

SUNDAY, 15 DECEMBER 2019
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MUMBAI (CITY)
₹10.00
VOLUME XIII NUMBER 39



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AFTER INITIAL CHINA TRADE DEAL, US STILL HAS CONCERNS



PUBLISHED SIMULTANEOUSLY FROM BENGALURU, KOLKATA, MUMBAI AND NEW DELHI

INDIA'S STORY HAS JUST BEGUN: NITI CEO AMITABH KANT



The series of reforms undertaken by the Modi government in the last few years will make India productively-efficient and a very competitive economy in the long run, NITI Aayog CEO Amitabh Kant said. "There is a great positivity about India. India's story has just begun," he said. "You will see huge growth in the next three decades on the foundation of the reforms that have been carried out," Kant added.

BACK PAGE P12
Mandatory roll-out of FASTag from today

FASTag will be rolled out mandatorily on all national highways starting Sunday. To avoid inconvenience to citizens, up to 25 per cent of the FASTag lanes at national highway toll plazas will be converted into hybrid lanes for a month, the government said. Hybrid lanes will accept FASTag and other modes of payment.

COMPANIES P2
Impending price hikes may drive up auto sales

Automobile manufacturers' decision to increase the price of their cars and two-wheelers from January 2020 is expected to push the sales of passenger vehicles by 2-4 per cent in December. Besides, discounts and other schemes being offered should also prod buyers to advance their car purchase, say dealers. **TE NARASIMHAN** reports

Virtual reality tech on the road to oblivion

VR, or virtual reality, was supposed to be the next big thing. Some even thought it would replace mobile phones and TV screens. But cut to 2019, and VR has failed to become mainstream, still dangling around to find its rightful purpose. Outside of gaming, VR has failed to deliver any real economic value to its makers. **YUVRAJ MALIK** writes

BS SPECIAL ON SUNDAY

IN DEPTH
The digital school



How an institute in Mumbai is creating influencers and preparing marketeers for a brand new world. **ANJULI BHARGAVA** writes

Govt plans centralised purchase for Ayushman

Medical devices to be available on GeM for procurement by hospitals

SOHINI DAS
Mumbai, 14 December

The central government may soon start "collective bargaining" for medical devices that are used by hospitals for procedures covered under its flagship Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY). The idea is to procure essential medical devices such as cardiac stents at a lower cost and put them on the Government e-Marketplace (GeM), from where the empanelled hospitals can buy. At present, PMJAY does not have any system of centralised procurement of medicines or devices. The scheme has a defined annual benefit cover of ₹5 lakh per family for hospitalisation. It follows an insurance model and aims to cover 10 million families, or roughly 40 per cent of the country's population based on the socio-economic and caste census database.

According to a senior government official, the plan is to do "collective bargaining" for certain medical devices and implants by assuring a bulk requirement to the manufacturers. "The requirement for these devices runs into millions. We assure them that the requirement is going to be in bulk. In return, they should offer us better rates," he said.

The official added that these devices could then be put on the GeM and the empanelled hospitals could procure them from there for PMJAY patients. "Hospitals empanelled with PMJAY can thus procure these stents or devices based on these lower rates."



FOR CHEAPER TREATMENT

- Govt plans to negotiate prices with medical devices makers by assuring bulk volumes
- Devices like stents will be put on the Government e-Marketplace
- PMJAY-empanelled hospitals will be able to buy devices from GeM at lower rates
- This will help reduce costs for procedures, thus enabling govt to cover more patients
- Industry association working closely with govt to reduce procurement cost of medical devices
- PMJAY also planning collective procurement of cancer medicines at rates lower than those fixed by NPPA

There is no plans to do this for medicines because it is logistically difficult. However, the government plans to procure cancer medicines at prices lower than those capped by the National Pharmaceutical Pricing Authority (NPPA). "PMJAY rates could be lower than the prevalent rates by the NPPA. We can provide these medicines to hospitals at lower rates," said the official, who is closely working on the project. The industry is happy about the move. "This sounds like a good idea. This will reduce the cost of the government in Ayushman Bharat, which will give more room to them to treat more patients," said the CEO of a leading domestic stent maker. **Turn to Page 4**

Google wants Fed to replicate UPI model

HIMANI KOTHARI
New Delhi, 14 December

The US Federal Reserve, or the Fed, should replicate India's Unified Payments Interface (UPI) model for its proposed interbank real-time gross settlement (RTGS) service, Google has recommended.

Launched in 2016, the UPI is the country's flagship real-time payments system, which allows users to transfer money directly from their bank accounts. Since it works across multiple bank accounts, without revealing the details of one's account to the other party, it makes paying someone as simple as handing over cash. It clocked 1.2 billion transactions in November, valued at ₹1.89 trillion. Citing the UPI's phenomenal success in India, Google, in a letter to the Fed, said FedNow should be an open system, like the UPI.

"We've been pretty vocal that we believe the right model for driving digital payments is through partnership between banks, governments and tech companies through open and standard-based infrastructures like UPI," tweeted Caesar Sengupta, general manager & vice-president, payments and Next Billion Users at Google.

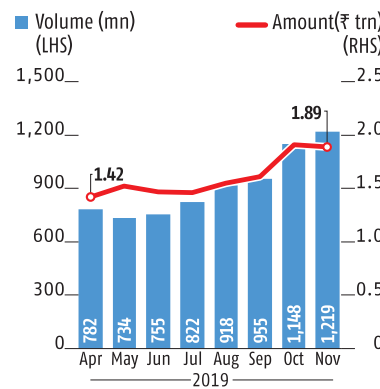
In August, the Fed announced that it would develop a "new interbank 24x7x365 RTGS with integrated clearing functionality to support faster payments in the United States". The Fed Board asked for comments on FedNow by November.

In reply to this, Google mentioned its experience of launching Google Pay - Google's payments app which uses the UPI-in India.

"Google partnered with regulators and the payments ecosystem to launch Google Pay. This helped drive and scale UPI usage



UPI UNIVERSE



Note: As of November 2019, 143 banks were on the UPI platform. Source: NPCI

through the Google Pay app, which currently has 67 million monthly active users," Google said in a white paper.

Google Pay has enabled more than 2.5 billion transactions, and now has an annual run rate of over \$110 billion in transaction value.

This drove not only basic payment services such as peer-to-peer and peer-to-merchant, but it also paved the way to value-added services such as instant loans, it said. **Turn to Page 4**

CONG TARGETS GOVT AT 'SAVE INDIA' RALLY



The Congress launched an all-out attack on the Modi government over its alleged attempts to "divide" the people of the country and its "failure" on the economic front, with party chief Sonia Gandhi claiming that the Citizenship Amendment Act would "shred" India's soul, at the party's Bharat Bachao rally at Ramlila Maidan in New Delhi



RAILWAYS TO FLOAT GLOBAL TENDER FOR TRAIN 18

The ambitious Train 18 project is likely to see a fresh global tender soon. This comes amid controversies looming over the decision by the Indian Railways to stop production of Train 18 rakes at the Integral Coach Factory (ICF) in Chennai and initiating probe against the top nine officials of India's first semi-high speed train, also known as Vande Bharat Express. As per sources, the government is likely to float a global tender for at least 30 to 40 trains. A major reason that the railways had cited for the stoppage of ICF production was the higher weight, resulting in increased energy consumption. "We are going for fresh global tenders of Train 18 now," officials said. **SHINE JACOB** reports

Citizenship law stir spills over into Assam's tea industry

AVISHEK RAKSHIT
Kolkata, 14 December

The ongoing protests over the Citizenship (Amendment) Act have severely hit the tea industry in Assam, as nearly half of the tea estates have remained closed for the past few days owing to a large number of workers joining the stir.

Although the Indian Tea Association (ITA) or the Assam Chah Mazdoor Sangha (ACMS), the largest tea workers' union in India, could not provide any official estimates, sources in the know suggested that over 60 per cent of the tea workforce in Assam, or 660,000 of the total 1.1 million, has joined the protest. This has led to the halting of work in around 50 per cent of the 800-odd tea gardens in the state. The effect on small tea growers (STG), numbering around 85,000, is not known.

Assam accounts for nearly 50 per cent of the tea supply in the country. According to Paban Singh Ghatowar, president of the Congress-affiliated ACMS, which is opposing the citizenship law, areas around Tinsukia, Lakhimpur, Sunitpur, and Margharita were worst-affected. "We haven't called a strike or protests, but individual workers' unions have opted for strikes or some sort of protests. Some workers are siding with the local population against the Bill," Ghatowar told *Business Standard*.

December is usually a lean season for tea cultivation, but tea bushes need to be pruned and maintained to be ready for the harvest in March-April. Industry officials said failure to do so could affect the quality of the forthcoming produce, pulling down prices. "There have been some garden closures in Assam, but it is very difficult to arrive at a number. Protests over the law have affected the tea industry badly," Vivek Goenka, chairman of the ITA, said.



December is usually a lean season for tea cultivation, but tea bushes need to be pruned and maintained to be ready for the harvest in March-April. Industry officials said failure to do so could affect the quality of the forthcoming produce, pulling down prices. "There have been some garden closures in Assam, but it is very difficult to arrive at a number. Protests over the law have affected the tea industry badly," Vivek Goenka, chairman of the ITA, said. **Turn to Page 4**

Cab firms jittery over proposed commission caps

Claim that if govt fixes their commission at 10%, they will go out of business

SURAJEET DAS GUPTA
New Delhi, 14 December

Wrong. That's the word cab aggregators use for the perception that drivers and customers get a slightly raw deal while they make money. With the government thinking of capping the commission they get from drivers at 10 per cent, cab aggregators have told *Business Standard* this will put them out of business.

For every ₹100 that a customer pays a driver, ₹75 goes to the driver, ₹5 goes to the government as GST, and they get what's left, say executives.

As much as two-thirds of the 20 per cent commission they earn from a driver's revenue is ploughed back to drivers and users in the form of incentives and benefits. Apart from the incentives, 13 per cent of their 20 per cent is also spent on technology, services, and physical infrastructure. Given this break-up, they say they require around 20-23 per cent of a user's revenue merely to break even

— much more if they look at global margins in the business which are around 5 per cent net. According to executives, these figures explain why they are still in the red and looking at expanding the volume of business to pare down costs. The message to the government is loud and clear: if you go ahead with your new rules capping the commission, we will have to shut shop.

The government is considering a proposal to cap the commission paid by drivers at 10 per cent and to stipulate that only 10 per cent of all rides can have a surge price which, moreover, cannot be more than twice the normal tariff. The rules will only be finalised after discussions with stakeholders.

Aggregators argue that the basis of calculating a cap on the surge price of 2x by the government is not clear. They say the surge price, on average, is between 30 and 40 per cent and that too only for a few trips.

"A price has three components — a base price, the price based on the time



The cab aggregator model, say executives, ensures that drivers make 20 per cent more than driving a taxi. They can earn ₹45,000 gross per month and ₹20,000-₹25,000 net after paying all the bills

taken between the two distances, and the per kilometre fare. Our surge price is based on an increase from the blended fare for six months in a normal demand cycle with when demand goes up," said a source.

So what are the benefits and incentives that the companies are ploughing back money for?

Executives say it is essential to differentiate between "good and bad drivers" and wean away those who are a

problem. "For instance, we provide financial incentives to drivers based on low cancellation rates, high ratings by users, timeliness of arrival. This is essential to incentivise good driver partners," said an executive with a car hailing company.

He added that, in order to encourage more consumers to opt for car pooling, his company provides discounted tariffs to consumers which help to make the service

cost-effective.

The cab aggregator model, say executives, ensures that drivers make 20 per cent more than driving a taxi. They can earn ₹45,000 gross per month and ₹20,000-₹25,000 net after paying all the bills and for the loan of the cab, but this dictates that he works between 6-12 hours a day, six days a week.

The firms say the drivers enjoy free insurance and discounts on maintenance (which have to be done every seven weeks) thanks to the tie-ups they arrange. They also offer EMI support for the first few months, along with incentives based on the number of trips, in order to cushion the initial burden of buying a car.

If drivers need loans, the firms have tied up with microfinance companies to offer them attractive rates. All these 'extras', they say, come out of their share of the 20 per cent commission.

In terms of technology, cab aggregators say they have to spend a substantial amount on research and development, fine tuning and upgrading the platform, putting in security measures, operating a 24x7 help desk for drivers, and physical support centres.

IN BRIEF

FITE to look at legal options if talks with IT companies fail



The Forum for IT Employees (FITE) has said that it may look at legal options, including approaching the Labour Court or the High Court, if talks with the IT firms fail at the conciliation stage in the Labour Department of Tamil Nadu. A few complaints by the individual employees against the alleged termination, along with complaint from FITE against various IT firms including Cognizant and others, are pending for conciliation with the department. The conciliation process is expected to be completed in two weeks, with a couple of hearings scheduled. If the talks fail, the Forum will move legally, said Vinod AJ, general secretary of FITE.

Alphabet seeks quiet end to investor suits over harassment

Alphabet Inc is pursuing mediation to settle investor litigation alleging the company let senior leaders at Google get away with sexual harassment and misconduct for years. Company directors had, earlier this year, set up a special committee to evaluate the claims after several shareholder groups sued, alleging that the board failed in its duties by allowing harassment, approving big payouts to departing executives and keeping the details under wraps. The committee recommended that the case go through private mediation, a closed-door process, according to a filing in California state court in San Jose.

Tata Tetley launches Indian-flavoured tea bags in UK

The Tata Group-owned Tetley tea brand has announced the launch of a special ethnic range in the UK, targeted at the diaspora population. Tata Global Beverages, the brand owners of Britain's iconic tea brand Tetley Tea, said the range will offer three flavours of 'Masala', 'Elaichi' (Cardamom) and 'Ginger', already available in India. The speciality Indian flavours, aimed at the South Asian Diaspora living in the UK as well as across Europe, are expected to address a gap in the market for authentic Indian "chai" tea bags. "This is the first time a mainstream tea brand is disrupting the tea category by offering an authentic desi (local) chai experience in a tea bag format," says Adil Ahmad, president (International Business), TGBL.

Renault offers CEO job to SEAT's Luca De Meo: La Vanguardia

French carmaker Renault has offered the chairman of Volkswagen's SEAT brand, Luca De Meo, the job of chief executive, Spanish newspaper *La Vanguardia* reported on Saturday, citing anonymous sources. The report said De Meo would initially become CEO of Renault for two years before taking over responsibility for the group's alliance with Nissan and Mitsubishi. *Reuters* had reported previously that De Meo was a possible candidate for the top job, along with interim Chief Executive Clotilde Delbos and Patrick Koller, the Franco-German CEO of car parts maker Faurecia, who was also tipped for the role.

