV Dhinakaran is faced with a challenge of holding his outfit together, following an outflow of cadre from the Amma Makkal Munnetra Kazhagam (AMMK) after its drubbing in the Lok Sabha polls.

Dhinakaran met his aunt and J Jayalalithaa's personal aide of decades, VK Sasikala, in prison in Bengaluru on Wednesday, to discuss the challenges faced by the party and the way forward, party insiders said.

Over the last few days, the AIADMK has been reinducting several batches of functionaries, who had left Tamil Nadu's ruling party to join the AMMK after the death of Jayalalithaa, in districts such as Tiruppur, Tirunelveli and Kanyakumari. One of the biggest jolts to Dhinakaran has been the recent desertion of two regional chiefs — Theni politician Thangatamilselvan and former minister Esakki Subbiah from Tirunelveli.

Over the last few days, the AIADMK has been reinducting several batches of functionaries, who had left AIADMK to join the AMMK after the death of Jayalalithaa

Last week, Thangatamilselvan met MK Stalin to join the opposition DMK, which along with allies had won all but one seat from Tamil Nadu in the recent Lok Sabha elections. Subbiah has announced that his formal re-entry into the AIADMK would happen this week. The two join a crop of leaders such as VP Kalairajan and Senthil Balaji who had shifted allegiances from Dhinakaran.

For Dhinakaran, the exit of lesser-known functionaries should be equally worrying.

AMMK leaders say both the main Dravidian parties have been indulgent in wooing the rank and file of Dhinakaran.

"Those who have left the party were disciplined for misconduct or had left of their own accord on considerations beyond political motivations," said P Vetrivel, one of the first AIADMK politicians to side with Dhinakaran after the post-Jayalalithaa churn in the AIADMK in early 2017.

AMMK insiders say Thangatamilselvan had differences with the party high command that exploded after the poor poll performance. Dhinakaran, in a press conference after Thangatamilselvan's exit, said it was some of the Theni politician's "reckless comments" in the media that proved to be his undoing.

Dhinakaran's current crisis is a result of disgruntlement among his cadre after the rout in the parliamentary elections and by-polls recently, said AIADMK insiders.

Cong Moves Its MLAs to Rajasthan Border Resort Ahead of Gujarat RS Poll

Our Political Bureau

Gandhinagar: Ahead of Rajya Sabha by-elections, Gujarat Congress on Wednesday moved its MLAs to a resort in Palanpur on Gujarat-Rajasthan border. Initially, the party had planned to move its MLAs to Mount Abu, but later shifted the venue to Palanpur. The MLAs were taken for a darshan at the famous Ambaji temple nearby, before getting them in the resort. The party for the records had sent its MLAs to a resort in Karnataka in 2017 in the wake of last Rajya Sabha elections.

BJP for the records has fielded Union foreign minister S Jaishankar and Jugal Thakore for the two Rajya Sabha seats which have fallen vacant.

CENTRE TELLS SUPREME COURT

'We are Providing All-round Help to Bihar Fight AES'

PTI

Health Minister Harsh Vardhan

New Delhi: The Centre told the Supreme Court on Wednesday that it was proactively providing all support to Bihar in containing and managing Acute Encephalitis Syndrome (AES) in which more than 130 children have died. In an affidavit filed on a plea seeking measures for containment of the disease, the Centre said Union health minister Harsh Vardhan had visited Bihar on June 16, to review the situation in Muzaffarpur. It said that after the visit several decisions were taken, including construction of a 100-bed paediatric intensive care unit (ICU) at SKMCH in Muzaffarpur by the state government in one year from the funds of National Health Mission (NHM).

"The land for the same (paediatric ICU) is available in the premises of the SKMCH and will be provided by the state," the affidavit said. It said a decision has been taken to set up five virology labs in different districts of the state from the NHM funds and the location of the districts will be decided in consultation with the state government.

Detailing further decisions taken, the Centre said: "In the adjoining districts, 10-bed paediatric ICUs to be set up so that such cases can be treated early and there is no unnecessary load on the facilities available at SKMCH. Funds for this are to be provided through NHM." The ministry said that to enable early detection and treatment of the hypoglycemia cases, a dedicated team of doctors will be placed in endemic primary health centres with required facilities, at least for three-four months before and during expected onset of disease.

DMK, Govt Cross Swords over Hydrocarbon Projects in TN

CHENNAI The issue of hydrocarbon exploration, which has encountered protests from farmers in Tamil Nadu, generated a heated debate in the state assembly involving the ruling AIADMK and Opposition DMK. After DMK raised the issue, minister for minerals CVe Shanmugam sought to turn the tables on them, saying an MoU was signed in 2011 during the then M Karunanidhi regime for a coal bed methane initiative.

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EMD: Rs. 58,000/-
Last Date for Downloading of Tenders: 29.07.2019 upto 11.00 Hrs.
Last date of Receipt of tender: 29.07.2019 upto 11.00 Hrs.
Last date of Opening of tenders: 31.07.2019 at 11.00 Hrs.
1. Detailed Specification may be downloaded from PSTCL e-tendering web site https://eproc.punjab.gov.in/nicgep/app.
2. It is informed that in case tender process is not completed due to any reason, no corrigendum will be published in newspapers. Details regarding corrigendum may be seen on official/PSTCL, website www.pstcl.org.
DPR/Pb.:C6097
SE/Plg. & Commn., PSTCL, Patiala.

U.P. CO-OPERATIVE SUGAR FACTORIES FEDERATION LTD.
9-A, Rana Pratap Marg, Lucknow. Tel No. (0522) 2200183, Fax: (0522) 2627994, 2628310
E-mail : upsugarfed@yahoo.co.in Website : www.upsugarfed.org
Notice Inviting Expression of Interest
No: UPSUGARFED/GM (Proj Fin)/1049 Dated: 03.07.2019
U.P. Co-operative Sugar Factories Federation Ltd., having 24 running co-operative sugar factories and 9 distillery units, invites expression of interest (EOI) from experienced firms and companies having sufficient experience and expertise for filling, packing and marketing of cane juice in 200 ML., 500 ML., and 1 L. Tetra Pack. Interested parties, having experience and technology for such work are invited to give their presentation about technology, commercial production experience, estimated cost of project , terms and conditions at the meeting hall of U.P. Co-operative Sugar Factories Federation Ltd., 9-A Rana Pratap Marg, Lucknow-226001 on -17.07.2019 at 03:00 pm onwards.
Contact Persons : Shri S.K. Agrawal - 7880888813
Shri S. K. Ohri - 7880888890
The details of EOI are placed at our web site www.upsugarfed.org from 03.07.2019 and can be downloaded from there. Please visit our website regularly for any corrigendum.
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TODAY ON ETPrime.com

Budget in Focus

Nirmala Sitharaman can make the most of her first Budget by focusing on infrastructure, bank consolidation, agriculture credit, and consumption among other things.

Here Comes Uniqlo

Top malls in metros are nudging domestic brands such as Shoppers Stop and Lifestyle to free up premium space for Uniqlo. While the Japanese retail chain is bullish on India, market watchers say scaling beyond 25 or 30 cities will be a tough challenge.

Farmers Need Help

India's consumer economy has come to a standstill after years of tepid growth and hopes for reform. Rural incomes are barely growing. Monsoon and crop-sowing data indicates that farmers are sowing less this year. Can the Budget help ease the pain?

Cashless in Hospital

A recent Delhi High Court order says patients must be allowed cashless claims in all hospitals. Health insurers fear such a move may lead to a rise in cases of fraud.

What's Hot

Nike Listens to Star Endorser

NEW YORK: Nike's sales have only grown since it seized attention with its ad campaign featuring former NFL quarterback Colin Kaepernick. So, the shoemaker deferred to its star endorser when he raised concerns over a sneaker featuring an early American flag. Nike pulled the Air Max 1USA shoe after Kaepernick explained that the flag recalls an era when black people were enslaved.–AP

In a Nutshell

BSNL's Loss Pegged at ₹14,202 crore

NEW DELHI BSNL's loss is estimated to be around ₹14,000 crore with a decline in revenue to ₹19,308 crore during 2018-19, Parliament was informed on Wednesday. The public sector firm's provisional loss was ₹4,859 crore in 2015-16, ₹4,793 crore in 2016-17, ₹7,993 crore in 2017-18 and is estimated to widen to ₹14,202 crore in 2018-19, telecom minister Ravi Shankar Prasad said.–PTI

95,200

Number of electric cars that Tesla managed to sell to customers in the three months that ended in June, exceeding the previous best mark set in the last quarter of 2018. Tesla has set itself a target of 360,000 to 400,000 deliveries for the full year. –BLOOMBERG

Apple Running Out of Fizz in India as iPhone Sales Dry Up

IPhone shipments fell 42% in the Jan-Mar quarter and the outlook for 2019 is looking weak

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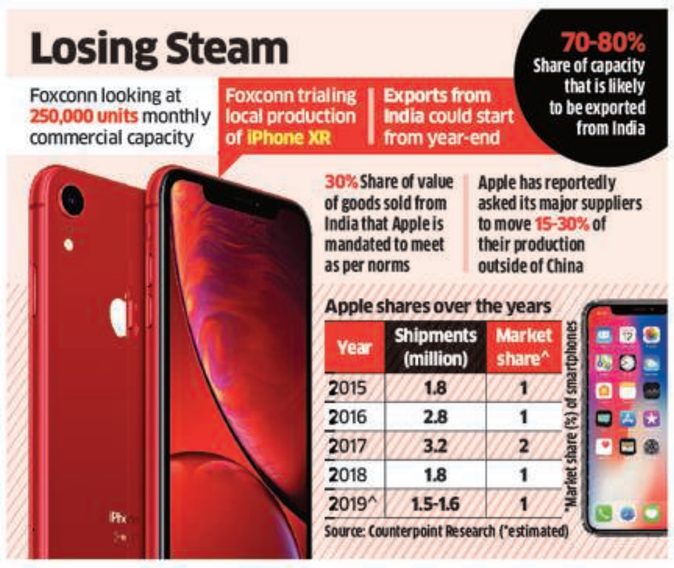
New Delhi: Apple is staring at its weakest year since 2015, with iPhone shipments falling a sharp 42% in the January-March quarter from a year before.

Although shipments rose threefold in April from levels in March owing to massive discounts, they declined in May and June, underlining Apple's struggles in the world's fastest-growing smartphone market, analysts said.

Apple is likely to start manufacturing its higher-end phones locally through Taiwanese contract manufacturer Foxconn, with an initial monthly capacity of 250,000 devices. About 70-80% of the output may be exported as the smartphone maker tries to diversify its production base outside China.

"Apple had a disappointing run in 2018 and the outlook for 2019 looks weaker, with shipments having fallen further compared to last year, with the exception of April, thanks to price correction that month," said Neil Shah, research director at Hong Kong-based Counterpoint Technology Market Research.

iPhone shipments into India dipped to 220,000 units in the January-March quarter. Analysts at the firm estimate the number could rise three-fold for the half year. However, the full year estimate is 1.5 million to 1.6 million, a 10-17% drop from 2018 and as much as 53% lower than the peak shipment of 3.2 million in 2017.



The silver lining was in April, when shipments rose to as much as 200,000 units fuelled by price cuts and discounts on select devices and the clearing of iPhone X and XR inventory. That was short-lived as demand fizzled out in May and June with the advent of new models of China's OnePlus in the premium segment at competitive prices, analysts said.

"Local manufacturing will be the key for Apple to register positive growth this year to help reduce the iPhone prices, else the outlook is trending towards 1.5-1.6 million this year, which will be lowest in the last 4-5 years," Shah said.

Apple may be preparing to treat India more as a production hub than a significant market, with plans to scale up local manufacturing amid US-China trade tensions. The Cupertino, California-based technology company is said to have asked its key suppliers — Foxconn, Pegatron and Wistron, among them — to move 15-30% of their production outside of China to avoid higher tariffs on exports to the US.

"Companies like Apple already have some of their global partner manufacturers in India and with the right environment and possibly incentives, can create a large-scale global hub for making in India and a deep ecosystem for component manufacturers," said Pankaj Mohindroo, chairman of the Indian Cellular and Electronics Association. "We are sitting on an opportunity which needs to be lapped up without losing a minute, else we run the risk of these investments going to other countries like Vietnam." Apple declined to comment on the matter, while Foxconn said it does not comment on its production plans or those of its clients.

"Foxconn follows a strict company policy of not commenting on any matters related to current or potential customers, or any of their products," Foxconn Technology Group said in response to ET's questions on Wednesday.

Foxconn and Wistron have set up factories in India and experts indicate that manufacturing is picking up pace and may include exports from the word go.

"Commercial production of iPhone XR and the models above that should begin by the year end at Foxconn and exports will be part of the plan from day one," said one of the people aware of the manufacturing plans. A second person said Foxconn should be looking at a 200,000-250,000 unit capacity per month to begin with and added that the company was moving machinery or manufacturing lines from some of its China factories to India.

Industry experts said scaled-up local manufacturing could help Apple meet local sourcing norms that are a pre-requisite for opening its own stores in India.

AIRTEL AND VODA IDEA TO REPORT MODEST RISE IN REVENUE

Minimum Recharge, Minimum Gains

Cos' move to weed out non-revenue generating users failed to give expected benefits: Experts

Kalyan.parbat@timesgroup.com

Kolkata: Bharti Airtel's mobile services revenue in India is likely to see modest sequential growth in this fiscal's first quarter, while Vodafone Idea's is slated to stay flattish as the impact of the minimum recharge plans is reckoned to have watered down substantially, analysts said.

Kotak Institutional Equities said "the minimum recharge construct (MRC) offers no further material on-quarter revenue uplift," anymore for Bharti Airtel and Vodafone Idea, which is likely to be reflected in "a steady and unexciting quarter for the two wireless players" in the April-June period.

Over the past two quarters, Vodafone Idea and Bharti Airtel had taken recourse to minimum recharge plans to weed out non-revenue generating customers and boost average revenue per user (Arpu), a key performance metric. Both Airtel and Voda Idea have been forced into losses for their India businesses, due to the intense price competition since Reliance Jio's entry in September 2016, which had pushed Arpus to record lows.

Kotak and Bank of America Merrill Lynch estimate Airtel's India mobile revenue will rise roughly 1.6-2% in the June quarter over the previous three months, while Voda Idea's is likely to see a 0.2% sequential rise. These brokerages expect Airtel to report a net consolidated loss in the range of ₹1,154-1,283 crore – its first in almost 16 years. Vodafone Idea, in turn, is estimated to narrow losses to around ₹3,369 crore from ₹4,878.3 crore recorded in the March quarter, FY19, said analysts at Kotak. They didn't have estimates on Jio.

"Better but still bad would be a good way to describe the state of affairs for Bharti Airtel and Vodafone Idea as bundled plan adoption and 4G net adds in the prepaid segment have failed to provide the much-anticipated mix – uplift to Arpu and revenues – and we have no reason to believe this would happen in the June quarter, FY20," Kotak said in a note seen by **ET**. Bharti Airtel shares closed flattish at ₹353.40 while Voda Idea shares were up nearly 2% at ₹11.92 on BSE on Wednesday. Analysts expect Airtel and Vodafone Idea to report modest Arpu growth at 2% and near 10% to ₹127 and ₹114 respectively in the April-June period.

Kotak also estimates Voda Idea to notch up a near 21% sequential jump in quarterly operating income to ₹1,920 crore, driven by further progress on delivery of cost synergies. It also expects the telecom market leader to report sharp on-quarter fall in net finance costs on account of lower debt balance.

Raheja to Buy Citi's Former HQ in BKC

Blackstone-backed co to pay ₹400 cr for the 10-storey building spread over 1L sq feet

Kailash.Babar@timesgroup.com

Mumbai: US-based private equity major Blackstone Group-backed realty developer K Raheja Corp is set to acquire Citibank India's erstwhile headquarters in Mumbai's business district, Bandra-Kurla Complex (BKC), for over ₹400 crore, said persons with direct knowledge of the development.

Several developers and global funds had shown interest in buying the standalone iconic building spread over 1.10 lakh sq ft. The 10-storey building housed Citibank India's headquarters until the bank shifted the same in 2012 to a commercial building, the First International Finance Centre (FIFC), in the vicinity.

"Citibank, on Tuesday, has intimated its decision to all the concerned entities. K Raheja Corp's current bid is around ₹400 crore and the same is expected to be revised now," said one of the persons mentioned above. Blackstone has emerged as the most aggressive institutional investor in India's real estate sector. The firm owns India's biggest portfolio of income-producing office assets and has committed $5.3 billion across the key property markets of Mumbai, Noida, Pune, Bengaluru, Chennai and Hyderabad.

K Raheja Corp has so far developed more than 30 million sq ft of commercial space across western and southern parts of the country. ET's email queries to K Raheja remained unanswered until the time of going to press.

Citibank and transaction advisor CBRE India declined to comment for the story. The erstwhile Citi headquarters was one of the earlier buildings that came up in this business district and is among the marquee structures here. Citibank had attempted to monetise the property over two years ago too.

Among other options, the bank was also exploring redevelopment of the building, said property consultants. However, the response remained lukewarm given the property market scenario then.

TURNER MORRISON BLDG SOLD FOR ₹150 CR

Pallonji Buys Kala Ghoda Building

Kailash.Babar@timesgroup.com

Mumbai: In one of the rare outright transactions to be concluded in South Mumbai for an entire building, M Pallonji Group has bought Turner Morrison Building in Fort's Kala Ghoda locality, said two persons with direct knowledge of the development.

The M Pallonji Group has a presence in construction, shipping and finance, among other sectors, through the group's various firms. The century-old building was sold by the Kolkata-based company Turner Morrison for about ₹150 crore. The ground-plus-four-storey building has total area of 54,000 sq ft built-up space.

"The deal has been concluded recently and all formalities have been completed. It's a freehold property," said one of the persons mentioned above.

Property consultants said the deal assumes significance as an entire building has been sold in a micro-market that usually does not offer an opportunity like this.

The last similar transaction took place in early 2017, when Dawat-e-Hadiyah, a charitable trust of Dawoodi Bohra community, acquired the iconic Fort House from the Videocon Group. The prime property, with total 1.50 lakh sq ft office space in on D N Road of South Mumbai, was sold for around ₹300 crore.

The Turner Morrison Building houses travel and tour operator Cox & Kings, the largest and anchor tenant of the building, and legal firm Crawford Bayley. Turner Morrison also occupies some space in this building. Email queries to Turner Morrison, M Pallonji Group and transaction advisor CBRE India remained unanswered till the time of going to press.

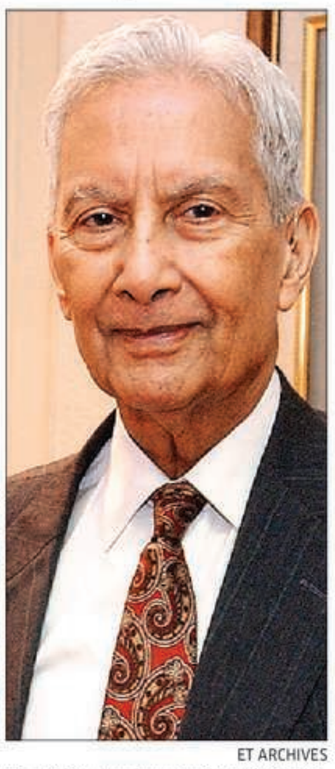
CURRENT TENANTS

Turner Morrison Building houses travel and tour operator Cox & Kings and legal firm Crawford Bayley

Birla Patriarch Basant Kumar Passes Away

DURING his lifetime Birla not only authored his succession plan but also made it public

Our Bureau


ET ARCHIVES

Kolkata: Industrialist Basant Kumar Birla, the patriarch of the Birla family, passed away in Mumbai on Wednesday. He was 98 years old.

Basant Kumar Birla, known in his close circle of friends and among peers as "babuji," was the youngest son of Ghanshyam Das, the father of Aditya Vikram and the grandfather of Kumar Mangalam, the chairman of the Aditya Birla group. He was ailing for a few years.

The group led by Birla has about 20 companies, some listed, some closely-held, with a combined turnover of around ₹15,000 crore.

Birla during his lifetime not only authored his succession plan but had made it public. He created a platform for his grandson and the Aditya Birla group chairman Kumar Mangalam to take over the mantle of his (BK Birla) group companies, like Century Textiles, and Century Enka. Manjushree Khaitan will manage Kesoram Industries jointly with Kumar Mangalam. As per Birla's succession plans, daughter Jayshree Mohta will inherit Jay Shree Tea. Granddaughter Vidula Jalan has been entrusted with the responsibility of Mangalam Cement at Kota and Mangalam Timber. He has also handed over the responsibilities of the educational institutions and temples to the members of his family.

"I believed in hard work and rigorous application and picked up the workings of each department by actually attending to every nitty-gritty detail," Basant Kumar Birla, in one of his interactions, told **ET**. A student of the Partha system, he was fastidious in keeping track of cash flow, a key metric, the Birlas religiously followed to track the health of businesses.

Till five years ago, Birla was known to keep regular work hours from 9 in the morning to about 4 in the afternoon when he was in Kolkata and toured his factories once every month.

Birla, during his prime, had friends in the corridors of power, but people aver he never used it to his benefit.

In one of his expansive moods, Birla once recounted an interaction where Dhirubhai Ambani, founder of Reliance Industries, who would often rib him for the "laboratory scale" of Century Enka.

"We (Dhirubhai and him) were together for more than two-and-a-half hours, exchanging notes on old times and talking of just about everything under the sun," Birla reminisced once. Ambani reminded him about a suggestion he had made years ago on expansion of Century Enka capacity which Birla had not agreed then.

But many believe that Birla was ahead of his time. Vallabh Bhansali, co-founder of Enam Securities, explains why Birla was ambitious for his time putting up cement plants of the scale then.

He would quote his father GD Birla who taught the family a cardinal principle: "those who can't keep track of expenses and taxes should not hope to survive," Bhansali quoted Birla as saying. "This will ring very loud in today's time when many businesses are over-leveraged and finding it difficult to survive," Bhansali added.

Birla was known to be frugal in his habits, telling people close to him: "I don't need a suit costing ₹50,000. I will instead use it for charity."

Birla's first formal education was at Hare School and later at Presidency College. Basant Kumar learnt his first violin from Pandit Onkarnath Thakur's brother Rameshchandra Thakur. He was deeply into vocal music, an avid listener, a film buff, philatelist and numismatist.

Over the years, and with wife Sarala, he built up a formidable collection of sculpture, paintings and other art objects — many of which have been turned over to the Birla Academy of Art & Culture in Kolkata.

To many who know him personally over the decades, he is known as a disciplinarian and a stickler to time. Basant Kumar started earning at the age of 13, with GD Birla's younger brother Brij Mohan (father of Ganga Prasad Birla) making it quite clear that the kids in the family shouldn't depend on the family for pocket-money. That was in 1934, two years later, he entered the family business on March 18, 1936, beginning his first formal training at Birla Jute and Kesoram Mills. It may have quite overwhelmed the teenager, for, by the end of the day he had noted in his diary: "I ask God to spread His blessings upon me as a good businessman".

PASSING ON THE MANTLE

He created a platform for his grandson and the Aditya Birla group chairman Kumar Mangalam to take over the mantle of his (BK Birla) group companies

That was the beginning of the grind. Under the watchful eyes of the legendary GD and "tutor" after "tutor" at the essential shop-floor level, Basant Kumar learnt the rudiments of technology (he even learnt to operate the machines), keeping accounts, maintaining cash books, ledgers, vouchers, bills and outstanding accounts, reconcile bank records, go through daily reports, the monthly and annual income and expenditure accounts and sales procedures.

The finance manager at the Kesoram head office, a "wizard in accounts", and his deputy were under orders to test the young Basant out at intervals of two to three weeks on his progress. "For one full year I sat and worked at the same level as the other members of staff of the company. I discussed matters with them. I ate what they ate," he said.

The same rigour he gave his son, the late Aditya Birla who was guided under the tutelage of G D Birla's senior aides, and his grandson Kumar Mangalam who interned at Century Textiles.

Birla was the patron of more than 25 educational institutions including BITS in Pilani, Rajasthan and the Birla Institute of Liberal Arts & Management Science (BILAMS).

The cremation will be on Thursday afternoon.

Japan Promotes Cashless Buys to Boost Consumer Spending

The Asian country is betting big on QR codes, other cashless payments to 'alleviate economic headaches'

Reuters

REUTERS

Tokyo: When the baseball season kicked off in Japan this spring, fans of the Tohoku Rakuten Golden Eagles were faced with an inconvenience they'd never encountered before: the food and drinks stalls did not accept cash.

The team's owner, internet commerce firm Rakuten, was trying to promote its QR code mobile payment system. But the marketing ploy quickly turned out to be much more than that.

In April and May, food, beverage and merchandise sales at the Eagles' stadium in the northeastern city of Sendai jumped 20% from the same two-month period of 2018, in part because taking cash out of the equation changed spending habits.

"We consider it to be a success story," said Hayato Morofushi, marketing manager for Rakuten's mobile payments. "Using QR codes for payments has only just started in Japan, so we don't expect everyone to jump on the bandwagon. As we get more success stories, this will win more people over." Experts say that when queues move faster, more people join. Customers don't see cash leaving their wallets and focus on the satisfaction of a purchase, so they spend more.

That psychology could be crucial for Japan's economy, locked for decades in a deflationary mindset, where consumers delay spending in hopes of stable or lower prices. The Bank of Japan has spent more than $3 trillion since 2013 on bonds and other assets to attain a 2% price growth rate, without success.

A scheduled increase in the sales tax to 10% from 8% in October could hurt spending. Aware of that risk, the government is betting big on mobile payments, an industry only just taking root in Japan.

As soon as the tax increase kicks in, the government will offer points redeemable for future discounts to shoppers who use QR codes and other cashless payments for nine months. The project has a six-month budget of 280 billion yen ($2.6 billion), which will be reassessed in the new fiscal year. "If we change how we pay, we can change society as a whole," said Masamichi Ito, director of the Japanese Economy Ministry's cashless promotion office, set up in October with the goal of doubling cashless transactions to 120 trillion yen by 2025.

Cash settles 80% of Japan's transactions, with the rest shared among credit cards, mobile and pre-paid swipe cards. That is the highest cash usage rate in the developed world after Germany.

Low crime rates — the Japanese are comfortable carrying large amounts of cash — and an ageing population seen as the main obstacles for deeper adoption.

In India and China, two of the world's most voracious spenders, mobile payments are 30-35% of transactions, according to Statista. On average, cashless payments increase per-customer sales by 1.6%, according to the Nomura Research Institute (NRI). Domestic consumption in Japan has grown an average of 0.5% each year in the past six years.

The government says going cashless could alleviate other major economic headaches, such as a labour shortage and the falling profitability of banks, simply by virtue of being more efficient.

Cashiers spend on average more than two hours a day managing cash, while Japanese banks spend around 1 trillion yen a year on their ATM network and physically moving cash, NRI says.

Chinese Shoppers

Tourism spending, especially from China, has been one of the few economic bright spots in Japan, and Chinese tourists use the mobile payment system AliPay, run by Ant Financial Services Group, at over 300,000 Japanese merchants. Some duty-free counters at big department stores deposit tax refunds directly into AliPay accounts. The app uses targeted advertisements to help users find what they want to buy and recommends related products nearby. When users return to China, they get a recommendation to buy similar Japanese goods online.

South Korean mobile payment firm Kakao Pay is looking to enter Japan, betting on Tokyo's push to go cashless, Ryu Young-joon, chief executive of Kakao Pay, told Reuters in a May interview. "When I go to Japan, they do not accept credit cards in many stores," Ryu said. "So I thought if I can use Kakao Pay in Japan, it's going to be good."

