"You plan a policy for next 50 years. Develop clusters in backward areas because there, you will get land and manpower at cheap rates. We will try our level best for low taxation because the area is backward"

NITIN GADKARI, Union minister for road transport and highways

"I generally do not comment on constitutional posts, but a few people (governors) are acting just like BJP mouthpieces. In my state, too, you have seen what is going on – they want to run a parallel administration"

MAMATA BANERJEE, West Bengal chief minister

"India is marching forward on the path of all-round progress under Modi... The road to new India runs through New Northeast India"

RAJNATH SINGH, Defence Minister

IN BRIEF

India resumes buying Malaysian palm oil after $5/tonne discount

Indian refiners have resumed buying Malaysian palm oil after nearly a month and contracted around 70,000 tonnes of shipments in December, as Kuala Lumpur has been offering a $5 per tonne discount over supplies from rival Indonesia, five traders told *Reuters* on Thursday. The resumption in purchases by India, the biggest buyer of Malaysian palm oil this year, could support Malaysian palm oil prices, which are near their highest in two years. Palm oil is important for the Malaysian economy as it accounted for 2.8 per cent of Malaysia's gross domestic product last year and 4.5 per cent of total exports. Indian refiners stopped purchases from Malaysia last month, fearing Delhi could raise import taxes or enforce other measures to curb import after Kuala Lumpur criticised Delhi for its actions in Kashmir. **REUTERS**

IOB reports ₹2,262-cr divergence in provisioning

Indian Overseas Bank has reported a divergence of ₹2,262 crore in provisioning for the year ended March 2019. Provisions for non-performing assets (NPAs) reported by the bank for FY19 stood at ₹18,647 crore, while the RBI had assessed a provision for ₹20,909 crore. Taking into account the divergence in provisioning, the notional loss after tax rose to ₹6,000 crore, as against the reported loss of ₹3,738 crore. The divergence includes provisions attributed to valuation of investments, which stands at ₹281 crore. **BS REPORTER**

Union Bank posts loss before tax for Q2 at ₹1,618 crore

Union Bank of India posted a loss before tax of ₹1,618 crore in the September quarter (Q2) on higher provisioning for bad loans. It had posted a profit before tax of ₹116 crore in Q2 of FY19. The lender's net loss for Q2FY20 stood at ₹1,193 crore, as against net profit of ₹139 crore in Q2 of FY19. Its stock closed flat at ₹52.3 per share on the BSE. Gross NPA ratio stood at 15.24 per cent, as of September 30, as against 15.74 per cent a year ago. **BS REPORTER**

CBI interrogates IPS officer Arnab Ghosh in Saradha case

IPS officer Arnab Ghosh, one of the Special Investigation Team members that initially probed the Saradha scam, was interrogated by the CBI on Thursday over alleged suppression of evidence. This was the second time he was being questioned by the CBI this year. **PTI**

CBI to file new charges in $2-bn PNB fraud case

The CBI will soon file new charges in the $2-billion Punjab National Bank (PNB) fraud case and detail how the alleged wrongdoing was carried out, according to a source. In the initial charges, jeweller Nirav Modi, 21 other people, including PNB officials, and three Modi companies were accused of being involved in fraudulent transactions that led to losses of ₹6,500 crore ($911 million) for PNB. Three other Modi employees, a PNB officer, and a relative of Modi's are likely to be charged, said the source. **REUTERS**

Govt extends deadline for filing annual GST returns

PRESS TRUST OF INDIA
New Delhi, 14 November

In a relief to taxpayers, the government on Thursday extended the due dates for filing GST annual returns for 2017-18 to December 31 and for the financial year 2018-19, to March 31 next year. The dates for filing the reconciliation statement have also been extended accordingly.

In another relief, it has also decided to simplify the two GST forms by making various fields of these forms as optional, the Central Board of Indirect Taxes and Customs (CBIC) said in a statement.

"The government has decided on Thursday to extend the due dates of filing of Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for 2017-18 to December 31, 2019 and for 2018-19 to March 2020," it said.

The earlier deadline for filing of GSTR-9 and GSTR-9C for 2017-18 was November 30, 2019, while that for 2018-19 was December 31, 2019.

Notifications regarding the extension of the dates have been issued.

The CBIC in the revenue department has also notified the amendments regarding the simplification of the annual return and reconciliation statement forms.

Moody's slashes CY19 GDP forecast to 5.6%

Revises prediction from 6.2%, says slump lasting longer than expected

ARUP ROYCHOUDHURY
New Delhi, 14 November

Days after cutting India's credit rating outlook, Moody's Investors Service on Thursday cut its calendar year 2019 gross domestic product (GDP) growth forecast to 5.6 per cent from 6.2 per cent, citing a consumption slowdown.