Mother Dairy, Amul hike milk prices by up to ₹3 per litre

Mother Dairy on Saturday announced an increase in milk prices by up to ₹3 per litre in Delhi-NCR due to lower supply and rise in procurement cost. Mother Dairy said that it was compelled to raise prices in Delhi-NCR with effect from December 15. The new prices will be effective from Sunday, it said. Amul, too, raised milk prices by ₹2 per litre in Gujarat, Delhi-NCR, West Bengal and Maharashtra. "Gujarat Cooperative Milk Marketing Federation (GCMMF), which markets dairy products under Amul brand, has decided to revise the milk prices by ₹2 per litre being sold in Ahmedabad and Saurashtra markets of Gujarat, Delhi-NCR, West Bengal, Mumbai and Maharashtra from December 15, 2019," the cooperative said in a statement.

EdgeVerve's RPA sees robust demand

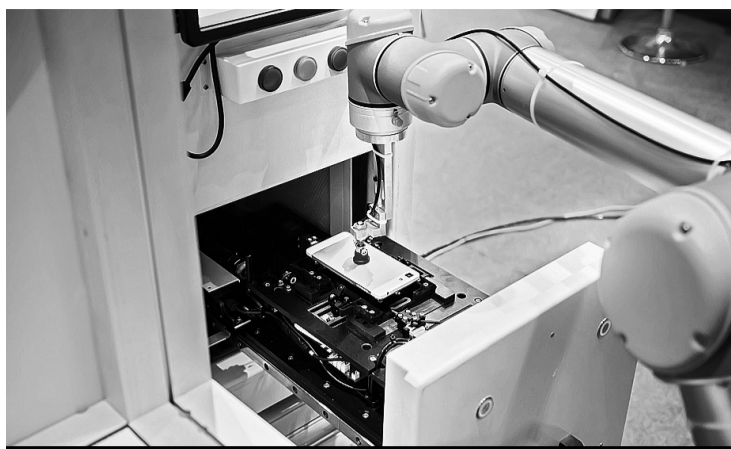
Deal pipeline strong as robotic automation segment registers CAGR of 60-70%

DEBASIS MOHAPATRA
Bengaluru, 14 December

EdgeVerve, a subsidiary of Infosys that builds software products and platforms, is hopeful of sustaining its high growth rate, given that clients are seen spending aggressively on emerging technologies such as automation, artificial intelligence (AI), and Cloud.

According to Atul Soneja, global head of Edge Products and Nia at Infosys, the company is seeing strong demand for its products and platform across enterprises, and the deal pipeline continues to stay robust.

"The robotic process automation (RPA) industry is growing at more



than 60-70 per cent CAGR (compound annual growth rate). When we look at our traction in the market and wins in the last year or so, this (our growth rate) is pretty much aligned to market growth rates," said Soneja.

"The RPA and cognitive automation are very interesting and are hot spaces as of now with a lot of demand. We are seeing good

progress in terms of our pipeline and growth curve."

Infosys' EdgeVerve provides RPA solutions under its 'AssistEdge' platform, while its AI-based solutions are offered under 'Infosys Nia'. The company's banking solutions include its core banking platform 'Finacle'.

At present, AssistEdge and Infosys Nia have more than 300

CUTTING EDGE

- Clients spending aggressively on emerging technologies such as automation, artificial intelligence, and Cloud
- EdgeVerve provides RPA solutions under 'AssistEdge' platform and AI-based solutions under 'Infosys Nia'
- EdgeVerve reported turnover of ₹2,538 crore in the last financial year, while its net profit stood at ₹405 crore

clients across business portfolios with 100,000 live bots working on various processes.

The services provided by AssistEdge and Nia are also widely used by Infosys internally, for automating processes in the human resources, legal, finance and procurement departments.

"The major users of our

AssistEdge is Infosys' business process management (BPM) unit and we work on a lot of common deals," said Soneja.

With increasing demand for automation, pure play automation companies such as UiPath and Automation Anywhere, among others, are witnessing sky high valuations. However, intense competition has also led to pricing pressure in this segment.

"Though there is pricing pressure, we have been able to balance it. Whenever cognitive elements come into play, there is a differential price point as compared to pure-play RPA," Soneja said.

According to Infosys' annual report, EdgeVerve Systems reported a turnover of ₹2,538 crore in the last financial year ended March, while its net profit stood at ₹405 crore.

Currently, a team of close to 400 engineers based out of Bengaluru, Pune, and Chennai are engaged in the product development activities for Infosys EdgeVerve.

UP Police arrests two more in DHFL scam

VIRENDRA SINGH RAWAT
Lucknow, 14 December

The Uttar Pradesh Police has arrested two people for allegedly operating bogus brokerage firms, and facilitating the investment of UP Power Corporation (UPCL) employees' provident fund (PF) in private mortgage lender Dewan Housing Finance Corporation (DHFL).

The economic offences wing (EOW) of the police is probing the case.

Close to ₹4,122 crore of the PF corpus was parked with scam-hit DHFL between March 2017 and December 2018, in violation of norms.

The arrested have been identified as Manoj Goyal and Ishant Agarwal. They were interrogated by the EOW on Friday.

Later, they were arrested when the investigators found gaps in their statements in light of the documentary evidence already in the custody of cops.

According to people in the know, the arrested duo are chartered accountants (CAs) and operate multiple brokerages.

Many of these are ficti-

tious and were floated solely to earn commission by fixing unscrupulous investment deals.

With these two arrests, the number of accused arrested by the EOW so far has risen to 14, including three serving or suspended UPCL officials.

The state has recommended a Central Bureau of Investigation (CBI) probe, although the central agency is yet to take over the case.

On December 6, the EOW had arrested seven accused, including a senior DHFL official, a CA and alleged owners of the bogus brokerage firms.

Last month, the police arrested then UPCL managing director A P Mishra, now retired, apart from suspended officials Praveen Kumar Gupta and Sudhanshu Dwivedi, in the high-profile case.

While ₹4,122 crore was invested in DHFL, about ₹2,267 crore is yet to be repaid by the company.

It has already been barred by the Bombay High Court from making fresh repayments owing to the ongoing Enforcement Directorate (ED) probe for alleged money laundering.

Discounts, impending price hikes may drive up automobile sales

TE NARASIMHAN
Chennai, 14 December

Automobile manufacturers' decision, amid rising input costs, to increase the price of their cars and two-wheelers from January 2020 is expected to push the sales of passenger vehicles by 2-4 per cent in December. Besides, discounts and other schemes being offered should also prod buyers to advance their car purchase, say dealers.

Among the companies that have announced price hikes from January are Maruti Suzuki, Hyundai, Nissan, and BMW.

Though it was not easy to predict by how much the sales might increase this month, analysts, car companies and dealers were expecting decent annual growth in passenger car sales, said Ashish Harsharaj Kale, president of the Federation of Automobile Dealers Association (Fada).

Some analysts estimated this growth at 2-4 per cent. Shashank Srivastava, executive director (marketing & sales), Maruti Suzuki, said: "It is possible. However, it is very difficult to quantify the magnitude and place a number.



Some customers may also have changed their mind and pushed their sales to December from November. We are cautiously optimistic of positive demand."

Srivastava said discounts being offered were at an all-time high, and not sustainable. "So we want to tell our customers that the best time to buy a car is now."

Mitul Shah, an auto analyst with Reliance Securities, views price hikes announced by car makers as a sales strategy to clear their BSIV inventory. The announcements would certainly make buyers advance their decision and push sales, he said.

The price hikes are taking place across a wide range for

cars and two-wheelers. Generally, the prices rise by one per cent every January. But the average price increase this time will be slightly higher, in order to cover future cost escalations due to BSVI roll-outs, according to Shah.

The January hikes will be followed by another round of price increase the sales of BSVI vehicles begin before April 2020. Though Maruti Suzuki had said prices of its vehicles would increase from January, it had not clarified by how much. Hyundai, the next to announce, did not disclose the extent of price rise.

Nissan, Mercedes-Benz, and Hero MotoCorp had been the next in announcing price hikes. Nissan and

Datsun India had announced a 5 per cent price increase — from ₹14,000 for Datsun RediGO to ₹68,000 for Nissan Kicks. Mercedes-Benz said it had revised the prices of its entire model range by up to 3 per cent.

"The discounts at present are lower than those offered during the festive season, but they will increase to the earlier level in the second half of December as part of year-end discounts," said Shah.

For example, Maruti will offer discounts of ₹1 lakh, including corporate ones, exchange offers and corporate offers. Hyundai's discounts and other benefits will go up to ₹2 lakh. Nissan has announced discounts of up to ₹40,000, besides an exchange bonus of up to ₹40,000 and corporate discounts of up to ₹10,000 on Nissan Kicks.

Fada numbers show that passenger vehicle registrations grew 1 per cent to 257,271 units during November, compared with 255,535 units in same month last year. Fada's Kale said automobile retailers had seen a stronger demand during November 2019, and some of that would have spilled over to post-festive season.

VR: Started with promise, now on road to oblivion

Technology tipped to replace smartphones and TV screens has failed to provide returns

YUVRAJ MALIK
Bengaluru, 14 December

Virtual Reality (VR) was supposed to be the next big thing. Some had even thought that it would replace mobile phones and TV screens.

However, the technology today is still struggling to find its rightful purpose, let alone become mainstream.

Of course, hardcore gamers swear by VR, especially the new Sony PlayStation VR, which is probably the only area in which the technology has had an impact. People have also tried to use VR in flight stimulation, remote-tours for real estate properties, and entertainment (delivering movies over VR).

But outside of gaming, VR has failed to deliver real economic value to its makers. Be it the clunky head-mount, which seems anything but futuristic, high price of VR equipment, or the rise of augmented reality or AR (as used in Pokemon Go), VR has lost its sheen. And here, the viral picture of a cow wearing a VR headset at a farm near Moscow, aptly describes the current state of the technology: experimental.

"Virtual reality is still virtual reality," said Manish Singhal, founder of Pi Ventures, a deep-tech focused venture capitalist firm based in Bengaluru. In the four years of the firm, Singhal has backed a dozen technologists working on areas such as chatbots, AI in cancer diagnostics, and machine learning to reduce energy leakage. However, he has stayed away from VR.

The VR fad hit India in 2015, when many start-ups set shop to create VR 'experiences', or content for this new medium. SmartVizX, which later raised money from Indian Angel Network and Yournest, is an entity creating 3D 360-degree virtual tours of apartments to excursion sites.

Kalpnik, another firm, started

off with the same offering, but later pivoted to 'daily darshan' from religious sites. Its app VRDevotee offers religious tours of Sabarimala to Vaishno Devi over VR. Over a dozen VR studios were created in 2016.

VR became a popular tool for property portals. In 2016, Magicbricks' experience studios had people 'experience' properties over VR, while PropTiger went a step ahead and acquired VR start-up 3DPhy for the same purpose.

However, there has been no new investment in a VR tech company since 2017.

"There has to be a very strong use-case driving these technologies. In this case, what was happening was that the technology was trying to drive the use cases. VR obviously looks nice as a demo, but if you really look at it, the driving use-cases have been far and few," said Singhal.

Tracing origins

In 1968, Ivan Sutherland, a US computer scientist, created what was widely considered to be the first head-mounted display for use in immersive simulation applications. Albeit primitive, it was a totally new way of consuming content.

Between 1970 and 1990, the VR industry (mainly in the US) shipped devices for medical, flight simulation, automobile industry design, and military training purposes. NASA started using the tech to train its pilots.

After 1990, gaming companies came in with products like Sega VR and Nintendo's Virtual Boy. So did creators, who set up large studios to supply VR content for gaming to education and training. The adoption was still mostly limited to B2B as the hardware was slow and clunky.

In the early 2010s, as chips got faster and smaller, VR began to look cool, part in thanks to tech giants Facebook, Sony, Google



Be it the clunky head-mount, which seems anything but futuristic, high price of VR units, or the rise of augmented reality, VR has lost its sheen

and Samsung, which announced VR as the next biggest focus area.

Golden period

In 2014, Facebook bought Oculus VR, then a two-year old start-up, for \$3 billion. Facebook felt that VR was the future of content consumption, a message peddled by its peers at the time.

This opened the floodgates, with millions of dollars getting poured into VR.

Mobile maker HTC launched Vive, a consumer VR headset, in 2015 — followed in quick succession by Sony, which announced PlayStation VR. PlayStation is one of the top-selling games consoles of all times, and teaming that with VR was an enticing proposition. In a year, Sony sold 1 million units of PlayStation VR.

Google took a different approach. It created a \$5 fold-out cardboard viewer, called Google Cardboard, into which a smartphone can be placed (as a viewing screen).

It envisaged that smartphones will be able to play VR content, a smart move to draw people averse

to expensive headsets to try VR.

For this Google launched Daydream, a developer tool where anyone can create VR content. Many creators signed up, leading to a proliferation in VR content.

The drop

VR was at its peak in 2015-17. Globally, VCs pumped \$857 million into VR start-ups in 2016, which dropped to \$280 million in 2018, according to SuperData.

Companies like Sony and Facebook do not share annual sales numbers, but it is widely reported that shipments have fallen in the last two years.

Facebook said in September that it had, since buying Oculus, sold VR headsets worth \$100 million — a measly number.

Sony, in March, said the total PlayStation VR sales in five years stood at 4.2 million units, while only 1.3 million HTC Vive units were sold in 2018. All figures represent global sales.

In comparison, Apple sold 46 million iPhones during Q3CY19 alone. The downturn is seen beyond just devices. IMAX, one of the biggest movie cinema chains

in the world, had started VR-only studios in 2015.

It invested millions of dollars opening locations from Los Angeles to Bangkok.

Another US company called Jaunt, which developed 3D apps and content for VR, recently said it pivoted to focus on AR instead. Jaunt had raised over \$100 million from Disney and Google, and laid off half of its staff last year. Google, too, pulled the plug on Daydream project in October.

Shift to AR

Many say VR is failing because the clunky headset is unappealing and cannot be used beyond a certain amount of time. This problem is solved by AR.

AR, which basically juxtaposes virtual imagery on the real world seen through a camera, is replacing VR like wildfire. Hardware makers and creators are moving to AR. The shift was conclusively enabled by Pokemon Go, that became a rage last year. People from Shanghai to Toronto were breathlessly chasing Pokemons on the streets on their phones. The game, which hit 90 million downloads at its peak, is a classic example of AR.

Last year, Apple launched ARKit, a suite of software that enables anyone to create AR experiences for mobile and tablets. The tools, much like the Adobe Photoshop family, are being extensively used for gaming and education purposes, according to reports.

The next big thing people are excited about is AR googles. Think of it as regular googles with the capability to project virtual images on the glass in a such a manner that it looks like its actual. Magic Leap, an ambitious US start-up, is creating googles that project images on the user's retina to have this effect.

No surprise that it has raised \$2.6 billion from the who's who, including Google, Alibaba, and Microsoft, even before rolling out a finished product.

If it works, it will change the landscape of AR and VR.