PayPay, a Japanese QR code system launched in October, is compatible with AliPay, which may smoothen the path toward local adoption.

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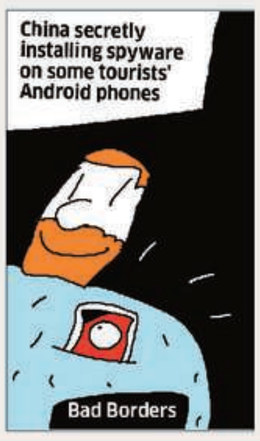
If you wish you would take something more seriously, do it publicly. Publishing an article pressures you to think clearly. Competing in a race pressures you to train consistently. Presenting on any topic pressures you to learn it. Social pressure forces you to up your game

PIL Against PayPal: HC Seeks Views

New Delhi The Delhi High Court on Wednesday asked RBI and Enforcement Directorate (ED) to respond to a plea alleging that payment platform PayPal was operating "illegally" without RBI's authorisation. HC bench issued notices to RBI, ED and Paypal and sought their stand on the PIL before next date of hearing on September 18. The PIL claimed that "Paypal is operating as a payment and settlements system in blatant violation of Payments and Settlements Systems Act". – PTI

Quick Byte ANIRBAN BORA



29,183
Demands Apple received from governments for device access between July 1 - Dec 31, 2018

Tech Buzz

Insta 'Join Stickers' for Group Chats

San Francisco Instagram has launched a new 'Join Chat' sticker for Stories that would let users ask their followers to join a new group chat. Every time someone would place a chat sticker on their story, their friends would be able to tap the sticker and request access to chat. – IANS

Jargon Buster

Slacktivism
A term that combines "slacker" and "activism" to refer to simple measures used to support an issue involving virtually no effort

Bring Your Buddies, Helo, ShareChat Ready to Pay

As vernacular social media battle heats up, rivals are prepared to offer money for downloads

Megha.Mandavia
@timesgroup.com

Bengaluru: Helo and ShareChat, vernacular social media rivals fighting it out for first-time Internet users in the regional language space, are offering money to users if they bring friends and family on board.

This comes at a time of increased competition in India's social media and content landscape as Indian, Chinese and American applications battle to win the so-called next one billion Internet users in the world's last large untapped Internet market.

Helo will transfer ₹10 and ShareChat will offer ₹15 through payments application Paytm, for every new user they get via referrals.

ShareChat users will also get a scratch card with a chance to win more money, while Helo is promising to give additional cash if the referred user engages more deeply on its platform. Both the applications are available in 14-15 languages.

After short-video application TikTok's runaway success in India, ByteDance wants Helo to be the go-to app for small towns and villages. Helo competes with domestic startup ShareChat, which accused the Chinese app of copying its design and infringing on copyright last year. The court disposed of the case after Helo made changes to its design.

"While the majority of our user growth has been organic and by word-of-mouth, we believe that these are still early days for Helo in India. Currently, we are experimenting with various ways to drive user growth," a spokesperson for Helo told **ET** in an email. "'Invite and earn' is a part of the various experimental programmes we are running to gauge user reception and engagement."

ShareChat declined to comment on its referral program.

Helo has about 50 million monthly active users in India, while ShareChat has about 45 million as of March-end. Helo was launched just one year ago, compared to ShareChat, which was founded in 2015.

"We recognise that driving user growth in a highly competitive market like India, where user behaviour changes from state to state and a constant demand for a platform like Helo to bridge the information gap for regional language users does not entail a one-size-fits-all approach," the Helo spokesperson added.

Around 90% of new Internet users in India are not proficient in English, according to Google's former executive Rajan Anandan.

"Social media is facing competition from new market entrants, from traditional television and video-on-demand services like Hotstar or Netflix, and more competition still from gaming. With only 24 hours in every day, all entertainment properties will have to work harder to compete," said Kieley Taylor, managing partner, global head of social at GroupM.

Paying for referrals leads to more downloads, but it may not be the most effective way to find continued engagement — the most important metric for possible advertisers on social media platforms. In the past, Uber and Ola have used references to acquire more customers on their platform in India.

Helo is targeting doubling its monthly active user base to 100 million by the end of December. "We've seen that the entertainment value, usefulness and access to a user's network of connections are necessary to sustain and grow monetisable time spent. Paying for referrals is a short-term strategy and is susceptible to fraud," Taylor added.

It Pays...

THE OFFER*

Helo	ShareChat
₹10	₹15

* Will be paid via Paytm for every new user they get via referrals

'Invite and earn' is a part of the various experimental programmes we are running to gauge user reception and engagement
HELO SPOKESPERSON

RBI Norms for Video KYC may be Out in a Month

A few banks and lending firms have already started preparing for the implementation

PICTURE PERFECT

Overall, what this will do is remove the feet-on-street model and help us build a truly digitised banking offering, which will help in overall financial inclusion
ACCORDING TO A SOURCE

EMANUIL POPGENCHEV, *Vanity*

Pratik.Bhakta@timesgroup.com

Bengaluru: The Reserve Bank of India is likely to soon release video Know Your Customer (KYC) guidelines for financial services companies, following multiple conversations with industry representatives on remote onboarding of customers, according to three people privy to the development.

Industry executives said the norms could be out within the next month, although there was no independent confirmation about the timeline. "There have been meetings with the RBI on this matter and the regulator has been interested in a video-based KYC process. This will come in place of an in-person verification conducted through bank representatives," said a senior banker in the know of the matter. The banker did not wish to be named as the matter is still under the regulator's purview.

ET understands that the RBI could permit a video-based KYC in which a bank representative may be present at the backend to look into the video of the consumer in order to do a live test and authenticate details with the submitted documents.

RBI is understood to be not keen on an artificial intelligence-based video authentication, which many industry players had proposed, said another person in the know.

A few banks and lending institutions have already started preparing for the implementation of video KYC guidelines, the sources said. The process could be used for multiple products such as remote onboarding of savings account customers, credit cards and others, they said. "Many of the non-banking lenders are also in different stages of implementation, with a few of them still in the design stages," one of the sources said.

Further, the banker quoted above said there could be some relaxation on the ₹60,000 cap which the regulator has with respect to credit that can be extended to customers on-boarded through remote KYC. "But, overall, what this will do is remove the feet-on-street model and help us build a truly digitised banking offering, which will help in overall financial inclusion," he said.

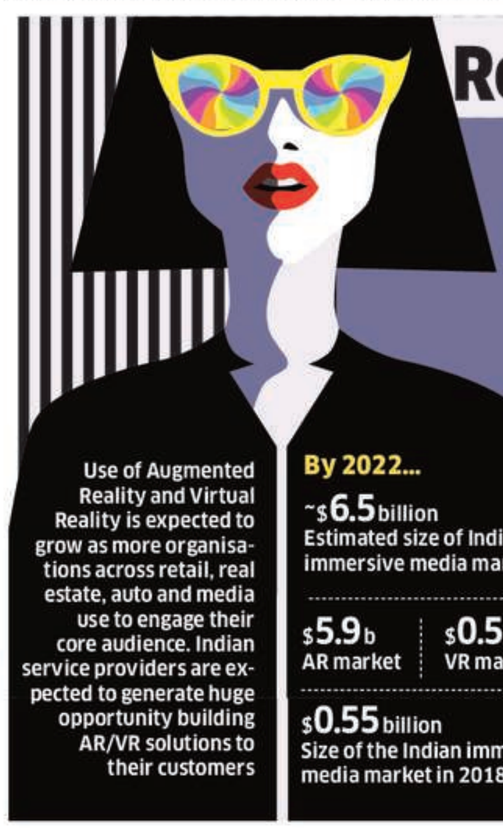
The new-age lenders were the most affected when remote customer onboarding through Aadhaar was stopped after the Supreme Court banned private companies from accessing the biometric database. Even banking products like Kotak Mahindra Bank's 811 for digital account opening and State Bank of India's Yono customer acquisition through Aadhaar were stopped.

RBI is understood to be not keen on an AI-based video authentication

KYC has been a major hindrance for mobile wallet companies as well, who were relying on Aadhaar to onboard customers initially. Players like Ola Money, which had a captive base of users who were using the wallet to pay for cab rides, will now need to do a full KYC to keep their accounts operational. "A few of the players are still waiting for the rules to come out since they do not want to build something first and then rework it depending on how the rules are set," said one of the persons quoted above.

ET GRAPHICS

Reality Check for Indian Firms



Use of Augmented Reality and Virtual Reality is expected to grow as more organisations across retail, real estate, auto and media use to engage their core audience. Indian service providers are expected to generate huge opportunity building AR/VR solutions to their customers

By 2022...

~$6.5 billion
Estimated size of Indian immersive media market

$5.9 b AR market | $0.5 b VR market

$0.55 billion
Size of the Indian immersive media market in 2018

Projected Augmented Reality Market Growth in India (2015-22)

(X% COMPOUND ANNUAL GROWTH RATE) E: ESTIMATED, F: FORECAST

The India Story

India is well positioned to leverage the opportunity presented by demand of Immersive Media globally, while also growing to become a large consumer of these very experiences

- **Real Estate, Media** & Entertainment, Automotive and Retail are expected to be the verticals with maximum adoption of Immersive Media
- **Indian AR-VR** supply landscape comprises of significant large and small players in the areas of 'Tech & Platform Development', 'App Development' and 'System Integration' – both the domestic and the global Immersive Media market provides a significant opportunity for these players to tap into
- **Partnerships and** collaborations are expected to be the key drivers of the ecosystem in India, with majors such as Facebook, Snapchat, Niantic forging relationships with Indian firms
- **Challenges limiting** the growth of Immersive Media in India include Prohibitive Costs of Devices, Limited Content Availability and Low Awareness about the Value Proposition of Immersive Media

HOLDING AT 60.06%

L&T is now Mindtree Promoter

In Hand

More than **9.87cr** No. of Mindtree equity shares held by L&T now

Mindtree's board approved three seats for L&T senior leaders

51.3m shares L&T made an open offer for

Our Bureau

Bengaluru: Larsen and Toubro (L&T) has been categorised as a promoter after the engineering major bought 60.06% stake in mid-tier IT services firm Mindtree.

L&T has "acquired 60.06% of the total shareholding of the company and has acquired control and is categorised as promoter" as per Sebi (Issue of Capital and Disclosure Requirements) Regulations, 2018, Mindtree said in a filing to the Bombay Stock Exchange. With this, L&T holds more than 9.87 crore equity shares of Mindtree. L&T expected to buy 66.15% stake in the $1 billion technology services exporter.

L&T had expected to buy 66.15% stake in Mindtree

Mindtree's board last month approved three seats for L&T senior leaders — chief executive SN Subrahmanyan, senior executive vice-president for L&T's defence business JD Patil and chief financial officer Ramamurthi Shankar Raman — effective July 16.

L&T's takeover bid began when the company entered into a deal to buy Cafe Coffee Day owner VG Siddhartha's 20.32% stake, which it later increased through open market purchases. It then made an open offer to buy 51.3 million shares or 31% stake in Mindtree at ₹980 apiece.

VCs Get FB's Helping Hand

Social media giant to work with VC funds to leverage its family of apps

Our Bureau

Bengaluru: Social media behemoth Facebook is teaming up with venture capital funds to support growth in companies they have invested in, a few weeks after it invested in local social commerce platform Meesho, its first such in an India startup.

Facebook said it would work with venture capital funds by sharing vertical-specific insights to leverage its family of apps for brand-building and advertising initiatives.

VC Brand Incubator Programme is the first such initiative by Facebook, where it will provide a series of skilling and mentoring sessions across Mumbai, Bengaluru and other key cities to help small and medium-sized businesses (SMBs) build a digital presence.

Facebook said it conducted the first event last month in collaboration with Mumbai-based early-stage consumer venture capital fund Sauce.vc, which backs startups in the food and beverages, personal care, apparel and lifestyle segments.

"Working with VC funds is crucial as it allows us to scale and support SMBs at an early-stage itself, fast-tracking their growth," said Archana Vohra, Director, Small and Medium Businesses at Facebook India.

Facebook's equity investment in Meesho last month was aimed at facilitating entrepreneurship among women, and in smaller towns. Facebook India MD Ajit Mohan said at the time that the US-based company would back more local startups to reach audiences beyond the big cities and fuel the India internet story.

The technology company, which claims it has 90 million small businesses on its platform, also plans to launch a series of programs in the coming weeks to help businesses who are at different stages of their lifecycle, it said.

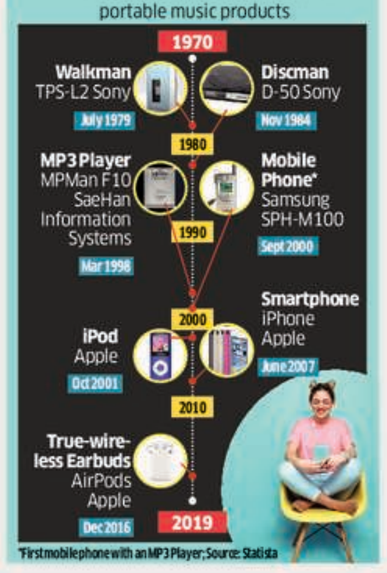
FIRST INITIATIVE

FB's VC Brand Incubator Programme will provide a series of skilling and mentoring sessions to help SMBs build a digital presence

Globe Trotter

Meanwhile in tech...

The History of Portable Music
Launch date of selected milestone portable music products



*First mobile phone with an MP3 Player; Source: Statista

Apple Lets You Fake Eye Contact

SAN FRANCISCO As part of the third beta of iOS 13, Apple is testing a feature called "FaceTime Attention Correction" to make users fake an eye-to-eye contact on Apple's video-calling app. The feature appears to use some kind of image manipulation to correct this and results in realistic-looking fake eye contact. – **IANS**

Expert Take

Private firms and govt must increase their investments in R&D and collaborate for skill development

$1T Net Economy Dream Needs an R&D Push

Kalyan Krishnamurthy

For some time now, the belief that India has the potential to become a $1 trillion internet economy has been entrenched in the minds of government, policymakers, investors, industry, and the public. Not without reason: India accounts for 10% of the 4.4 billion global internet users today and is adding 40 million new users on average each year, which is the highest for any country.

However, it is important to recognise that the next 200-300 million users who will come online will be very different. Tier-II and smaller cities will contribute to about 85% of new users between 2017 and 2022, with women and youth forming a key segment.

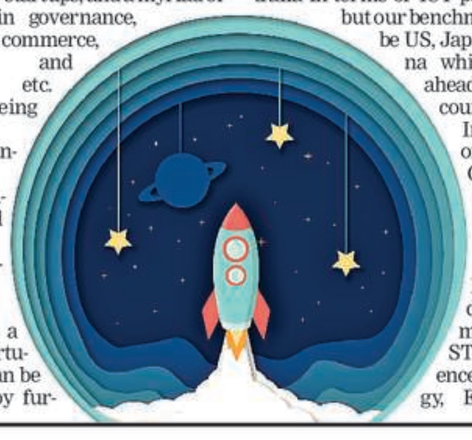
For one, there will be an explosive growth in users wanting to access the internet in their native language. Almost 30% of all searches in India are already voice based, and this is expected to further increase with an influx of users who are not habituated to, or are uncomfortable with, typing. In addition, these new users will also be less affluent and will likely have poorer access to formal channels of credit.

So, how do we make our current $200 billion internet economy grow five-fold? The answer lies in innovation.

A quick study of the global companies' leader board shows that as recently as 2011, Apple was the only tech player in the top 5, the others being from traditional industries such as energy, banking and retail. In a span of just 6 years, that picture has changed dramatically, with all the top 5 spots being taken up by tech firms – Apple, Alphabet, Microsoft, Amazon and Facebook.

While this is heartening from a tech perspective, we need more homegrown tech players on that leader board. One major reason for the domination of US and China-based players is what we call the innovation surplus in these countries. They spend significantly more on R&D compared to others, have more technological patents and a large pool of highly skilled workforce.

India has already made rapid strides in this direction. It is the second biggest hub for startups, and a myriad of problems in governance, education, commerce, insurance, and healthcare etc. are being solved through innovation and technology and delivered via the internet. However, there is a huge opportunity that can be unlocked by further doubling down our investment in innovation.



If we compare the business R&D expense on Information and Communications Technology (ICT), India at 0.1% of GDP is at par with developed nations like Canada and Australia but lags countries like the US and China (0.4 - 0.5% of GDP). Similarly, India is comparable to UK, Canada and Australia in terms of ICT patents filed, but our benchmark should be US, Japan and China which are far ahead of all other countries.

India is second only to China in the number of students graduating each year. In 2016, India had 2.5 million STEM (Science, Technology, Engineering and Math) graduates – at 0.2% of the population, and at par with the US. However, as per a report by AICTE, Association of Indian Universities, and CII, only 51% of Indian graduates are employable. Moreover, only 10% of applicants for entry level roles with IT majors are able to write functionally correct code compared to about 35% in the U.S. If we can bridge this gap and equip our STEM graduates with new age IT skill sets, our ability to innovate will be second to none.

It is crucial to note that these goals cannot be achieved in isolation. Both private enterprises and the government must increase manifold their investments in R&D and collaborate for skill development. If we realise our $1 trillion internet economy goal, I believe it will be the most enduring catalyst to improving social conditions for millions of Indians who have so far heard of the India growth story, but seldom benefited from it in all spheres of their lives.

(The author is CEO of Flipkart Group. All views expressed are his own)

ET GRAPHICS

MEET TEAM SITHARAMAN

As FM Nirmala Sitharaman gets ready to present the first budget of Modi govt 2.0, expectations run high in all sections of the society. **ET** takes a look at her team led by finance secry Subhash Garg. Will the team deliver on expectations and fire up the slowing economy?

K Subramanian
Chief Economic Advisor

Subramanian will present his first economic survey on Thursday. His prognosis and remedies to kick-start the slowing economy would form crucial inputs of the budget.

Subhash Garg
Finance Secy & Secretary, Department of Economic Affairs

Garg is an old hand at the North Block. He has to take steps to tackle slowing growth, faltering consumption etc without losing sight of fiscal consolidation road map.

Ajay Bhushan Pandey
Secy, Department of Revenue

After having shown his mettle at UIDAI, Pandey's imprint will be visible on the budget as he seeks to expand reliance on technology to increase tax revenues and also taxpayer facilitation.

GC Murmu,
Secy, Dept of Expenditure

Gujarat-cadre IAS official known for his implementation skills will be tasked with removing redundant schemes.

Rajeev Kumar
Secy, Dept of Financial Services

Kumar has played a key role in merger of PSU banks & checking rising NPAs. He will now need to push lenders to spur growth through increased credit offtake.

Atanu Chakraborty, Secy, DIPAM

Last year, this Gujarat-cadre IAS officer had helped meet target through some innovative ideas including takeover of REC by PFC. Plan to monetise assets of state-run firms has gathered pace but challenges remain in terms of strategic sales.

KEY CHALLENGES BEFORE THE TEAM

■ Slowing economy ■ Faltering demand ■ Waning investment ■ Declining savings ■ Lower agri incomes

MSP Hike for Kharif Crops Okayed

GREEN SIGNAL Labour code on wages, plan to lease out 3 airport projects to Adani also get Cabinet nod

Our Bureau

New Delhi: The Cabinet has approved higher support prices for kharif (summer-sown) crops, a new labour code that will allow minimum wages to be paid by cheque or bank transfers to workers of organised and unorganised sectors, and the leasing out of Lucknow, Ahmedabad and Mangaluru airports to Adani Enterprises.

The government said the increase in minimum support prices (MSP) for kharif crops, approved by the Cabinet Committee on Economic Affairs, will give farmers 1.5 times their cost of production. The highest percentage return to farmers over their cost of production is for bajra (85%), followed by urad (64%) and tur (60%).

The support price for the common variety will rise from ₹1,750 a quintal to ₹1,815 while the price for higher quality 'Grade A' variety will rise from ₹1,770 to ₹1,835 a quintal, as reported by **ET** on Tuesday.

Agriculture minister Narendra Singh Tomar said higher MSP would increase investments and production. "We are determined to double the income of farmers. The increased prices will help in improving the financial condition of farmers," he said.

The new prices evoked a mixed reaction from activists and farm leaders. Randheer Singh Shekhawat, president of the Indian Farmers Union (IFU) said the increase in MSP will certainly help farmers. "Farmers are quitting farming due to low income. A rise in farm income can only happen by increasing MSP. We are happy that the government has realised the importance of the farm sector," he said.

But Sudhir Panwar, president of Kisan Jagriti Manch, said it was not enough. "The hike is minuscule. It's not going to help the farmers. Moreover, due to deficient monsoon, the cost of input is going to be high this year. So, the increase will not meet the expenses," he said. The national convenor of the All India Kisan Sangharsh Coordination Committee VM Singh said only 5% of farmers were able to get the benefit of MSP, which makes it meaningless unless the government guarantees purchases. The Cabinet also approved the labour code on wages, paving the way for minimum wages to workers of both organised and unorganised sectors to be directly credited in their bank accounts or through cheques. Currently, the Minimum Wages Act and the Payment of Wages Act apply only to employees engaged in the scheduled and specific employment bracket.

Services PMI Declines to 49.6 in June

Our Bureau

New Delhi: Business activity in India's service sector contracted in June as the broadly stagnant sales caused the first drop in business activity in over a year and pushed job creation to a 22-month low, a survey showed on Wednesday.

The Nikkei/IHS Markit Services Purchasing Managers' Index (PMI) fell to 49.6 last month from 50.2 in May, going below the 50-mark reading that separates contraction from growth.

The index had reached the same level in May 2018. According to the survey, weak sales, competitive pressures and unfavourable taxation hampered output.

Plans to Club Funds under Skilling Schemes

Ministry weighs 3 options that will bring ₹15k cr of funds under one roof

Yogima.Sharma
@timesgroup.com

All in One

₹15,000cr Annual spend on skilling schemes by different ministries

States make an equal contribution, taking spend on skilling to **₹30,000cr**

Ministry keen on bringing various schemes under one umbrella

WEIGHS 3 OPTIONS FOR CONVERGENCE OF IMPLEMENTATION & FUNDS

1. **A comprehensive national skilling** policy/scheme catering to all
2. **A national training fund to** bring all funds under one roof
3. **Routing all funding via NSDF** while implementation will remain with ministries concerned

New Delhi: The skill development and entrepreneurship ministry is weighing at least three options to bring different skilling schemes under one umbrella. The exercise includes framing a comprehensive single policy for skilling to cater to all by integrating all schemes and funds, or setting up of a national training fund that will bring scattered funds to the tune of ₹15,000 crore under one roof, or simply integrating finances under the National Skills Development Fund (NSDF).

The implementation will remain with the respective ministries.

There is a need for this since more than 20 ministries are currently running multiple skills training schemes funded by the Centre that are targeted at specific sections of society, said people aware of the matter. While the Centre spends around ₹15,000 crore annually on skilling under two dozen different schemes, states put in an equal amount, taking the total spend on skilling to ₹30,000 crore a year. While process integration has already happened since the setting up of the ministry, it is time for the government to go for convergence of implementation as well as funds, said an official, who did not wish to be identified.

"The ministry is considering different options and one of these could be pursued going forward as the government is keen to take skilling to the next level," said the official.

An announcement to this effect could be made soon as skilling figures on top of the agenda for the government, the official said.

Kerala Govt Bid to Operate T'puram Airport under Review

NEW DELHI A private player has won a bid to run the Thiruvananthapuram international airport, but the Cabinet will take a view on the second bidder, the Kerala government, in the coming days, civil aviation minister Hardeep Singh Puri said in the Rajya Sabha on Wednesday. The Cabinet approved privatising six airports, including the one in Thiruvananthapuram, he said. "... the Kerala government is apparently a second bidder. I have seen a communication from the chief minister of Kerala and we will be taking a view on this in the coming days," Puri said. – **PTI**

CCTVs likely in 7k Rly Coaches by 2021

NEW DELHI The Railways will install CCTV cameras in over 7,000 coaches of mainline passenger trains by March 2021, railway minister Piyush Goyal told the Lok Sabha on Wednesday. He said the cameras were already set up in coaches of premium, mail, express and suburban trains. The cameras have also been installed in 1,300 coaches of mainline passenger trains, Goyal said. – **PTI**

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FORM A
PUBLIC ANNOUNCEMENT
[Under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016]
FOR THE ATTENTION OF THE CREDITORS OF BAYPARK HOTEL & RESORTS PRIVATE LIMITED

RELEVANT PARTICULARS		
1.	Name of Corporate Debtor	Baypark Hotel & Resorts Private Limited
2.	Date of Incorporation Of Corporate Debtor	July 09, 1998
3.	Authority Under Which Corporate Debtor Is Incorporated / Registered	Registrar of Companies (Vijayawada), under the Companies Act, 1956
4.	Corporate Identity No./Limited Liability Identification No.of corporate debtor	CIN: U55100AP1998PTC029729
5.	Address of the Registered Office and Principal Office (if any) of Corporate Debtor	Regd. Off. address:Rushikonda, Gitam Post, Visakhapatnam, Andhra Pradesh - 530045.
6.	Insolvency commencement date in respect of Corporate Debtor	July 01,2019, Date of receipt of Order (Hon. NCLT Order dated June 28,2019)
7.	Estimated date of closure of insolvency resolution process	December 28,2019; being 180th day from Insolvency Commencement Date
8.	Name and registration number of the insolvency professional acting as interim resolution professional	Name:Mr. Udayraj Patwardhan Reg No.:IBBI/IPA-001/IP-P00024/2016-17/10057
9.	Address and e-mail of the interim resolution professional, as registered with the Board	Reg. Address:Sumedha Management Solutions Private Limited, C703, Marathon Innova, Off Ganapatrao Kadam Marg, Lower Parel West, Mumbai, Maharashtra, 400013.Reg Email Id: udayraj_patwardhan@sumedhamanagement.com
10.	Address and e-mail to be used for correspondence with the interim resolution Professional	Address: Sumedha Management Solutions Private Limited, C703, Marathon Innova, Off Ganapatrao Kadam Marg, Lower Parel West, Mumbai, Maharashtra, 400013. Email Id:bhrpl@sumedhamanagement.com
11.	Last date for submission of claims	July 15, 2019; being the 14th day from the date of appointment of IRP
12.	Classes of creditors, if any, under clause(b) of sub-section (6A) of section 21, ascertained by the interim resolution professional	Not Applicable
13.	Names of Insolvency Professionals identified to act as Authorised Representative of creditors in a class (Three names for each class)	Not Applicable
14.	(a) Relevant Forms and (b) Details of authorized representatives are available:	(a)Are available at: http://ibbi.gov.in/downloadform.html Not Applicable

Notice is hereby given that the National Company Law Tribunal (Hyderabad Bench) has ordered the commencement of a corporate insolvency resolution process of the Baypark Hotel& Resorts Private Limited vide order no **CP (IB) No. 563/7/HBD/2018** dated June 28, 2019 (date of receipt of order by IRP is July 01, 2019).

The creditors of Baypark Hotel& Resorts Private Limited, are hereby called upon to submit their claims with proof on or before July 15, 2019 to the interim resolution professional at the address mentioned against entry No. 10.

The financial creditors shall submit their claims with proof by electronic means only. All other creditors may submit the claims with proof in person, by post or by electronic means.

Submission of false or misleading proofs of claim shall attract penalties.

Date:July 03,2019
Place: Visakhapatnam

Sd/-Udayraj Patwardhan
Interim Resolution Professional
In the matter of Baypark Hotel and Resorts Pvt Ltd

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WILL BUILDER LOANS BECOME INDIA'S...

Subprime Sinkhole?