On Wednesday, State Bank of India and CLSA forecast India's 2019-20 GDP growth to come in at 5 per cent, much lower than already downgraded estimates by organisations such as the International Monetary Fund and the Reserve Bank of India, whose last forecasts are still around 6 per cent.

"India's economic slowdown is lasting longer than expected. We have revised down our growth forecast for India," Moody's said in a report. While economic activity is expected to pick up in calendar years 2020 and 2021 to 6.6 per cent and 6.7 per cent, respectively, the pace will remain lower than in the recent past, the agency said.

"What is troubling about the current slowdown is that consumption demand has cooled notably," it said.

Moody's said none of the measures taken by the government recently, including cutting the corporation tax rates and sector specific announcements, directly address the widespread weakness in consumption demand, which has been the chief driver of the economy.

"Benign domestic inflationary pressures, subdued oil prices, and easing in other parts of the world will allow the central bank to continue to pursue an accommodative monetary policy stance. However, the transmission to lending rates continues to be hindered by the credit squeeze caused by disruption in the non-bank financial sector," the report said.

Last week, Moody's cut its outlook for India's credit ratings to 'negative' from 'stable', citing the ongoing slowdown, financial stress among rural households, weak levels of job creation, and the liquidity crunch in non-banking financial companies.

Moody's has affirmed India's Baa2 long-term sovereign rating, the second lowest investment grade score, but said the negative outlook indicated that an upgrade was unlikely in the near term. Just two years ago, in November 2017, it had upgraded India's ratings a notch to Baa2 from Baa3.

"Moody's decision to change the outlook to negative reflects increasing risks that growth will remain materially lower than in the past, partly reflecting lower government and policy effectiveness at addressing long-standing economic and institutional weaknesses than Moody's had previously estimated, leading to a gradual rise in the debt burden from already high levels," it had said.

Agency affirms Reliance's rating with stable outlook

AMRITHA PILLAY
Mumbai, 14 November

Rating agency Moody's on Thursday affirmed Reliance Industries' (RIL's) rating with a stable outlook. The rating reflects significant improvement in RIL's scale and business mix over the past two years, the agency said.

"Moody's Investors Service has affirmed RIL's Baa2 domestic long-term issuer rating and foreign currency senior unsecured rating. At the same time, it has affirmed the Baa2-backed domestic currency senior unsecured debt ratings on the USD denominated bonds issued by Reliance Holding USA, with a guarantee from RIL," it said in its statement.

The company reaps benefits from investments over the past five years in its hydrocarbon and consumer businesses, the agency said. The rating also incorporates the company's diversification benefits arising from its exposure to refining, petrochemical, and telecom sectors, among others.

"Given the change in RIL's business mix, Moody's no longer views RIL as only an oil refining and marketing company but a mix of diverse businesses," Moody's said in its statement Moody's expects that by FY2022, the hydrocarbon businesses will only account for about 50 per cent of RIL's consolidated Ebitda.

On RIL's exposure to India through its consumer business, Moody's said: "RIL's ratings will be constrained to no more than one notch above the sovereign rating, given the increase in its dependence on the Indian economy through its consumer businesses."

Concentration of bank loans to top borrowers on a decline

Slowing economy, higher tier-I capital norms causing shift in focus to retail lending

NIDHI RAI
Mumbai, 14 November

Banks continue to shy away from giving loans to the corporate sector owing to fears of their turning sour because of stress in firms, and have confined themselves to retail banking, which has shown more resilience and is as lucrative, if not more.

Most banks have shown a lower share of corporate loans on their books; and they now prefer to cherry-pick companies rather than bet on a sector or a group. Banks have diversified their risks when it comes to lending to their top 20 borrowers.

The Reserve Bank of India (RBI) issued a circular in June regarding risk diversification. In the circular, the RBI asked banks to make sure that they were not lending more than 20 per cent of their eligible capital to one borrower.

A thread running through corporate banking wings is a flight to safety, and a sharp reduction in concentration risk.

Experts say there are a number of reasons contributing to this slip in concentration risk. Banks are pursuing more granular growth. The trend of corporate lending has been dipping for the past four years.

Anil Gupta, ICRA's sector head of financial sector rating, says: "Banks have reduced their lending to companies because of the slowdown in various sectors. They have focused more on retail lending and the requirement of Tier I capital has also been increased by the regulator. In March 2015, banks were supposed to maintain 7 per cent of Tier I capital and by March 2020 it will become 9.5 per cent."