Adani Transmission wins Mumbai project



AMRITHA PILLAY
Mumbai, 14 December

Adani Transmission on Saturday said it has won a project to develop a 400 kV substation facility in Mumbai.

The project is likely to ease transmission congestion and carry more power to meet the city's future electricity needs.

"Adani Transmission (ATL) has received a Letter of Intent from the Maharashtra State Electricity Transmission Company (MSETCL) to build, own, operate and maintain a transmission project in Maharashtra for 35 years," the company stated.

The project involves developing Mumbai's first ever 400 kV substation facility. The project has been awarded through a tariff-based competitive bidding process.

The project — Kharghar Vikhroli Transmission — comprises approximately 34 km of 400 kV and 220 kV transmission lines, along with a 400kV GIS Substation at Vikhroli. In less than two years, ATL has created a significant presence in Mumbai's power segment.

In August last year, the firm had bought Reliance Infrastructure's Mumbai power distribution business for ₹12,100 crore. At present, ATL caters to 3 million customers in Mumbai through its distri-

bution business. The company expects the Kharghar Vikhroli Transmission project to help carry more power into the city.

"This project is critical to Mumbai, as the existing capacity of transmission corridor is not sufficient to carry further power into the city. This project will enable additional power to be brought into Mumbai," ATL said in its statement.

ATL's newly won project is also expected to bring down Mumbai's cost of power. "The project will)...also allow additional source of power and bring down the cost of power for the citizens of Mumbai," the statement said.

Earlier this week, it agreed to sell 25.1 per cent stake in its Mumbai power distribution business to Qatar Investment Authority for ₹3,200 crore. Part of the sale agreement also requires ATL to distribute 30 per cent green power through its Mumbai distribution business by 2023.

At present, ATL operates a cumulative transmission network of around 11,477 circuit kilometres (ckm) and has another 3,261 ckm at various stages of construction. Its market share in Mumbai's power distribution business is approximately 87 per cent by licence area, and 55 per cent by electricity supplied.

Plastics industry seeks hike in duty to curb imports

DILIP KUMAR JHA
Mumbai, 14 December

Faced with a sharp decline in exports and increase in imports, India's plastic manufacturers have urged the government to increase Customs duty, levy anti-dumping duty and review free-trade agreements (FTAs) to restrict the supply of cheap and poor-quality products from overseas markets.

Plastic producers, under the aegis of the All India Plastics Manufacturers Association (AIPMA), met with other players in the value chain to discuss measures needed for revival of the plastics industry in India. AIPMA, which represents around 22,000 industrial units of plastics and allied products, highlighted the need to bring the plastics industry on a growth trajectory to prevent these manufacturing units from closure, and improve exports of plastic products.

"The plastics industry is currently witnessing depression in the market. This has led manufacturing units to halt their expansion and investment plans. There is a need for the government to come out with clear plans and a strategy on various fronts in order to spur the much needed growth," said Arvind Mehta, chairman (governing council), AIPMA.

In October, India exported plastics worth \$693 million, down 10.9 per cent from \$778 million reported in the corresponding month of previous year. Cumulative value of plastics exports from April - October 2019 stood at \$5.02 billion, as against \$5.37 billion reported in the corresponding period of the previous year. Jagat Killawala, president, AIPMA, believes that the plastic industry is one of the major contributors to the economy, and is expected to play a key role in India becoming a \$5-trillion economy.

Elaborating on the demands, Killawala said that taking into account the short-term as well as long-term growth of plastics processing units, the industry has urged the government not to raise import duty on key raw materials, but certainly on finished products.

The plastics processing industry comprises over 50,000 micro and small units employing around 5 million workers. It is a major contributor to the Indian economy, manufacturing goods worth ₹3.75 trillion annually.

However, it is under severe stress



EXPORT DATA: PLASTIC COMPONENTS (\$ mn)

(Apr-Oct)	FY19	FY20	% chg
Plastic raw material	2,624.0	2,089.0	-20.4
Plastic sheet, film etc	855.5	879.4	2.8
Moulded and extruded goods	644.1	734.4	14.0
Packaging material	489.1	504.9	3.2
Optical items	276.9	261.2	-5.7
Other plastic items	212.6	258.8	21.7
Stationery/office/school supply	143.6	136.7	-4.8
Human hair, products thereof	126.5	152.4	20.5
Total	5,372.3	5,016.8	-6.6

Source :- <https://plexconcil.org/>

Compiled by BS Research Bureau

because of cheap imports from China and other South Asian countries. The industry has demanded that a difference of minimum 10 per cent should be maintained between the Custom duty on raw materials and finished plastics goods.

The domestic industry claims that it is suffering because of cheap products being dumped by China and other countries. The industry has demanded that to prevent under-invoicing by foreign players, a floor price should be established on finished goods.

"There is a need for the Directorate General of Trade to recommend anti-dumping duty on finished plastic goods originating in or imported from three major dumpers, including China, for a period of at least five years," said an expert.

Existing FTAs with various countries have failed to yield the desired results. It has resulted in massive imports of finished goods from FTA countries into

India at zero concessional duties, thereby adversely affecting the competitiveness of the Indian plastics processing industry. However, exports from India to these countries have marginally grown, leading to huge trade imbalance. The industry has demanded that all existing FTAs be reviewed, and polymers and products made of polymers be excluded from all FTAs.

There is also a need for the government to implement the standards laid out by the Bureau of Indian Standard (BIS), to prevent circulation of poor quality products in the market, says the industry.

"The industry demanded that Custom duty of polyvinyl chloride (PVC) be brought down from 10 per cent to 7.5 per cent, as nearly 50 per cent of demand in India is being met through imports because of lack of domestic capacity. Any increase in Custom duty will affect the agriculture sector due to high use of PVC pipes and fittings," Mehta added.

How Sitharaman stacks up against her predecessors

ARUP ROYCHOUDHURY
New Delhi, 14 December

It is not easy to be Finance Minister Nirmala Sitharaman right now. As she heads into her second Budget, the economy is facing its worst slowdown in 26 quarters, inflation is inching up, with the Reserve Bank of India revising its forecast to 5.1-4.7 per cent for the second half of 2019-20. It also reduced its GDP growth forecast for the year to 5 per cent, from 6.1 per cent earlier.



Meanwhile, all the available data for October and November so far indicates that the October-December quarter may not be that much better than the previous two quarters.

The government expects a recovery in the second half of the year, but it may not be as sustained as the Centre expects.

The slowdown is visible across sectors, and is exacerbated by the liquidity crisis in the NBFC sector. Sitharaman has announced many sector-specific steps since August to address the slowdown, and has also slashed corporation tax rates. But these measures are on the supply side and do not address the lack of willingness to spend or invest on the demand side.

In some ways, Sitharaman's second Budget will be more crucial than her first. After repeated rollbacks and a series of announcements to address the slowdown, it is now clear that the political leadership lost the narrative after the 2019-20 Budget. In the 2020-21 Budget, it will try to stamp its vision and narrative.

So, while the situation Sitharaman finds herself in may not be that good, how does it stack up against her three immediate predecessors — the late Arun Jaitley, P Chidambaram and Pranab Mukherjee. Piyush Goyal is not being considered because he took charge for a very short time while Jaitley was recovering from various health issues.

Arun Jaitley

When Jaitley took office in May 2014, he promised fiscal rectitude and stuck to it, despite missing his own targets twice. Fiscal deficit was reduced to 3.4 per cent in 2018-19 from 4 per cent in 2014-15. He was also lucky as global growth was picking up and oil prices stayed below \$70 a barrel for most of his tenure.



Jaitley will go down in history as the Finance Minister under whose watch demonetisation and the implementation of goods and service tax were carried out, within six months of each other. While the latter is still a work-in-progress, the government's narrative of the benefits of the former don't cut much ice. The economy went on a sustained slowdown because of the effects the two policies had on the informal sector and micro, small and medium enterprises.

During Jaitley's time, the Insolvency and Bankruptcy Code was also passed and inflation was kept under control. However, it was also during his tenure that the Reserve Bank of India finished its asset quality review and the real extent of toxic assets in the banking system came into light.

Pranab Mukherjee

Mukherjee became the Finance Minister for the second time in January 2009 and held charge till June 2012, when he became President of India.



When he took charge, the world was reeling from the aftershocks of the collapse of Lehman Brothers and the global financial crisis. Many commentators, including those in North Block, then believed that India would be relatively safe from global headwinds. It was not to be. In subsequent Budgets, the government went on an expenditure spree in order to shore up economic growth.

According to the old series, real GDP growth was 8.9 per cent in 2010-11, the highest during Mukherjee's tenure. However, the high spending also led to inflation issues, and fiscal deficit was as high as 5.9 per cent of GDP in 2011-12. CPI inflation was as high as 9 per cent that same year.

For a number of reasons, while India remained the fastest-growing major economy during Mukherjee's time, it was an unsustainable growth. Apart from rising inflation, current account deficit and the widening income gap, global slowdown and high commodity prices also played a part. Mukherjee will be remembered most for setting up the Financial Stability and Development Council and for announcing the infamous general anti-avoidance rules.

P Chidambaram

Chidambaram took charge of the Finance Ministry for the fourth time. He had inherited an economy in a mess, and his first task was to gradually reduce the fiscal deficit, which was down to 4.5 per cent of GDP in 2013-14.



He spent most of his term firefighting and trying to save a sinking economy, as anger was rising against the Manmohan Singh government for its mismanagement of the economy and the corruption charges against it. Inflation peaked in 2013-14 and Chidambaram's job was not made any easier by sustained high global oil prices and the taper tantrum of 2013.

South Indian Bank needs ₹1,000 crore in Tier-I capital



ABHIJIT LELE
Mumbai, 14 December

South Indian Bank (SIB) will require ₹1,000 crore capital (Tier-I) in the next 15 months to improve its provision cover for bad loans and maintain a growth rate above the banking sector.

Its provision coverage ratio (PCR) was at a low of 30 per cent in September against over 60 per cent for most banks.

Tier-I capital of the bank stood at 9.6 per cent at the end of September 2019.

India Ratings and Research (Ind-Ra) has revised outlook for the lender from "stable" to "negative" and affirmed its long-term issuer rating at 'A+'.

The outlook revision reflects the Kerala-based lender's higher proportion of stressed assets to net worth, subdued profitability along with lower provision coverage compared to peer banks.

This has been exerting additional pressure on the bank's already weakened capital buffers, thereby increasing the importance of raising Tier-I capital in the medium term.

The affirmation reflects SIB's stable liability and funding franchise, improved diversification of loan book, and sizable presence in terms of size and scale in key south

Indian geographies, the rating agency said.

SIB's capitalisation has weakened over the last 11 quarters (Basel-III Tier-I capital at 9.6 per cent in September 2019) due to decline in internal accruals.

Its credit costs have been rising while the proportion of non-agri and SME gold loans has come down.

There could be further pressure on the asset quality owing to slippages from below 'BBB'-rated corporate borrowers and small mention accounts 2 (SMA2) accounts in the second half of FY20.

It currently has adequate liquidity. SIB's short-term (one year) asset-liability profile remains matched. Also, the liquidity coverage ratio stood at 200 per cent in the first half of FY20. It is well above the regulatory requirement of 100 per cent.

The bank's pool of bonds over the statutory liquidity ratio (SLR) requirement was to the tune of ₹1,200 crore (around 1.4 per cent of deposits) in the first half of FY20.

SIB has a well-diversified business profile, with the retail (excluding gold) segment at 26.7 per cent of the overall book.

The share of corporate and SME accounts stood at 30.8 per cent and 24.3 per cent, respectively.

Benefits must exceed fee paid to advisor

Selecting one who charges less may not always be the right decision in this matter

TUSHAR BOPCHE

Money is an intricate area and handling it, over and above your day job, is not an easy task. Most investors, at one point or the other, feel overwhelmed by the choices available. The more aware ones also arrive at the realisation that their own personal biases are making it difficult for them to commit their hard-earned money into the right financial instrument at the right time. Hence, they feel the need to obtain the services of a skilled professional who can help them take well-informed decisions.

No substitute for an expert:

In the Mahabharata, we saw that Arjuna was a skilled warrior. He had capable brothers, a large army, and truth by his side. And yet he wanted Lord Krishna as his charioteer—to share his doubts and seek guidance at every step during the war. That is the nature of the human intellect. We question our decisions, harbour doubts, and hence seek advice from those more qualified than us in that area.

You may have figured out your financial needs and may possess a reasonably clear idea about the approach you need to take to meet them. But, to cite another example, you don't treat a prolonged illness by simply studying about it. You visit qualified physicians because you know they are the experts.

Financial advisors are professionals with deep understanding and expertise in how investments work. The seasoned ones have weathered many market and economic cycles. The right ones can fulfil many objectives. They clear doubts and provide the investor with the best available financial options. They maintain and track investment plans and enable investors to achieve their



desired goals. They think long-term. They help investors deal with information overload. Not only do they invest her money in the right financial instruments, they also help with tax planning and meeting various regulatory requirements.

Get an advisor early: A common belief one comes across on the internet is that an investor does not need a financial advisor at the start of her career or when her savings kitty is small. Many people suggest that the need for a financial advisor arises only once the investor has crossed a certain threshold and has large sums of money to invest. Nothing could be farther from the truth. Avoiding missteps at the start of the investment journey, and putting one's money in the right financial instruments that can help build wealth is extremely cru-

CHOOSE YOUR ADVISOR WITH CARE

- A financial advisor is your partner in the journey of wealth creation. It's also a long-term relationship, so take your time selecting the right one
- Hold face-to-face meetings with prospective advisors
- Learn about the advisor's qualifications and experience
- Get a sense of his methods. See if they fit in with your notions
- Enquire about the fee — if it will be a flat amount or a percentage of your corpus
- Ask about the average portfolio size he handles
- Ask for referrals and get their feedback

cial. In the early part of her life, an investor may have less money to invest, but she has time on her side. If she puts the money in the wrong instruments, she forgoes the opportunity to build wealth from an early age.

Financial advisors tailor their advice depending on the size of investors' portfolios

and their long-term financial goals. Creating a corpus for post-retirement needs, saving for children's education and marriage, buying a house, meeting lifestyle-related expenses, and mitigating risk are not only for the megarich. They are an essential part of every individual's financial planning.

Do the due diligence: Start by asking around some of the people you trust and obtain phone numbers. Many larger financial companies also offer advisory services nowadays. Review what they have to say on their web sites. This activity will help you create a shortlist of advisors.

After shortlisting, meet and speak to each one of them. There is no substitute to meeting a professional face-to-face and developing a personal equation. During the meeting, ask a number of questions to evaluate whether this person is right for you. Ask him about his educational qualifications and how much experience he has in the field of financial advisory. Listen to the promises he makes, then ask him about how he plans to achieve them.