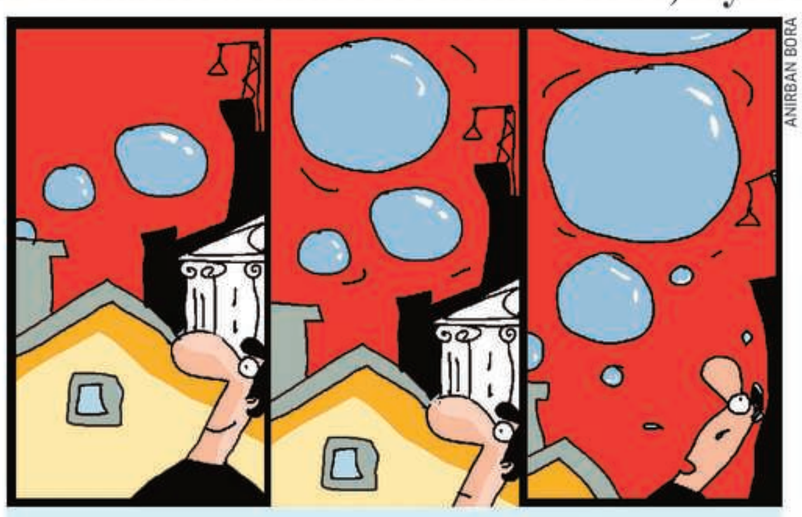
Markets indiscriminately punished NBFCs when credit crisis began last year. Now they are choosy. Those with loans to real estate builders are getting whipsawed. They have to either clear inventories or market would force them to do so, says **Shilpy Sinha**

Glass and steel skyscrapers, dotting the wide expanse to the west of an elevated freeway linking suburban Mumbai to the downtown, were veiled at times by the diaphanous curtain of slanting rain in the first monsoon showers of the 2019 season. Ostensibly shining leitmotifs of India's galloping economy, these towering symbols of enviable purchasing power also drew the veil on a far less enviable attribute defining some of the planet's most expensive townhouses: Burgeoning debt.

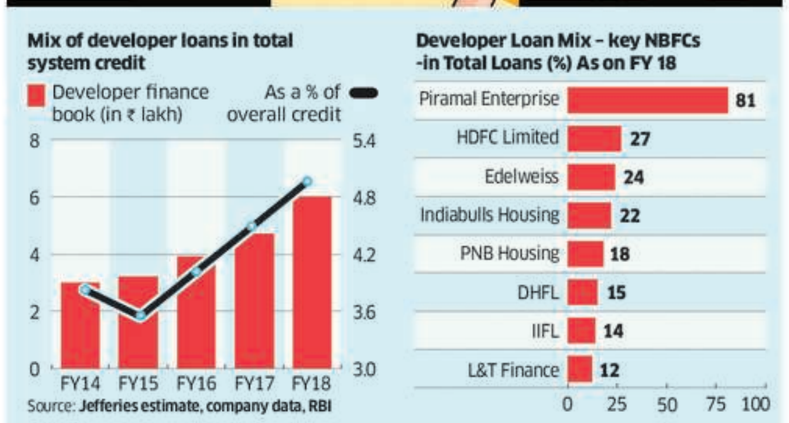
The SoBo Manhattan silhouetted against Mumbai's rain-drenched grey skies is, perhaps, the most manifest example of the money problems now roiling India's property builders — and their exclusive financiers. In a span of just a couple of weeks, the Piramals — among India's fastest-expanding developers and property financiers — sold strategic equity investments and originated loans worth around ₹3,500 crore, at valuations far less enviable than the pace of growth the uber rich business family had recorded over the past decade.

Billionaire Ajay Piramal is among the handful of Indian businessmen considered extremely prudent. But his decision to exit in part the Shriram Group amid mounting pressure from the credit markets shines the spotlight on the section of para banks actually in intensive care — financiers to property builders. Financiers of other assets, such as cars, buses, trucks or individual homes, are not as badly hit as lenders to real-estate builders.

As the demolition initiated by the IL&FS credit squeeze gathers pace swallowing victims along the way, fault lines in the financial system are becoming manifest. The stragglers are quitting the race.



ANIRBAN BORA



SMELL A RAT?

Builder loans are under the lens. This is the illiquid, opaque part of the real estate business that's simultaneously the biggest employer in India and thrives on financing from beyond the official bailiwicks. In effect, therefore, builder loans could well be India's own subprime.

"Given the fact that non-mortgage portfolios are inherently riskier, funding of such portfolios with both short-term commercial papers and shorter maturity debt has liquidity risk implications during times of uncertainty," says the Reserve Bank of India (RBI) in its latest Financial Stability Report. "Incidentally, it is possible that compulsion to securitise and reduce balance sheets may lead to a situation where the HFCs end up holding riskier asset pools in their residual portfolios."

While the noise has been that the entire non-banking finance (NBFC) industry, including housing finance companies (HFCs), are imploding due to risk aversion, a closer scrutiny reveals that largely lenders to builders are getting whipped.

"Of course, risks were higher for developer loans and the risks were accentuated by asset-liability mismatch for lenders," said Venkatesh Panchapagesan, head of IIMB-Century Real Estate Research Initiative. "That was the trigger for this domino to come apart."

THAT SINKING FEELING

The stress became visible from the second half of FY19, around the time IL&FS faltered on repayments, causing a paradigm shift in financing and causing venerable names in the HFC business to sell assets and meet commitments. The latest data, analysed by Crisil, show that loan growth to builders declined drastically since the autumn.

"Among the HFC segments, the distinction between the two halves was the sharpest for non-housing loans — primarily developer loans and loans against property (LAP)...that saw growth print around 5% (annualised) in the second half, compared with ~28% in the first," Crisil said in a study on Monday. "Housing loans held up better, growing at close to 13% (annualised) compared with 18% in the first half."

The contraction is a clear reflection that borrowing short and lending long can't continue for eternity.

"We should be more conservative and have more long-term funds and now even the RBI has put up new policy document which in some ways will also push us towards that. We would rather err on the side of conservatism," Ajay Piramal, chairman of Piramal Enterprises, told ET Now in an interview. "We have learnt that the single borrower exposure will have to be brought down because it creates unnecessary pressure in the market."

The toxic cocktail of stagnant sales, rising inventories, and repayment schedules meant builder loans were likely to turn subprime. Builders continued to increase property prices to bake in rising costs and offset slowing sales. The stock of finished inventory in top 8 cities more than doubled between 2011 and 2018.

"It artificially inflated the inventory allowing developers to borrow more and remain solvent, and some lenders were more than happy to oblige owing to easy availability of finance," wrote Nilajan Karfa, equity analyst, Jefferies. "Now with limited recourse to refinancing or rollovers, the debt-fueled structure is at risk of imploding."

UNSOLD HOUSING STOCK

In the past 10 years, the value of sold stock has increased 1.56 times, compared with 4.72 times the value of unsold stock. Sales volumes rose 1.28 times while inventory increased to 3.33 times between 2009 and 2018, according to Liases Foras, an independent non-broking real estate research company.

The disposable income of top-90 developers, including their rental income, is ₹23,564 crore but the repayment required is ₹45,128 crore, according to the Liases Foras report.

With funding drying up, developers are in a fix. Low refinancing and higher funding cost are affecting under-construction projects. Stressed debt is around $8-12 billion, said the Jefferies report.

"Money that developers would generally get from NBFCs and HFCs has not been forthcoming," said Keki Mistry, vice chairman and CEO, HDFC. "Sales of real estate properties have slowed. Nudge from the government to banks that lending money to real estate is something that they should look at doing is important. That will help developers come out of credit problems."

Loans to the housing sector fell 23% in the fourth quarter to ₹54,167 crore, indicating that developer defaults are inevitable. To avoid defaults, lenders are considering building unfinished but viable projects, and asset reconstruction companies are considering buying reasonable-sized residential projects. Banks are taking over land parcels and unfinished projects that can be sold further with loans. "Immediate impact is the ability to continue construction," said Panchapagesan. "Delay is inevitable, which could get developers in trouble with RERA....Some of the weaker builders may have to seek partners to complete projects by selling stakes."

While banks slowed down their exposure to developers, NBFCs had aggressively expanded in this segment. Total developer loan is estimated to be $80 billion, of which $50 billion is low-risk lease rental discounting. Core developer book, which is $30 billion, is split equally between banks and NBFCs. Between 2016 and 2018, NBFCs grew 36% in this segment while banks expanded at 4%.

SURVIVAL THROUGH STAKE SALES

To tide over the difficult times, housing finance companies are selling assets and meeting their liquidity needs. DHFL has sold two subsidiaries, Aadhar Housing Finance, an affordable housing finance company and Avanse, an education loan company. They have sold several portfolios to banks by way of securitisation.

From April 1, GST rates have been lowered from 12% to 5%. Will that alone help revive sales?

"We perceive there would be a clearing price for all projects, and lenders, mostly NBFCs, may have to take some haircuts," said Karfa. "The critical question therefore to ask — for which we don't have an answer yet — is whether the stock price correction in certain HFCs and NBFCs prices in those potential unquantified haircuts."

Given the substantial growth rate in exposure to these sectors, a possible concern is dilution in credit standards. A look at the evolution in delinquency levels in each of the segments shows that NBFCs as a group have been leading delinquency levels in almost all the sub-segments of consumer credit (except in loans against property, where it stands a close second to PSBs).

Tossing It Up! Who'll Step Into Puri's shoes?

One of the most watched corporate succession is – who follows **Aditya Puri** at HDFC Bank. Few know who'd make it. ET speculates about potential candidate based on interviews with veterans and headhunters. Neither HDFC Bank nor the candidates mentioned were spoken to. It's just what experts think as to who will make the cut.

Ajay Banga (59),
President, Mastercard

With HDFC Bank management aiming to catapult the bank to its next level of growth, India-minted executive Ajay Banga could well be the go-to guy. Banga, who has overseen Mastercard's dominance as the largest global payments solutions provider as its president for over 9 years, could be instrumental in propelling India's most valuable lender as a leader in the digital payments space.

An Indian Army general's son, Banga also spent 13 years at Citigroup where he oversaw its US consumer assets division and then took over the bank's retail operations in North America. He was later the head of Citigroup's international consumer-banking and finance businesses. He also served as CEO of Citi Asia-Pacific and was responsible for all its business lines in the region, including institutional banking, alternative investments, wealth management, consumer banking and credit cards.

Banga began his business career as a management trainee at Nestlé, India, where he worked for 13 years. He spent two years at Pepsico, where he was instrumental in launching its fast food franchises in India as the economy liberalised. He is a graduate of the Delhi University and the Indian Institute of Management, Ahmedabad.

Sashidhar Jagdishan (54),
CFO, HDFC Bank

Sashi, as he is called by colleagues, is seen as a strong contender to succeed Aditya Puri after Paresh Sukthankar's sudden exit last year. Jagdishan has been with the bank since 1996 and is currently responsible for finance, business strategy and the bank's strategic initiatives.

For Jagdishan, if chosen for the job, the task will be rather gigantic. The biggest challenge will be maintaining the gold standard that Puri has set for the bank. It is a difficult mix of growth, compliance and risk that Jagdishan currently manoeuvres as CFO of the private lender.

Jagdishan holds a Bachelor of Science degree in physics from the University of Mumbai and a masters in economics of money, banking and finance from the University of Sheffield, UK. He is also a chartered accountant from the Institute of Chartered Accountants of India.

Viswas Raghavan (52),
CEO, JP Morgan (EMEA)

Viswas 'Vis' Raghavan is among the foreign bankers of Indian origin who could be seen as having a profile to succeed Puri as HDFC Bank CEO. Raghavan is currently CEO for Europe, Middle East and Africa (EMEA) for US bank JP Morgan and also heads the corporate and investment banking for the bank in the region, reporting to co-president Daniel Pinto.

Under Raghavan, JP Morgan has increased its share of the wallet in investment banking in the region and has cemented its position as a corporate bank. The top job at HDFC Bank could just be the kind of profile to attract Mumbai-educated Raghavan to India.

However, Raghavan's experience mostly in the capital markets and investment banking roles could be a hindrance as HDFC Bank is predominantly a retail entity, with limited capital market business. It is also not clear whether Raghavan holds a US passport, which may create regulatory hurdles.

The top job at HDFC Bank is much sought after because of the bank's status as one of the most valuable financial services companies in the world, and it remains to be seen whether this soccer fan and keen Arsenal supporter is ready for this challenge.

Piyush Gupta (59),
CEO, DBS Bank

The story goes that Gupta almost joined the start-up team at the erstwhile HDFC Bank when his good friend and Citibank colleague Aditya Puri quit the US lender to build a new bank in India. Gupta decided to stay back in Singapore and ultimately moved to take over as DBS Bank CEO.

As CEO at DBS Bank for ten years, Gupta has overseen the bank's diversification to emerging markets outside of Singapore and its transformation to a digital bank with the adoption of technology, especially with the launch of digibank services across the world starting with India.

Gupta's deep knowledge of technology and his familiarity with the Indian market make him as one of the likely successors to Puri. Gupta has just about two years at DBS as 62 is the retirement age, according to Singaporean law. If he chooses to come to India, he gets at least another eight years as CEO of HDFC Bank as the retirement age for bank CEOs currently stands at 70 years.

However, Gupta holds Singaporean citizenship, which he may have to relinquish. Also, now as CEO of the DBS Group, Gupta has a much wider role with close ties with the Government of Singapore. Returning to the cut-throat banking industry back home might not be such a simple choice for Gupta.

– Saloni Shukla & Joel Rebello

GAIL's Plea on Recovery of Fire Compensation from Users Rejected

New Delhi: The downstream regulator has rejected GAIL's plea seeking to recover from its customers the compensation it paid to victims of 2014 pipeline fire that killed 29 in Andhra. The state-run pipeline operator had proposed that the amount spent on compensation of the victims and their families be considered as operating expenditure for the determination of tariff of its KG Basin Natural Gas Pipeline Network. Petroleum and Natural Gas Regulatory Board, the regulator, didn't accept GAIL's plea. "Opex amounting to ₹8.60 crore incurred towards 'disbursement of compensation /rehabilitation expenditure' after the fire incident took place on 27.06.2014 during the FY 2014-15 has been disallowed," the board said in its tariff order on June 29. In its order, the board didn't elaborate on the reasons for rejection of GAIL's plea. But an executive well-versed with the workings of PNGRB said accepting GAIL's proposal would have sent a conflicting signal. — **Our Bureau**

Agency had seized the assets last year as part of its probe into a disproportionate-assets case against AP CM Jagan Mohan Reddy

Spare Indu Assets from Bankruptcy Process: ED

PETITION TO NCLT

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Hyderabad: The Enforcement Directorate has approached the National Company Law Tribunal (NCLT), seeking to exempt the assets of Indu Techzone that the agency had attached from potential insolvency proceedings against the company. It has claimed those to be "proceeds of crime" and subject of a money-laundering case pending before another court.

The agency had seized the assets last year as part of its probe into a disproportionate-assets case against YS Jagan Mohan Reddy, the current chief minister of Andhra Pradesh. According to the case, several companies including Indu Techzone had obtained favours from the government when his father, YS Rajasekhara Reddy, was the chief minister of undivided Andhra Pradesh and they, in a quid-pro-quo, invested in his businesses.

NCLT is hearing arguments in an application filed by Indu Techzone's financial creditor, IFCI, seeking insolvency proceedings against co

Jagan Mohan Reddy had spent 16 months in jail after the CBI arrested him in 2012. The trial in the case, involving multiple charges filed by the CBI and ED, is currently going on.

Meanwhile, the NCLT is hearing arguments in an application filed by Indu Techzone's financial creditor, IFCI, seeking insolvency proceedings against the company. The bankruptcy court had sought the ED's response on IFCI's application. Earlier, the NCLT had ordered insolvency proceedings against Indu Projects, the flagship of the Indu group promoted by Indukuri Syam Prasad Reddy and another company being probed by the central agencies.

In its response to the NCLT's Hyderabad bench, the ED said it had registered a case in August 2011 against Jagan Mohan Reddy and others under the Prevention of Money Laundering Act, wherein Indu Techzone was one of the suspects.

During the investigation, the agency that probes money laundering cases said, it had identified certain properties, including 150 acres of land on the outskirts of Hyderabad, as "proceeds of crime" and accordingly took possession of those. It then filed a prosecution complaint against the company before the CBI court in Hyderabad.

The ED's Plea Before Tribunal

1. **ED registered** a case in August 2011 against YS Jagan Mohan Reddy and others
2. **They were** booked under the Prevention of Money Laundering Act (PMLA), 2002
3. **Indu Techzone** was one of the suspects in this case as it was allegedly "favoured illegally by the AP government in the form of allotment of government projects in lieu of the quid-pro-quo investment made in the companies of YS Jagan Mohan Reddy"
4. **The agency** identified certain properties, including 150 acres on Hyderabad's outskirts as 'proceeds of crime' and took possession of the assets under PMLA
5. **The ED** filed a prosecution complaint against Indu Techzone before the CBI court in Hyderabad
6. **ED pleads with Tribunal that the assets of Indu Techzone that it had attached and took possession be exempted from liquidation**

Tap Regulator over Project Row, HC Tells TN Wind Energy Co

Matter escalates after distributor says it will encash bank guarantees in case of project delay

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Bengaluru: The Madras High Court has asked a wind energy company in Tamil Nadu to approach the state's electricity regulator to raise its dispute with the government-run power distributor over a delay in the completion of its project.

Tangedco (Tamil Nadu Generation and Distribution Corporation) had conducted a wind auction in August 2017 for 500MW of capacity where local players Regen Powertech and Leapgreen Energy emerged as the winners for 200MW and 250MW, respectively. While the deadline for the completion of the projects was mid-June, Regen has built only 50MW so far while Leapgreen is yet to commission a single megawatt.

Regen approached the high court after Tangedco said it would encash the bank guarantees given by the developers if there was a delay in completing the projects. In its petition, Regen claimed that it could not complete its project because the discom had not built the requisite substation to transfer power.

Hearings were held over the past several weeks and the court moved the matter to the Tamil Nadu Electricity Regulatory Commission (TNERC) last week.

"The petitioner shall approach TNERC and seek redressal for its grievance," the high court said. **ET** has seen a copy of the order.

The parties involved were unwilling to comment since the matter is in court.

A top state government official told **ET** in April that they had secured ₹45 crore from both developers and would encash the bank guarantee if the projects weren't commissioned within the deadline. But since the matter was with the high court so far, they were unable to do so.

"There is lot of competition in the state for land (since it is one of the best wind producing states in the country). We have had issues with buying agricultural land and converting it," Rajeev Karthikeyan, managing director at Leapgreen, told ET in April.

Regen has been going through difficult times; it shut a factory in Rajasthan in 2017 and laid off around 400 employees. It has also stopped making turbines and solely gone into operations and maintenance.

Tangedco recently decided it would not conduct wind and solar auction anymore because of poor participation from developers who are concerned about the discom's ability to pay on time.

Story So Far

Aug 2017 Tangedco conducts wind auction for 500 MW of capacity

Regen Powertech & Leapgreen Energy emerge winners

THE LOCAL PLAYERS BARELY COMMISSION PROJECTS

Deadline Mid-June

MATTER MOVED TO TNERC

Tangedco recently decided it would not conduct wind and solar auction anymore because of poor participation from developers

INDUSTRIAL SERVICES

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ET

Markets: Beating Volatility

Plans to Club Funds Under Skilling Schemes

ECONOMY ▸▸ 7

Market Trends

STOCK INDICES		% CHANGE
Nifty 50	11916.75	0.05
Sensex	39839.25	0.06
MSCI India	909.82	0.08
MSCI EM	2406.87	0.49
MSCI BRIC	639.70	0.25
MSCI World	9222.82	0.17
SX 40	23409.89	0.38
Nikkei	21638.16	0.53
Hang Seng	28855.14	0.07
Strait Times	3367.80	0.09

Values in US $, Gross At 7 pm IST

OIL ($) DUBAI CRUDE 61.28 ↘ 1.78 Absolute Change

BOND 10-YR YIELD 6.83 ↘ 0.01 Figures in %

GOLD RATE Prices per Troy Ounce ($)

	US	India
OPEN	1424.70	1547.38
LAST*	1419.80	1547.70

*At 10.30pm, After adjusting for import duty, Indian spot gold lower by $14.08 to US Comex gold price on Wednesday. The premium on local gold is due to tight supply following import curbs.

FOREX RATE (₹-$ Exchange Rate)

OPEN	LAST*
68.87	68.90

Market on Twitter@ETMarkets

UNLIKE IN THE PAST, NIFTY'S IMPLIED VOLATILITY IS AT THE LOWEST EVER BEFORE A UNION BUDGET

D-St Not Budgeting for Big Bang News

Budget Uncertainties

Budget Dates	Index VIX: Budget Day closing	Index VIX: 1 day before budget
26-02-10*	24.02	29.55
28-02-11	24.40	27.27
16-03-12	23.13	25.42
28-02-13	14.86	16.23
28-02-14*	14.18	13.96
10-07-14	15.97	18.19
28-02-15	16.97	19.57
29-02-16	20.16	21.87
01-02-17	13.97	16.83
01-02-18	14.11	15.93
01-02-19*	15.72	17.12

*Interim Compiled by ETIG Database

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Mumbai: Historically, the volatility index, or VIX, a measure of near-term risk for the stock market, has spiked before the Union Budget in anticipation of market-moving announcements on the day. But this time, the fear gauge has drifted lower ahead of the Budget on Friday. Analysts said few expectations that the Budget announcements would cause sharp moves has resulted in volatility remaining sedate before the event.

The India VIX dropped 5% to 13.5 on Wednesday and has fallen 15% in the last one month.

The Nifty's implied volatility (as on Wednesday) is the lowest ever before a Union Budget, said Yogesh Radke, head of alternative and quantitative research at Edelweiss.

"We are just two days away from the Union Budget and market participants seem to have stamped this as a non-event for the equity market," said Radke. "Historically, the IVs do inch up by 3-4 percentage points before the Budget and eventually drop on the Budget day."

The India VIX had gained 11.2% in the month ahead of the interim Budget on February 1 this year to 17.12 level a day before the event. VIX had gained 25.7% in the one month up to the Budget in February 2018 to 15.93, and rose 8.8% during the same period before the Budget in February 2017 to 16.83. Analysts said volatility usually surges before crucial events like Budget and election results as uncertainty about the outcome prompts traders and investors to buy options as hedges.

This time, the mood is indifferent as investors are uncertain about what to expect from the

new Finance Minister, Nirmala Sitharaman. Investors reckon that the stress in the non-banking finance sector, a slowing economy and limited finances give the government little room to beat market expectations.

"Market's expectations from the Budget are quite low. Although directional guidance may come in the Budget on macro issues, no major big bang new announcement or reforms are expected," said Deepak Jasani, head of retail research at HDFC Securities. "A deviation of 10 basis points or so from fiscal deficit target of 3.4% will be accepted, but a higher slippage could worry FIIs especially because the combined deficit (including state deficit and off balance items) is still higher."

The Nifty has fallen 1.4% in the last one month. Analysts said that the fall in VIX is also because it had run up sharply ahead of national polls. VIX had touched a 52-week high of 30.18 on May 22 — a day before the election results were announced.

"Volatility is subdued this time. The same government is announcing the Budget," said Amit Gupta, head of derivatives at ICICIdirect. "Volatility has come down from 30 levels and not increased. The same positive bias should be maintained after the Budget as well."

ALLIED FIN SERVICES CASE

SAT Rejects Sebi's 'No Jurisdiction' Plea, Asks it to Pass Order

Regulator to give its verdict by July 17

Pavan Burugula & Maulik Vyas

Mumbai: The Securities Appellate Tribunal (SAT) has directed Securities and Exchange Board of India (Sebi) to pass an order in the case of Allied Financial Services, which fraudulently used mutual fund units it did not own as margins for derivative trades, said four people privy to the development. The trades were put on hold by the Supreme Court last week. The market regulator in its interim orders, froze the transactions of 11 entities including Allied Financial who were accused in the matter. When the case reached SAT, Sebi argued that it has no jurisdiction over trade annulments.

Rejecting the regulator's argument, the tribunal, which hears appeals against Sebi orders, on Friday asked why interim orders were passed if it felt the matter was beyond its jurisdiction.

SAT has now instructed the market regulator to give its verdict by July 17.

The case pertains to some of the option contracts purchased by Allied Financial using mutual fund units belonging to clients including Dalmia Cements as the collateral. IL&FS was custodian for these contracts and cleared the trades.

The market regulator had passed an order on February 27 instructing the stock exchanges to freeze all the credits and debits from the accounts of 11 entities including Allied Financial Services. On June 20, the market regulator issued another clarification order for IL&FS Securities Services which was the custodian for the trades in question. However, during the proceedings, Sebi had granted hearing only to IL&FS Securities and none of the other parties.

"In our opinion, SEBI violated the principles of natural justice in denying Navjoy and Dalmia right to be heard in spite of specific directions given by this Tribunal," said the SAT order on Wednesday.

The SAT bench made this remark on Wednesday while hearing the case. Clients of various foreign brokers including Citigroup were the counterparties in the fraudulent trades done by Allied late last year. An email sent to Sebi remained unanswered. Citi declined to comment

Senior lawyer Janak Dwarkadas represented Citigroup in the matter, while Dalmia was represented by Somasekhar Sundaresan.

SAT asked Sebi to sort out matters linked to trade annulments immediately.

"Issues for return of the securities, for annulment of the trades are not being considered by any authority till today and these entities are running around in circle. These questions are required to be addressed at the earliest," SAT noted.

The tribunal did not comment whether the trades should be annulled.

SAT said counterparties in the trade have incurred losses because of the delay in the squaring off the contract. This will have a cascading effect as the counter parties will have to settle with other parties, it said.

"Sebi had initially said it had no control over trade annulment since such exercise need to be undertaken by clearing corporations which are independent entities," said one of the persons cited above. "However, Sebi's SCRA regulations say Sebi can treat clearing corporations like stock exchanges in the regulatory and compliance matters. So, Sebi has powers to annul the trades."

The option contracts purchased by Allied had expired on June 27. Since the collateral used by Allied was fraudulently obtained, Mumbai police's Economic Offences Wing (EOW) had frozen these margins that led Allied to default on its obligations. In cases where broker defaults, the entity clearing the trades is liable to pay the margins. In this case, it was IL&FS Securities Services that cleared the trades and was liable to pay margins to the tune of Rs 380 crore. IL&FS moved the Supreme Court seeking a relief from this obligation. It argued that the custodian was not aware of the wrongdoing while it cleared the trades and hence should not be penalized. The apex court stayed the settlement of the option contracts until SAT and Bombay High Court pass a verdict in the matter.

"Counterparties haven't done anything wrong. They purchased the contracts legitimately through stock exchange platform," said another person cited above. "Why should the counterparties pay the price for a wrongdoing where they weren't ancillaries."

SLOWDOWN FEARS STAY

Oil Gains as US Inventory Drop Helps Ease Opec Gloom

Bloomberg

Oil gained after suffering its biggest drop on the day of an OPEC meeting in more than four years.

Futures rose 0.8% in New York after an industry report showed U.S. oil inventories fell by almost 5 million barrels last week. Prices were still far from recouping Tuesday's 4.8% decline, when concerns about the global economy overshadowed the decision from OPEC and its allies to extend output cuts.

The Organization of Petroleum Exporting Countries and its friends including Russia agreed on Tuesday to prolong cuts into 2020 as they seek to reduce global stockpiles. But concerns over oil demand proved more decisive for the market following weak manufacturing data from the U.S., China and Europe.