CUTTING RISKS

Concentration as % of total loans (bps change in FY19 against FY16)

	FY16	FY17	FY18	FY19	*bps chg*
ICICI Bank	13.3	12.4	12.5	10.8	*-250*
Axis Bank*	142.0	124.0	121.0	112.0	*-3,000*
Federal Bank	16.9	11.0	10.4	10.0	*-689*
State Bank of India**	15.8	14.6	12.1	12.8	*-308*
Punjab National Bank#	NA	64.88	58.9	48.7	*-1,616*

* Exposure to Top 20 single borrowers as a % of the bank's tier-I capital; ** Exposure to 20 largest borrowers/customers as a percentage of total exposure; for PNB, FY16 data is not available
\# bps change reflects a decrease in domestic credit risk weighted asset density by 1,616 bps over March 2017 figure
Source: Banks

ICICI Bank's loan exposure to top 20 borrowers has slipped by 250 basis points (bps) in the past three years. It stood at 13.3 per cent in FY16, 12.5 per cent in FY18, and 10.8 per cent in FY19.

In Axis Bank's case, its exposure to top 20 single borrowers as a proportion of Tier I capital slipped 3,000 bps points in three years. It stood at 142 per cent in FY16 and slipped to 112 per cent in FY19.

For Federal Bank, the exposure to 20 largest borrowers as percentage of exposure slipped 689 bps in three years from 16.93 per cent in FY16 to 10.04 per cent in FY19.

Commenting on this growing trend, Sumit Kakkar, chief credit officer of Federal Bank, said: "We only lend to corporates that have a cash-flow history of more than one year and debt-servicing capabilities. We will not do any adventurous lending to high-risk borrowers. Demand for fresh capex from large companies is tepid and we are cautious about the infrastructure sector. Demand is largely for refinancing though small and medium enterprises."

For State Bank of India (SBI), its exposure to 20 largest borrowers as percentage of its lending slipped by 308 bps in three years from 15.88 per cent in FY16 to 12.8 per cent in FY19.

However, SBI Chairman Rajnish Kumar is optimistic this situation will improve. "As utilisation in working capital limits improves, the performance on advances will also improve. The ratio of wholesale to retail could then again change to 58:42."

He also added that "if they (other banks) stop lending, I will expand in that space. It only means a bigger opportunity for me. There is still scope for SBI to lend in sectors such as roads, renewable energy, and oil and gas."

Punjab National Bank (PNB) has also witnessed a decrease in domestic credit risk-weighted asset (RWA) density, which slipped by 1,616 bps in two years from 64.88 per cent in FY17 to 48.72 per cent in FY19. The data for FY16 was not available.

Every bank uses its own methodology to calculate concentration risk.

The data also suggests retail lending has taken the front seat in the loan book. At the end of September 2019, Axis Bank had 64 per cent of retail and small-enterprise loans whereas companies accounted for the remaining book. Similarly, for SBI, 60 per cent of the loan book comprised retail, agriculture, and micro, small and medium enterprises (MSMEs). This part was under 50 per cent of the loan book two quarters ago. ICICI Bank's loan book is near perfect at 50:50, between retail and wholesale loans. Corporate loans account for about 48 per cent of HDFC Bank's advances.

Some bankers say the resolution framework has also not been able to give lenders the much required confidence of opening their purse-strings for companies.

WPI inflation eases to 0.16% in Oct, lowest in 40 months

SUBHAYAN CHAKRABORTY
New Delhi, 14 November

Wholesale inflation in October crashed to a 40-month low of 0.16 per cent, down from 0.3 per cent rise in September.

The previous low was in June 2016, when inflation was negative 0.1 per cent. Deflationary pressure on manufactured product prices, for a 12th straight month, has continued to pull down the Wholesale Price Index- (WPI)-based inflation.

In line with the trend, prices of manufactured products, which have a combined weight of 65 per cent in the index, contracted at a faster clip. Contraction stood at 0.84 per cent in the latest month, against a fall of 0.42 per cent in September. Inflation of manufactured food products, however, rose to 3.7 per cent from 3.1 per cent.

"Inflation in manufacturing is at its lowest level since April 2016. The WPI in manufactured goods was 4.6 per cent in the corresponding month a year ago. The contractionary pattern recorded in the previous two months indicates the lack of purchasing power of manufacturers. Inflation in this component has seen a decline on a sustained basis since October 2018," Madan Sabnavis, chief economist at CARE Ratings, said.

Nine of the 17 components within the manufactured products have recorded a contraction in the latest month. Experts say the index would continue to see low growth due to the poor health of the manufacturing sector, despite a quick uptick in global commodity prices and food inflation.