During this conversation, you must also enquire about the fee he will charge for his

services. Will he charge a flat fee or will it be a percentage of the amount invested? The primary point to keep in mind about fees is that the gain from hiring an advisor must far exceed the fee he charges you. Thus, going with someone who charges a low fee may not always be to your benefit. Sometimes, choosing one who charges more can also turn out to be a good decision if he offers superior advice and helps you avoid pitfalls. Get a sense of the average portfolio size the advisor handles. Generally, it is better to go with one who handles an average corpus size that is similar to what you have. If there is too big a disparity, he may not be able to cater to your needs well.

Also, get a sense of how much time the financial advisor is willing to invest in helping you meet your financial goals.

Finally, ask for referrals of a few clients he has already handled. If he refuses your request on this count, that should raise a red flag.

Apart from the questions mentioned above, feel free to resolve any other queries you may have before zeroing in on a financial advisor. The objective is to know the person well before you let him manage your financial portfolio.

If you have any doubts, restart the process. It's your hard-earned money, and it's your future. Be absolutely certain. Choose a financial advisor that makes the most sense to you, and with whom you feel most comfortable. Your goal should be to have a long-term relationship with your advisor, so having a high level of comfort is important. An excellent financial advisor can work wonders and assist you in growing your money. Since it is a crucial relationship, you cannot afford to make a mistake in your choice.

The writer is executive vice-president, YES Securities

BS TUTORIAL

Jayant Pai

Financial literacy

1. Which was the first financial company to be admitted under IBC recently?
 - A. Edelweiss Tokio Insurance
 - B. Aviva Insurance
 - C. Religare Securities
 - D. Altico
2. A couple named their baby after __ Mutual Fund
 - A. Shriram
 - B. Motilal Oswal
 - C. Mirae
 - D. Nippon
3. Which economist called Economics "The Queen of Social Sciences"?
 - A. Paul Samuelson
 - B. Alfred Marshall
 - C. Adam Smith
 - D. Arthur Pigou
4. Which of these famous economists did not subscribe to the Austrian School of economics?
 - A. Ludwig Von Mises
 - B. Frederich Hayek
 - C. Max Weber
 - D. John Maynard Keynes
5. Saudi Aramco successfully concluded the world's largest IPO recently. Which company did it eclipse?
 - A. Visa
 - B. Facebook
 - C. Alibaba
 - D. Agbank (China)

Solutions

1. B. It happened after the NCLT upheld a landlord's claim accusing the insurer of falling to meet its payment obligations and ordered the commencement of insolvency process.
2. C. In September 2019, a Sweden-based Indian couple, Vishal and Dhansha Kharparde, named their daughter 'Mirae', after Mirae Asset MF.
3. A.
4. Keynes espoused concepts like pump-prime by the government and increasing money supply as remedies to revitalize a torpid global economy in the 1930s.
5. C. It raised US\$ 25.60 billion dollars, marginally surpassing Alibaba, which raised US\$ 25 billion in 2014.

The quiz master is a certified financial planner and head-products, PPFAS Mutual Fund. Send your queries and feedback at yourmoney@bsmail.in

ECONOMY & PUBLIC AFFAIRS

PEOPLE IN THE NEWS BINAY SINHA



Sanjiv Puri-led diversified consumer goods company ITC is taking the *desi* route in the ₹7,500-crore packaged frozen-food category to take on market leaders Venky's and McCain



Batting for the idea of three private telcos, Bharti Airtel Chairman Sunil Mittal has urged the Centre and judiciary to give "sympathetic" consideration to the telecom industry's appeal for relief on repayment of AGR dues

PNB under-reported bad loans by ₹2,617 cr in FY19: RBI report

PRESS TRUST OF INDIA
New Delhi, 14 December

Public sector lender Punjab National Bank (PNB) under-reported its non-performing assets (NPAs) by ₹2,617 crore for the financial year 2018-19, according to RBI's risk-assessment report.

In a regulatory filing on Saturday, PNB said the divergence in gross NPAs assessed by the central bank stood at ₹2,617 crore in FY19.

The divergence assessed by the RBI in net NPAs was also ₹2,617 crore for the financial year.

Also, the divergence in provisioning for bad loans in FY19 was to the tune of ₹2,091 crore.

Consequently, based on the divergence assessed by RBI in provisioning for bad loans, PNB said it would have reported a net loss of ₹11,335.90 crore for FY19 as opposed to a net loss of ₹9,975.49 crore.

The bank said it reported gross NPAs of ₹78,472.70 crore,



while according to RBI's assessment the figure was ₹81,089.70 crore.

Similarly, it reported net NPAs of ₹30,037.66 crore, compared to RBI's assessment of ₹32,654.66 crore.

Provisions for NPAs made by the bank in FY19 stood at ₹48,151.15 crore but it needed to provide ₹50,242.15 crore.

Recently, market regulator Sebi made it mandatory for listed banks to disclose bad loan divergence within a day of receiving the risk assessment report from the RBI.

Farooq Abdullah's detention extended by 3 months

The detention of Farooq Abdullah, a three-term chief minister of erstwhile state of Jammu and Kashmir, was extended on Saturday by three months and he would continue to remain at his residence that has been declared a sub-jail, officials said here.

The case of Abdullah, also a five-term parliamentarian, was reviewed by the advisory board of the Home Department of the Union Territory of Jammu and Kashmir which recommended extension of his detention under the PSA, they said.

His house, located at Gupkar Road, has been declared a sub-jail by the union territory's Home Department. Abdullah, who became the first chief minister against

whom the stringent public safety law was invoked, has a heart pacemaker implanted and had undergone a kidney transplant a few years ago. Abdullah was among a host of leaders and activists who were detained on August 5 when the centre abrogated Article 370 and divided the state into two union territories — Ladakh, and Jammu and Kashmir.

The PSA has two sections — 'public order' and 'threat to security of the state'. The former allows detention without trial for three to one year and the latter for two years.

The PSA is applicable only in Jammu and Kashmir. Elsewhere in the country, the equivalent law is the National Security Act (NSA).

► FROM PAGE 1

Govt plans centralised purchase for Ayushman

He, however, highlighted that hospitals which used to get 8 per cent profit margins on stents may be reluctant to adopt the new model, as they would lose control and some profitability.

The Association of Indian Medical Device Industry (AIMED) said it was already working closely with the government to reduce the procurement costs of empanelled hospitals so that the packages became more viable.

PMJAY is also working on its plans to roll out diagnostic centres under the public-private-partnership (PPP) model. For states that have opted for an insurance model, there are ongoing contracts, and any change in those contracts has implications for the cost. "So,



for states where PMJAY runs through an insurance model, the government will have to wait till the contract runs out. The government may try to negotiate new benefit packages," said the official. States like Jammu and Kashmir,

Kerala, and Punjab run through an insurance model. In states where the PMJAY operates through a trust (Madhya Pradesh, Uttar Pradesh, Haryana, Uttarakhand, etc), it is easier to implement. "These states have

to take approval of their respective finance departments," he said.

A timeline for the roll-out of such diagnostic centres has not been set, but the government is working to tie up with partners or empanel diagnostic centres that would conduct tests for PMJAY patients at the stipulated rates.

So far, over 6.5 million patients have been treated under PMJAY, with treatment worth ₹9,549 crore. Of this, treatment amounting to ₹6,133 crore was provided through private hospitals. There are 1,392 health benefit packages and their rates have been defined for providing secondary and tertiary healthcare to the beneficiaries at the empanelled hospitals under PMJAY.

Google wants Fed to replicate UPI model

Google said it believes keeping the service free and welcoming all banks, merchants and third-party technology players is what worked for the UPI.

"First, the UPI is an inter-bank transfer system (there are now over 140 member banks, after initially launching with nine participating banks). Second, it is a real-time system. Third, it is 'open' - meaning technology companies can build applications that help users directly manage transfers into and out of their accounts held at banks," Mark Isakowitz, vice-president, government affairs and public policy, US and Canada, Google, wrote in a November 7 letter.

Adoption of the system was rapid, growing from 100,000 monthly transactions, to 77 million, to 480 million, to 1.15 billion monthly transactions in the first four years.

"After just three years, the annual run rate of transactions flowing through UPI is about 10 per cent of India's GDP (gross domestic product), including 800 million monthly transactions valued at \$19 billion," said the letter marked to Ann



Misback, secretary, board of governors of the Federal Reserve System.

Isakowitz concluded the letter by saying the Fed should "support real-time low-value and high-value payments, use standardised messaging protocols with extended metadata, and provide clear standards for an Application Programming Interface layer that enables licensed non-financial institution third parties to access and submit requests into this payment system".

So far, at least 54 countries have rolled out real-time payments systems, and by 2020, that number is projected to grow to 70.

Citizenship law stir spills over into Assam's tea industry



Usually, 15-16 million kg (mkg) of tea is produced in December in Assam,

accounting for only 2.15 per cent of the total produce from this state. Assam produces more than 700 mkg of tea in a year. According to Goenka, apart from lack of labourers in the estates, curfew and various other measures taken by the authorities to curb violence and protests had led to a complete halt on tea trade. "Owing to the curfew, there have been problems over logistics and transportation as well," he said. "Moreover, workers are also refraining from work whenever a strike or bandh is declared. The condition is very bad and has affected the functioning of estates," Atul Asthana, managing director at

the Goodricke Group, said.

An industry official said that owing to the current state of affairs, potential buyers were not risking coming to the state to buy the produce, and that unless the situation was contained, the stock of tea, estimated around 23 mkg, would increase. In December, auctions are put on hold and most of the buyers come in either to procure the tea privately or sign forward contracts. In effect, the stockpile haemorrhages the prices in the auctions.

The Tea Board has also extended the garden closure date by a week, with the last date of plucking being December 19, the last date for sorting and packing the tea being January 1 for the CTC variant, and January 6 for the Orthodox variant.

Coal Min allocates one mine each to NMDC, RINL

PRESS TRUST OF INDIA
New Delhi, 14 December

The coal ministry on Saturday said it has allocated one mine each to state-run firms National Mineral Development Corporation (NMDC) and Rashtriya Ispat Nigam Ltd (RINL).

The mines, located in Jharkhand, will boost coking coal production and reduce the steel industry's dependence on imported coal, it added.

"The Ministry of Coal has allotted two Coking Coal mines, Rohne and Rabodih, to the Steel Central Public Sector Enterprises (CPSEs)," it said in a statement.

Allocated under the Coal Mines (Special Provision) Act, 2015, these mines will increase coal production by more than 10 MT (million tonnes) per annum and boost the coking coal production in the country.

The ministry said this is a significant step towards reducing the dependence of the steel industry on imported coal.

The Rohne coal mine has been allotted to NMDC for sale of coal and will also serve the purpose of captive use of coking coal for its upcoming steel plant at Nagarnar.

The Robodih OCP coal mine has been allotted to RINL for captive use of



production of iron and steel.

These mines will over their lifetime generate about ₹7,000 crore revenue for the state government, besides royalties and other applicable taxes.

Both NMDC and RINL would set up their washeries for washing coal.

This allotment is in addition to five coal mines which have been allocated

to successful bidders and six mines which have allotted to PSUs.

In all, the 13 mines will add more than 35 MT per annum coal to domestic production. Apart from the royalties and applicable taxes, the mines are slated to generate about ₹31,000 crore revenue over their lifetime for state governments.

World economy haunted by risk just got a double shot in the arm

BLOOMBERG
14 December

Two of the biggest hurdles constraining the world economy have just been cleared.

Dogged for most of 2019 by trade tensions and political risk that hammered business confidence, the outlook for global growth will enter 2020 on a firmer footing after the U.S. and China struck a partial trade deal and outlook for Brexit cleared somewhat.

"The China trade deal and U.K. election result have taken out a major tail risk overhanging markets and companies," said Ben Emons, managing director for global macro strategy at Medley Global Advisors in New York. "Business confidence should see a large boost that could see a restart of global investment, inventory rebuild and a resurgence of global trade volume."

Like financial markets, most economists had factored in some kind of phase-one trade agreement between the world's largest economies when projecting the world

economy would stabilize into 2020 after a recession scare earlier this year.

But at a minimum, the agreement between President Donald Trump and President Xi Jinping means some of the more dire scenarios being contemplated just a few months ago now appear less likely. Bloomberg Economics estimated in June that the cost of the U.S.-China trade war could reach \$1.2 trillion by 2021, with the impact spread across the Asian supply chain. That estimate was based on 25% tariffs on all U.S.-China trade and a 10% drop in stock markets.

The phase one deal nevertheless leaves some complicated issues unresolved, paving the way for fresh clashes as Trump runs for reelection next November. Still to be dealt with are U.S. complaints over the vast web of subsidies ranging from cheap electricity to low-cost loans that China has used to build its industrial might. Trump said talks over a Phase Two deal will start immediately.

What economists say...

"A trade deal that takes tariffs back to May 2019 levels (for the U.S. that would mean 25% on \$50 billion in China imports and 10% on another \$200 billion) and lowers uncertainty could boost global GDP for 2020 by 0.6%. A breakdown in talks and higher tariffs—still a possibility given how past agreements have broken down—would drag global output down 0.1%," said Tom Orlik, chief economist, Bloomberg Economics.

As for Brexit, the sweeping election victory by Prime Minister Boris Johnson's Conservative Party means Britain is set to leave the EU on Jan. 31. Bloomberg Economics says the result puts a growth rebound in play which, coupled with looser fiscal policy, means activity should accelerate over 2019.

At the same time, Johnson must now negotiate a new trade deal with the EU by the end of next year, meaning fresh uncertainty could emerge. "Brexit could continue to weigh on economic activity as the difficult task of forging the U.K.'s new trading relationships is just beginning,"

said Simon Wells, chief European economist at HSBC Holdings Plc.

The twin developments come amid broader signs that demand across much of the world is stabilizing as key manufacturing gauges trough. The International Monetary Fund had flagged upside risks to its recent outlook if major trade tensions were resolved.

Policy makers have also sounded more upbeat this week. European Central Bank President Christine Lagarde said the euro zone's economic slowdown was showing signs of bottoming out and Federal Reserve Chairman Jerome Powell said the prognosis for the U.S. remains favorable. The Chinese government said it would improve the effectiveness of fiscal policy in 2020, while Japan is planning new fiscal stimulus.

Morgan Stanley economists expect the global economy to recover some momentum in 2020 with growth improving from a trough of 2.9% in the fourth quarter of this year to 3.4% by the end of 2020 with that uptick driven more by the rest of the world than the U.S.

ACT OF BRAVERY



Army personnel show their skill during a military event in Kolkata on Saturday PHOTO: PTI

'India among top 10 nations on climate change performance'



PRESS TRUST OF INDIA
New Delhi, 14 December

India is among the top 10 nations as per the Climate Change Performance Index (CCPI) which is based parameters like renewable power and energy use efficiency, Power Minister R K Singh said on Saturday.