"Clearly, there is no getting away from economic bearishness and cooling demand fundamentals," PVM Oil Associates Ltd. analyst Stephen Brennock wrote in a report. "This morning, however, has provided a reprieve from the selling frenzy as those searching for a bullish catalyst pin their hopes on another drawdown in U.S. oil inventories."

West Texas Intermediate crude for August delivery climbed 42 cents to $56.67 a barrel on the New York Mercantile Exchange as of 8:55 a.m. local time. It slid 4.8% on Tuesday, the most in more than a month.

Brent for September settlement rose 63 cents to $63.03 a barrel on the ICE Futures Europe Exchange after slumping 4.1% in the previous session. The spread between contracts for December 2019 and December 2020 narrowed on Tuesday to just $1.91, compared with $2.44 for the same WTI deliveries.

On Wednesday, the global benchmark crude traded at a premium of $6.29 to WTI for the same month.

A Bloomberg survey forecast a smaller weekly decline in U.S. crude stockpiles than that reported by the American Petroleum Institute. The Energy Information Administration is scheduled to release its official data later on Wednesday.

Past performances of the indices and prospects of more rate cuts with improving liquidity hint mid- and small-caps could be poised for a take-off

Large Cap-Broader Indices' Returns Gap Hints at Chance for Value Buys

Our Bureau

Mumbai: India's blue-chip benchmarks, the Nifty and the Sensex, are at record highs but the 'extreme' divergence between one-year returns of the large-cap and the broader indices may indicate value buying opportunities in mid- and small-caps.

Kotak Mutual Fund said in a report that past performance of mid- and small-cap indices and prospects of more rate cuts and improving liquidity may mean that mid- and small-caps could be poised for a take-off.

The average divergence between the Nifty and the Nifty Midcap 100 over the past 13 years has been 4%, but the ratio in June 2019 is at negative 13%. The trend is similar for Nifty Smallcap 100, where the divergence from the main index is negative 24% in June 2019.

Mid and small caps in the past have benefitted from liquidity and softer interest rate regime, Kotak said. In March 2016, liquidity hit a low and started recovering sharply triggering a mid- and small-cap rally. The broader indices have also bounced back sharply after falling badly several times in the past, Kotak said. For instance, the mid-cap index fell 59% in 2008 but recovered to jump by 99% in the next one year. In 2011, it fell 31% before recovering to jump 39% in the next one year.

In the near term, there could be some risks for the mid- & small-cap stocks because of weak macro environment but there is decent value in some of the small and midcap counters, said fund managers.

"Mid and small caps are looking interesting at this point in time because at least there is some value emerging here and if the domestic growth improves, we should see good earnings growth improvement for the mid and small-cap companies," said Mahesh Patil, CIO – equity, Aditya Birla Mutual Fund. "If earnings growth improves, they can offer potentially higher returns over the medium to long term."

India's main stock indices have given over 15% returns since January 2018 but that does not paint the real picture of India's stock market. Beneath the surface, there has been a dent in investor wealth. The Nifty Midcap index has declined 15% since January 1, 2018 and the Nifty Smallcap has plunged 18% during this period.

"Midcaps now trade at a discount to large-caps and offer relatively good risk-reward, but the market sentiment and potential liquidity improvement in the economy are key pre-requisites for midcaps to perform," said a recent note by Motilal Oswal Financial Services.

Index Show

(FIG IN %)

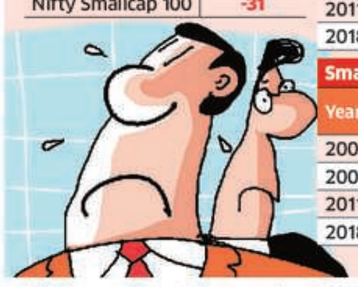
Index	Return (%) Jan 2018 to Jun 2019
Nifty 50	14.3
Nifty Midcap 100	-15.4
Nifty Smallcap 100	-31

Mid-cap Returns

Years	Rtn	Next 1-Year	Next 3 Year CAGR
2001	-30	24	55
2008	-59	99	18
2011	-31	39	27
2018	-18	-	-

Small-cap Returns

Years	Rtn	Next 1-Year	Next 3 Year CAGR
2001	N/A	N/A	N/A
2008	-71	107	17
2011	-34	37	25
2018	-32	-	-



SOURCE: Kotak Mutual Fund

STREET SIGNS

Re Ends Up 6 Paise at 68.89 a Dollar

PTI

Mumbai: The Indian rupee Wednesday saw a marginal 6 paise gain at 68.89 against the US dollar in line with a steady trend in domestic equities in the run-up to the Union Budget due on Friday.

At the interbank foreign exchange, the domestic unit opened stronger at 68.83 and went on to touch the day's high of 68.79 to the US dollar. The local currency, however, failed to sustain the gain and slipped to a low of 68.96 in intra-day deals. The domestic currency finally closed at 68.89 against the US dollar.

The rupee had settled at 68.95 against the US dollar Tuesday.

Market participants are keenly awaiting the Union Budget, to be unveiled on Friday, which will give further cues in terms of policy measures, analysts said.

Meanwhile, weaker American currency against its key rivals also helped the rupee trade higher. However, rising crude oil prices and foreign fund outflows weighed on the domestic currency and restricted its rise.

The dollar index, which gauges the greenback's strength against a basket of six currencies, fell marginally by 0.03 per cent to 96.70.

Foreign institutional investors (FIIs) remained net sellers in the capital markets, pulling out Rs 390.18 crore on Wednesday, as per provisional data.

Meanwhile, the 10-year government bond yield was at 6.83 per cent on Wednesday.

Indices End with Marginal Gains

PTI

Mumbai: Equity benchmarks Sensex and Nifty ended modestly higher Wednesday after a volatile session as investors looked ahead to the Union Budget for further cues.

Extending its gains for the third session, the 30-share BSE Sensex settled 22.77 points, or 0.06 per cent, higher at 39,839.25. Similarly, the broader NSE Nifty edged up 6.45 points, or 0.05 per cent, to 11,916.75.

Investors are keeping their powder dry ahead of Budget 2019-20, to be presented Friday, and are expecting measures to spur growth and revive demand, traders said.

Risk sentiment was also affected after data showed that the country's services sector activity in June contracted for the first time since May 2018.

Top gainers in the Sensex pack included IndusInd Bank, ITC, L&T, M&M, PowerGrid, Asian Paints and SBI, ending up to 3.79 per cent higher.

On the other hand, Tech Mahindra, Vedanta, Infosys, Yes Bank, Tata Motors, TCS, HCL Tech and Maruti were the top losers, shedding up to 1.44 per cent.

Global equities turned jittery after optimism surrounding the US-China trade truce was offset by the Trump administration proposing to slap tariffs on certain EU imports.

Sectorally, the BSE realty, capital goods, power, FMCG, industrials, energy and finance indices ended up to 0.76 per cent higher.

PAPERS RETURNING 8.5 -14% DESPITE REPO CUTS

Higher Yields Keep Demand Strong for Perpetual Bonds

Top of the Charts

Some actively traded perpetual bonds

Coupon (%)	Security	Call Date	Rating	Yield (%)
9.56	SBI	4-Dec-23	AA+ CRISIL & ICRA	8.79
8.95	PNB	3-Mar-22	A by IND Ratings & AA by BWR	10.35
8.50	BoB	2-Dec-21	AA+ by IND Ratings & AA by CARE	9.15
9.95	Syndicate Bank	24-Oct-21	A+ by IND Rating & A+ by CARE	10.25
10.50	Indusind Bank	28-Mar-24	AA by CRISIL & IND Rating	10.90
11.40	Tata Power	2-Jun-21	AA by CARE & AA- by CRISIL	9.40
8.75	Chola MS	25-May-22	AA by CRISIL & ICRA	10.30
9.00	Muthoot Fin	19-Apr-23	AA by CRISIL & ICRA	10.35

Source: Synergee Capital

Prashant.Mahesh
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Mumbai: Affluent investors are lapping up perpetual bonds of lenders and non-banking finance companies where they can earn 1-3% over traditional bank deposits. Yields on many of these bonds have remained firm or risen despite the Reserve Bank of India cutting policy rates driven by worries about the stress in the country's financial system.

A perpetual bond works like a lifetime, irredeemable fixed deposit, with bond holders getting a fixed coupon every year. In recent months, these bonds are returning between 8.5% and 14%. Perpetual bonds have found takers among a section of the rich investors because the product fetches a better return than the fixed deposit of these banks.

Punjab National Bank, IndusInd Bank and Yes Bank, whose perpetual bonds are fetching 10-14%, are the most popular among investors with a higher risk appetite. The risk that investors buying these bonds face is that that banks could skip interest payment if the losses on account of NPA write-offs are huge.

Perpetual bonds of SBI and Bank of Baroda among public sectors lenders and HDFC Bank, ICICI Bank, Karnataka Bank and South Indian Bank in the private sector are the others available for purchases in the secondary market. The SBI perpetual bond is trading at a yield of 8.7%, ICICI is at 9.1% while the Yes Bank bond returns 13.5%. Among NBFCs, yields on Cholamandalam bonds are at 10.6%.

Wealth managers believe investors would be better off buying perpetual bonds of nationalised banks. "Investors should prefer nationalised bank perpetual bonds backed by the government," says Vikram Dalal, managing director, Synergee Capital. Dalal said despite the NPA problems these banks have honoured their commitment in the past. About six state-owned banks, including IDBI Bank, Bank of Maharashtra, Dena Bank, Uco Bank, Corporation Bank and United Bank of India, have bought back Rs 13,000 crore-14,000 crore worth of perpetual bonds and repaid investors in full.

Uncertainty hasn't disappeared. Expect savvy investors to shift to a more selective and defensive approach

Many Assets Are Winners ... So Beware

Mohamed A. El-Erian

Most U.S. investors' portfolios have registered strong returns so far in 2019 as both risk and risk-free assets rallied nicely in the first half of the year. As data emerge on the performance of different types of investment vehicles, it wouldn't surprise me if the out-performance were concentrated among those portfolios that not just relied on the less sophisticated asset allocation approaches but also made heavy use of passively managed products.

All this has occurred during a period in which global growth prospects worsened, trade tensions persisted, companies have attracted more regulatory attention, financial system distortions have deepened, and markets have become even more reliant on central banks. It speaks to an unusual combination of economic, corporate and market outcomes that has tended to baffle even the most experienced investors. At its basis is a critical longer-term judgment for investors that has important implications not only for where they invest but also how.

On the one hand, they see prospects for a structurally driven world of sustainable higher growth and low and stable inflation that validates elevated asset prices and pushes them higher. On the other hand are asset prices that, driven by continuous liquidity injections, risk decoupling too far and too fast from economic, corporate and political fundamentals, thereby setting the stage for a painful market correction that could adversely spill over to the real economy.

As much of the weekend financial media has heralded, U.S. stocks had their best first half of the year since 1997 as measured by the 17.3% returns on the S&P 500, which set a new record high during this period (and also had

its best June since 1955). An even more impressive surge of 20.7% was registered by the Nasdaq.

Fixed income also did well, and not just because of the healthy gains made by its more risky components such as high-yield bonds and emerging markets. Defying historic correlations, longer-dated U.S. government bonds (20-year maturities and above) joined stocks in registering double-digit returns in the first six months of the year. Gold also had a strong run, further illustrating the set of unusual correlations in asset-class returns. And for those looking for even greater extremes, they need only note the impressive performance at the two extremes of the traditional risk spectrum: 30-year U.S. Treasuries and Bitcoins.

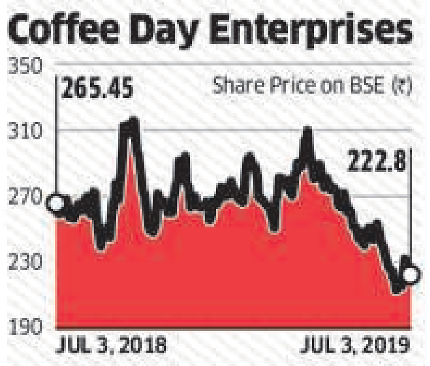
The immediate explanation for the impressive across-the-board asset returns (and for such a historically unusually combination) has to do with central banks' renewed willingness to inject liquidity into the system that raises virtually all asset class valuations.

The first half of the year saw a historic policy pivot – one to a significantly more dovish stance that was correlated (not coordinated) among the four globally systemic central banks (Bank of Japan, European Central Bank, Federal Reserve and the People's Bank of China). It was spearheaded by the Fed, which walked away from its well-advertised "policy normalization" path of further interest rate increases and automatic balance sheet reductions. And it saw the other central banks join it in signaling additional monetary stimulus in the months ahead.

All this struck a nerve among investors and traders who have been conditioned to associate ample central bank liquidity with higher asset prices (and do so almost irrespective of the state of the underlying economic and corporate fundamentals).

What to Buy, Sell and Hold

Coffee Day Enterprises



- **Maybank Kim Eng Securities** has retained buy rating on **Coffee Day Enterprises** with a target price of ₹296. The company's FY19 profit was in line with estimate, the brokerage said. Shares of Coffee Day Enterprises have lagged due to delays in restructuring into a pure play café business from conglomerate, the brokerage said. However, it has retained buy rating as it believes Coffee Day Enterprises is a compelling investment story. Shares of Coffee Day Enterprises ended down 1% at ₹222.80 on Wednesday.
- **Nomura** has maintained neutral rating on **Tata Motors** given the near-term weakness in luxury car demand, global tariff wars and weak China demand for Jaguar Land Rover. Nomura is factoring in 6% growth in overall JLR volumes in FY20, led by the launch of new Evoque variants and a new Defender. The firm's target price for Tata Motors is ₹187. Shares of Tata Motors ended down 0.82% at ₹162.35 on Wednesday.
- **Kotak Institutional Equities** has maintained add rating on **Amara Raja Batteries** but revised its fair value to ₹665 from ₹680. The brokerage has cut terminal growth estimate to 4% from 5% earlier, capturing risks from the shift in electric vehicles in the two-wheeler segment. Low research and development spends and shift to electric vehicles in the two-wheeler segment could be a few risks for valuation of the company, Kotak said. Shares of Amara Raja Batteries ended up 0.5% at ₹631.05 on Wednesday.
- **ICICI Securities** has maintained buy rating on **Just Dial** and revised target price from ₹725 to ₹885. The brokerage expects revenue growth in FY20 to be 13% with the operating margin before tax to be sustained at 25% despite higher investments in FOS sales and advertising. Capital return in terms of buybacks is expected to remain healthy, ICICI Securities said. Shares of Just Dial ended up 3.13% at ₹788.30 on Wednesday.
- **Reliance Securities** has recommended a buy rating on **Maruti Suzuki India** with a target price of ₹7,570 and value the stock at 22 times FY21 estimated earnings-per-share. All the new launches i.e. Baleno, Brezza, new Ertiga, new Swift, new Wagon-R etc are successful with a strong response in market over past few years, the brokerage said. It expects increase in first time buyers from revival of rural demand in seconf half of FY20 amid government's rural focus. Shares of Marurti Suzuki ended down 0.44% at ₹6,530.20 on Wednesday.

HIGHER EXPENSES on visas, salaries and digital capabilities to keep pressure on margins, but deal growth will sustain revenues, which has also led to high stock valuations, say analysts

'IT Cos' Revenue Show to Stay Strong, but Margins to Take a Hit'

Our Bureau

Mumbai: Profit margins at IT companies are likely to remain under pressure in the June quarter on a sequential basis due to higher wage costs, adverse forex movements and visa expenses. Brokerages expect 20-340 bps Y-o-Y decline in earnings before interest and tax (EBIT) for Tier-1 IT companies.

Localisation and investments in digital capabilities would also hold down profitability. Concerns over slowing global growth and strengthening of the rupee are likely to weigh on IT stock performance and analysts expect moderate stock returns, in the near term.

"We expect EBIT margins across the top-tier to shrink by 50-160 bps, with contractions particularly pronounced at TCS, Infosys and Tech Mahindra" said Ashish Chopra, research analyst, Motilal Oswal Financial Services. "The situation is no different for tier-II, where barring Mphasis, Hexaware and Zen Technologies, we expect margins to contract by over 100 bps."

Analysts anticipate revenue momentum to sustain in the June quarter earnings due to strong deal signings in the March 2019 quarter, but forex movements and opex may hit margins.

"We anticipate cross-currency headwinds of 20–25bps for the top-five Indian IT players…In the mid-cap space, while Hexaware, Persistent, L&T Infotech and L&T Technology Services are expected to post decent numbers, client-specific issues are likely to hamper Cyient's and eClerx's ability to grow," said Sandip Agarwal, analyst, Edelweiss.

However, most analysts said that demand across the board remains robust and this should reflect in strong deal wins and positive management commentaries.

Infosys and HCLT provided FY20 revenue growth guidance of 7.5-9.5% and 14-16%, respectively. Both companies cut EBIT margin guidance band by 100 bps each. TCS has guided for double-digit revenue growth at stable margins.

"The dollar appreciation against all major currencies in the June quarter will have a negative impact of 10-50bps on US$ revenue of Indian IT companies for the quarter," said Rahul Jain, VP Research, Dolat Capital. "The wage hike cycle in many cases and increased visa costs for almost all the IT companies will further hit margins."

The IT sector has performed relatively well in the past 12 months on the back of its defensive characteristics, currency depreciation and acceleration in demand. However, IT stock returns will likely be muted in the near term.

"Many stocks are trading at peak cycle multiples. leaving little on the table to generate returns," said Kawaljeet Saluja, analyst, Kotak Securities.

After outperforming the broader market by 11% in FY 2019, the Nifty IT Index delivered muted returns in the June quarter

"Valuations of many stocks are factoring in continued acceleration in revenue growth with sustained profitability, thus leaving limited scope of positive surprise," said Dipesh Mehta, analsyt, SBICAP Securities. "We prefer Infosys as we believe these concerns will be addressed in the coming quarters, which will help in narrowing down its valuation gap with TCS."

Muted Show Likely

June 2019 Quarter Estimates

Company	EBITDA Margin YoY bps	PAT YoY (%)
TCS	-90	4.2
Infosys	-330	-11.9
Wipro	140	33.4
HCL Tech	-160	0.8
Tech Mahindra	50	17.9

Source: Motilal Oswal

REIGNING STRONG Agile response to competition, HR initiatives and delivering consistently on strategic objectives make it stand out

HUL is the Most Valuable FMCG Co. Here are Five Reasons Why

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ET Intelligence Group: Fast moving consumer goods behemoth HUL is a must-have stock in any balanced portfolio. The Indian arm of the Anglo-Dutch consumer major Unilever has been favoured by the Street despite its expensive valuations. Here are the five factors that have been instrumental in HUL reigning as the most valuable FMCG company:

1. Investment in brands and people: The company spent over ₹4,607 crore (12% of its FY19 net sales) on its brands. This is equivalent to the revenues earned by Colgate Palmolive or GSK Consumer Healthcare in FY19. HUL has been one of the most successful in premiumising its brands like Surf, Dove, Lakme and Brooke Bond. Besides, its investment in human resources has made it a talent ground for its parent Unilever and the Indian FMCG industry.

2. Acquisition to fill gaps in portfolio: HUL has time and again made acquisitions to respond to a threat or fill a gap in its portfolio. It acquired ayurvedic hair oil brand Indulekha, GSK Consumer Healthcare for its malted food drink brands and Adityaa Milk to beef up its ice cream portfolio. Though not all its buyouts have been successful, the strategy reflects the company's response to take on competition.

3. Agility with focus on the core: The 85-year-old company has kept pace with changing times and consumer preferences. It has innovated, experimented and invested in new ideas and technologies. Despite that, it has stuck to its core products in home care, personal care, foods & beverages. Its response to threats from Patanjali is an instance of its agility.

4. Spelling out the strategic agenda and working towards it: HUL's management unfailingly talks of its 'strategic agenda of delivering consistent, competitive, profitable and responsible growth' to the extent of it sounding cliched. But, the company's performance in revenue and net profit terms has remained representative of the stated agenda.

5. No replication by its peers in the domestic market: The company has several inherent advantages working in its favour — global pedigree, long legacy of doing business in India and well-entrenched distribution system. Incidentally, Patanjali, the relatively new home-grown FMCG player, has targeted to unsettle HUL from its numero uno position in the Indian consumer market by FY20. HUL seems prepared to take on the challenge.

HUL: Segmental Performance

Product Segment	FY19 Revenues (₹ cr)	YoY % growth	FY19 Segment Profit (₹ cr)	YoY % growth	FY19 Segment Margin (%)
Home Care	12,874	10.7	2,156	26.7	16.7
Personal Care	17,800	7.3	4,751	13.0	26.7
Foods & Refreshments	7,131	10.1	1,230	24.5	17.2
Others	1,505	-1.8	178	16.3	11.8
Segment Total	39,310	8.5	8,315	18.0	21.2

SOURCE: Capitaline

Indecisive Trend on Nifty Charts, Profit Booking Likely

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ETMarkets.com: Nifty50 settled with marginal gains on Wednesday after facing strong resistance around the 11,950 mark.

The index formed higher highs and lows for the third straight session, and showed a bullish crossover on the MACD indicator, but could only manage an indecisive Doji on the daily chart.

This, along with weak advance-decline ratio, suggests the index remains prone to profit taking unless it takes out the 11,920 level sustainably. Structurally, the index seems to have formed a Bearish Wedge pattern and is trading near the upper end of it, said Gaurav Ratnaparkhi of Sharekhan.

"The upside looks limited for now. The 11,980-12,000 range is likely to act as a cap. The index has been forming distribution near the 61.8 per cent retracement of the June decline. Once the bearish structure matures, it is likely to tumble towards the June low of 11,625. A key support stands at 11,814," Ratnaparkhi said.

Mazhar Mohammad of Chartviewindia.in said the index has generated a 'buy' signal on the daily MACD chart, which is a positive sign in normal circumstances.

Day Trading Guide | IIFL

Markets bounced back and extended gains for second consecutive week ahead of the Union Budget. However, Nifty struggled to surpass the 11,900-11,930 zone which is a crucial resistance area. A break past the same is likely to lift the index higher towards the 12,000 psychological mark. Whereas on the downside, 11,780-11,800 is the vital support zone. Bank Nifty on the other hand struggled to break past the 31,500-31,550 zone an important resistance zone. Going forward, we expect volatility to expand as the event unfolds.

Tech Picks

HADRIEN MENDONCA
Senior Technical Research Analyst

CENTURY TEXTILE — **BUY** TARGET ₹1,028

Rising volumes and positive crossover on the moving averages indicates short term upmove likely

LAST CLOSE ₹998 STOP LOSS ₹970

UNITED SPIRITS (JUL FUTS) — **SELL** TARGET ₹563

Negative crossover on the RSI indicates weakness is likely to get extended

LAST CLOSE ₹583 STOP LOSS ₹592

BANK INDIA — **BUY** TARGET ₹98

Stock has broken out from a Flag pattern on daily chart with impressive volumes

LAST CLOSE ₹92.5 STOP LOSS ₹90

F&O Strategy

JAYESH BHANUSHALI
Sr. Derivative Analyst

NMDC has begun the July F&O series on a positive note backed by strong rollovers of 94% from the June series. The stock's future has gained nearly 5% since the start of the current series and has added fresh open interest consisting mainly of long positions. On the options front, heavy short covering is witnessed in at-the-money and in-the-money call option strikes as the underlying price has soared higher. The maximum open interest call base has moved from 120CE as these positions were forced to shift to higher OTM strikes of 130CE, indicating a continued upward momentum for the stock to its immediate resistance level of ₹130.

TRADE: Bull Call Spread (Hold till: July 25, 2019): Buy 1 lot NMDC 120CE and Sell 1 lot NMDC 130CE in the range of ₹1.5-2 (Premium Paid); Stop Loss: ₹0.5; Target: ₹10

GAIL July Future

SELL ₹308-310

TARGET ₹301 | STOP LOSS ₹314

Fx Technical

AMIT PATHANIA
Technical Strategist

USD/ INR STATUS: Likely to move higher towards 69.40 levels
CALL FOR THE DAY: Go long in July future around 69
TARGET ₹68.40 | STOP LOSS ₹68.80

GBP/INR STATUS: Likely to move lower towards 86.20 levels
CALL FOR THE DAY: Go short in July future around 87.20
TARGET ₹86.20 | STOP LOSS ₹87.55

Commodity Calls

AMIT PATHANIA
Technical Strategist

COMMODITY	EXCHANGE	STRATEGY
Gold (Aug)	MCX	Buy in range ₹34,300-34,230; SL ₹34,100; Target ₹34,500/34,600
Copper (July)	MCX	Buy in range ₹437.50-437; SL ₹434; Target ₹442/444
Crude Oil (July)	MCX	Buy at ₹3,900-3,890; SL ₹3,840; Target ₹4,010/4,040

Time Ripe for Consolidation in the Hands of Well-run Cos

Q&A

India is in a slow economic climate and that bodes well for consolidation of the market in the hands of a handful of well-run companies, said **Saurabh Mukherjea**, founder, Marcellus Investment Managers. Excerpts from interview with **ET Now**:

D-Street wanted the market to stop falling and now that has happened…

A quiet market reflects the quietness in the economy and ahead of the first Budget of the new government, it is as good an outcome as we can expect going into a tricky situation for the economy. That being said, the outlook is less uncertain than a lot of people are making it out to be. It is relatively clear. For instance, in lending, we will end up consolidating both banks and NBFCs in the hands of half a dozen lenders.

Similarly, it is relatively clear given the trade situation that a mid-70s exchange rate for the rupee makes more sense. In that regard, IT and pharma stocks make a lot of sense. It is easy to say that in a macro downturn, there are lots of uncertainties, but in my reckoning, the outlook is relatively clear for the Indian economy. We are in a slow economic climate and that bodes well for consolidation of the market in the hands of a handful of well-run companies.

Is the market not anticipating anything big bang in this Budget?

If you capture the crux of the market sentiment vis-à-vis the Budget, then a couple of things are clear. Obviously GST is such a big part of our economy now. It has obviously not been captured by the Union Budget. It is a separate dynamic altogether.

Secondly, in a way, the interim budget in February announced some tax cuts for people earning ₹5 lakh or less, PM Kisan and so on. Given the limited fiscal space available, I do not think the markets got any great expectations of what will happen on Friday, July 5.

Would you be completely risk averse right now or would you would be willing to dabble in some of the other pockets?

The truth we have historically taken to investing in India is that we have tried not to dabble, not to speculate and consistently focussed on running a portfolio focussed on high quality cash generators. We call them consistent compounders and in that context of running companies which are high quality cash generators, our outlook has been that whether it is in banking, FMCG or IT services, the focus is on companies with unbeatable comparative advantages in the sector.

For instance in IT, TCS is a company we have recommended to several of our clients. The focus is on companies which are unbeatable and have comparative advantages. One has to buy them and sit back and watch them compound. There is very little scope in that sort of investing framework for short-term trading or short-term speculation. That is why we do not get that perturbed over the latest GDP print and the NBFC crisis and so on.

Any defensive play other than IT and pharma?

Take for instance Asian Paints. It dominates the paints category with over 50% market share for the last 50 years. It is what I would call a consistent compounder. The stock is up 1700x or so in the last 35 years. Now that is a well understood consistent compounder.

What I find very interesting about India is further down, in the market cap spectrum, you get similar companies. For instance, Relaxo is a stock I own personally. A lot of people do not know that it was Bata which created the Hawai chappal. Bata is out of the hawai chappal segment and Relaxo is now the dominant player there. It is a smaller company than Asian Paints and the market cap is in the vicinity of ₹10,000 crore. But a category dominator like Relaxo has a bright future and there is very little dependence between its fortunes and the latest GDP print or the NBFC crisis and so on.