The official data released on Thursday showed wholesale inflation, mainly pushed by food inflation, rose to 9.8 per cent in October, from 7.4 per cent in September. Pressure points remained in food category with cereal prices rising by 8.32 per cent in October, up from 6.24 per cent.

Women's share in India Inc's fresh hirings increases in FY19

The second of a four-part series takes a look at the prejudices and socio-cultural factors that keep women out of the workforce

AMRITHA PILLAY & SACHIN P MAMPATTA
Mumbai, 14 November

When furniture retail giant IKEA decided to set up shop in Hyderabad a few years ago, the company wanted to make it a gender-equal unit. "They wanted to hire 50 per cent women in each and every role in the store," says Ameesha Prabhu, chief executive officer at TRRAIN, a non-profit trust and one of the organisations which helped IKEA recruit 150 women to fill those positions.

INCLUSION AND INDIA INC
Part-2

Most Indian companies don't seem to have such a gender equal policy. An analysis of disclosures by listed companies reveals that women got only 37 out of every 100 new jobs created in FY19. But this was an improvement over FY18, when less than 25 women employees were hired for every 100 new jobs — indicating a 12 percentage point or 1,200 basis point increase in FY19. The companies created a total of 115,000 new jobs in FY19 (see chart 1).

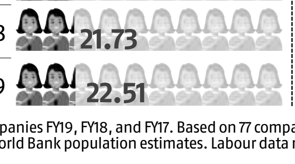
Business Standard collected data from the annual reports of 77 companies across periods as part of a yearly exercise to determine the representation of marginalised groups among companies that are part of the S&P BSE 100 index. Some companies count only permanent employees, while others include contract and other employees when reporting their total number of workers.

The analysis shows that women constitute 22.51 per cent of the total number of workers in these companies in FY19 — a low figure even though better than the last year's 21.73 per cent. What's more, in 47 of the 77 companies, women account for less than 10 per cent of their total workforce (see chart 2).

Clearly, Indian companies have a long way to go when it comes to the inclusion of women. "Some organisations at the forefront of gender inclusion are focusing on hiring 50 per cent at entry level. But these are few and far between," says Kalpana Tatavarti, founder, Parity Consulting and Training, an organisation that helps companies build an inclusive workforce.

NEW JOBS CREATED FOR WOMEN
% share of women in new recruitments

MAKE FOR LESS THAN A QUARTER OF WORKFORCE (%)



INDIA LAGS POORER COUNTRIES ON WOMEN EMPLOYMENT (%)

Note: Chart compares India with others on women's share of total labour force. India lags countries with lower gross domestic product on a purchasing power parity basis, as well as places classified under fragile and conflict-affected situations; and the world in general

Source: Business Responsibility Reports for S&P BSE 100 companies FY19, FY18, and FY17. Based on 77 companies with continuous data over the past three years; derived using data from International Labour Organization, ILOSTAT database and World Bank population estimates. Labour data retrieved in September 2019; World Bank

There are many reasons for low participation of women in the workforce. The lack of a strong diversity policy on the part of companies, a limited pool of women candidates as well as socio-cultural factors contribute to their low numbers.

B S Nagesh, founder, TRRAIN, feels that more girls need to enrol in engineering colleges. "In the service and IT (Information Techonology) industries, a lot of women are joining at the entry level. However, in the manufacturing industry, the pool shrinks at the entry-level recruitment itself," he says.

Deepa Krishnan, head-marketing, digital & loyalty, Tata Starbucks, sums up the impediments for women workers into 3Ms — marriage, maternity and mobility, all of which contribute to keeping them out of the workforce or making them drop out.

"Mindsets and biases of employers who feel that it will be difficult for women to work in remote areas where their factories are located add a further barrier to the few women who choose to make their careers there," says Tatavarti, referring to sectors like heavy engineering, manufacturing, real estate and oil and gas.

Indian women's participation in the labour force is lower than some of the world's poorer countries. According to the latest figures from the World Bank, women's representation in the country's overall workforce is 21.79 per cent, which is significantly lower than that in countries like Pakistan, Sudan and Bangladesh — all with smaller gross domestic product numbers than India's (see chart 3).

Tatavarti feels well-meaning policies, including the Maternity Benefit Amendment Act, 2017, and the Sexual Harassment of Women at Workplace (Prevention) Act, 2013, may have affected employers' willingness to hire women, especially because the laws have not come with a corresponding shift in attitudes among those who are hiring. It is not uncommon to hear managers say, "It is better to not hire women, it sounds like too much hassle," says Tatavarti.