This assumes significance in view of India's resolve to reach 175 GW of clean energy capacity by 2022. The country has already achieved around 84 GW of clean energy capacity, including 32 GW of solar and 37 GW of wind energy.

At present, India's total installed power generation capacity is around 365 GW.

"I am happy to share that as per CCPI report, released during COP 2019 at Madrid, India is ranked among the top 10 countries in CCPI, which was released after analysing four parameters, that is green house gases emission, renew-

able energy, climate change and energy use," Singh said while addressing the 29th National Energy Conservation Awards ceremony in the capital.

The minister said 355 industrial units and other establishments have participated in the awards and have collectively achieved savings of ₹5,283 crore by saving 105.66 billion units of electricity.

This year, energy conservation was celebrated through week-long activities culminating in the National Energy Conservation Day on Saturday.

Singh highlighted the importance of energy conservation in the country's sustainable development approach.

He emphasised the need for taking measures in order to reduce carbon dioxide emissions so as to minimise the adverse impact of climate change.

Delegation leaves for Aus for consumer summit

PRESS TRUST OF INDIA
New Delhi, 14 December

A high-level delegation led by Minister of State for Consumer Affairs, Food and Public Distribution Raosaheb Patil Danve on Saturday left for Australia in pursuance of a collaborative project on consumer

protection. The delegation will take part in phase two of the Australia-India Collaborative Consumer Protection Project under Sydney University, an official statement said.

Under the funding from the Australia-India Council (AIC), established in 1992, and the sup-

port from the Department of Consumer Affairs, the Sydney University has undertaken the consumer protection project.

The project will be implemented in four stages -- workshops and round-table in New Delhi (by Sydney University), followed by a high level delegation from India to Australia.

Pak, World Bank ink Khyber Pass economic agreement

PRESS TRUST OF INDIA
Islamabad, 14 December

Pakistan and the World Bank have signed a project agreement worth \$406.6 million for financing the Khyber Pass Economic Corridor (KPEC) project with an aim to promote economic development.

The signing ceremony was held on Friday at the Economic Affairs Division, Islamabad, *The Express Tribune* reported.

The project is aimed at constructing a 48km four-lane, dual carriageway, high-speed and access-controlled motorway from Peshawar to Torkham border point with Afghanistan in a bid to promote economic development and ensure uplift of the areas adjoining the expressway and falling in Khyber-Pakhtunkhwa.

The project envisages public-private partnership and private financing for developing clusters of economic activity, economic zones and expressways. The connecting transport infrastructure and economic zones would provide a strong foundation for the private business to invest in these zones.

The global integration of South and Central Asia is intertwined with the Khyber



The project is aimed at constructing a four-lane, dual highway, and access-controlled motorway from Peshawar to Torkham

Pass, which has served as the key node in trade for hundreds of years. The expressway between Peshawar and Kabul through the Khyber Pass represents a section of Corridors 5 and 6 of the Central Asia Regional Economic Cooperation (Carec).

Corridor 5, which runs through Pakistan, has the potential to provide the shortest link between the landlocked countries of Afghanistan, Tajikistan, Uzbekistan and the Arabian Sea. Corridor 6 provides access to Europe, the Middle East and Russia.

The KPEC will finance the Peshawar-Torkham expressway portion of the Corridor 5.

The Peshawar-Torkham expressway will reduce transit time and costs for regional and international trade, transiting the Khyber Pass and extend till Karachi-Lahore-Islamabad-Peshawar Trans-Pakistan Expressway system. It will be developed as an integral part of the planned Peshawar-Kabul-Dushanbe motorway.

The improved regional connectivity through this corridor would not only facilitate commercial traffic and expand economic activities between Pakistan and Afghanistan but will also promote private-sector development along the corridor.

It is expected to generate up to 100,000 new jobs in Khyber-Pakhtunkhwa.

Experts: Negative real interest no worry

The consumer price index-based inflation is at a more-than-3-year high of 5.54%; policy repo rate at 5.15%

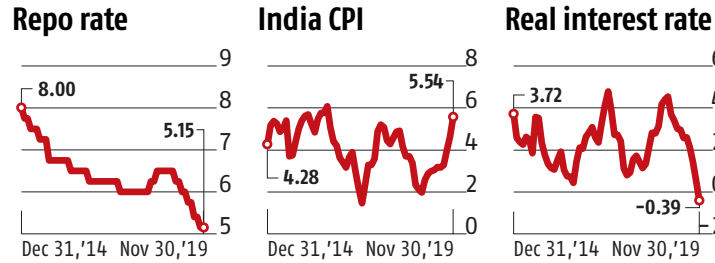
ANUP ROY
Mumbai, 14 December

The real interest rate in the economy has turned negative, with the consumer price index (CPI)-based inflation at a more-than-three-year high of 5.54 per cent and the policy repo rate at 5.15 per cent. If this persists, it would be a disincentive for saving, at a time when the interest rate for savings itself is on a decline.

However, this doesn't indicate a reason to despair as yet. The rise in CPI inflation is primarily on account of food prices, particularly onion, which recently surged to ₹200 per kilogram, from the usual ₹20-30 a kg. With fresh crops set to be harvested in January, prices should reduce and so should food inflation, from February. Therefore, what should matter is how core inflation — the rise in prices except food and fuel — is working out. In this respect, core inflation has remained



A ROLLER-COASTER RIDE



soft in India.

Economists say it won't be right to say interest rates have turned negative just because the headline inflation has risen above the policy repo rate. What matters is the composition of inflation.

"The core inflation, which is at 3.2-3.5 per cent (depending on what measure is being considered), indicates real interest rates in India remain among the highest in the region," said Abhishek Gupta, econ-

omist at *Bloomberg*.

"Unfortunately, the Reserve Bank of India (RBI) is focusing on food inflation and its policy is being guided by onion prices, in the near term. We think the RBI will now wait for inflation to peak before lowering rates," which could come in April, according to Gupta.

In response to a query on whether getting into a negative real interest rate territory prevented the RBI from further cutting rates in December,

Governor Shaktikanta Das said that was not a consideration.

"I won't go into the issue of this real interest rate... because monetary policy cannot have multiple targets. I had said this in the previous MPC press conference too. The Monetary Policy Committee cannot pursue multiple targets," Das had said.

"Target is price stability that is inflation, keeping in mind the objective of growth. So naturally, when we adjust the policy rate, we will

have to keep in mind how much low it can go, keeping in mind the inflation," the governor had said.

There are ample reasons for not considering the real interest rate as something serious. "These are all technical terms, which are taken as proxies for other real-world things. For example, nominal gross domestic product is a proxy for cash flow of the companies, and real interest rate an indication of cash flow relative to interest cost," said a senior economist with a bank.

Consumer behaviour doesn't change with interest rates turning negative, economists say, but a persistent negative real interest rate affects the generation of internal returns for banks, which is happening in Europe.

The RBI is expected to reduce its policy rate to 4.5 per cent in this rate cycle, economists say. Inflation is expected to soften to 4.0-3.8 per cent in H1, according to the RBI's forecast.



Prime Minister Narendra Modi in Kanpur to review the Namami Gange project, aimed at cleaning the Ganga PHOTO: PTI

PM takes boat ride, reviews Namami Gange

PRESS TRUST OF INDIA
Kanpur, 14 December

Prime Minister Narendra Modi chaired the first meeting of the National Ganga Council here on Saturday and said that rejuvenation of the river should be a shining example of cooperative federalism.

He also reviewed the progress of works under the ambitious Namami Gange project in the stretch of the river that is considered the most polluted, and deliberated on various aspects of cleaning the river with focus on 'swachhata', 'aviralta' and 'nirmalta'.

According to a statement from the Prime Minister's Office, at the meeting Modi observed that the Ganga is the holiest river in the sub-continent and its rejuvenation should embody a shining example of cooperative federalism. Noting that the rejuvenation of the river has been a long-pending challenge for the country, he said a lot has been accomplished since his government took up the Namami Gange project in 2014 as a comprehensive initiative integrating various governmental efforts and activities to abate

pollution, and conserve and rejuvenate the river.

According to officials, the government had made a commitment of providing ₹20,000 crore for the period 2015-20 to the five states through which the Ganga passes, to ensure adequate and uninterrupted flow. ₹7,700 crore has already been spent, prominently for construction of sewage treatment plants, they said.

According to the PMO statement, Modi emphasised that an improvement in the framework for Nirmal Ganga would require the fullest cooperation from the public at large and generating greater awareness through dissemination of best practices from cities situated on river banks. It said the meeting was of the view that efficiency of District Ganga Committees should be improved in all districts, in order to provide an effective framework for expeditious implementation of plans.

The government has set up the Clean Ganga Fund (CGF) to facilitate contributions from people, NRIs and corporate entities for funding Ganga rejuvenation projects, the statement said.

GDP, IIP growth gap may widen to over 900 bps in Q3

KRISHNA KANT
Mumbai, 14 December

The link between the country's headline economic growth and pace of industrial production continues to weaken.

In fact, the gap between the two macro variables is likely to reach its highest level since the 2008 Lehman Brothers crisis if the gross domestic product (GDP) estimates for Q3FY20 and latest trend in the Index of Industrial Production (IIP) are any indicator.

India's headline GDP is expected to grow by 5.5 per cent during the third quarter, according to estimates by rating agency Moody's while IIP contracted by 3.8 per cent during October 2019, the first month of the third quarter.

This suggests that the growth in GDP at constant prices is nearly 900-basis-point higher than the industrial expansion as captured by the IIP.

IIP is calculated on monthly basis while GDP numbers are available on quarterly basis

India's headline GDP was up 4.5 per cent during the second quarter of FY20 against a contraction of 0.3 per cent in IIP during Q2FY20 and a decline of 3.8 per cent during October 2019.

According to data by the Central Statistical Organisation (CSO), IIP has now contracted for three consecutive months for the first time since June 2012. Such a divergent trend in the headline GDP and pace of industrial production is rare, and historically, both move together.

A large gap in the headline economic growth and the pace of IIP was last witnessed during the June 2015 quarter. In the last two decades, quarterly GDP growth has exceeded IIP growth by 900 basis points or more only once (on a quarterly basis). This was during the July-September 2009 quarter after the

global financial crisis (see chart).

Analysts said the contraction in IIP could make it difficult for the manufacturing sector to provide a lift to the overall GDP during the second half of FY20.

"The recent decline in IIP is largely a reflection of pain in the manufacturing and industrial sector. This will put a downward pressure on overall GDP growth unless the government expands public spending, which incidentally was the largest contributor to economic growth during the July-September 2019 quarter," said Dhananjay Sinha, chief economist and head strategist, IDFC Securities.

For others, such a large divergence is a sign of an element of growth over estimation in the calculation of GDP.

"If you juxtapose the recent trend in industrial production and retail or consumer inflation with GDP growth at nominal or current

prices, growth estimation could be as high as 400 basis points," said an economist on condition of anonymity. One basis point is one-hundredth of a per cent.

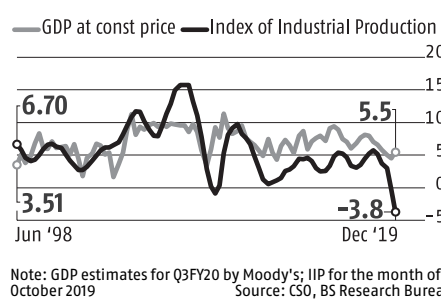
According to him, GDP is first calculated on nominal or at current prices and we subtract price deflator or inflation from it to get GDP at constant prices, which becomes the headline growth figure. For example, nominal GDP was estimated to be 6 per cent during Q2FY20 while price deflator was assumed to be 1.5 per cent, giving a real GDP growth of 4.5 per cent.

GDP deflator is, however, way lower than the retail inflation of around 4.5 per cent during Q2FY20 on average and nearly 5.5 per cent now.

"We assume GDP deflator to be around 4.9 per cent, giving a real GDP growth of 1.1 per cent. So, in our model, GDP was over estimated by around 340 basis points in Q2FY20," added the economist.



IIP AND GDP GAP AT RECORD HIGH



Note: GDP estimates for Q3FY20 by Moody's; IIP for the month of October 2019 Source: CSO, BS Research Bureau

HEALTH

FIT & PROPER

Your weekly health guide

Revolution in cancer tech



YUVARAJ T B
Head of robotic surgery & consultant of surgical oncology (Uro-oncology) Kokilaben Hospital, Mumbai

Cancerous tumours in the genito-urinary system are amongst the most common type of cancers occurring in patients diagnosed with the life-threatening disease. According to studies in recent years, genito-urinary cancers are common amongst Indian males and females, accounting for nearly 21 per cent of all cases. In males, 30.4 per cent of genitourinary system malignancies (17.50 per cent) consisted of urinary bladder malignancies. At a global scale, of 356,000 new cases of urinary bladder cancer diagnosed annually, the disease results in the death of 145,000 patients.

Currently, bladder cancer in India is treated with Bacillus Calmette-Guerin (BCG) intravesical immunotherapy. It is a prevalent procedure in India as it is cost-effective. And, it is a painful procedure. However, studies have shown a high-recurrence of the disease in non-muscle invasive bladder cancer (NMIBC) patients post BCG treatment.

When procedures like BCG and others fail, a cystectomy (removal of the bladder) has to be performed. This can lead to social and psychological problems such as depression, anxiety, shame, tension, loss of interest in hobbies, irritability, and loneliness.

This is where solutions driven by new-age technology are proving to be extremely effective. One example of this is Combat Medical's

Bladder Recirculation System (BRS) which uses its proprietary HIVEC (Hyperthermic Intra-Vesical Chemotherapy) technology. Through the technology, the device provides heated chemotherapy to treat (NMIBC) patients. Additionally, it uses clinical hyperthermia, which keeps the temperature between 41-43 degrees, as per therapeutic requirements.

The HIVEC-driven BRS device equally distributes the Mitomycin C (MMC) drug through a catheter. Research has shown that the drug is more effective, and reaches an optimum level at 43°C. At this temperature, the cytotoxicity level of the MMC goes up by 10 times, without having a negative impact on the body. Additionally, the chemotherapy triggers the Natural Killer Cells (NKC) of the body's immunization system, which leads to the elimination of the cancer cells.

The BRS doesn't require constant monitoring while functioning. Doctors and operation theatre staff can focus on other patients and pressing medical duties within the duration of the procedure.

According to clinical evidence in a 2019 study conducted amongst NMIBC patient groups, those who underwent BCG procedure had five recurrences of the disease, while four cases progressed to the next stage. The ones who underwent HIVEC had no recurrences.

I too have been using Combat BRS's HIVEC for some time now, and it is giving really effective results. HIVEC is surely the next best step for an efficient treatment to prevent recurrence in superficial bladder cancer.

The continuous development and implementation of these devices will result in better accessibility, affordability for providers and effective patient care at a large scale. HIVEC is an embodiment of the best of what MedTech can offer.