Market Intelligence Powered By: ETIG Database www.etintelligence.com

MARKET SNAPSHOT

	SENSEX	NIFTY
Open	39907.57	11932.15
High	39934.99	11945.20
Low	39732.38	11887.05
Close	39839.25	11916.75
Change(Abs)	22.77	6.45
52-Wk High	(Jun 4)40312.07	(Jun 3)12103.05
52-Wk Low	(Oct 26)33291.58	(Oct 26)10004.55
3-Yr High	(Jun 4,19)40312.07	(Jun 3,19)12103.05
3-Yr Low	(Nov 21,16)25717.93	(Dec 26,16)7893.80

TURNOVER

Turnover in ₹ Crore, Shares & Trades in Lakhs

	BSE			NSE		
Date	Turn	Shares	Trades	Turn	Shares	Trades
3/7	1772	1276	8.31	26284	12521	93.94
2/7	1639	1320	8.19	26172	13621	96.91
1/7	1654	1275	8.55	24753	12147	90.92
28/6	2072	1563	9.14	29793	14311	104.00
27/6	2728	2348	12.26	41582	21890	124.96

ADVANCE & DECLINE

BSE	(Number of traded scrips)				NSE
	'A'	'B'	Others	Total	Total
Advances	253	512	539	1304	873
Declines	198	466	534	1198	754
Unchanged	6	39	120	165	104
Total	457	1017	1193	2667	1731

HIGHS & LOWS

BSE	(Number of scrips)				NSE
	'A'	'B'	Others	Total	Total
52WK High	12	5	23	40	24
52WK Low	7	45	142	194	41
All High	6	1	11	18	12
All Low	2	19	36	57	22

FII ACTIVITY (₹ Cr.)

	EQUITY			DEBT		
Date	Buy	Sell	Net	Buy	Sell	Net
2/7	4071	5624	-1553	1737	462	1275
1/7	5183	6046	-863	839	315	524
28/6	5383	5952	-569	2479	613	1866
27/6	6788	6742	46	1246	2564	-1318
26/6	4287	4087	200	3391	2866	525
Tot Jul	9254	11670	-2416	2576	777	1799
Total 2019	731584	654910	76674	198097	186641	11456

MF ACTIVITY (₹ Cr.)

	EQUITY			DEBT		
Date	Buy	Sell	Net	Buy	Sell	Net
2/7	725	618	108	2714	585	2129
1/7	1546	2276	-730	13077	9493	3583
28/6	1057	843	215	2677	3525	-848
27/6	5895	6259	-364	12996	11537	1459
26/6	2580	2053	528	6645	5422	1223
Tot Jul	2271	2894	-623	15791	10078	5712
Total 2019	313024	300429	12594	1337153	1044908	292245

Five Consecutive Days Up

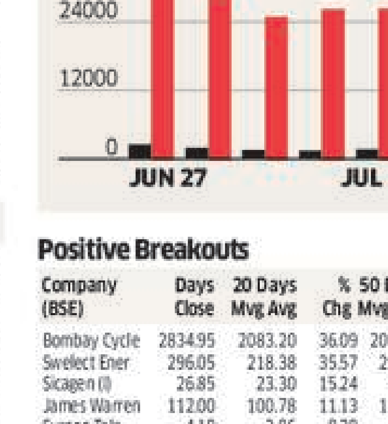
Company (BSE)	Days Close	Prev Close	5 Days Ago	5 Days Rtn.(%)
Stovac Ind.	2200.00	2199.85	2136.15	2.99
Revathi Equ.	432.00	430.00	416.05	3.83
Dharamsi Mor	167.80	153.40	144.94	15.77
Diamines&Chm	133.55	131.90	122.10	9.38
Sudarsh.Chem	328.40	326.05	317.14	3.55
Assam Co.(I)	1.38	1.32	1.20	15.00
Cosmo Films	232.75	230.95	225.30	3.31
Orient Abras	19.20	18.50	17.70	8.47
Indian Hume	321.30	315.35	270.25	18.89
United Van D	18.20	17.35	15.60	16.67

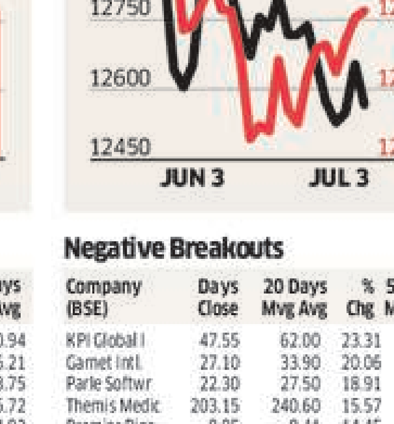
Five Consecutive Days Down

Company (BSE)	Days Close	Prev Close	5 Days Ago	5 Days Rtn.(%)
CG Power & I	26.65	26.80	29.50	9.66
Finolex Cabl	414.75	425.10	442.20	6.21
Surya Roshni	221.75	223.60	230.15	3.65
Sadhana Nitr	142.40	147.30	164.75	13.57
Transpek Ind	1415.15	1418.30	1479.95	4.38
Indian Hotel	151.85	152.94	158.25	4.04
VBC Ferro	28.60	30.00	34.75	17.70
Tata Sponge	539.29	540.00	550.25	1.99
Vindhya Tele	1271.55	1272.84	1334.15	4.69
BSL	30.00	30.75	38.54	22.16

52 WEEK AT NSE · ALL TIME AT NSE

52 WEEK AT NSE				ALL TIME AT NSE			
HIGH		Torrent Pow	310.20	*Digjam	1.85	Nahar Indl.E	31.65
Adani Power	66.25	*Touchwood E	94.95	Eastern Silk	1.15	Prajay Engs.	6.45
*Bajaj Fin.	3730.30	UTI SensNx50	330.00	*Fourth Dimen	15.20	Prakash Cons	2.60
Brigade Entp	278.75	*Varun Bever.	969.90	GlaxoSmith.P	1179.45	*Pushpanj.Rea	6.20
*BirlaNIFTY-G	140.00	LOW		*HealthCare G	145.45	Radha Madhav	5.85
Federal Bank	110.40	AMD Inds	16.85	*Hind.Nat.Gls	23.25	*Rollatainer	1.70
*HDFC	2287.00	Anik Inds.	10.70	*ICSA (I)	0.20	Rushil Decor	281.30
*HDFC Bank	2503.30	*Bafna Pharma	4.80	*Indian Ene.E	138.70	*SAB Events	0.85
HDFCNiftyETF	1245.59	*Bharatiya Gl	1.85	IFB Agro	351.50	Satvah.Ispat	5.80
HDFCSenETF	4195.00	*Bohra Inds.	8.00	*IFGL Refrac.	183.00	Shree Pushka	113.10
HDFC1-1140RD	8.80	*Bright Solar	12.85	IL&FS Invt.M	3.60	Shriram Pist	876.00
*Madhav Coppe	243.80	*Burnpur Ceme	1.85	*Kavveri Tele	3.05	*Simbhaoli Sg	6.10
Panache Digi	112.00	*Capital Trus	125.50	*Lasa Superge	12.35	Simplex Infr	117.00
PNC Infratec	219.40	*Celestial Bi	2.75	Landmark Prp	2.35	*SKS Textiles	30.50
REC	168.30	*Centrum Cap.	24.10	Maral Overs	19.75	Soma Textile	2.55
*Refex Inds	90.55	*Cox & King.F	4.75	*Mcnally Bhar	2.85	Sun Ph.ARC	112.30
SBI Life Ins	760.90	*Confidence P	32.80	*McLeod Russ	14.30	*Inter.Const	9.00
*SBI	366.70	*Cox & Kings	31.60	MITCON Cons.	45.60	TCI Finance	11.20
*ShubhLaxmiJe	192.00	*Damodar Inds	31.60	*Monte Carlo	289.25	Tourism Fina	82.85
*SRF	3086.10	*DB Realty	10.70	*MT Educare	37.80	*Transwind In	6.15
*Supreme Engg	37.35	*Digicontent	12.00	Nagreeka Cap	8.40	*Trejhara Sol	19.15
TD Power Sys	169.00	*Prataap Snak	794.50	Nagreeka Exp	16.75	*Wanbury	13.20
						*Zicom Electn	1.45





Positive Breakouts

Company (BSE)	Days Close	20 Days Mvg Avg	% Chg	50 Days Mvg Avg
Bombay Cycle	2834.95	2083.20	36.09	2040.94
Swelect Ener	296.05	218.38	35.57	226.21
Sicagen (I)	26.85	23.30	15.24	23.75
James Warren	112.00	100.78	11.13	105.72
Surana Tele	4.18	3.86	8.29	4.03
MPS	582.55	551.29	5.67	518.91
Xchanging So	52.60	49.84	5.54	47.30
Bhilwara Spn	16.65	15.81	5.31	14.18
Motor&Gen.Fi	41.80	39.78	5.08	39.16
Prithvi Exch	35.00	33.34	4.98	31.57
Ahluwalia Co	350.00	333.52	4.94	329.61
Shriram City	1560.55	1487.25	4.93	1528.54
Matrimony.co	656.35	628.64	4.41	632.11
IndoTech Tra	101.60	97.39	4.32	100.37
PSU Bank BeE	358.18	344.52	3.96	343.84
Sesha Paper	991.10	956.70	3.60	947.71
Rishabh Digh	34.95	33.77	3.49	33.44
Zenith Fibre	54.15	52.50	3.14	52.98
Maruti Infra	18.50	18.03	2.61	17.87

Negative Breakouts

Company (BSE)	Days Close	20 Days Mvg Avg	% Chg	50 Days Mvg Avg
KPI Global I	47.55	62.00	23.31	65.38
Garnet Intl.	27.10	33.90	20.06	43.08
Parle Softwr	22.30	27.50	18.91	29.78
Themis Medic	203.15	240.60	15.57	256.36
Premier Pipe	8.05	9.41	14.45	12.41
Intense Tech	26.70	30.99	13.84	35.52
Akshar Spint	14.10	16.26	13.28	17.62
Niraj Cement	12.22	14.09	13.27	15.20
Super Tann.	2.05	2.36	13.14	2.64
Rollatainer	1.79	2.06	13.11	2.19
Agarwal Indl	116.75	134.07	12.92	154.00
Gloster	814.35	930.46	12.48	939.45
Denis Chem L	47.15	53.73	12.25	59.58
Tyche Inds.	54.50	61.81	11.83	64.52
Ocean Agro	20.30	22.96	11.59	23.74
Inventure Gr	12.26	13.83	11.35	13.51
HealthCare G	151.60	170.74	11.21	186.85
National Oxy	32.35	36.03	10.21	36.31
Simplex Cast	47.00	52.27	10.08	57.60

Spurt in Volumes at BSE

Company	Days Volume	2 Weeks Avg. Vol.	% Chg	Days Close
Niyogin Fint	423213	3659	11465.00	65.15
Sanghi Ind.	341778	3165	10697.99	64.60
Prism Medico	38425	516	7346.71	29.20
MindTree	823624	24819	3218.47	906.10
Fert.&Chem-T	351850	11609	2930.92	49.10
Mastek	60914	2199	2669.95	479.95
Birl.Resug2G	39800	1438	2668.21	12.05
Swelect Ener	59871	2409	2385.41	296.05
Tourism Fina	663637	30728	2059.73	91.10
Trans & Rect	111406	5406	1960.94	11.98
Rel.FH031S2D	133665	8080	1554.27	12.61
Pamax Lab	31329	2212	1316.44	24.60

Spurt in Volumes at NSE

Company	Days Volume	2 Weeks Avg. Vol.	% Chg	Days Close
Swelect Ener	413572	3470	11817.40	295.85
Airan	6508215	61659	10455.14	23.55
Hatsun Agro	153522	2981	5050.88	702.95
Tourism Fina	6960216	153246	4441.87	90.95
Fert.&Chem-T	2368764	85971	2655.32	49.10
Madras Fert.	4653431	180801	2473.79	30.40
Sanghi Ind.	1136007	46088	2364.84	64.85
Cybertech Sy	129285	6967	1755.62	48.95
Century Enka	369389	19997	1747.19	230.10
Ashapura Min	410905	27212	1410.03	18.10
Genesys Intl	338463	23619	1333.01	111.30
Eris Lifesc.	358639	32134	1016.07	498.45

Best Returns on BSE

Company	Days Close	Prices	% Chg	Average Volume
Fortnight				
Arrow Greent	95.95	49.00	95.8	28407
Jindal Photo	31.00	16.60	86.8	31399
Jet Airways	69.55	40.45	71.9	4614899
Camson Bio	10.60	6.24	69.9	12230
Kwality	4.54	2.69	68.8	338372
1 Month				
Chandra Prab	35.45	16.80	111.0	10345
SVC Indust.	1.68	0.82	104.9	18155
Goenka Busin	1.12	0.56	100.0	7987
Resonance Sp	42.90	26.25	63.4	17518
Jindal Photo	31.00	19.00	63.2	15811
3 Months				
Eins Edutech	0.74	0.28	164.3	89498
OCL Iron & S	6.41	2.47	159.5	50835
Perfect-Octa	1.87	0.74	152.7	6977
Refex Inds	90.80	44.50	104.0	46408
Tanla Solut.	71.50	35.10	103.7	99477

Worst Returns on BSE

Company	Days Close	Prices	% Chg	Average Volume
Fortnight				
Cox & Kings	31.35	64.05	-51.1	259501
MT Educare	38.45	68.20	-43.6	31204
Rushil Decor	305.75	514.85	-40.6	8220
GSS Infotech	67.60	110.50	-38.8	43708
Majestic Res	10.51	17.15	-38.7	6050
1 Month				
Eros Intnl.M	17.15	67.70	-74.7	414091
Windsor Mach	20.40	67.10	-69.6	58291
Cox & Kings	31.35	92.95	-66.3	149505
Cox & King.F	4.52	13.25	-65.9	54967
Krishan Infr	10.31	26.45	-61.0	53080
3 Months				
McLeod Russ	14.25	85.30	-83.3	172987
Mercator	1.49	6.83	-78.2	423451
Cox & Kings	31.35	141.45	-77.8	62207
Eros Intnl.M	17.15	75.85	-77.4	198749
Ashapura Int	2.91	12.85	-77.3	11353

F&O Corner-NSE

Positive Trend

Company	Spot Price	Future Price	% Diff	OI Chg(%)
SRF	3026.60	3051.65	0.83	-2.44
Grasim Inds.	927.90	935.20	0.79	-0.23
InterGlobe A	1579.45	1592.00	0.79	-0.49
Engineers (I	122.00	122.90	0.74	4.54
Raymond	753.60	759.15	0.74	3.05
Manap.Fin.	137.35	138.35	0.73	1.32
Birlasoft	90.10	90.75	0.72	2.98
Asian Paints	1352.00	1361.60	0.71	1.30
Indrapr.Gas	302.15	304.30	0.71	37.04
United Spiri	579.70	583.80	0.71	-2.65

Negative Trend

Company	Spot Price	Future Price	% Diff	OI Chg(%)
Rel Capital	64.60	54.00	-16.41	16.58
Dewan H.Fin.	83.15	72.35	-12.99	-5.25
Relian.Infra	55.05	52.80	-4.09	2.47
Ashok Leylan	90.30	87.60	-2.99	1.09
MindTree	905.50	881.20	-2.68	-3.56
Tata Steel	510.30	499.55	-2.11	-1.85
Just Dial	788.15	775.85	-1.56	11.02
Bajaj Auto	2897.75	2853.80	-1.52	1.17

Active Calls

Company	Contract	Traded Qty	Open Interest	Chg in OI (%)
NIFTY	12000.00-Jul	31899525	3552450	42.80
NIFTY	11900.00-Jul	27065625	1940325	0.38
NIFTY	11950.00-Jul	24702825	1512150	27.04
Adani Power	70.00-Jul	22460000	4340000	-10.33
BANKNIFTY	31500.00-Jul	20308380	1141840	4.72
NIFTY	12100.00-Jul	15237525	1263675	10.91
BANKNIFTY	31400.00-Jul	14297300	596500	12.30
NIFTY	12050.00-Jul	14166450	1065675	39.95
BANKNIFTY	31600.00-Jul	13018140	846460	76.70
BANKNIFTY	31700.00-Jul	11483180	695060	58.98

Active Puts

Company	Contract	Traded Qty	Open Interest	Chg in OI (%)
NIFTY	11900.00-Jul	33479625	1978350	23.98
NIFTY	11800.00-Jul	22641075	2452575	0.41
NIFTY	11850.00-Jul	19848300	1777275	10.90
BANKNIFTY	31300.00-Jul	15044100	598560	77.16
BANKNIFTY	31200.00-Jul	14539040	943020	118.73
BANKNIFTY	31400.00-Jul	11253660	412680	204.83
BANKNIFTY	31000.00-Jul	10540740	838760	12.13
BANKNIFTY	31100.00-Jul	10088300	610300	15.62
Yes Bank	100.00-Jul	9812000	5803600	-2.76
NIFTY	11950.00-Jul	9611325	540300	150.66

Future OI Gainers

Company	Open Interest	Chg in OI (%)	Future Price	Chg in Price (%)
Indrapr.Gas	5596250	37.04	304.30	-2.84
Rel Capital	15105000	16.58	54.00	-0.64
Mahanagr Gas	957000	14.34	822.00	-0.89
Just Dial	2709000	11.02	775.85	4.80
Jubilant FdW	2893500	9.29	1240.45	0.32
NIFTYIT	17100	8.57	15954.00	-0.72
NIIT Tech.	1030500	8.19	1330.15	-0.47
Arvind	6960000	7.71	67.60	3.05
Voltas	4037000	7.42	639.70	-0.74
Muthoot Fin.	3217500	6.93	641.25	-0.13

Future OI Losers

Company	Open Interest	Chg in OI (%)	Future Price	Chg in Price (%)
Bk of Baroda	60979500	9.58	125.80	3.71
Torrent Pow	4101000	7.13	310.40	2.65
ONGC	50853750	5.88	166.80	0.66
Dewan H.Fin.	20340000	5.25	72.35	10.71
Berger Paint	2503600	5.09	318.60	0.27
CESC	1078400	4.94	795.35	0.35
Colgate	2223900	4.85	1154.25	0.68
Balkrish Ind	2363200	4.68	751.55	1.52
Oil India	5662734	4.36	178.70	0.99
Power Financ	32785600	4.10	133.80	1.94

Market-Wide Position Limit

Company	MWPL (Lakh)	OI (Lakh)	MWP (%)	Chg in OI (%)
Rel Capital	260.95	317.34	121.61	43.90
Dewan H.Fin.	381.55	379.00	99.33	-10.04
Adani Power	1930.65	1699.00	88.00	0.52
IDBI Bank	393.24	301.80	76.75	3.33
Relian.Infra	305.43	216.88	71.01	6.52
Pun.Nat.Bank	2084.26	1353.17	64.92	1.23
Dish TV	1547.03	1002.12	64.78	3.17
Escorts	146.89	93.33	63.54	-0.13
Bk of India	589.36	354.42	60.14	-0.94
SAIL	2065.28	1226.28	59.38	1.81

Top Sectoral OI Gainers

Sector	Open Interest	Chg in OI (%)	Trd Qty	Chg in TQ (%)
Consultancy	2804200	12.46	9116800	86.11
Textiles	10303500	6.26	19944400	377.09
Granites & Ceramics	2069600	2.78	1012700	-90.35
Capital Goods	95277375	1.95	39620975	29.66
Leather	1593350	1.61	664400	-39.27
Consumer Durables	12614500	1.50	5597750	-2.12
Mining & Minerals	108401000	1.08	36659600	53.54
Entertainment	115302000	0.98	51125300	-23.05
Casting & Forging	7125600	0.95	6057600	137.33
Finance	250798175	0.94	135409075	8.11

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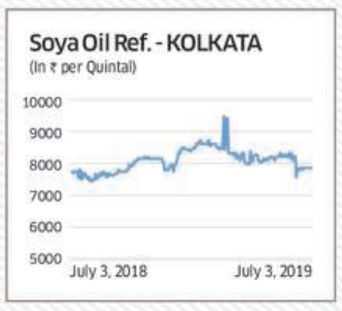
Tweet of the Day

John Kemp
@JKempEnergy

GLOBAL MANUFACTURING sector now probably in recession, with the new export orders index below the 50-point threshold dividing expansion from contraction for 10 months running

Quarts & Ounces



ET Index

COMMODITIES (2003=1000)

	CHANGE	DAYS INDEX	PREV DAYS	LAST WEEK
Bullion	-0.28	4804.6	4818.3	4784.5
Cement	0.00	2397.3	2397.3	2397.3
Edible Oil	-0.03	1540.6	1541.1	1534.7
Foodgrains	-0.17	2377.1	2381.3	2379.6

$236 MILLION
INDIA'S TURMERIC EXPORTS IN 2018

Did You Know?

Americans are Building Fewer Pools

A backyard barbecue with friends, family and a swimming pool is a quintessential July 4th celebration. And it's something Americans may take for granted. That's because residential pool construction activity sank this year and demand for the amenity is far from pre-recession levels. US pool construction activity dipped 4.6% this year, according to property data provider BuildFax. The pool industry, like housing, took a deep dive during the crisis. In 2008, about 1,29,000 new pools were constructed and that figure sank to 54,000 in 2009. The market is far from full recovery with only 75,000 new pools in 2017.
– Bloomberg

GIFT City Anchors Big Global Finance Deals

INDIA BOUND Banking transactions surge to $22b from $6b two years ago

Saikat.Das1@timesgroup.com

Mumbai: After many fits and starts, the only international finance centre, the GIFT City in Gujarat, may be taking off. Banking transactions surged to a whopping $22 billion at International Financial Service Centre (IFSC) at GIFT City in 2018-19 amid the government's growing focus on on-shoring many businesses done outside the country. The worth of such transactions was merely at about $6 billion two years ago, show official data from IFSC-GIFT.

"Government of India's initiative for International Financial Services Centre has a great potential to onshore various offshore financial services," said Dipesh Shah, head-GIFT IFSC. "IFSC Banking Units (IBUs) transactions are great example of how a regulatory change can enable new line of businesses and jobs in the country."

A dozen of banks, including ICICI, HDFC, SBI, AXIS, YES, Kotak Mahindra, IDBI have helped Indian companies raising overseas money or extending offshore trade credit. All such banks are already operating in the GIFT City through respective IFSC units. Those branches are similar to any other overseas branch of Indian banks. During 2016-17, the government brought in some easing measures, aimed at facilitating global investors. It cut the Minimum Alternative Tax (MAT) to 9% from 18.5% earlier. It waived off a series of levies, including security transaction tax, commodity transaction tax, dividend distribution tax and long-term capital gain tax.

Banks are mostly engaged in three-pronged transaction: dollar funds raising via external commercial borrowings, offshore trade financing and overseas acquisition funding.

Banks have even underwritten – a king of risk taking – some rupee-dominated masala bonds while advising Letter of Credit.

IFSC, according to Shah, seeks to bring to the Indian shores, those financial services transactions that are currently carried outside India by overseas financial institutions and overseas branches/subsidiaries of Indian financial institutions.

The operating cost at GIFT IFSC is another trigger to set up shops under the special economic zone. If the income of a bank branch is $15 million, the operating expense is only $0.7 million at GIFT IFSC which is around 4.5 % of total income, according to GIFT IFSC data.

Regulated only by the RBI with same income recognition, asset classification and provisioning norms are a bit eased for Indian banks.

WHAT'S DONE HERE
- Dollar fund-raising via ECB
- Offshore trade financing
- Overseas acquisition funding

OPERATING COST
$15 million – Estimated income of a bank branch
$10.7 million – Operating expense at GIFT IFSC
4.5% OF THE TOTAL INCOME

EARLY RESOLUTION Most assets put up by lenders are past their recovery date... banks should be more pro-active in selling assets early, says CEO of an ARC

'ARCs Able to Turn around only 10% of Bad Loans Sold to them'

Saloni Shukla & Maulik Vyas

Mumbai: The asset reconstruction model to help banks recover bad loans appears to be floundering. Central bank data showed that bad loan recoveries from Asset Reconstruction Companies (ARC) are just about a tenth of what was sold to them by banks.

ARCs recovered a maximum of 9.5% of the security receipts (SRs) they held at the end of FY18. This number halved from a maximum recovery of 18.7% made at the end of FY17. Since inception in 2004, ARCs had made maximum recovery of about 72% in FY12. Data published by the Reserve bank of India (RBI) include only recovery percentages.

"The recovery rate specifically shows a precipitous decline for assets that originated after 2014," the RBI noted. "The general recovery of low double digits across years possibly points to the inadequacies of the resolution model based on collateral disposal."

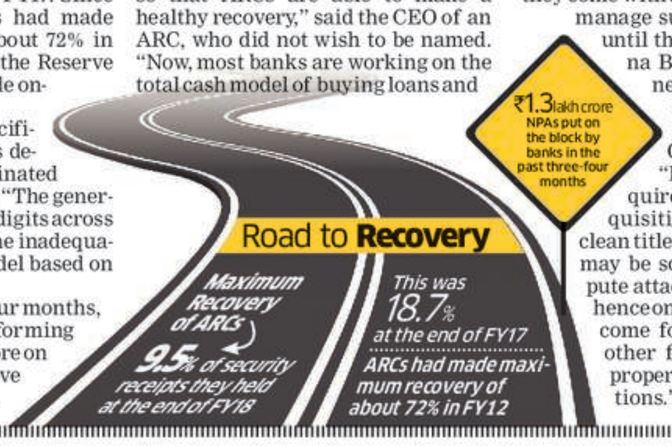
Only in the past three-four months, banks have put non-performing loans worth Rs 1.3 lakh crore on the block, but sales have been few and far between. Bank of India recently announced that it will put ₹30,000 crore of bad loans on the block. While the number may seem big, the bank had put up a similar amount on sale last fiscal and the recovery levels were quite poor. In FY19, the bank had identified NPAs of ₹17,000 crore. However, it sold ₹4,000 crore and recovered ₹1,774 crore from ARCs.

"Most of the assets put up by lenders are past their recovery date. These are ageing NPAs, and banks should be more pro-active in selling assets early so that ARCs are able to make a healthy recovery," said the CEO of an ARC, who did not wish to be named. "Now, most banks are working on the total cash model of buying loans and that is a better way to clean up their books."

RBI data support the point made by ARCs. The data showed that recovery as a percentage of total dues kept on declining with ageing of bad loans. The recovery rate stood at over 2% in the first year of issuance of SRs. The recovery was zero if ARCs continued to hold the SR for ten years.

"One of the reasons for the lower value is that the assets are not of a very good quality and when banks assign those assets to ARCs for monetising, they come with added costs since they manage such assets/properties until they get sold," said Mona Bhide, managing partner of banking and finance specialized law firm Dave Girish & Co.

"Even when ARCs acquire such assets, the acquisitions do not come with clean titles," said Bhide. "There may be some litigation or dispute attached to the assets and hence only a handful of buyers come forward, which is another factor against selling properties at right valuations."



RESTRUCTURING OF LOANS

DHFL Lenders may Name SBI Cap as Advisor

OPTIONS BEFORE LENDERS
- Rescheduling of loans
- A possible debt-to-equity conversion
- A strategic sale of assets

₹1 lakh crore – outstanding debt
₹1.26 lakh crore – DHFL's AUM as of Dec 2018

Saloni Shukla & Joel Rebello

Mumbai: Lenders to the troubled non-bank lender Dewan Housing Finance Corporation Limited (DHFL) are considering appointing investment bank SBI Capital Markets as advisors as they look to restructure loans to bail out the company, two bankers familiar with the development told **ET**.

On the table is rescheduling of loans, a possible debt to equity conversion and a strategic sale of assets, people familiar with the plans said. Banks are set to meet on Friday to sign an inter creditor agreement for the account. "There is a proposal to bring SBI Caps on board. Though an official decision has not been made yet, the talks are veering in that direction," said a person familiar with the ongoing discussions. "We are also considering if a fresh liquidity support can get them back on track."

Mortgage lender DHFL faced repayment pressures after a credit crisis hit the non-bank finance sector as fallout of the Infrastructure Leasing & Financial Services crisis. The company recently informed exchanges that due to unforeseen operational engagements it would announce its fourth quarter results for fiscal year 2019 on July 13.

ET had earlier reported that lenders had agreed to sign an inter creditor agreement (ICA) and consider a resolution plan to rescue DHFL, which has an outstanding debt of over ₹1 lakh crore. Under the new stressed asset resolution mandate issued by the RBI on June 7, it is mandatory to sign an ICA for implementation of any revival plan. Lenders are now considering extending tenure of the current loans and convert short-term credit to longer tenure debt.

> There could be a plan to reschedule the loans which could mean an increase in the tenure of the loans which will help bring down monthly instalments
> **A BANKER**

"There could be a plan to reschedule the loans which could mean an increase in the tenure of the loans which will help bring down the monthly instalments. Most loans from banks are term loans so it is likely that the long tenure five-year loans could be extended to seven years. The tenure on the short-term cash credits could also be converted to a term loan," said a banker familiar with the discussions. As per official details available till December 2018, DHFL had of ₹1.26 lakh crore assets under management, 57% of the portfolio was retail, 21% was loan against property, 17% was project finance and the remaining were to the MSME sector. Its liabilities were nearly Rs 1 lakh crore, since then the company has sold some part of its portfolio.

Out of the total debt owed by the company, around 40% of ₹40,000 crore is estimated to be bank loans. DHFL borrowed close to 50% of its debt from market borrowings like non-convertible debentures (NCDs). SBI has the largest exposure with ₹10,000 crore. DHFL has not yet defaulted on paying back loans to any of the lenders. Last month, it defaulted on ₹375 crore of commercial papers, a part of which is still unpaid.

It also missed nearly ₹1,000 crore on interest payments on NCDs sold a year ago, which was subsequently paid back. Banks, however, say the action is a pre-emptive one to ensure that the NBFC does not eventually default.

Basmati Rice Exports Rise to $4.71b in 2018-19

The country's basmati rice exports increased to $4.71 billion in 2018-19, Parliament was informed on Wednesday

Basmati Rice Exports

44,14,605 tonnes
Basmati rice exports in volume terms in 2018-19

39,85,210 tonne
Basmati rice exports in volume terms in 2017-18

$3 billion
Exports of non-basmati rice in the last financial year

$2.52 billion
Exports of non-basmati rice in 2016-17

TOP DESTINATIONS FOR INDIA'S AGRI EXPORTS
United States
Vietnam
Iran
China
The UAE
Bangladesh
Saudi Arabia

Source: PTI

HDFC, Manipal Institute to Offer Training

MUMBAI Private sector lender HDFC Bank has started a training programme in partnership with Manipal Global Academy of BFSI to train and hire 5,000 fresh recruits over the next three years. The one-year-long residential programme for fresh graduates entails six months of campus training and six months of internship at the bank. "All successful candidates will receive a PG diploma certificate in Sales & Relationship Banking, and will be hired by the bank," the bank said. – Our Bureau

BCs Seek Subsidy to Roll Out PoS Terminals in Rural India

Ashwin.Manikandan
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Mumbai: Business correspondents and merchant bankers — the key cogs in government's financial inclusion mandate — have reached out to regulators for extending POS and micro-ATM subsidies in rural areas from just banks to fintech companies and non-bank organisations as well.

POS or Point of Sale devices are swipe machines which accepts debit card and credit card payments. These machines can be used as access points in rural areas which are underpenetrated by ATMs for services such as cash withdrawal and even for biometric transactions on accounts linked with Aadhaar. "We have had meetings with both Department of Financial Services (DFS) and the Reserve Bank of India on this matter.

> **The current mechanism utilises central govt's ₹230 crore Financial Inclusion Fund**

While the current mechanism is elegant where banks are incentivises for POS deployment in hinterland, most banks are not in the business of payments and these funds end up being underutilised," said Anand Srivastava, chairman Business Correspondent Federation of India.

The current mechanism utilises central government's ₹230 crore Financial Inclusion Fund, which is managed by Nabard. Under the scheme, rural and co-operative banks can avail 100% subsidies on the capital cost for deployment in tier-5 and tier-6 towns, while scheduled commercial banks can avail 80% of the device cost after the deployment. However, the stringent eligibility criteria and high logistic costs prevent banks from availing these subsidies, said a private sector banker. Further, the cost of operating these access points in rural areas where volume and value of transactions are much lower than in urban centres is not a viable business option for banks.

"Most banks don't avail these subsidies as the norms are quite strict. A bank has to provide regular reports and go through audits to avail these benefits so they end up not using them," said the person.

Set up NBFC to Aid Food Processing Sector: Ministry

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NEW DELHI Higher allocation of funds for the ministry, new schemes to promote processing at the village level, setting up of a non-banking finance company dedicated to help the food processing industry get loans for capital-intensive projects are a few of the recommendation of the food processing ministry for this year budget, said sources in the ministry. With these measures, it aims to enhance rural employment and entrepreneurship, reduce food wastage, get higher investment by domestic and global companies. "We have proposed a scheme to bolster the unorganised food processing sector concentrated in rural areas. We have also suggested the setting up of a dedicated NBFC for the food processing sector. Also, a higher allocation for the ministry will enable us to expand cold chains, food parks and warehouse especially in the hilly states," said an official. With about 66% of unorganised food processing units in rural areas, there is a need to help cottage industry, farmer producers' organisations and individual food processors to increase capacity, he said.

Weak Rains Hit Plantations Hard

Kerala and parts of Karnataka bear the brunt with 30-60% below-average rainfall

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Kochi: Plantation crops such as coffee, tea, rubber, cardamom and pepper will see a lower output this year owing to the below-average rainfall in southern states in June. Kerala and parts of Karnataka bore the brunt of the rain deficit, with 30-60% below average rainfall for this time of the year in several districts of Kerala, particularly in the main cash crop growing districts of Wayanad and Idukki.

"Tea crop in Wayanad and Anamalai regions has been affected by the lack of rains. The Nilgiri region in Tamil Nadu has fared better," said AE Joseph, president of United Planters' Association of Southern India (Upasi). Leading tea companies such as Kanan Devan Hill Plantations and Harrisons Malayalam Ltd. have estates in Kerala. The rain deficit in June came after tea production in southern India fell 25% year-on-year in April-May to 36.04 million kg.

Tea crop in Wayanad and Anamalai regions has been affected by the lack of rains. The Nilgiri region in Tamil Nadu has fared better
AE JOSEPH, president, Upasi

Coffee growing regions in Karnataka are reeling under a drought. There was 50-60% shortage of rains in June. It was the lowest in over a decade
MB GANAPATHY, chairman, Karnataka Planters' Association

Coffee growing regions in Karnataka are reeling under a drought. "There was 50-60% shortage of rains in June. It was the lowest in over a decade," said MB Ganapathy, chairman of Karnataka Planters' Association. Ganapathy said the lack of showers would affect the setting of coffee beans and the growers would not be able to apply fertilisers without sufficient moisture. "The ground water level will be reduced. We expect at least a 20% fall in coffee crop in the current situation," he said.

Rubber growers in Kerala, the largest producer of the commodity in the country, fear a decline in yield during the peak tapping season starting from September because of scanty rains. "Many growers have not installed rain guards to forego tapping now so as to preserve yield for the peak season. They may not get the desired yield," said PM Thomas, grower and former managing director of Pala Rubber Marketing Cooperative Society.

Cardamom harvest is likely to get delayed by a month in Idukki in Kerala, the largest growing region for the spice in the county because of the dry conditions, according to growers. Usually the harvest happens in July-August. Cardamom plants suffered severe damage during the floods last year, and the ongoing dry spell is expected to aggravate the situation.

Last year, there was a 50% drop in production, which propelled prices to all-time high. "It could be even less in the new season," said PC Mathew, general secretary of Cardamom Growers Association.

COMMODITIES

July 03, 2019: Latest Spot Prices in India from various commodity markets are given below. Rates are in Rupees excluding GST.

Bullion

BENGALURU	
Gold(Per Gm.)	
Standard (per 10 gms.)	32050
Ornament (per gram.)	34271
Silver(Per/Kg)	
Bar Wholesale (per kg.)	37900
CHENNAI	
Gold(10gms.)	
Ornament(22carat Per-Gm)	3279/3274
Silver(Per-Gm)	
Retail Silver	40.70/40.70
HYDERABAD	
Gold(10gms)	
Standard Gold	32210
Ornament	32110/32120
Silver(Per/Kg.)	
Silver .999	37150
MUMBAI	
Gold 23K	32800
Gold Bar	33950
Gold Orna. 22K	31100
Gold Std 99.5	33800
Silver Delivery	38900
Silver Raw	37800
Silver Ready	38700
DELHI	
One kg.bar (999.5)	34210
Gold Biscuit	34355
Ornament(22carat)exp. extra	32630
Gold Sovereign	33500
Standard (999.9)	34380
Coins Local (per piece)	800/810
Silver Spot .999	38650
Silver Weekly Delivery	37350
KOLKATA	
Gold 22K	33050
Gold 24K	34835
Gold Hallmark 22K	33545
Silver Portion	37850
Silver Ready Bar	37750

Oil & Oilseeds-1Kg

ALAPPUZHA	
Coconut Oil Milling	144
Copra Edible	90
Copra Oddy	90
Copra Rasay	89
Oil Cake Expeller	29
BENGALURU	
Mustard	54
Groundnut Seed	96
Groundnut Oil	135
Coconut Oil	230
Gingely Oil	360
CHENNAI	
Groundnut Kernels Rdy	81
Groundnut Oil Rdy	125
Groundnut Cake Rdy	40
Gingelly Oil	220
Castor Oil	132
Coconut Oil	193
Palm Oil	57
HYDERABAD	
Groundnut Oil	123
Groundnut Ref.Oil	140
Sunflower Oil	100
Tissed Oil	240
Kardi Oil	220
Cottonseed Ref.Oil	97
Rice Bran Ref.Oil	100
KOCHI	
Coconut Oil	129
Coconut Oil Milling	144
Oil Cake Rotary	29
Oil Cake Expeller	21
MUMBAI	
RBD	58
Groundnut Oil	110
Soyabean Refined	75
Soya Refined	88
KOLKATA	
Groundnut Ref.	130
Mustard Oil	75
Sunflower Oil Ref.	68
Coconut Oil	170
Mustard Oil	91
Soya Oil Ref.	80
Rice Bran Ref.	68
Palmolein Ref.	64
Mustardseed Old	41
DELHI	
Acid NE Oil	38
Castor NE Oil	114
Coconut Oil Tin	118
Cottonseed Cake	32
Cottonseed Oil-MD	76
Groundnut 40/45% DE	29
Groundnut Sol.Ref.Tin	123
Mustard DE	18
Mustard Oil Exp.	79
Mustard Oil Tin	75
Mustard Seeds	40
MustardCake New Bard.	20
MustardCake Old Bard.	19
Rice Fatty NE Oil	50
RiceBran Cont. DE	15
RiceBran DE	13
RiceBran Oil Punjab	58
Sesame Oil	115
Soya Oil Degumed	78
Soya Oil Ref.MD	81
Soya Oil Tin	87
Soyabean Yellow DE	35
Sunflower DE	19
Mustard	40
Mustard	37
Mustard	37

Grains & Pulses-1Kg

BENGALURU	
Rice Fine	54
Rice Medium	46
Jowar	26
Horsegram	42
Wheat	33
Tur Dal	94
Green Gram Dal	84
Black Gram Dal	98
Bengal Gram Dal	64
HYDERABAD	
Rice Fine	48
Rice Medium	38
Wheat Sharbati	45
Wheat Bansi	38
Jawar White	39
Jawar Yellow	42
Bajra	39
Maize	21
Tuar	79
Tuar Dal	84
Masoor Dal	62
Chana	50
Chana Dal	65
Urad	80
Urad Dal	95
Moong	77
Moong Dal	88
MUMBAI	
Wheat Lokvan	25
Wheat Sharbati	31
Wheat Thana Mill	23
Rice Permal	26
Rice Kolam Old	54
Rice Kolam New	68
Rice Mansoori	26
Gram Rajmash Chitra	78
Gram Rajmash Brazil	48
Masoor	42
Kabuli Gram	43
Urad	58
Arhar	53
KOLKATA	
Moong Dal	92
Masoor Dal	91
Gram Dal	57
Gartar Dal	66
Peas Dal	58
Urad Dal	69
Moth Dal	76
Arhar Dal	86
Gram	59
Moong	74
Masoor	63
Arhar	40
Peas	54
Urad	41
Moth	75
Barley	25
Jowar	25
Bajra	29
Maize	20
Maize-Popcorn	39
Wheat Flour	22
Maida Flour	22
Suji Flour	23
Peas Besan	58
Salt	5
Rice Coarse	26
Rice Mini Kit	36
Rice Gobind Bhog	62
Rice Dehradun	123
DELHI	
Arhar Mah/K'taka	59
Arhar Rangoon	55
Bajra Cattlefeed	20
Barley New	18
Besan-Agro Pure	60
Besan-Rajdhani	60
Dal Dara	71
Dal Masoor Best	53
Dal Masoor Local	50
Dal Moong Chhilka Best	73
Dal Moong Chhilka Local	63
Dal Moong Dhoya Best	73
Dal Moong Dhoya Local	64
Dal Paika	80
Dal Urad Chhilka Best	73
Dal Urad Chhilka Local	62
Dal Urad Dhoya Best	75
Dal Urad Dhoya Local	62
Flour Atta Chakki	24
Flour Bran	17
Flour Maida	23
Flour Suji	24
Gram Brazil	44
Gram Dal Best	50
Gram Dal Local	49
Gram Peas Green	60
Gram Peas Imported	49
Gram Peas White	46
Gram Rajasthan	43
Gram Rajmash-China	82
Gram Rajmash-New	67
Gram Rajmash-Sharmili	60
Gram-Australia	44
Jowar White	45
Jowar Yellow	30
Kabli Gram Bold	55
Kabli Gram Medium	45
Kabli Gram Small	41
Maize-UP	21
Malka Best	53
Malka Local	51
Masoor Bold	43
Masoor Pratapgarh	44
Masoor Small	50
Moong-Rajasthan	60
Moong-U.P.	58
Moth	53
Rice 1121 No	77
Rice 1509 No.	73
Rice Basmati Common	85
Rice Basmati Lal Qila	123
Rice DB	77
Rice IR-8	22
Rice PR (11)	36
Rice Permal Broken	23
Rice Permal Raw	25
Rice Permal Wand	26
Rice Sela	41
Rice Sharbati	46
Rice Sortex	87
Rice Steam	86
Rice Swad	93
Roller Flour	22
Urad Desi	48
Urad Rangoon	59
Wheat Chakki (Delivery)	21
Wheat Dara New (For Mill)	20
Wheat M.P. Desi	26
Arhar Rangoon	55
Bajra	21
Barley	18
Gram Australia	44
Gram Dal	50
Gram MP	43
Maize UP	21
Masoor Bold	42
Masoor New	44
Masoor Small	48
Moong Rajasthan	58
Moong UP/Bihar	57
Urad MP/UP	49
Urad SG	59
Wheat New	21
Bajra	20
Wheat	19
Rice Paddy-1121	42
Rice Paddy-1509	39
Rice Sugandha	33
Wheat	19

Gur & Sugar-1Kg

BENGALURU	
Gur Cube	43
Gur ball	45
Sugar	36
HYDERABAD	
Gur Anakapelli 1	50
Gur Nizamabad	55
Sugar S-30	36
MUMBAI	
Sugar-S	32
Sugar-M	33
Gur Bheli-Sangli	45
KOLKATA	
Sugar M-30	36
Sugar S-30	36
Gur Bheli Tin	37
Gur Bheli Laddoo	41
Gur Chakki	43
DELHI	
Gur Chaku	36
Gur Dhaiya	37
Gur Peri	35
Gur Shakkar	39
Sugar Afzalgarh	32
Sugar Agauta	32
Sugar Budhana	32
Sugar Bundki	32
Sugar Deoband	32
Sugar Dhampur	32
Sugar Dooraia	32
Sugar Kinauni New	33
Sugar Mawana New	32
Sugar Modi	32
Sugar Ready	36
Sugar Shamli	32
Sugar Simbhaoli	33

Metals-1Kg

MUMBAI	
Copper C Scrap	431
Copper H Scrap	426
Copper Armecher	416
Copper Sheet Cutting	415
Copper Utensil Scrap	400
Brass Sheet Cutting	340
Brass Utensil Scrap	320
Alumin Utsm Scrap	121
Alumin Gun Mix	350
Brass Huny	305
Copper Wire Bar	459
Alumin Ingot	141
Zinc Slab	202
Lead Ingot	151
Tin Slab	1340
Nickel Cathode	875
Nickel CC Rod	438
DELHI	
Alumin Access.Scrap	90
Alumin CG Ingot	140
Alumin Rod Co.	146
Alumin Rod Local	143
Alumin Sheet Cut.	128
Alumin Utsm Scrap	119
Alumin Wire Scrap	133
Antimony China	585
Brass Accessories	307
Brass Chadripital Desi	313
Brass Huny	317
Brass Radiator Desi	226
Brass Radiator Imp.	235
Cadmium Mexico	236
Cadmium Plate	249
Cadmium Rod	232
Copper Mixed Scrap	402
Copper PAT	422
Copper Sup D.Rod	452
Copper Wire Scrap	427
GM Scrap Jalandhar	349
GM Scrap Local	338
GM Scrap Mix	342
Lead Desi Hard 1/1.5%	151
Lead Desi Hard 4%	153
Lead Desi Soft	151
Lead HZL	172
Lead Ingot Imp.	177
Nickel Canada 4X24	1235
Nickel Canada 4X4	1230
Nickel Russian 4X24	935
Nickel Russian 4X4	925
Nickel Russian 8X8	930
Tin Ingot Indonesia	1480
Zinc Dross	191
Zinc Ingot Slab	219

Iron & Steel-1Kg

DELHI	
A.Shakti TMT-10MM	46
A.Shakti TMT-12MM	44
A.Shakti TMT-16MM	45
A.Shakti TMT-20MM	45
A.Shakti TMT-25MM	45
A.Shakti TMT-8MM	47
Amba Shakti SD-10MM	52
Amba Shakti SD-12MM	50
Amba Shakti SD-16-25MM	51
Amba Shakti SD-32MM	53
Amba Shakti SD-8MM	53
Amba Shakti-10MM	48
Amba Shakti-12MM	46
Amba Shakti-16MM	47
Amba Shakti-20MM	47
Amba Shakti-25MM	47
Amba Shakti-8MM	49
Anmol (40x5-75x10)	46
Anmol 500 SDV-10MM	51
Anmol 500 SDV-12MM	49
Anmol 500 SDV-16-25MM	50
Anmol 500 SDV-8MM	52
Anmol Channel	46
Anmol T-iron	48
Bilets 2-3	44
Bilets 3+	45
Bilets 4	46
Bilets 5	48
Bilets 6	48
Capital(32x3)(25x3)	44
Capital(35x5)(65x6)	44
Capital(40x5)(40x6)	44
Capital(50x5)(50x6)	43
Ingot	30
J.Jindal-10MM	48
J.Jindal-12-16MM	47
J.Jindal-12MM	47
J.Jindal-20MM	47
J.Jindal-25MM	47
J.Jindal-8MM	49
Jai Bharat-10MM	51
Jai Bharat-12MM	49
Jai Bharat-16-25MM	50
Jai Bharat-8MM	52
Jay Bharat	48
Jay Bharat (50x5-75x10)	46
Jay Bharat 100x50(75x40)	46
KVS MS(35x5)(40x5)	47
KVS MS(50x5)(50x6)	46
KVS MS(65x5)(65x6)	47
KVS-10MM	47
KVS-12MM	45
KVS-16-20MM	46
KVS-25MM	46
KVS-32MM	46
KVS-8MM	48
Kamdhenu-10MM	49
Kamdhenu-12MM	47
Kamdhenu-16MM	48
Kamdhenu-20MM	48
Kamdhenu-25MM	48
Kamdhenu-8MM	50
MS KVS 75x40/100x50	47
MS(50x5)(50x6)	43
MS(75x40)(100x50)C	53
Moulting Scrap	22
Old	21
Rama	42
Rama Angle (GST extra)	41
Round	36
SS-10000 10MM 1Pc	453
SS-10000 12MM 1Pc	845
SS-10000 16MM 1Pc	1147
SS-10000 20MM 1Pc	1793
SS-10000 25MM 1Pc	2799
SS-10000 8MM 1Pc	296
T-iron Rama	41

Kirana-1Kg

BENGALURU	
Coriander Seed	145
Chillies fine	173
Tamarind	108
Garlic	82
Turmeric	138
Gingely	150
Copra	190
HYDERABAD	
Turmeric Round	61
Turmeric Finger	67
Tamarind 1	95
Coriander 1	95
Tiliseeds	107
KOCHI	
Copra FAQ	90
Copra As it is	86
MANGALURU	
Old Supari	276
Old Supari Model	252
New Supari	236
New Supari model	200
Koka	190
Koka model	160
Coconut 1st 10Pc	230
Coconut Model1 10Pc	200
Coconut 2nd 10Pc	140
Coconut Model2 10Pc	120
MUMBAI	
Zeera Medium	180
Zeera Best	200
Ajwain Jamnagar	240
Dhania Eagel	98
Dhania Green	115
Red Chilli Guntur	115
Red Chilli M.P.	105
KOLKATA	
Coriander	98
Turmeric Erode	95
Pepper Black Bold	390
Pepper Black Small	370
Zeera	200
Red Chillies	125
Poppy Local	690

'Un-Restrictions', Rigour, Resources

Decentralised quality for higher education

Not to stretch the point too far, but the brains working overtime to make India's rickety higher education system foment and ferment academic and intellectual excellence could learn a thing or two from India's attempt to achieving sporting excellence. Expecting sheer demographics to throw up the right conditions is futile. To achieve what the draft National Education Policy (NEP) 2019 hopes to create, requires rigour, removal of restrictions, and resources. The draft NEP has ticked the right boxes only for the last requirement.

While in the first section on school education, one is provided with details — incorporating pre-school education, going beyond 'curricular' learning, firming up the B.Ed teaching programme — the second section on higher education seems almost only focused on administrative track changes. These are not unimportant. But certain things do stand out in their absence. One, for a country supposedly pushing for a technology-driven future, scant mention is made of science education. This is surprising considering the NEP committee is headed by a scientist. Two, there are very few actual suggestions regarding pedagogy or syllabi. One hopes these will be spelt out later, rather than simply hinted at, sotto voce.

The draft makes decentralisation a mantra. Yet, suggesting a single regulatory body, National Higher Education Regulatory Authority (NHERA), sounds, well, 'central command'-ish. Also, with quality having a quantity of its own, institutions should be accredited according to merit, not by capping numbers. Higher education is 'best circulated' when exchange of knowledge is unimpeded — more interaction with global academia, more research facilities and subjects. Which is where the suggestion of creating a constitutional body, Rashtriya Shiksha Aayog, to oversee higher education in full policy mode smacks of bureaucracy creep. Higher education is too important to be left to policy wonks alone. Let there be more inputs from scholars and academics — the report is quiet about who it consulted — before the July 31 deadline for public feedback.

Good News, But No Bank Holiday

RBI's latest report on financial stability finds that public sector banks (PSBs) are on the mend, with bad loans likely to fall in the coming months. This is good news. A turnaround in the non-performing assets (NPA) cycle is expected to reduce the gross NPA ratio of PSBs to 12% by March 2020 from 12.6% in March 2019. Faster recapitalisation has helped improve banks' capital adequacy ratio and a pick-up in credit growth. More reforms are needed for banks to become profitable and healthy. For starters, governance and supervision of bank boards must be improved by overhauling the decision-making structure and culture in PSBs. A holding company structure to give PSBs full functional and operational autonomy brooks no delay.

A revamp in the remuneration of senior bankers at PSBs to make it market-comparable, which mirrors the time-horizon of the risks assumed, should go hand in hand. This will motivate bank CEOs to file defaulters for bankruptcy. The bankruptcy code has already brought about a behavioural change in debtors who want to settle defaults to avoid losing their companies. It must also work better for swift resolution of corporate distress.

RBI's caution against the potential risks posed by failing non-banking financial companies (NBFCs) is not misplaced, given the rising symbiosis between banks and NBFCs. There is no cause for panic now, but things can go wrong if structural problems are not fixed. NBFCs fulfil a need that banks can't meet. These entities raise short credit that's often rolled over, and lend for a longer term. A break in the cycle results in a crisis for the financing company and the borrower. The only way to get past this asset-liability mismatch is to create and support a market for long-term bonds. RBI must ensure that the failure of shadow banks doesn't impinge on the banking system.

Especially since quibbling over differing definitions can be time-consuming

Obscure Words Too Can Cause Filibustering

Parliaments are no longer the abode of logophiles, much less logomaniacs; perhaps that is why the use of obscure words leads to a war of words — the latter usually utilising more common idioms — much to the amusement of their fellow members. Last week, the use of the word 'filibustering' by a Congress stalwart in the Lok Sabha whose command over the thesaurus is less well-known than another party colleague's, led to a Union minister taking exception. While the minister may indeed be right in surmising his interlocutor to be an ultracrepidarian, dictionaries do not always do justice to more colloquial or even arcane uses of a word. Indeed, the original filibuster was not a long-winded lawmaker but a 19th-century term given to mercenaries who tried to capture power in several South American and Caribbean countries. So, while the minister presumably only took umbrage at being accused of delaying tactics — the modern definition of filibustering — he had reason to be far more irked.

The only acknowledged English language logophile legislator in the Lower House (others with similar interests in other languages and in the other House are less well known) now offers a weekly dose of indubitably recondite words. Hopefully, that does not indicate their imminent use in Parliament as well, given the potential for palaver to be misconstrued.

THE NEEDLE'S EYE The Dalai Lama is the face of a complex refugee problem

The Merry Monk & His Flock

Chaitanya Kalbag

The Dalai Lama, who completed 60 years of exile in India in March, is usually humorous and candid. Last weekend, however, shortly after World Refugee Day, the Tibetan spiritual leader drew attention for his maladroitness in an interview to the BBC.

"European countries should take these refugees and give them education and training... and then return [them] to their own land," he said. "Limited number okay; but the whole Europe eventually become Muslim country? Impossible. Or African country? Also impossible... They themselves, I think, better go to their own land. Better to keep Europe for Europeans."

The UNHCR, the UN refugee agency, says 70.8 million people have been forced from their homes by conflict or persecution as the world's migration crisis worsens.

The Dalai Lama, who turns 84 this Saturday, heads one of the world's oldest refugee populations. The Tibetans' government-in-exile, headquartered in Dharamshala, Himachal Pradesh, has with India's benign support established a quasi-nation, with a large network of NGOs, cultural organisations, and 59 monasteries. The home ministry's latest annual report says, as of June 30, 2013, the Tibetan population in India totalled 108,005.

Three generations of Tibetan refugees now live in 45 settlements across 10 states — the largest number is in Karnataka — sustaining themselves on agriculture and handicrafts.

The Dalai Lama also repeated a controversial comment he made in an earlier interview that if he was succeeded by a woman, she should be attractive, otherwise she would be "not much use".