Social media use linked to disordered eating in teens

USA RAPAPORT
14 December

Researchers surveyed 996 seventh- and eighth-graders, age 13 on average, about their use of social media platforms such as Facebook, Instagram, Snapchat and Tumblr. They also asked kids about disordered eating behaviours like worrying about their weight or shape, binge eating, skipping meals or strict exercise regimens.

Overall, 75 per cent of girls and 70 per cent of boys had at least one social media account, and 52 per cent of girls reported at least one disordered eating behaviour along with 45 per cent of the boys, according to the report in the *International Journal of Eating Disorders*.

Compared to teens without any social media accounts, boys and girls on social media were more likely to report disordered eating behaviours. The frequency of these behaviours increased along with the number of social media accounts teens had.

"We suspect that social media use is encouraging young people to compare themselves

to their peers and others, particularly on their appearance, at an age where adolescents are very vulnerable to peer influences," said study leader Simon Wilksch of Flinders University in Adelaide, Australia.

"Young people could be taking on board the message that 'how I look is key to how worthwhile I am' leading them to go to unhelpful lengths to try to reach an ideal look," Wilksch said by email.

The study focused on two

main issues related to disordered eating: how teens thought about their bodies and about eating, and whether teens exhibited disordered eating behaviours like skipping meals or exercising excessively.

When it came to "cognition," or how often teens worried about things like their shape or eating habits, girls who used Snapchat were 39 per cent more likely to report these issues than girls who didn't use that platform. Tumblr was associated with a 43 per cent

higher likelihood of eating-related cognition issues.

Among boys, all four social media platforms were associated with greater cognition issues. The increased risk ranged from 24 per cent for Snapchat to 53 per cent for Tumblr.

Compared to girls without social media accounts, girls with two or more were over three times more likely to report disordered eating behaviours.

Boys with three or four accounts, meanwhile, were more than five times as likely to report disordered eating behaviours as boys without social media accounts.

The study wasn't designed to prove whether social media use directly contributes to body image problems or eating disorders. "It is safe to say that social media use is complicated, ever changing, and has not only provided a new platform for social interaction, but has likely changed teen social interaction," said C Alex Timko, a psychologist at the Eating Disorder Assessment and Treatment Program at the Children's Hospital of Philadelphia, who wasn't involved in the study.

REUTERS

GSK seeks licence for baby-friendly HIV pill

KATE KELLAND
14 December

British drugmaker GSK has applied for a licence to market its HIV drug dolutegravir in a formulation designed to be easier for babies and children who are living with the virus to swallow.

About 1.7 million children have HIV, most of them in sub-Saharan Africa, the United Nations agency UNAIDS says.

If approved by regulators, the medicine will be the first new generation HIV medicine available in baby-friendly form.

Doctors wanting to use dolutegravir in children with HIV have had no licenced child formulations, meaning they often have to prescribe older HIV medicines that can be less potent, harder for children to take, and have more side effects.

"Children in today's world, still have fewer options in terms of HIV therapies compared to adults," said Harmony Garges, chief medical officer for ViiV

Healthcare, GSK's HIV drugs division. She said she hoped the licence application would "enable approval of dolutegravir across the pediatric spectrum".

ViiV's CEO Deborah Waterhouse added in a statement: "For parents living in resource-poor countries, the ability to give medicine to children in a format that they can swallow and tolerate can mean the difference between life and death."

Dolutegravir is a so-called integrase inhibitor and was originally developed by ViiV, in which Pfizer Inc and Shionogi & Co have small stakes. For the adult formulation, ViiV has already agreed licensing deals with generic companies to sell low-cost versions in poor countries.

New HIV infections among children have fallen by 41% since 2010, but there were 160,000 new cases in babies and children in 2018, and 100,000 children died of AIDS last year, partly due to lack of access to HIV medicines.

REUTERS

Food labels with caloric costs may lead to healthier choices

LUNDA CARROLL
14 December

Consumers might make healthier choices if food labels showed how many minutes of walking or running was needed to burn off calories, instead of just a calorie number, a new study suggests.

Pooled data from 14 randomised trials showed that labels with activity times induced consumers to cut back nearly 65 calories per meal more than labels that simply listed calories, researchers reported in the *Journal of Epidemiology & Community Health*.

Labels with "physical

activity calorie equivalent or expenditure," or PACE, were illustrated with drawings of a runner and a walker, each accompanied by an estimate of how many minutes would be needed in that activity to burn off the calories in the labelled food.

"The PACE food labelling, where you show how many minutes of physical activity are required to expend the calories in a food may be a good way of helping the public make healthier food decisions and reduce overall calorie consumption," said the study's lead author, Amanda Daley, a professor of behavioural medicine at

Loughborough University in the UK.

"We know that the public underestimate the number of calories in food, so we need to find an easy method to make it easier for the public to make healthier decisions about what they eat," Daley said in an email. "We think the public will understand this better than telling them how many calories are in a food item."

To determine if the type of labelling makes a difference in consumer food choices, Daley and her colleagues scoured the medical literature for trials that compared PACE labelling to standard

labels with just a calorie count or no calorie information at all.

The 14 studies they included in the current analysis "presented food or gave menus of food options to participants with and without PACE labelling, or the studies presented PACE labelling versus calories only or versus traffic light labelling," Daley explained. "And they asked participants what they would like to eat for a snack or for lunch or dinner and so on."

Daley's team found that

when PACE labelling was displayed on foods, drinks and menus, people consumed an average of 64.9 calories less per meal than when only calorie counts were displayed.

The PACE labelling is "a cool idea," said Avigdor Arad, director of the Mount Sinai PhysioLab and an endocrinologist at Mount Sinai St. Luke's in New York City. "But we don't really have enough evidence to say whether it's going to be effective. Certainly more trials are needed."

Moreover, Arad said, the

emphasis on calories might not be the best way to get people to eat healthier since there's no information on food quality.

"Certain foods are nutrient dense and also calorie dense," Arad said. "We don't want people to develop a fear of consuming things like nuts, avocados, figs and certain legumes."

Another potential problem is that the estimates of time running or walking might seem unrealistic to some people because the rates at which calories are burned depend on a number of factors, such as age, weight and fitness, Arad said. REUTERS

The digital school

How an institute in Mumbai is creating influencers and preparing marketers for a brand new world

ANJULI BHARGAVA

Karan Shah, 27, has the gift of the gab. It is when he appears before a group of students or is asked to address any audience that Shah is at his best.

He was only 18 when he cottoned on to this. To earn some extra money, Shah was working with a financial services company in Mumbai where his job was to sell demat accounts. After two months of cold calling and no new accounts being opened, Shah decided to try a different strategy. He went to his college campus (NMIMS) and announced to the students that he was offering a weekend course in cracking the stock markets. He roped in an expert from the finance company, someone who really knew his stuff, and started charging ₹1,000 from each student. In no time, 481 students signed on and almost all opened a demat account as well. Overnight, his tally went up from zero accounts to over 400. In fact, he ended up with an award by the finance company for having opened the maximum number of accounts!

Shah was still at the time unsure of where his future lay so he went on to do another internship with a digital advertising firm founded and run by his sister. His stint at Kinnect exposed him to the digital world and introduced him to a wide range of professionals in the space. He had understood Twitter and Facebook more intimately at the age of 16 when he started working for a week every month at Casino Royale in Goa, skipping school for it every month.

After working for a few years, Shah felt the need to get some more formal education, so he left to study at Harvard, combining courses in private equity and e-commerce strategies, both of which could help him with his own career path at some stage he reckoned.

In 2014, after returning to Mumbai, he went back to the only place he felt he could deliver and looked at setting up an institute to teach students the basics, the ins and outs of the stock market since he already had a base of 6,000 students who had done his weekend courses during 2011-13. He was contemplating workshops in this field when he met a competitor, a 30-year-old who managed to scare him off, arguing that Shah was too young and competition in the sphere was already too fierce. Young and impressionable, Shah backed off.

Yet, he was clear he wanted to be in the education space. The only other areas he'd had exposure to was digital and social media and he decided to marry the two. Why not set up a digital marketing training school to train the next generation of marketers who reach their audiences through new media? The way things were developing, it was clear television, print, direct mailers and other traditional ways of reaching the target audience would soon be a thing of the past for most if not all brands. His exposure to private equity space and e-commerce at Harvard had made him realise that for any e-commerce



Students at an IIDE campus in Mumbai



business to succeed, it needed four primary resources: Coders, designers, digital marketers and analytics specialists.

Moreover, companies were spending a larger proportion of their funds on digital advertising than through traditional media. "Companies were beginning to see how cost effective the medium was: They can reach four times the audience at one-fourth the cost of any traditional medium," explains Shah. More and more companies want to reach out to millennials or Gen Z and in today's world, the only way to tap them is digitally. By and large, their attention can be held only on their mobile devices.

Before taking a plunge this time, Shah took a good look around and found very little competition in this

SUBJECT MATTER

Course	Duration	Fees (₹)
Full stack developer course—School of Code	6 months	85,000
Web and graphic design— School of Design	6 months	95,000
Digital marketing— School of Digital Marketing	6 months	95,000
Live Webinar course in digital marketing/ School of Digital Marketing	6 months	95,000
Video on-demand courses on Udemy		

sphere. He put together a five-day course in digital marketing, approached his 6,000-odd student base again and before he knew it, 1,000 students had enrolled! Shah knew he had identified a gap that needed filling.

Things began to fall in place rather quickly after that. By 2016, Shah had

set up IIDE and registered it as a private company. He hired a few teachers and also started bringing in visiting faculty — senior executives who were already on the job and could impart their knowledge. His first batch had 70 students, followed by 230 in the second year, who finished the six-

month course and took up jobs in digital marketing roles across companies.

He started at a defunct school in Khar but soon managed to find another defunct but larger school in Andheri, and borrowed some money to spruce up the place in time to accommodate his larger second batch. Cash flow, he says, has never been an issue as education is an industry where you first collect the fees and then deliver.

In a world growing increasingly digital and starved for talent, the organisation has been growing by leaps and bounds. Now, the institute has four campuses of its own and runs digital marketing course in 14 colleges across Mumbai. So far, close to 30,000 students and professionals have been trained through its offline and online courses. The organisation has seven full-time experienced faculty, over 50 visiting faculty and 70 employees.

Along the way, the institute added weekend courses for those in traditional marketing roles who found their careers hitting a huge roadblock unless they learnt new skills. The courses are for anyone from 25-55 who feels their career has begun to stagnate or who just wants to acquire new skills.

"We have many mid-career professionals who come in to upgrade their skills as they find they can no longer manage without understanding and being comfortable with the digital space," he explains. Most weekend students have seen a jump in their take-home of 10-20 per cent post the course. So far, close to 8,000 have completed the weekend courses.

Currently, around 1,200 freshers (70 per cent) and professionals (30 per cent) do the course every year at the four campuses. Weekday students with no or little prior experience start at ₹25,000-30,000 a month and are placed at a host of companies including Kinnect, FoxyMoron, ToggleHead, WebShakers, Schbang, Socheers, Mumbai Foodie, Mindshift, Admatuzz, A&B, White Rivers Media, BigMouth, Gozooop, among others.

Students are reaching places even without being hired. Shah cites the instance of Ranveer Ahlabadia, a student from his first batch, who is now an Instagram influencer with 646K followers in India and earns his living from posting on Instagram. As IIDE grows, Shah is luring more experienced faculty. Meherzad Karanjia, 38, who started his career with e-Bay, designed Quikr and Pepper Fry's website and worked with a range of digital companies, was with IIDE as visiting faculty but is now chief learning officer with IIDE in a full-time capacity. He brings his experience of 16 years in the digital space and a vast network. Karanjia curates the curriculum and taps into his network in the space to find both teachers and recruitment options for his students.

Slowly, the menu of courses on offer is being expanded and coding courses have been added (*see Subject Matter*). In 2020, the institute is aiming to introduce a three-year course in digital marketing that will act as an alternative to an undergraduate degree. A degree will be provided through a tie up for students and parents who feel the official stamp remains imperative. Students enrolling for the course don't need to have studied any specific subject at the school or college level. "All they need is to be able to use social media, which in any case, everyone can," explains Shah. Gen Next typically uses Instagram or Facebook for social purposes but IIDE teaches them how to use it for business.

Meanwhile, Shah, who is a visiting professor at ISB Hyderabad, NMIMS and IIM Kashipur, focuses more on IIDE's strategy although selling runs in his veins. He often convinces students who haven't previously considered a career in this space to take a shot at it. Fortunately, he doesn't need a chief marketing officer to sell his own product. He just needs to stand before an audience and do what he does best.

IMO



PROTESTS OVER CITIZENSHIP BILL

Audrey Truschke@AudreyTruschke India's #CitizenshipBill is (1) totally expected and (2) totally devastating. This isn't the magical moment when India embraced discrimination and hate. That's been a process. But something here seems to mark a new future where anything is possible, in all the worst ways.

Prashant Bhushan@pbbhushan1

Students of Jamia University peacefully protesting against the unconstitutional Citizenship Amendment Bill are being lathi charged, beaten up & detained. This Nazi style quelling of peaceful protests is happening across the country now. Are we a democracy anymore?

Rana Ayyub@RanaAyyub

The protests in JNU, AMU and other universities against the Citizenship Amendment Bill is a sliver of hope in this depressing time for the country. We need to step out of the comforts of our living room if we truly care for this democracy #CAB

Rupa Subramanya@rupasubramanya Protests no longer confined to the north east. First Aligarh in UP, and now Delhi, with internet blocked in Aligarh. Worrying. What exactly is the plan @amitshah? Where are you taking us?

Barikha Dutt@BDUTT

From #Aligarh to #Assam, Jamia to Jorhat student protests against #CAB. I will ask every day: what

was the need for any of this?

UK ELECTION RESULTS

Boris Johnson@BorisJohnson Thank you to everyone across our great country who voted, who volunteered, who stood as candidates. We live in the greatest democracy in the world.

Chris Pramas@Pramas

Hard to look at elections in the UK, US and Australia and not come to the conclusion that racism and xenophobia are far more popular than people want to believe. Again and again, people vote to cut their own throats as long as they can stick it to immigrants and the marginalized.

Adrian McKinty@adrianmckinty

If you think your country is run by a clique consider this...There have been 18 general elections in the United Kingdom since 1955. In 17 of them the winner has been someone who was educated at Oxford University. (The one exception was 1992.) The UK has 106 universities.

Neil Coyle@coyleneil

In 2005 Tony Blair won a third consecutive general election for Labour with a majority of 67. Jeremy Corbyn & John McDonnell called for him to resign. In 2019 they helped hand Boris Johnson a majority of 80 & still have not had the decency to go. A shameful insult to voters.