On Tuesday, the Dalai Lama's office issued a long and convoluted mea culpa in which he said his remarks about refugees may have been 'misinterpreted'. "He certainly appreciates that many of those who leave their countries may not wish or be able to return, and that Tibetans, who cherish the idea of returning home, would find their country irrevocably altered. However, His Holiness also understands the uncertainties and difficulties of those in countries where refugees and migrants make their new homes."

Not Skin-Deep

The statement also said the remarks about a likely female successor were originally made as a 'joke' to the editor of Vogue in 1992 because the Dalai Lama was surrounded by an 'unfamiliar ambience'. "However, it sometimes happens that off-the-cuff remarks, which might be amusing in one cultural context, lose their humour in translation..."

There is little to joke about among the Tibetans. The Central Tibetan Administration (CTA), the government in exile, lists 153 self-immolations in Tibet and other Chinese provinces since 2009, many of them by monks and nuns protesting against Beijing's repressive rule.

The exiles in India have almost no hope of going back to their homeland. Our citizenship laws allow any Tibetan born in India between 1950 and 1987 to apply for citizenship. Younger Tibetans, born to at least one Indian citizen after 1987, are also entitled to citizenship. After the courts upheld these rights several times — lawyer Giriraj Subramanium told me he had secured favourable rulings in at least 150 cases — the ministry of external affairs has now streamlined the process.

FILE PHOTO

Ex parte expatriate: The Dalai Lama with Har Mander Singh (left), political officer of Kameng Frontier Division, Lumla, Tawang district, present Arunachal Pradesh, April 1959

The CTA is not happy — every Tibetan acquiring Indian nationality dilutes the exiles' dream of returning home. India requires these newly-minted citizens to move out of the refugee settlements and give up any benefits and subsidies they enjoyed. But younger Tibetans were chafing at their lack of rights and mobility. They could travel overseas with Identity Certificates, but after much red tape, and had to secure exit and re-entry permits. Refugees educated in Indian schools were barred from government jobs.

A complex maze of rules made life tougher. I heard about a special army unit based out of Odisha that had many Tibetan personnel. The Election Commission (EC) issued voter IDs to refugees even though they only possessed the distinctive yellow Registration Certificates, so long as they were born in India between 1950 and 1987.

In October 2014, the Narendra Modi government issued the Tibetan Rehabilitation Policy, which set humane and uniform guidelines for all states. They promise 20-year leases for all land being used by refugee settlements; water, electricity and roads; access to government schemes like MGNREGS, the National Rural Health Mission (NRHM), affordable housing, and the public distribution system (PDS). They also allow professionally qualified Tibetans to work in private-sector jobs.

Can't Refuse Refuge

India has a confusing refugee policy. As I wrote last November ('Punching Below Our Weight', bit.do/eXMRA), India is not a signatory to the 1951 Refugee Convention or its 1967 Protocol. Oddly, the home ministry deals directly only with Tibetan and Sri Lankan refugees. The ministry says as of December 31, 2017, there were 62,146 Sri Lankan refugees in 108 camps, nearly all in Tamil Nadu, and another 36,260 Sri Lankan refugees living outside the camps. All of them get assistance from the central government, as do the Tibetans.

The UNHCR office in Delhi gave me other refugee data:

- About 19,000 Myanmarese refugees, including Rohingya, plus about 1,700 asylum-seekers (who are yet to be granted refugee status);
- About 7,000 Afghan refugees plus 8,000 asylum-seekers;
- About 50 Iranian refugees and 30 asylum-seekers.

As of end-May 2019, UNHCR India had a total 27,351 refugees and 11,809 asylum seekers on its registers. UNHCR provides cash assistance only to a very small number of the most vulnerable refugees: ₹3,800 a month for the head of household and ₹2,000 for dependants.

These numbers, of course, do not count undocumented migrants, which the Modi government now wants to put right with a nationwide National Register of Citizens (NRC). That is a pretty kettle of fish.

The Tibetan Rehabilitation Policy promises access to MGNREGS, the National Rural Health Mission, affordable housing and the public distribution system

Something's Fresh in Store

Nidhi Nath Srinivas

Smallholder farmers are struggling across India because the combination of prices below breakeven, limited financial fallback and negligible bargaining power have forced them to sell under duress. This misery would be unnecessary if farmers could store their produce in a reliable and supervised warehouse nearby. They can use the negotiable warehouse receipts issued by the warehouse to raise credit while waiting for prices to turn attractive, and then simply sell the receipt in their marketplace of choice rather than worry about logistics.

What is the hitch, you may ask? The short answer: none. The warehouses are there. The regulator — Warehousing Development and Regulatory Authority (WDRA) — has the framework, guidelines and powers to register and regulate warehouses that can issue negotiable warehouse receipts. The receipts are issued in electronic and paper format. Banks are willing to lend against such receipts. Repositories are ready to record transactions and transfer of titles as produce changes hands. All that is needed is a strong push to join the dots.

Here are five ways to fast track the process so that smallholder farmers start seeing some impact with the kharif harvest in October.

First, warehouses owned by Primary Agricultural Cooperative Societies (PACS) — the smallest grassroot-level collectives with around 130 million small and marginal farmer members — that receive credit from the National Bank for Agriculture and Rural Development (Nabard) and undertake procurement on behalf of the government, can be enabled to issue negotiable warehouse receipts.

Bihar alone has 8,400 PACS. This is easily done by getting the Registrar of Cooperative Societies in each state to pass on the list of eligible warehouses to the WDRA for registration. Tamil Nadu has made a start with 300 PACS warehouses registered, and another 1,200 to follow.

Second, states can ease the paperwork by recognising WDRA registration under their own warehouse licensing laws. This will eliminate duplication of effort, while reducing compliance costs for warehouse owners. Together, the cooperative and private sectors own 45% of India's agricultural warehousing capacity of 158.52 million tonnes.

Third, the 16 states that have connected to the electronic National Agricultural Market (eNAM) network could agree that all warehouses registered with WDRA will automatically get the status of mandis for warehouse-based sales on the platform. Last year, GoI allowed warehouse-based sales to be linked to eNAM, and the software to track and monitor the negotiable warehouse receipts trading on eNAM is ready.

Trading is yet to begin because warehouses must be registered under the new Agriculture Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017. Easier laws will encourage warehouse owners to come forward and bring the marketplace closer to smallholder farmers, especially farmer producer companies.

Fourth, banks could be advised to only lend against produce kept in WDRA-registered warehouses so that there is adequate protection for smallholder farmers and recourse for redressal. Banks lend upwards of ₹40,000 crore annually against pledged crops through tie-ups with private collateral managers. Only a fraction of this portfolio — ₹1,701 crore, as of July 31, 2018 — is against negotiable warehouse receipts.

The receipts issued by unregistered warehouses are more an acknowledgement, while those issued by registered warehouses show title/ownership and are tradable. Sebi is the only regulator to insist that the roughly 2,000 warehouses storing crops delivered on commodity exchanges should be registered with WDRA. This safety and financial ease benefit the large-holding farmers and market players using these warehouses.

Finally, warehouses built with government subsidy and Nabard schemes must automatically be registered with WDRA so that they can also provide other market-related services to smallholder farmers.

Warehouse blues

Public warehouses are the backbone of our rural economy. Farmers need safe and dependable warehouses close to the village that act as the nodal point for converting crops into a dematerialised and liquid financial asset for maximising returns and handling risk. Consumers need affordable food supply of reliable quality without wastage, especially in fruit and vegetables that are grown mainly by smallholder farmers.

Agri-business needs predictable raw material supply. Agricultural warehousing is an unorganised, fragmented, but rapidly evolving market that can be steered towards these objectives within a short span of time with ease of doing business and new revenue streams. The components are assembled and ready. Registration can be the ignition key.

The writer is senior programme officer, agriculture, Asia, Bill & Melinda Gates Foundation

Farmer-Focus is Farming-Focus

Agriculture

Naveen P Singh & Ranjith P C

Despite the annual Budget outlay increasing by about 144% since India's first Budget in November 1947 to the interim Budget in February earlier this year, the status of the Indian farmer hasn't improved considerably. The most ambitious strategic and action plan of the NITI Aayog is yet to be delivered at the grassroots level. Also, food adequacy and nutritional security at the farm household level in various parts of the country are cause for concern for planners.

The government's support price regime and Agriculture Produce Market Committee (APMC) are limited to certain crops, farmers and regions. According to NITI Aayog, only 81% of India's farmers are aware of the support price, and the think-tank's 'Strategy for New India@75' talks about replacing the Commission for Agricultural Costs and Prices (CACP) with an agricultural tribunal, and minimum support price (MSP) with crop auction at reserve price. Nevertheless, the need is to increase the number of Farmer Producer Organisations (FPOs) that, in turn, can increase the bargaining power of farmers in marketing their produce.

Third, insurance and credit assurance schemes have brought about a paradigm shift in agriculture, with recent farm credit expansion clocking ₹12 lakh crore, an all-time record. But this expansion's direction must be redirected to enable till-now untouched small and marginal farmers. Zero-interest credit cards to small and marginal farmers with a maximum ceiling could be an option to further expand the credit growth, all the while keeping an eye on the banks' burgeoning non-performing assets (NPAs).

Fourth, promotion of ancillary agriculture activities like bee-keeping and aqua-farming to diversify farm income is currently slow. Interventions need to be expedited to make farmers more resilient to climatic and price risks.

Fifth, to address the issues of market access and transparency in price discovery, digital marketing platforms — such as e-National Agriculture Market (eNAM) and e-Gramin Agricultural Market (e-GrAM) — were brought to integrate mandis across the country. Recently, a scheme was flagged off to facilitate inter-state trade between mandis using e-payment. But this is yet to overcome teething problems of electronic price discovery and dissemination, lack of assaying labs for grading produce and the relative lack of cost-effective warehouse facilities.

The establishment of agriware house grids in the hub-and-spoke model, and incentive-based village storage systems along key highways connecting metros, would effectively leverage digital markets and the APMC monopoly.

Finally, the absence of an exclusive agency for reporting, assessing and streamlining the process of disaster-related claims has pushed many farmers into poverty. It's high time the finance minister establishes an exclusive National Agriculture Disaster Authority (NADA), which can bring synergy among drought-declaring organisations in states.

To harmonise Centre-state relations related to administering, policy-making and implementing various measures to encourage farming and farmers, a federal agency, Agriculture Development Council (ADC), should be created in line with the Goods and Services Tax (GST) Council.

The key focus areas to stabilise farmers' income and reduce climate-related vulnerability are well documented by the National Innovations in Climate Resilient Agriculture (Nicra). Indian Council of Agricultural Research (Icar) studies — on renewable energy generation from fallow land (agro-voltaic system and rainwater harvesting); efficiency in farm waste utilisation; enhancing and incentivising carbon sequestration; extension and facilitation of crop diversification in 'Green Revolution' regions such as Punjab, Haryana and western Uttar Pradesh; integrating all central and state subsidies; spring water harvesting system in hilly areas; enhancement of soil fertility and animal health; incentivising agro-forestry system and providing better land-use planning; and accelerating agricultural research with an enhanced funding to the level of 1% of GDP — should be made ready for operationalisation.

Unfortunately, the piecemeal approach of income-support announcements in Budgets won't correlate with rising incomes and living standards of farmers. Moreover, the income-support schemes do not provide enough for India's aspirational youth to be retained in agriculture, and to reverse the tide of rural-to-urban migration.

Which is why, besides chalking new plans and announcements, this is the right time to take pragmatic steps to address the fault lines in India's agricultural and farming sector, in order to bring rural prosperity and dispel agrarian distress.

The writers are with Indian Council of Agricultural Research (Icar), National Institute of Agricultural Economics & Policy Research (NIAP), New Delhi

THE SPEAKING TREE

Room in Your Heart

B DAYITA MADHAVA MAHARAJA

If we accept the concept of Bhagwan, then we have to accept the concept of 'bhaga' also. If we use the word dhanawan, but exclude the word 'dhana', wealth, then the word dhanawan becomes meaningless. He who possesses dhana is dhanawan. Similarly, He who possesses bhaga is Bhagwan. Bhaga means majesty or potency.

The fact that Bhagwan possesses all beauty implies that He is beautiful; therefore, He must possess form. However, in saying so we should not confine Him within the limits of length, breadth and height. The internal potency, the chitshakti of Bhagwan, has as its reflection the material energy, which is subject to change and destruction. We must not attribute those faults to that which is being reflected.

Ultimate Existence is beyond the power of human intellect. The reflection has no real existence to speak of, but if the reflection gives the appearance of reality, then we must understand it to be a shadow reality. Since a shadow is not real, we should not expect to derive true knowledge of reality from it.

If we admit to existence of Bhagwan, we also have to admit to the existence of His energy or shakti.

The shakti that takes us to the heart of Bhagwan is known as Antaranga shakti or internal potency. That which overwhelms and enchants us with His external features, taking us away from Bhagwan, is known as bahiranga shakti or external potency.

Chat Room

High on Credit, and Confidence

Apropos the Edit, 'All That a Budget Can Do, It Must' (Jul 3), in this season of dismal economic news, the new finance minister has to walk a tightrope to balance both fiscal prudence and credit infusion. Not to forget, it is vital that the government gives an initial boost to lending institutions through appropriate measures, because a credit drought will truly be a massive disaster for the economy.

SUNIL OVELIL
Pune

Rating Agencies Have Failed Us

This refers to the Edit, 'They're Accountable for Mis-Ratings' (Jul 3), ratings given to debt instruments by credit rating agencies are based on parameters such as financial performance, operational performance, fund management, track record of portfolio returns, accounting practices, risk of default and so on. The purpose is to guide the investors who subscribe to these papers to take informed decisions, but rating agencies have miserably failed in their role to give a reliable assessment, leading to a series of defaults. To retain the credibility of credit rating agencies, individuals should be held accountable for their actions.

SANJAY TIWARI
Hisar

EVs: Better be the Early Bird

Apropos 'EVs, Still Far From Easy Riders' by Arijit Barman (Jul 3), the policy framework to ensure affordability and accessibility of electric vehicles should consider the challenges of transition and adaptability of new mobility modes. A case in point would be our inertia to invest in new technology that is at a higher initial price threshold but, in the long run, would lead to a much lower running utility charge. Government can help by exempting batteries from the goods and services tax.

NAVNEET WADHWA
By email

Letters to the editor may be addressed to
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QUICK HITS

US Trade Deficit Rises to Five-month High as Imports Soar

Washington The US trade deficit jumped to a five-month high in May as imports of goods increased, likely as businesses restocked ahead of an increase in tariffs on Chinese merchandise, overshadowing a broad rise in exports. The wider trade deficit reported by the Commerce Department on Wednesday added to weak housing, manufacturing, business investment and moderate consumer spending in suggesting that economic growth slowed in the second quarter. The labor market also appears to be losing momentum, with private employers adding far fewer-than-expected jobs to their payrolls in June. Reuters

FCA Proposes Retail Ban on Crypto Derivatives

London Britain's markets watchdog is proposing banning the sale of derivatives based on crypto-assets to retail consumers from early 2020 due to what it considers the prevalence of market abuses. Prices of crypto-assets - which include currencies like bitcoin as well as tokens representing other tradeable assets - are very volatile, and there is a lack of a clear investment need for products referencing them, the Financial Conduct Authority said on Wednesday. The FCA "considers these products are ill-suited to retail consumers who cannot reliably assess the value and risks of derivatives or exchange traded notes (ETNs) that reference certain crypto-assets," it said in a statement on its public consultation on the proposed ban. Reuters

Deutsche Telekom First to Roll Out Limited 5G Services

Berlin | Frankfurt Deutsche Telekom stole a march on its competitors by announcing a limited rollout of 5G services in its German home market on Wednesday, targeting early adopters in cities with the high-speed mobile technology. Existing 5G trials will be opened up to public use in the German capital Berlin and in Bonn, where Deutsche Telekom is headquartered, with four more cities to follow this year. By the end of 2020, 20 German cities will get 5G coverage. Reuters

Japan Orders Evacuation Due to Heavy Rains

Tokyo Japan ordered more than one million people on the southernmost island of Kyushu to take shelter in evacuation centres and other safe areas on Wednesday as heavy rains triggered small landslides and threatened to cause widespread flooding. Some parts of southern Kyushu have received over 1,000 mm (39.4 inches) of rain since Friday, about as much as usually falls in the whole month of July, broadcaster NHK said. Reuters

Iran to Boost Uranium Enrichment Level, Breaching Nuclear Agreement

President Rouhani says Iran will go beyond the cap set in the 2015 nuclear deal if needed

Geneva: Iran will boost its uranium enrichment after July 7 to whatever levels it needs beyond the cap set in the landmark 2015 nuclear deal, President Hassan Rouhani said on Wednesday, defying US efforts to force Tehran into renegotiating the pact.

Iran announced this week it has stockpiled more low-enriched uranium than is permitted under the accord, a move that prompted US President Donald Trump — who withdrew the United States from the deal last year — to warn Iran was "playing with fire".

European co-signatories said on Tuesday they were "extremely concerned" by Tehran's apparent breach of the deal while Israel said it was preparing for possible involvement in any military confrontation between Iran and the United States.

Weeks of tensions crested last month when Tehran shot down a US military surveillance drone and Trump responded with a decision to launch air strikes only to call them off at the last minute. Washington also accused Iran of being behind attacks on several oil tankers in the Gulf, which Tehran denies.

"Our level of enrichment will no longer be 3.67. We will put this commitment aside by whatever amount we feel like, by whatever amount is our necessity, our need. We will take this above 3.67," said Rouhani, according to IRIB news agency.

President Hassan Rouhani chairs a Cabinet meeting in Tehran on Wednesday

PHOTO: AFP

He added that the Islamic Republic's actions were reversible. "All of our actions can be returned to the previous condition within one hour, why are you worried?" he said.

Though his tone was unusually tough, Rouhani was the architect of the nuclear pact and is seen as a pragmatist, unlike senior clerics in Iran's ruling elite who opposed his opening to the West and have never let up in their denunciations of the United States.

Uranium refined to a fissile purity of 3.67% is deemed suitable for electricity generation and is the maximum allowed by the deal. Enrichment to 90% yields bomb-grade material.

HEAVY-WATER REACTOR

Rouhani said that if the other signatories did not protect trade with Iran promised under the deal but blocked by Trump's reimposition of tough sanctions, Tehran would also start to revive its Arak heavy-water reactor after July 7.

As required by the accord, Iran said in January 2016 that it had removed the core of the reactor and filled it with cement.

"From (July 7) onward with the Arak reactor, if you don't operate (according to) the programme and time frame of all the commitments you've given us, we will return the Arak reactor to its previous condition," said Rouhani.

"Meaning, the condition that you say is dangerous and can produce plutonium," he said, referring to a key potential component of a nuclear bomb. "We will return to that unless you take action regarding all your commitments regarding Arak."

He kept the door open to negotiations, saying Iran would again reduce its stockpile of enriched uranium below the 300-kilogram limit set by the nuclear pact if signatories Britain, France, Germany, Russia and China honoured their deal pledges.

US SANCTIONS NOOSE

Tensions between Washington and Tehran have escalated since Trump pulled Washington out of the pact in May 2018 and acted to bar all international sales of Iranian oil, the Islamic Republic's economic lifeblood.

"If America is very afraid of the word 'fire' then it shouldn't light the flame," Rouhani, apparently referring to Trump's remark, said in remarks on the presidential website. "And the only way to extinguish the fire is to return to the commitments and resolutions of the United Nations (that underpinned the 2015 agreement)." Reuters

US Govt Staff Told to Treat Huawei as Blacklisted

Washington: A senior US official this week told the Commerce Department's enforcement staff that China's Huawei should still be treated as blacklisted, days after US President Donald Trump sowed confusion with a vow to ease a ban on selling to the firm.

On Saturday, Trump surprised markets by promising Chinese President Xi Jinping on the sidelines of the G20 summit in Japan that he would allow US companies to sell products to Huawei Technologies Co Ltd.

In May, the company was added to the so-called Entity List, which bans American firms from selling to it without special permission, as punishment for actions against US national security interests.

Trump's announcement Saturday — an olive branch to Beijing to revive stalled trade talks — was cheered by US chipmakers eager to maintain sales to Huawei, the world's largest telecoms equipment maker and a key US customer.

But Trump's comments also spawned confusion among industry players and government officials struggling to understand what Huawei policy he had unveiled.

In an email to enforcement staff on Monday and seen by Reuters, John Sonderman, Deputy Director of the Office of Export Enforcement, in the Commerce Department's Bureau of Industry and Security (BIS), sought to clarify how agents should approach license requests by firms seeking approval to sell to Huawei.

Trump's announcement on Saturday was cheered by US chipmakers eager to maintain sales to Huawei

PHOTO: REUTERS

All such applications should be considered on merit and flagged with language noting that "This party is on the Entity List. Evaluate the associated license review policy under part 744," he wrote, citing regulations that include the Entity List and the "presumption of denial" licensing policy that is applied to blacklisted companies. Reuters

French Police Raid Renault HQ Over Ghosn Wedding Probe

Paris: French police on Wednesday raided the headquarters of Renault while probing a lavish wedding party thrown by ex-CEO Carlos Ghosn at Versailles Palace, the French carmaker and legal sources said.

Officers in charge of investigating corruption and financial crimes searched Renault's headquarters in the western Paris suburb of Boulogne-Billancourt, a source close to the investigation said.

A Renault spokesman confirmed the search was under way and said the company was "fully cooperating with the authorities"

A Renault spokesman confirmed the search was under way and said the company was "fully cooperating with the authorities".

Ghosn, the big-spending former chief of both Renault and its Japanese partner Nissan who is awaiting trial in Japan on charges of financial misconduct, hired the entire Palace of Versailles when he got married in October 2016. He is suspected of wrongly obtaining use of the sumptuous home of 17th century "Sun King" Louis XIV in exchange for a sponsorship deal between the state-owned palace and Renault.

Versailles waived the €50,000 rental fee for the Marie Antoinette-themed wedding in what could amount to misuse of company resources, as well as tax evasion, if the benefit was not declared to French authorities. AFP

US Slaps Import Duties of More Than 400% on Vietnam Steel

Hanoi: The US Commerce Department imposed duties of more than 400% on steel imports from Vietnam, accusing some businesses in the Southeast Asian nation of evading the levies in a further escalation of tension between the two trading partners.

In three preliminary circumvention rulings on Vietnamese steel, the Commerce Department said certain products produced in South Korea and Taiwan were shipped to Vietnam for minor processing before being exported to US as corrosion-resistant steel products and cold-rolled steel. Customs officials have been ordered to collect cash deposits at rates as high as 456.23% on imports of the steel products produced in Vietnam using material from South Korea and Taiwan.

TRADE TENSION

PHOTO: GETTY IMAGES

Vietnam's Ministry of Foreign Affairs didn't immediately respond to a request for comment.

The US is hardening its rhetoric against Vietnam, one of its major trading partners and an economy that's benefiting from President Donald Trump's trade war with China. Trump described Vietnam last week as "almost the single-worst abuser of everybody" when asked if he wanted to impose tariffs on the nation.

Vietnam says it's working to reduce its trade surplus with the US, and is already cracking down on Chinese manufacturers who are rerouting their goods via the Southeast Asian nation for export to the U.S. in order to bypass higher tariffs.

The US Embassy in Hanoi said this week it's in talks with authorities and hopes "Vietnam takes steps in the near term to address our concerns in a constructive manner."

Vietnam's annual trade surplus with the U.S. has exceeded $20 billion since 2014 and reached $39.5 billion last year, the highest in records going back to 1990, according to US Census Bureau data. Bloomberg

HP, Dell, Others Plan to Shift Production Out of China

Bengaluru: Several major US-based technology companies are planning to shift substantial production out of China, spurred by a bitter trade war between Washington and Beijing, the Nikkei reported on Wednesday, citing sources.

Personal computer makers HP Inc and Dell Technologies are planning to reallocate up to 30% of their notebook production out of China, according to the Nikkei.

Microsoft Corp, Alphabet Inc, Amazon.com Inc, Sony Corp and Nintendo Co Ltd are also looking at moving some of their game console and smart speaker manufacturing out of the country, the Nikkei added.

US President Donald Trump and Chinese President Xi Jinping struck a truce at last weekend's Group of 20 summit in Japan, paving the way for a restart in trade talks after months of stalemate.

Microsoft, Alphabet Inc, Amazon, Sony and Nintendo are also looking at moving some of their manufacturing out of the country

However, the companies are not likely to alter their plans of moving some of their production out of China as they also face higher operating costs in the country.

In June, Apple Inc asked its major suppliers to assess the cost implications of moving 15%-30% of their production capacity from China to Southeast Asia as it prepares for a restructuring of its supply chain, Nikkei had reported last month.

HP, Dell, Amazon, Microsoft and Google did not immediately respond to a Reuters' request for comment. Reuters

Trump Makes Himself Center of Attention at Fourth of July Celebration

PHOTO: BLOOMBERG

Washington: Fighter jets and military tanks will set the scene for an Independence Day speech by Donald Trump on the National Mall as the president puts himself at the center of a reimagined July 4 celebration.

Trump will speak from the steps of the Lincoln Memorial on Thursday evening in what's billed as an apolitical event that comes as the 2020 presidential campaign is heating up. The "Salute to America," as Trump calls it, will feature flyovers and an expanded fireworks show that will briefly ground commercial flights.

"The Pentagon & our great Military Leaders are thrilled to be doing this & showing to the American people, among other things, the strongest and most advanced Military anywhere in the World," Trump wrote on Twitter on Tuesday. "Incredible Flyovers & biggest ever Fireworks!"

But the show won't go entirely Trump's way. Protesters have a permit to display an inflatable version of the president that depicts him as a baby in a diaper with small hands. A similar blimp has greeted Trump on trips to London, but the Washington version won't be allowed to leave the ground.

Trump is effectively rebranding a celebration that attracts thousands of families to watch the fireworks but almost never includes presidential speeches on the Mall. Critics say his revisions risk turning Washington's July 4th into a de facto Trump rally that's likely to draw counter-protests.

Delegate Eleanor Holmes Norton, a Democrat who represents the District of Columbia in Congress, said Trump's plans "look like a political event" and predicted a light turnout for his speech.

"I think the president is in for another flop, and he's going to have to explain a flop that he set up," Norton said. "He's still smarting from the thin crowds at his inauguration. All I can say is: You ain't seen nothing yet."