FIRE IN DELHI FACTORY

Asaduddin Owaisi@asadowaisi My prayers are with the families of victims of the Anaj Mandi fire in Delhi. I can only imagine how difficult a time it must be. Besides compensating victims, it is time to improve fire safety norms & protect the public from such hazards in future

Vijay Prashad@vijayprashad

[Thread] A factory in Anaj Mandi (North Delhi) that makes handbags has an industrial fire at night. 45 workers who slept there were burnt to death. They are mostly migrant workers, many young. Their lives are sacrificed for capitalism (India's \$40 billion textile industry).

Nike's shoes may give runners an unfair advantage

Runners who wear Nike's fastest shoes may have a 4 to 5 per cent advantage over others during races

KEVIN QUEALY & JOSH KATZ

Anyone who saw Eliud Kipchoge of Kenya break the two-hour marathon barrier in October very likely saw something else, too: The thick-soled Nike running shoes on his feet, and, in a blaze of pink, on the feet of the pacers surrounding him.

These kinds of shoes from Nike — which feature carbon plates and springy midsole foam — have become an explosive issue among runners, as professional and amateur racers alike debate whether the shoes save so much energy that they amount to an unfair advantage.

A new analysis by *The New York Times*, an update of the one conducted last summer, suggests that the advantage these shoes bestow is real — and larger than previously estimated. At the moment, they appear to be among only a handful of popular shoes that matter at all for race performance, and the gap between them and the next-fastest popular shoe has only widened.

We found that a runner wearing the most popular versions of these shoes available to the public — the Zoom Vaporfly 4 per cent or ZoomX Vaporfly Next% — ran 4 to 5 per cent faster than a runner wearing an average shoe, and 2 to 3 per cent faster than runners in the next-fastest popular shoe. (There was no meaningful difference between the Vaporfly and Next% shoes when we measured their



The midsole of Nike shoes stores and releases energy with each stride and acts as a kind of slingshot, or catapult, to propel runners

effects separately. We have combined them in our estimates.)

This difference is not explained by faster runners choosing to wear the shoes, by runners choosing to wear them in easier races or by runners switching to the shoes after running more training miles. In a race between two marathoners of the same ability, a runner wearing these shoes would have a significant advantage over a competitor not wearing them.

The shoes, which retail for \$250, confer an advantage on all kinds of runners: Men and women, fast runners and slower ones, hobbyists and frequent racers. Many other brands, including Brooks, Saucony, New Balance, Hoka One One and Asics, have introduced similar shoes to the market or plan to. These shoes may provide the same advantage or an

even larger one, but most do not yet appear in sufficient numbers in our data to measure their effectiveness.

These findings are based on more than twice the data that produced our previous estimates. Our data now includes results from more than a million marathons and half marathons combined since 2014.

More important, nearly all of these new results take place in a world in which runners had begun to wear these shoes in large numbers. In this period, an overwhelming share of runners — particularly faster ones — reported switching to these shoes, presumably looking for any edge they could get on race day.

Consider that in the final months of 2019, about 41 per cent of marathons under three hours were reported to have been run in these shoes (for races in which we have

data). What makes these shoes different is, among other things, a carbon-fibre plate in the midsole, which stores and releases energy with each stride and is meant to act as a kind of slingshot, or catapult, to propel runners. The shoes also feature midsole foam that researchers say contributes to increased running economy.

Whether the shoes violate rules from track's governing body, World Athletics, depends on how one interprets this sentence from its rulebook: "Shoes must not be constructed so as to give athletes any unfair assistance or advantage." It does not specify what such an advantage might be.

"We need evidence to say that something is wrong with a shoe," a spokesman for the governing body, then called the IAAF, told *The Times* last year. "We've never had anyone to bring some evidence to convince us."

In an announcement earlier this year, the group said, "It is clear that some forms of technology would provide an athlete with assistance that runs contrary to the values of the sport." It has since appointed a technical committee to study the shoe question, and to make a report with recommendations. (The report was originally intended to be released to the public by the end of the year; it will now reportedly be released in 2020.)

When we asked Nike last year about whether its shoes might violate IAAF rules, a spokesman said the shoe "meets all IAAF product requirements and does not require any special inspection or approval."

On Thursday, the company said in a statement, "We respect the IAAF and the spirit of their rules, and we do not create any running shoes that return more energy than the runner expends."

UK vote marks new era for stock market that lost \$100 billion

KSENIA GALOUCHKO
14 December

Boris Johnson's decisive victory may prove to be a turning point not just for the UK but for the entire scorned European stock market.

The Conservative Party's win filled investors with optimism that a major political risk related to Brexit will soon be removed, sending the European equity benchmark near a record high. Goldman Sachs Group lifted its forecasts for both European and UK indexes following the election results.

Fears that the UK might crash out of the European Union without a deal have been a significant driver of \$100 billion in outflows from European stock funds this year, the largest among major regions. And with the US-China trade deal providing additional risk-on fuel, now could be a transformative moment for European equities, say the likes of Colombo Wealth and Bank of New York Mellon.

"We are setting up the basis for a new Europe — it is a major game changer," said Alberto Tocchio, chief investment officer at Colombo Wealth in Lugano, Switzerland. "Most investors are still severely underweight UK. This has to change quickly and this will also be beneficial to Europe for a global re-rating."

Though European equities have rallied more than 20 per cent this year, many fund managers recoiled from a market plagued by political and economic concerns. However, in mid-October the mood started to shift and outflows turned into tepid inflows after Johnson gained parliamentary support for the principles of his deal with the EU.

The UK stock market, which has been among the world's strongest underweight positions in the years after the Brexit referendum, according to a Bank of America's fund manager survey, surged on Friday after the election results. The FTSE 250 Index of mid-cap shares hit a record high.

Political clarity "may well lead to the UK no longer being 'uninvestible' and one would expect to see international investors close their underweights to the UK and Europe as risk appetite increases", said Paul Flood, a multi-asset portfolio manager at BNY Mellon's Newton Investment Management unit that oversees about \$50 billion (\$67 bn).

Credit Suisse Group, JPMorgan Chase and Morgan Stanley are among the brokers that recommended buying euro-area equities over the past few months, betting that the near-record valuation discount and the region's macro recovery would lead them to beat US peers. And after President Donald Trump signed off on a phase-one trade deal with China, averting the December 15 introduction of a new wave of US tariffs,



The UK stock market, which has been among the world's strongest underweight positions in the years after the Brexit referendum, according to a Bank of America's fund manager survey, surged on Friday

Christmas seemed to come early for some European stock traders.

"If trade headlines remain muted next year, Europe should outperform the US," said Ulrich Urbahn, head, multi-asset strategy and research, Joh Berenberg Gossler & Co. Not all market participants agree. The prospect of Europe beating the US next year is far-fetched because equity valuations aren't as attractive as a year ago and the economic outlook has yet to improve, said Andrew Milligan, head of global strategy at Aberdeen Standard Investments.

"Taking away a negative is not the same as creating a positive," Milligan said by email. "Europe still faces an environment of weak growth and low inflation and there is considerable uncertainty about what the U.K.-EU trading relationship looks like post-Brexit."

European Central Bank President Christine Lagarde struck an optimistic note during her policy debut on Thursday by saying that the euro area's economic slowdown is showing signs of bottoming out. Just like her predecessor, she called on governments to help spur growth with fiscal stimulus and structural reforms.

According to Goldman strategists led by Sharon Bell, the passage of Brexit and a pick-up in UK growth would have an important effect on the rest of Europe as the prolonged withdrawal has been a significant drag on euro-area growth. They raised their forecast on Friday for Stoxx Europe 600's 12-month target by 4.8 per cent to 440.

Investors will need to see "dynamism" in policy and a stronger economic recovery for the positioning in European equities to turn fully overweight, according to Chris Bailey, a European strategist at Raymond James. "More immediately plausible are flows that take underweights back to neutral," he said by email. "This easier catch-up is more than sufficient for the UK and Europe to outperform the US in 2020." **BLOOMBERG**

China to target around 6% growth in 2020, step up state spending

KEVIN YAO
Beijing, 14 December

China plans to set a lower economic growth target of around six per cent in 2020 from this year's 6-6.5 per cent, relying on increased state infrastructure spending to ward off a sharper slowdown, policy sources said.

Chinese leaders are trying to support growth to limit job losses that could affect social stability, but are facing pressure to tackle debt risks caused by pump-priming policies.

The proposed target, to be unveiled at China's annual parliamentary session in early March 2020, was endorsed by top leaders at the annual closed-door Central Economic Work Conference this month, according to three sources with knowledge of the meeting's outcome.

"We aim to keep next year's growth within a reasonable range, or around six per cent," said a source who requested anonymity.

Top leaders pledged to keep economic policies stable while making them more effective to achieve growth targets in 2020, state media said on Thursday.

Next year will be crucial for the ruling Communist Party to fulfill its goal of doubling gross domestic product (GDP) and incomes in the decade to 2020. Economic growth of nearly six per cent next year could be enough to meet that goal given the economy is expected to expand about 6.2 per cent this year, policy insiders said.

Officials at the National Development and Reform Commission and the Ministry of Finance were not immediately available for comment.



Local governments could be allowed to issue special bonds worth some three trillion yuan (\$426.20 bn) in 2020 to fund infrastructure projects

Fiscal boost

The government aims to boost infrastructure investment by allowing local governments to issue more special bonds next year, but there is less room for tax cuts, the sources said.

The annual budget deficit could rise from this year's 2.8 per cent of GDP, but is likely to be kept within three per cent, they said.

Local governments could be allowed to issue special bonds worth some three trillion yuan (\$426.20 billion) in 2020 to fund infrastructure projects, including 1 trillion yuan front-loaded to this year, they said. "Fiscal policy will provide a key support for the economy," said one source.

The central bank is likely to ease policy further to encourage lending and lower corporate funding costs, but it wants to avoid fanning property speculation and inflation expectations after consumer inflation hit a near eight-year high in November, the sources said.

Beijing has unveiled a raft of pro-growth measures this year, cutting taxes and fees and letting localities issue 2.15 trillion yuan in special bonds, alongside cuts in reserve requirements and lending rates to boost credit. But top leaders have ruled out aggressive stimulus for fear of pushing up debt levels.

A trade deal with the United States could ease pressure on Chinese exporters, but more policy steps are needed to underpin weak demand at home and abroad, policy insiders said. The United States and China cooled their trade war on Friday, announcing an agreement that reduces some US tariffs in exchange for what US officials said would be more Chinese purchases of American farm products and other goods.

Financial risks

Top leaders at the meeting listed preventing financial risks as a key priority for 2020 and called for keeping the debt-to-GDP ratio largely stable.

They also pledged to prepare "contingency plans" to cope with growing global volatility and risks.

But any sharper slowdown could put more pressure on small firms, which could in turn hit smaller banks — the most vulnerable part of the banking sector, policy insiders said.

Private companies have defaulted on bond payments at a record rate this year, while capital investment has slowed. A rare state seizure of a regional bank earlier this year and state rescues of lenders have also sharpened concerns about the health of small banks.

"Small firms will continue to face big pressure next year, and that could affect the financial sector," said one insider. **REUTERS**

Lam visits Beijing as pressure mounts at home

CLARE JIM & FELIX TAM
Hong Kong, 14 December

Hong Kong leader Carrie Lam visited Beijing on Saturday for her first trip to the Chinese capital since her government was handed a crushing defeat in local elections last month, prompting speculation about changes to her leadership team.

During a four-day visit, Lam is due to discuss the political and economic situation in China-ruled Hong Kong with Chinese officials. She will meet Chinese President Xi Jinping on Monday.

Hong Kong has been convulsed

by daily and sometimes violent protests for the last six months as demonstrations against a now-withdrawn extradition bill broadened into demands for greater democratic freedom.

Hundreds of thousands of people marched last Sunday to protest against what is seen as Beijing undermining freedoms guaranteed when the former British colony was handed back to China in 1997. Many young protesters are also angry at Lam's government, charging it with failing to address social inequality issues in one of the world's most expensive cities.

"Our sincerity to have dialogue

with citizens has not changed," Lam said in a Facebook post on Saturday. She said her governing team would continue to pursue "different formats of dialogue to listen to citizens sincerely." This week Lam said a cabinet reshuffle was not an "immediate task" and she would focus her efforts on restoring law and order to Hong Kong. Still there are doubts about how long Beijing is willing to back her, especially after pro-democracy candidates won nearly 90 per cent of the seats in district elections last month.

China has condemned the unrest and blamed foreign interference. It denies that it is meddling in Hong

Kong's affairs. In an editorial this week, the official China Daily newspaper called on Hong Kong's government to uphold the rule of law.

Separately, three men were arrested on Saturday and charged with testing remote-controlled explosives, police said. Police also found body armour, shields and gas masks, they said.

Police also arrested five teenagers in connection with the murder of a 70-year-old man last month and on rioting charges, the government said. The man had been hit with bricks and later died in hospital, the government said in a statement. **REUTERS**

Cries of abuse in Catholic Church begin to be heard in Japan

PRESS TRUST OF INDIA
Tokyo, 14 December

During Pope Francis' recent visit to Japan, Harumi Suzuki stood where his motorcade passed by holding a sign that read: "I am a survivor." Katsumi Takenaka stood at another spot, on another day, holding up his banner that read, "Catholic child sexual abuse in Japan, too." The two are among a handful of people who have gone public as survivors of Catholic clergy sexual abuse in Japan, where values of conformity and harmony have resulted in a strong code of silence.

But as in other parts of the world, from Pennsylvania to Chile, Takenaka and Suzuki are starting to feel less alone as other victims have come forward despite the ostracism they and their family members often face for speaking out.

Their public denunciation is all the more remarkable, given Catholics make up less than 0.5 per cent of Japan's population. To date, the global abuse scandal has concentrated on

heavily Catholic countries, such as Ireland, the US and now, many nations in Latin America.

All of which could explain why the Catholic hierarchy in Japan has been slow to respond to the scandal, which involves not only children being sexually abused but adults in spiritual direction — an increasingly common phenomenon being denounced in the #MeToo era.

In a recent case, police were investigating allegations by a woman in Nagasaki, the region with the greatest concentration of Catholics in Japan, that a priest touched her inappropriately last year.

Japanese media reports said the woman had been hospitalised for PTSD. Police confirmed a probe was underway but the church declined to provide details, citing privacy concerns.

The Catholic Bishops' Conference of Japan began a nationwide investigation into sexual abuse of women and children this year, responding to the Vatican's demand for an urgent response to the global crisis. The results haven't been dis-

closed, and it's unclear when they might be ready. Similar studies have been carried out by the US, German and Dutch churches, with the findings made public, and government-mandated inquiries have devastated the church's credibility in countries like Australia and Ireland.

The Japanese bishops' conference has said it carried out various investigations since 2002, but the names of the accused, the nature of the allegations or any other details have never been released.

Broadcaster Japan News Network said 21 cases were found in the latest investigation. The conference declined to confirm the number. It's unclear if that includes decades-old cases like Takenaka's and Suzuki's.