The White House rejected the idea that the celebration would be political. Trump told reporters on Monday that the event will be "about this county and it's a salute to America." He said he hoped for a large turnout. Bloomberg

TIPS, TRIVIA & TRENDS

YOUR DAILY DIET OF FUN AND FACTS

DiCaprio, Jobs' Widow Team Up for Climate Change

Oscar winner Leonardo DiCaprio and his environment charity are teaming up with Steve Jobs' widow Laurene Powell Jobs and billionaire investor Brian Sheth to launch a new alliance to tackle climate change. The actor will convert The Leonardo DiCaprio Foundation into Earth Alliance as he combines with Powell and Sheth, who is the cofounder of Vista Equity Partners and also the board chair of the Global Wildlife Conservation. Sheth has also founded the Sheth Sangreal Foundation, which will take care of Earth Alliance's administrative costs. ANI

Chrysler Ex-CEO Lee Iacocca Dies at 94

Lee Iacocca, the auto executive and master pitchman who put the Mustang in Ford's lineup in the 1960s and became a corporate folk hero when he resurrected Chrysler 20 years later, has died in Bel Air, California. He was 94. In his 32-year career at Ford and then Chrysler, Iacocca helped launch some of Detroit's best-selling and most significant vehicles, including the minivan, the Chrysler K-cars and the Mustang. He also spoke out against what he considered unfair trade practices by Japanese automakers. AP

Amsterdam to Empower Sex Workers

Amsterdam is proposing 'fundamental' changes to its famed red light district to ensure the rights of sex workers, prevent crime and reduce nuisance for local residents and businesses. The city said in a statement that Mayor Femke Halsema will discuss with sex workers and residents four options for the neighbourhood's future. The proposals range from closing the curtains of windows so that prostitutes are not on public display, closing down brothels with display windows altogether, and moving prostitution somewhere else in the city. AP

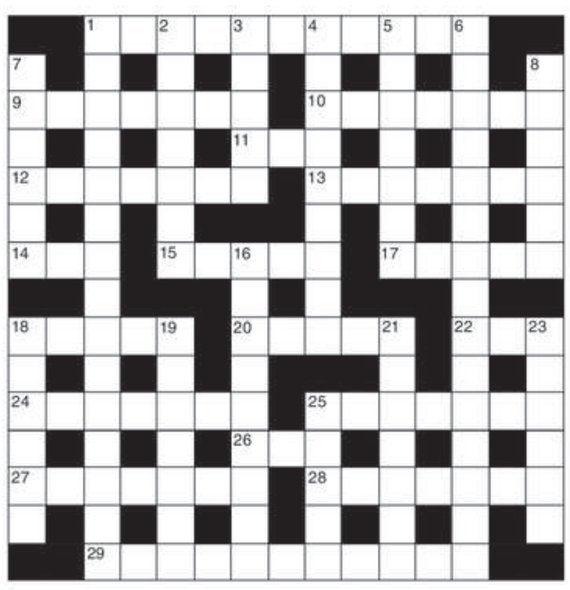
Android Creator 'Concealed' Google Payments from Wife, Ran 'Sex Ring'

Android creator Andy Rubin, who was paid $90 million by Google as a severance package after being accused of sexual harassment, concealed the payments from his estranged wife for years. In a civil complaint, Rubin's estranged wife Rie Hirabaru Rubin alleged that he and a former attorney conspired to convince her to sign a premarital agreement a few days before they were married, that "later barred her from sharing any part of her husband's financial gains". The lawsuit also accused Andy of running "what appeared to be a sex ring", alleging that he had affairs with at least five other women. IANS

English Pocket Watch Sells for Record Price

A pocket watch known as 'Space Traveller I', one of the only 23 ever made by English horologist George Daniels that commemorates the 1969 moon landing, became the highest-selling English watch when it went under the hammer for Rs 31.3 crore at Sotheby's in London. Daniels (1926-2011) was considered one of the most important horologists and watchmakers of the 20th century and this watch was one of his most sought after creations, which was completed in 1982. It sold for £3,615,000. IANS

Crossword 7450



ACROSS

1 Like Christmas presents, good if bagged within? (11)
9 Watch yobbo going round old fell (7)
10 Wall section protecting primate (7)
11 A couple turn over anything in Leeds perhaps (3)
12 Tedious old solver's pursuing Latin and English (7)
13 Cave in one representative mineral deposit (7)
14 Paid opera house (3)
15 Deny withdrawing source of dahlia (5)
17 Images taken in hospital of unknown rear, I hear (1-4)
18 Cyril's rewritten poem (5)
20 Whole umbellifer supplies type of sulphuric acid (5)
22 Sick lines arrive after one (3)
24 French writer's daughter and editor clashed (7)
25 Hide ordinary little volume in untidy room (7)
26 Somewhat innovative cells for females (3)
27 What barman uses to start conversations? (3,4)
28 Eucalyptus, say, up which one's in trouble (3,4)
29 Sort of post to support conservative girl (6-5)

DOWN

1 Bad nude art breaches my benevolent disposition (4-11)
2 Particle in eye left over after running round (7)
3 A musing group of women tease, say, young beginner (5)
4 Job-holder has a quiet pint hosting old Europeans (9)
5 Plastic for each pair of glasses, say (7)
6 Embassy staff's certificate on ICC sport complex (10,5)
7 Small ground hosts duck race in Alps (6)
8 Capital articles on Poles (6)
16 Reserve to recognise Scottish gift to reader? (4,5)
18 Young man in Glasgow and most women hug duke (6)
19 Constant help raised to support vehicle for heart patient (7)
21 Girl hiding doctor's percussion instrument (7)
23 Place to go with nurse to relax (6)
25 Tricks soldier in raincoat (5)

SOLUTION TO No. 7449

ACROSS: 1 Badly off. 5 Lassie. 9 Drop kick. 10 Shrimp. 12 Glen. 13 Motorcycle. 15 Merry-go-rounds. 19 Psychological. 23 Relief maps. 25 Ague. 28 Always. 29 Citation. 30 Hereto. 31 Asphodel.
DOWN: 1 Bad egg. 2 Drone. 3 Yoke. 4 Factory. 6 Ad hoc. 7 Ship canal. 8 Espresso. 11 To-do. 14 Arch. 15 Mayflower. 16 Goo. 17 Ouch. 18 Approach. 20 Lamb. 21 Gypsies. 22 Fennel. 24 Egypt. 26 Guild. 27 Wash.

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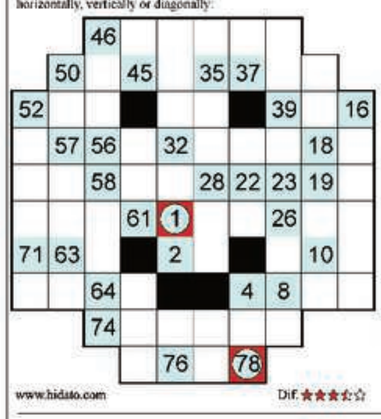
HIDATO

FIND THE PATH - SOLVE THE PUZZLE

Complete the grid so that numbers 1 - 78 connect horizontally, vertically or diagonally:



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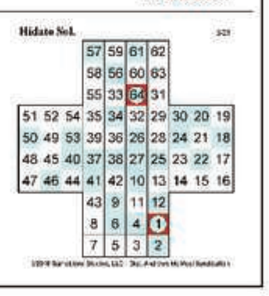
Yesterday's puzzle solution.



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Dilbert

by S Adams

7 LITTLE WORDS

Find the 7 words to match the 7 clues. The numbers in parentheses represent the number of letters in each solution. Each letter combination can be used only once, but all letter combinations will be necessary to complete the puzzle.

CLUES	SOLUTIONS
1 took off the edge (7)	
2 colorful brand of dishes (10)	
3 lubrication contraption (5)	
4 kidnapped folks (9)	
5 transporting on "Star Trek" (7)	
6 Roman name for Scotland (9)	
7 add bling to (9)	

BL	BE	ARE	ED	LER
STAW	CAL	ISH	AMI	EMB
NG	NIA	UCT	OI	FIE
ABD	ELL	UNT	EDO	EES

Yesterday's Answers: 1. SAUNTERED 2. MUTT 3. ATTEMPTS 4. HANDSEWN 5. TIMELY 6. UNSWAYED 7. NEVADA 6/22

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You would be a fool to be tempted to bat like Rohit because he is in a different class, he is from a different planet altogether when he gets going

KL RAHUL, India batsman

WORLD OF CRICKET

WATCH OUT! TODAY
AFG vs WI
3:00PM
Star Sports

An Unfulfilled Promise

After World Cup snub, Rayudu announces retirement from all forms of cricket

BAT ON REGARDLESS

Anand Vasu London

Ambati Rayudu, child prodigy, is frustrated.

When he made his debut for Hyderabad as a teenager in the 2001-2002 season, he was widely thought of as the next big thing in Indian batting. When he broke into his state team, led by the genial, wise and cricket-savvy Venkatapathy Raju, Rayudu made an instant impression. "He was one of those typical Hyderabad batsmen bred on matting wickets. You should have seen the on-drives he played as a kid. Just like anyone watching VVS Laxman would instantly know this was a special player, there was something striking about Rayudu," Raju, who later served as national selector, recalls. But it was hardly smooth sailing.

Rayudu believed, rightly or wrongly, that he was not getting his due in Hyderabad, especially as Arjun Yadav, the son of Hyderabad Cricket Association supremo (and former India offie) Shivlal Yadav, was being pushed, to his detriment. Rayudu called a press conference, burnt all bridges with the Hyderabad cricket establishment and shifted to the Andhra Ranji Trophy team.

Ambati Rayudu, Ranji star, is frustrated.

At Andhra, Rayudu is scoring runs, but almost nobody is taking note. The team is a weak one, even in the South Zone competition, and he hasn't quite done enough to catch the eye for bigger things, at a time when batting stocks in the Indian team are at an all-time high.

Rayudu, tired of doing his thing day-in and day-out without reward, joins the Indian Cricket League, an unsanctioned tournament that came with a pretty purse for players because they knew full well they were going to be banned by the establishment. The ICL is anything but a success and it is rumoured that Rayudu is one of scores of players who were not paid what they were promised.

Ambati Rayudu, cricket rebel, is frustrated.

When the Board of Control for Cricket in India announces an amnesty scheme of sorts for players who went to the ICL but want to return to the fold, Rayudu jumped at it, going back to Hyderabad, where it all started. But the return of the prodigal did not last long and he grazed in the pastures of Baroda and Vidarbha, only to return to the wilderness.

Ambati Rayudu, early applicant, is frustrated.

India is in search of a No. 4 batsman with an eye on the forthcoming World Cup in England. Rayudu, having made a comeback to the team on the back of some stellar performances in the Indian Premier League for the Chennai Super Kings, led by Mahendra Singh Dhoni, is the front-runner. He is given a longer rope than any of the other contenders, and while he does come good from time to time, he doesn't do enough to own the spot.

Ambati Rayudu, comeback king, is frustrated.

Left out of the squad for the World Cup, with state-mate MSK Prasad explaining that Vijay Shankar got the nod because he was a three-dimensional player, Rayudu takes to Twitter to say that he was going to buy 3-D glasses to watch the World Cup. It's funny, but it's also disrespectful to a fellow cricketer and does not go down well with the establishment.

Then Shikhar Dhawan is injured, and an opener is replaced by a middle-order batsman in Rishab Pant. Down the road, Vijay is injured and he is replaced by an opening batsman in Mayank Agarwal. Rayudu was named as a stand-by for the World Cup and even with two injuries, he can't get a look-in.

Ambati Rayudu, forgotten man, is frustrated.

In a letter to the authorities, Rayudu quits all forms of cricket that they have jurisdiction over. He is frustrated, and justifiably so. But, his anger at the system, and his raging against the machine, may be misplaced. When he has time to look back at the choices he made at critical times in his career, and decisions he took, Rayudu may yet realise that he has himself — rather than Hyderabad, ICL, selectors — to blame, for how his cricket story unravelled and ended.

On a bright note, Ambati Rayudu need no longer be frustrated. Perhaps now he can find a way to make peace with the fact that life has not exactly been fair to him, that he did not get all he deserved and he had to endure much that he did not bring upon himself.

Ambati Rayudu, retired cricketer, is, to paraphrase James Bond's Martinis: frustrating, not frustrated.

Rayudu's ODI Career

Inns	NO	Runs	HS	Ave	SR	100/50
50	14	1694	124*	47.05	79.04	3/10

India's Top Performers Since Rayudu's Return in 2018

OVER ALL FIGURES

Player	Inns	Runs	HS	Ave	SR	100/50
RSharma	23	1262	162	66.42	92.31	4/7
VKohli	16	1064	157*	76.00	101.42	6/1
SDhawan	23	874	143	39.72	93.37	3/2
ARayudu	20	639	100	42.60	84.07	1/4
MSDhoni	15	454	87*	41.27	76.55	0/4
KJadhav	13	376	81	53.71	91.04	0/2
DKarthik	9	221	44	44.20	78.64	0/0

Must definitely be very painful at being ignored for the World Cup for #AmbatiRayudu but I wish him all the very best in life after retirement

VIRENDER SEHWAG

Have to feel for #AmbatiRayudu, did everything he could to make a comeback, did well in the opportunities he got but the World Cup snub must have hurt him really deeply. Wish him the best in retirement

MOHAMMAD KAIF

Dhoni's Legacy on the Line

MSD's performances in the ongoing World Cup has polarised the public opinion

Boria Majumdar

There are two parallel stories being written in this World Cup. The first is the Virat Kohli story of leading India towards their third title. The second story, which is equally fascinating, is the MS Dhoni story. It is full of emotion and drama. The moment Sachin Tendulkar questioned his intent against Afghanistan, the entire Indian cricket fraternity stood divided. While some like VVS Laxman and Harbhajan Singh agreed with Tendulkar that the Indian batting against Afghanistan lacked positive intent and was slow, Dhoni fans went on to put question mark on Tendulkar's batting itself!

The chorus, however, has grown since. Nasser Hussain used the word 'baffling' to describe Dhoni's batting approach against England and Sourav Ganguly was equally scathing saying he would've preferred Dhoni and the Indians to get all out for 290 in trying to get to the English total of 337 rather than scratching around in the last five overs. And this time round, the wave of criticism was far stronger with India having lost the game. Dhoni was singled out as the culprit and some even went to the extreme of imputing motive behind the loss. Yet again the legion of Dhoni fans tried to defend their cult hero but this time round the deluge of negativity on social media literally pushed them aside.

Dhoni, more than anyone, was the centre of everyone's attention in the match against Bangladesh. Can he or can he not was the question? India added Dinesh Karthik to the mix to give Dhoni some cushion at the end and a little extra time to get into his groove. And in the end Dhoni just about managed to play a par innings. To be fair to the man, it was a very valuable 35 with India winning by 28 runs.

Dhoni assessed the situation reasonably well and managed to stay on till the 50th over, backing himself to do the needful for his team. He did hit a couple of valuable boundaries in the 49th over and even refused a single in the 50th before falling to Mustafizur Rahman. Immediately the tirade on social media had started. Should he have refused the single and backed himself or should he have just added whatever was coming his way to the total? Dhoni was probably right in doing what he did. He knew there was little batting left and had he played the full over, he could have scored 10-12 runs like he did against the West Indies. Taking the single would hardly have done much to the Indian total and it was good to see him backing himself for a final assault that eventually did not happen.

From the evidence at hand, there is no doubt that Dhoni's powers are on the wane. It is only human that at 38 he won't be the same as he was at 28. Having said that and here the IPL is an index, Dhoni is still one of the biggest and best hitters of the cricket ball. He can still go big on his day and that's what India team is banking on. And his wicket-keeping is still top-class.

While many are baying for his blood saying he should opt for a graceful exit rather than continuing to tarnish his legacy, Michael Clarke advises caution in doing so. "We all know what MS is capable of and he has shown it time and again. Greatness has no expiry date and you all should remember that," says Clarke.

By MSD's own standards, he has had a modest World Cup. Some missed stumpings, a couple of dropped catches and two uncharacteristic innings have added fuel to the "Dhoni retire" campaign. But this is what the Dhoni's legacy is all about. He had a very modest World Cup in 2011 before taking it all on himself in the final. And knowing him, he must be eyeing the same impact in 2019. Come the semi-final and final, Dhoni will be under Test. Every time he has been put under the cosh, he has risen like a phoenix proving the naysayers wrong. Can he do it for one final time? And what will it do to his legacy going forward?

While many are baying for his blood saying he should opt for a graceful exit rather than continuing to tarnish his legacy, Michael Clarke advises caution in doing so

VITALS

Patel Wants I-League and ISL to Co-Exist

The All India Football Federation president Praful Patel has assured the I-League clubs that their future is secure and said he will approach the AFC to ensure the league continues to co-exist with the ISL for another 2-3 years. Patel said he will seek the Asian Football Confederation's approval for the current status quo to be maintained for the another 2-3 years, by which time he hopes all the stakeholders will reach to a consensus. "We don't want to pack up the I-League. It should continue. But ultimately there should be a roadmap of Indian football. Two leagues cannot go on permanently. The AFC will also not allow it forever. It is just a solution for the time being," Patel said.

Murray & Williams Know of Opponents

The all-star duo of former world number ones Andy Murray and Serena Williams will play German Andreas Mies and Alexa Guarachi of Chile in the first round of the mixed doubles at Wimbledon. Mies, 28, comes fresh from creating a major surprise partnering Kevin Krawietz to win the French Open title beating home hopes Jeremy Chardy and Fabrice Martin in straight sets. American-born Guarachi, who is also 28, has a more modest record though she won the Swiss Open doubles final last year and reached the Istanbul Cup final this season.

Atwal Joins Lahiri in Main Draw

Indian golfer Arjun Atwal won the Monday qualifier to join compatriot Anirban Lahiri in the main draw of the 3M Open on PGA. The last time Atwal won a Monday qualifier was in 2010, and he went on to win the Wyndham Championship. That has been the only PGA Tour title ever won by an Indian. At the time, he was also the first Monday qualifier to win a PGA Tour event in 24 years. He won with a nine-under 62 to earn a spot in the main draw of the 3M Open at Twin Cities TPC.

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VOLUME 56 **NO.** 237

Opelka, 6.11ft Tall, Blasts Past Wawrinka

Mitch Phillips

Reilly Opelka blasted his way into the third round at Wimbledon on Wednesday as the giant 21-year-old American's serve eventually proved too hot to handle for triple grand slam champion Stan Wawrinka in a high-octane five set duel.

Opelka came through 7-5, 3-6, 4-6, 6-4, 8-6 against the 22nd seeded Swiss for the biggest win of his career and there will be plenty of bigger names in the draw now scrabbling anxiously for a tape of this match.

At 6ft 11in (2.10 metres) the former Wimbledon junior champion is the joint-tallest-ever ATP-ranked player (with Ivo Karlovic) and, unsurprisingly, his biggest weapon is his serve. It reached 142mph (228kph) on Wednesday — the fastest of the Championship so far — and, combined with some surprisingly deft court movement, is the perfect Wimbledon weapon.

Wawrinka, who has never gone beyond the quarter-finals at Wimbledon despite winning all three of the other slams and previously reaching number three in the world rankings, could not deal with it at all in the first set.

The 34-year-old eventually used all his experience to work things out and start getting it back and then treating the crowd to some of his sublime backhand winners en route to taking the second and third.

But, just as it seemed as if he would go through smoothly, Opelka found another gear to snatch the fourth.

From then on Wawrinka was having to work harder and harder to hold, while rarely threatening to break. The full match statistics showed the American successful with 73 percent of first serves compared to the 64 percent of Wawrinka and Opelka lifted that to a remarkable 91 percent in the fifth set.

Those figures proved the difference eventually as Wawrinka, at full stretch to even reach, let alone return most of them, was eventually worn down. "I started holding more easily, I'd had to save so many break points before that," Opelka said of the turnaround. "I made some adjustments and was then able to spend more energy trying to break."

Opelka said that he had "always been a pretty good mover - underrated maybe. Some guys don't expect it when they play me for the first time."

In a period of declining fortunes for American men's tennis, the victory was warmly welcomed former world number four and highly respected coach Brad Gilbert. "Wow, what a clutch performance from big fella Opelka in winning 1st career 5 setter over Stanimal," he tweeted.

Opelka, into the third round of a grand slam for the first time, now faces a possible meeting with 15th seed Milos Raonic. "He's as good as it gets when it comes to grass so I'm really excited about that," he said. "Outside the big three he's probably got the best chance of winning Wimbledon."

Reuters

IMPORTANT RESULTS

Men 2nd Rd

Daniil Medvedev bt Alexei Popyrin 6-7 (6/8), 6-1, 6-4, 6-4; David Goffin bt Jeremy Chardy 6-2, 6-4, 6-3; Reilly Opelka bt Stan Wawrinka 7-5, 3-6, 4-6, 6-4, 8-6; Milos Raonic bt Robin Haase 7-6 (7/1), 7-5, 7-6 (7/4); Roberto Bautista Agut bt Steve Darcis 6-3, 6-2, 4-2 - retired; Benoit Paire bt Miomir Kecmanovic 7-6 (7/5), 6-4 - retired

Women 2nd Rd

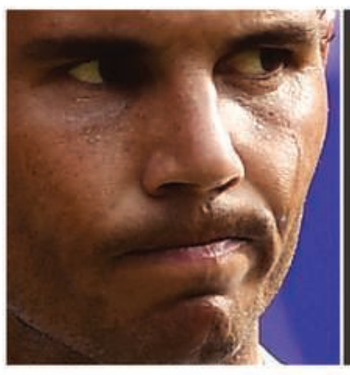
Elina Svitolina bt Margarita Gasparyan 5-7, 6-5 - retired; Maria Sakkari bt Marie Bouzkova 6-4, 6-1; Karolina Muchova bt Madison Brengle 6-3, 6-4; Anett Kontaveit bt Heather Watson 7-5, 6-1; Hsieh Su-Wei bt Kirsten Flipkens 7-6 (7/3), 6-3; Karolina Pliskova bt Monica Puig 6-0, 6-4; Victoria Azarenka bt Ajla Tomljanovic 6-2, 6-0; Viktorija Golubic bt Yulia Putintseva 6-4, 7-6 (7/3)

Nadal v Kyrgios: Part 7

Rafa and Nick to resume their bitter rivalry today

Rafael Nadal and Nick Kyrgios resume their bitter rivalry at Wimbledon on Thursday as the two-time champion tackles the combustible and controversial Australian for a place in the last 32.

A look at their six previous meetings:



KYRGIOS 7-6 (7/5), 5-7, 7-6 (7/5), 6-3

Just 19 years old and ranked at 144 in the world, wild card Kyrgios stuns the two-time winner, becoming the first player outside the top 100 to beat a world number one at a Grand Slam since 1992.

Kyrgios hits 37 aces and 70 winners before admitting his mother had inspired him but probably not in the way she intended. "I saw an interview with her saying Nadal was too good, so that made me a bit angry and that helped."

NADAL 6-7 (3/7), 6-2, 6-4

Nadal gains revenge for his Wimbledon shocker on his favourite surface with Kyrgios's hopes curtailed by a hip injury which needs treatment courtside. "Obviously he's the greatest of all time on this surface," said the Australian. "When I was a bit younger, we were always talking about playing Rafa on clay, and I always thought I'd get absolutely destroyed against him."

NADAL 6-3, 6-1

The Spaniard takes just 72 minutes to see off Kyrgios who sings along to Sia's mega-hit 'Chandelier' between changeovers. "I think it's not normal to win against an opponent like this because Nick is a really good opponent," said Nadal.

KYRGIOS 6-2, 7-5

Kyrgios comes out on top despite briefly being booed by a crowd who considered a cheeky shot from between the legs to be disrespectful. He wins them over by the end of the match when he writes 'Barcelona' on the courtside camera, instead of the customary autograph, in honour of the 13 peopled killed in a terror attack in the heart of the Spanish city.

NADAL 6-2, 6-1

Nadal wins his 75th career title and sixth of the year after also triumphing at Roland Garros, US Open, Monte Carlo, Madrid and Barcelona. Kyrgios hits 20 winners, but 35 unforced errors. "I was a little bit more aggressive and that was the key," said Nadal.

Kyrgios admits he was outplayed: "He played well. I played terrible. He's in great form. He just destroyed me today."

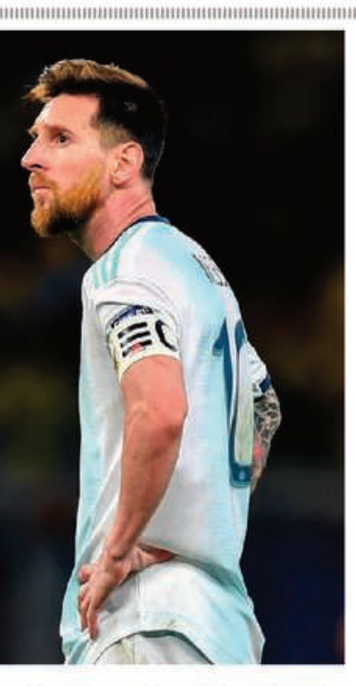
KYRGIOS 3-6, 7-6 (7/2), 7-6 (8/6)

Kyrgios saves three match points as he beats Nadal before going on to take the title. However, Nadal accuses the Australian of "lacking respect" after Kyrgios complains of feeling ill and serving underarm. "I don't think he's a bad guy, not at all. I think he's a good guy, but what he lacks is a little respect for the public, for his rival, and also for himself. I think he should improve that," said Nadal. Kyrgios hit back: "He doesn't know me. So I'm not going to listen at all. That's the way I play. The way he plays, he's very slow between points."

–AFP

Glory Evades Messi Again

Argentina lose to Brazil 0-2 in Copa America semi-final



Richard Martin

Lionel Messi finally showed signs of life at the Copa America on Tuesday as Argentina battled Brazil for a place in the final but once again he failed to inspire the side when it mattered most and his long wait for an international trophy goes on.

Goals from Gabriel Jesus and Roberto Firmino gave Brazil a ticket to Sunday's final at the Maracana while Argentina were left empty handed again, their last trophy coming at the 1993 Copa America.

For five times world player of the year Messi, it was just the latest in a long line of disappointments with Argentina.

He has tasted defeat in four finals, three of them coming between 2014 and 2016, and the Copa America marks the ninth tournament he has failed to earn a winners medal.

It was not for the lack of trying on Tuesday.

Messi, uncharacteristically sluggish in the four games leading up to the semi-final, roused himself for a typically intense battle between South America's fiercest rivals.

Argentina's all-time top scorer smacked the post in the second half after Sergio Aguero had headed one of his free kicks against the bar before the interval and while his side had no luck in front of goal they had a technically superior Brazil on the ropes for large spells.

But that mattered little to Messi at the final whistle. He stood rooted to the spot near the halfway line with his hands on his hips. He shook hands with the opposition and saluted Argentina's visiting fans from afar.

While it was an improvement on his earlier performances more was expected of Messi, who has won 29 trophies with Barcelona but only has a 2008 Olympics gold medal to show for Argentina.

The defeat will also embolden critics who say that despite Messi's incredible talent he lacks the ability to inspire weaker Argentine sides in the manner of Diego Maradona, the country's other great No. 10.

Messi, who quit the national side after the 2016 Copa America final loss only to return for the 2018 World Cup, suggested he was still committed to the Argentina cause.

"Something new is on the horizon," he told reporters, adding that he hoped the fans back home would recognise the side's effort during the tournament. "I hope we are respected and not criticised. They should let the team be and let them grow.

"The truth is I have got on very well with this group of players and if I have to help in some way I will. This is a great group which is growing and if I can join them I will."

The lure of the 2020 Copa America, which Argentina is co-hosting with Colombia, is another factor that could keep him playing for his country for another year. By the time the 2022 World Cup arrives, however, his 35th birthday will have come and gone.

VAR STAYS OUT OF THE SPOTLIGHT

Lionel Messi and Sergio Aguero lashed out at the officiating after their defeat and questioned why video technology was not consulted in two penalty appeals that were waved away.

The video assistant referee (VAR) system has been used heavily at the tournament, to such an extent that organisers CONMEBOL had to defend its use with fans complaining about lengthy stoppages.

The system has had a huge impact on results, ruling out three Uruguay goals in their quarter-final exit to Peru as well as strikes for Chile in their last eight game with Colombia.

The group stage also saw numerous goals chalked off after lengthy stoppages for reviews, while several penalties were awarded even when there had been no appeals for a foul.

On Tuesday, however, VAR was conspicuous by its absence and Messi, who is not known for verbal outbursts, was furious that it was not used.

"Referees gave so many stupid fouls in this Copa America but today VAR wasn't consulted once," he told reporters. "This should be looked into and I hope CONMEBOL do something with these referees who unbalance the pitch by favouring a team.

"The truth is we're angry because we played very well, we put in a huge effort and for it to end like this makes us sad."

Messi said the referee had shown Argentina no respect.

"I spoke to the referee and he said he would respect us that he would look after us but at no moment did I see that."

Reuters