In a rare case of the church taking action, Takenaka received a public apology earlier this year from Nagasaki Archbishop Joseph Mitsuki Takami for the sexual abuse he suffered as a child at the Salesian Boys' Home in Tokyo, where he was placed after his parents' divorce.

TEAMING UP



US presidential candidate and senator Bernie Sanders is joined by Democratic representative Ilhan Omar at a campaign event in Manchester, New Hampshire, on Friday

REUTERS

US open to dialogue with Iran: special envoy

BLOOMBERG
14 December

The US is open to dialogue with Iran even as Washington enforces sanctions against the Islamic Republic, Brian Hook, the US special representative for Iran, said in a Bloomberg TV interview.

Iran remains a threat to international peace and security, Hook said in Doha. It's widely known that Iran was behind the attack on Saudi Arabian oil facilities in September, and the Saudi government at some point will present evidence of Iran's complicity to the United Nations Security Council, he said.

Iranian Foreign Minister Mohammad Javad Zarif is also in the Qatari capital, though he has no permission from Iran's Supreme Leader Ayatollah Ali Khamenei to talk with Americans, Hook said.

The US has imposed sanctions on Iran for what it considers the Persian Gulf nation's aggressive and destabilising policies in the region, such as the proxy war with US ally Saudi Arabia in Yemen. Iran denies responsibility for the September 14 aerial strikes on Saudi installations.

Widespread protests in Iran in recent weeks are "anti-regime" in nature even if they aren't evidence of pro-US sentiment, Hook said. US sanctions do not restrict imports of medical supplies into Iran and are not causing a humanitarian crisis there, he said.

Hook said he sees a positive trend among Arab nations of the Gulf Cooperation Council over the healing of a rift over Qatar. The US is hopeful of a reconciliation between Qatar and three of its neighbours — Saudi Arabia, the UAE and Bahrain — which severed diplomatic and economic ties with Doha over its alleged support for pro-Iranian terrorism. Qatar has denied the accusation. A decision to end the dispute lies with leaders in the GCC, but the US has made it clear that it's easier to confront Iran if the six-member regional group — which includes Kuwait and Oman — is unified, Hook said.

Olive oil makers want to go gourmet, but shoppers aren't buying

JOAO LIMA
14 December

In the rugged Tras-os-Montes region of northern Portugal, Vitor Baptista braves frosty mornings and long drives from his home near Lisbon to pursue the sentimental goal of transforming olive oil into something more than a condiment.

The 46-year-old construction manager started the Arvolea brand in 2016 and hopes to one day devote himself full time to creating oils with almond notes and balanced acidity from his small grove of Santulhana olive trees, some of which are more than 100 years old. But his dream of breathing new life into his family's tradition risks colliding with the cold realities of market dynamics.

Healthy-living trends were touted to effect a boom, but reality has fallen short. Prices are tumbling as supply exceeds demand. And big producers are joining family farms in trying to transform olive oil into a gourmet product, with protected-origin labelling, fancy bottles and tasting ateliers. That could give the trend more momentum or overwhelm it. "The world of olive oil isn't very

different from the world of wine," Baptista said, paging through his glossy brochure, including an oil promising a sweet entry and a spicy finish. "We bet on image and other factors that can add value," he said, acknowledging that he couldn't cover production costs at the prices set for the world market from vast hedge-like groves in Spain and Portugal.

There's a romantic element to the gold-green oil, conjuring up images of sun-drenched landscapes and deep blue Mediterranean waters. Its traditions date back thousands of years, and the fruit is still harvested in rocky environs by whacking it off trees with long poles. But in the modern era, it's a big business, shipped in tankers and sold by the ton. European Union countries exported more than \$6 billion worth of olive oil in 2018.

Unlike wine, olive oil doesn't age well and starts turning bitter after about a year. That means producers race against the clock to harvest, refine and market their wares. Also working against the effort is the fact that the oil is seldom consumed on its own, marginalising taste



Spain accounts for about half of all olive-oil output, and the price of the country's extra-virgin variety dropped 33 per cent below its five-year average this fall

REUTERS

nuances. And there's of course no intoxicating effect. The upscale shift is further complicated by past allegations of the industry illicitly blending in cheaper oils.

Spain accounts for about half of all olive-oil output, and the price of the country's extra-virgin variety dropped 33 per cent below its five-year average this fall. That prompted the EU to intervene to address the "serious market imbalance" by offering subsidies to store oil for the short term rather than flood the market

after the harvest.

Commodification is well advanced. Glencore opened a trading desk in Madrid in 2015 and now handles about 12,000 tons a year, quadruple initial volumes. To support the operation, the world's largest commodities trader recently completed a storage facility in southern Spain.

While big producers sell most of their olive oil in bulk, more are dedicating a portion of their output to select varieties that are bottled and labelled for a gourmet feel. The aims

are twofold: escape the crushing price pressure and hope the upscale shift radiates across the industry.

"It's important in terms of strategic value," said Gabriel Trenzado, technical director at Spain's Agro-Alimentarias Cooperative, which represents hundreds of olive growers, adding that better packaging and marketing helps sales in countries like the US and Japan. "We would like it if it were not a commodity."

The physical manifestation of the trend is Sovena Group's sleek mill at its giant Marmelo grove, the largest in Portugal. The smooth white structure — designed as a destination for tours and tastings for its Oliveira da Serra brand — emerges like a modernist sculpture from the tidy rows of squat green trees near Ferreira do Alentejo.

In the last several years, there's been a surge in terroir labels for olive oil — such as Portuguese Moura, Spanish Lucena and French Nyons. But among buyers, the effort hasn't gotten much traction in Europe or elsewhere, says Esteban Carneros, head of communications at the large olive producers' cooperative Dcoop in Spain. "When consumers ask for a

wine, the most common thing is to ask for a designation-of-origin wine," such as Spanish Rioja, French Beaujolais or Italian Gavi, Carneros said. "In the case of olive oil, that hasn't happened. It's coming along much more slowly."

Nuno Rodrigues, a researcher who some call an enologist of olive oil, estimates it will take 20 years to educate consumers. "There's still a long road ahead," he said.

In Germany, supermarket chain Rewe offers high-end varieties at its big stores, but the bulk of demand is for affordable blends costing less than 10 euros a liter. "There is no real willingness to pay for higher-quality oils," said Raimund Esser, a spokesman for the retailer.

That's bad news for producers like Fabrizio Pini. The Italian grower grew up playing in his grandfather's oil mill and now runs a facility near Rome. He presses olives less than 12 hours after they've been picked to be able to sell at a premium. The price increases significantly when the product is exported to markets like the United Arab Emirates and the US, where some oils can fetch as much as €120 a litre, he said. **BLOOMBERG**

Korea held another vital test at satellite launch site: KCNA



The reported tests come ahead of a year-end deadline North Korea has put forth for the United States to drop its insistence on unilateral denuclearisation. Pyongyang has warned it could take a 'new path' amid the stalled talks with the US

HEEKYONG YANG & JOSH SMITH
Seoul, 14 December

North Korea said it had conducted another test at a satellite launch site on Friday to bolster its strategic nuclear deterrence, North Korean state media outlet KCNA reported on Saturday.

The test was conducted at the Sohae satellite launch site, KCNA said, citing a spokesman for North Korea's Academy of Defence Science, without specifying what sort of testing occurred.

It was the second such test at the facility in a week.

KCNA on Sunday said that North Korea had carried out a "very important" test on December 7 at the Sohae satellite launch site, a rocket-testing facility that US officials once said North Korea had promised to close.

That KCNA report called the December 7 event a "successful test of great significance". South Korea's defence minister Jeong Keong-doo said it was an engine test.

The reported tests come ahead of a year-end deadline North Korea has put forth for the United States to drop its insistence on unilateral denuclearisation.

Pyongyang has warned it could take a "new path" amid the stalled talks with the United States. The top US envoy for North Korea is set to arrive in Seoul on Sunday for meetings with South Korean officials.

Analysts said such tests

could help North Korea build more reliable intercontinental ballistic missiles (ICBMs).

"The point seems to be to remind the United States that North Korea still has space to qualitatively advance its programme," said Ankit Panda, a senior fellow at the US-based Federation of American Scientists.

"We had a good hint that whatever they were doing at Sohae was military in nature when the Academy of Defence Science took charge of the announcement, as opposed to NADA, their space agency," Panda added.

Tension has been rising in recent weeks as Pyongyang has conducted weapons tests and waged a war of words with US President Donald Trump, stoking fears that tensions between the two countries could return.

Stephen Biegun, US special envoy for North Korea, will arrive in South Korea on Sunday, Seoul and Washington said on Friday.

Deadline looms for stalled talks

Biegun will be in Seoul for a three-day stay and consult with his counterpart Lee Do-hoon and other officials, South Korea's foreign ministry said on Friday.

"The two sides will exchange extensive views on the recent situation on the Korean peninsula and discuss ways to bring substantial progress on achieving a complete denuclearisation and enduring peace," the min-

istry said in a statement.

Biegun will also travel to Tokyo and meet with his Japanese counterpart, the US State Department said.

Biegun's trip led to speculation he might try to salvage negotiations by reaching out to North Korea, or by publicly sending a message.

North Korea has vowed to take an unspecified "new path" if the United States fails to address its demands before the end of the year.

On Thursday, it said Washington had "nothing to offer" even if talks were to reopen, and the US warned against any resumption of "unfortunate ill-advised behaviour". "In any case, Biegun would try to give an impression that they won't be manipulated by the North Koreans, while making clear that they want to keep talking," a diplomatic source in Seoul said, requesting anonymity due to the sensitivity of the matter.

North Korean leader Kim Jong Un and Trump met three times since last year to negotiate an end to Pyongyang's nuclear and missile programmes, but there has been scant progress, with working-level talks in Stockholm led by Biegun in October breaking down.

US officials came to that meeting seeking a "complete, verifiable and irreversible denuclearisation", and a moratorium on weapons tests as a first step, while a North Korean negotiator accused them of sticking to their "old viewpoint and attitude".

REUTERS

Anger erupts at UN climate summit

MATTHEW GREEN & VALERIE VOLCOVICI
Madrid, 14 December

Major economies resisted calls for bolder climate commitments as a UN summit in Madrid limped towards a delayed conclusion on Saturday, dimming hopes that nations will act in time to stop rising temperatures devastating people and the natural world.

With the two-week gathering spilling into the weekend, campaigners and many nations slammed Chile, presiding over the talks, for drafting a summit text that they said risked throwing the 2015 Paris Agreement to tackle global warming into reverse.

"At a time when scientists are queuing up to warn about terrifying consequences if emissions keep rising, and school children are taking to the streets in their millions, what we have here in Madrid is a betrayal of people across the world," said Mohamed Adow, director of Power Shift Africa, a climate and energy think-tank in Nairobi.

The annual climate marathon had been due to conclude on Friday, but dragged on with delegates mired in multiple disputes over implementing the Paris deal, which has so far



Campaigners and many nations slammed Chile, presiding over the talks, for drafting a summit text that they said risked throwing the 2015 Paris Agreement to tackle global warming into reverse

failed to stem the upward march of global carbon emissions.

Long-time participants in the talks were outraged at the unwillingness of major polluters to show ambition commensurate with the gravity of the climate crisis, after a year of wildfires, cyclones, droughts and floods.

The European Union, small island states and many other nations had been calling for the Madrid decision to signal that the more than 190 countries participating in the Paris

process will submit more ambitious pledges to cut emissions next year.

The agreement enters a crucial implementation phase in 2020, when countries are supposed to ratchet up their ambitions ahead of the next major round of talks in Glasgow.

If big polluters such as China, India, Japan, Brazil, Australia and others fail to agree more meaningful climate action soon, then scientists say already slim hopes of averting catastrophic temper-

ature rises will all but vanish.

'Strong message'

Although no advanced economy is yet on track for the kind of action scientists say is needed to steer the climate onto a safer path, all the EU's 28 member states, bar Poland, agreed in Brussels on Thursday to target net zero emissions by 2050.

Krista Mikkonen, Finland's environment minister, speaking on behalf of the EU, told the talks that it would be "impossible to leave" without

agreeing a "strong message" on the need to redouble pledges to cut emissions next year.

Tina Steger, climate envoy of the Marshall Islands, echoed the call, telling delegates: "It appears we are going backwards on the issue of ambition when in fact we should be calling for a quantum leap in the other direction."

Ministers broke into groups on Saturday for eleventh-hour negotiations on a tangle of issues, including finance for climate-vulnerable countries, carbon markets, and the all-important issue of the strength of the summit's final text.

The Paris process has been weakened by a move by US President Donald Trump to begin withdrawing the world's largest historical emitter from the agreement last month, making it easier for other big countries to backslide.

Chile became the target of anger among campaigners, who said the draft text circulating on Saturday was among the worst they had seen in many years of UN climate negotiations.

"The approach Chile has taken on this text shows how it has listened to the polluters and not to the people," said Jennifer Morgan, executive director of Greenpeace International.

REUTERS

DOJ glare on Google's shopping comparison

BEN BRODY & NAOMI NIX
14 December

US antitrust enforcers are examining Google's conduct in the online shopping comparison market as they continue their probe of the search giant.

Richard Stables, chief executive officer of the shopping comparison site Kelkoo Group, said he spent more than an hour with Justice Department officials on Thursday to discuss how Alphabet allegedly hurt his European-based business.

The meetings show that the Justice Department, which opened its investigation of Google with a document seeking a wide swathe of information on the company, has an interest in at least one of three landmark European antitrust cases.

A Justice Department spokesman said the department has had numerous productive meetings with third parties, but declined to comment on specific discussions.

Stables said he also met with congressional staff members for lawmakers on antitrust committees in the House and Senate earlier this week.

In 2017, the European Union fined Google 2.4 billion euros (\$2.8 billion) and ordered the company to stop promoting its



In 2017, the European Union fined Google 2.4 billion euros and ordered the company to stop promoting its own shopping search results over those of competitors

own shopping search results over those of competitors. Stables, who has been trying to convince the EU to toughen its remedy, outlined to the US antitrust enforcers what he said was harm to consumers stemming from Google's practices.

Google's practice of elevating its own services raises prices for consumers by limiting access to rival shopping comparison sites, Stables said. In the meetings, Stables said he raised concerns that Google could squash not just other European comparison sites, but also travel companies, searches for local businesses and services, and other firms in the US.

US companies that fear Google have been reluctant to speak out, he said, but he was

will be willing to help enforcers in Washington understand the market because the political moment made him more optimistic about getting a remedy.

In addition to the Justice Department and Congress, 48 state attorneys general are probing Google, and some Democratic presidential candidates have ramped up their rhetoric on the dominance of tech giants. The states began their investigation by focusing on Google's position in online ads, but some states have recently broadened their focus.

Google spokesman Jose Castaneda directed reporters to a September blog post when Google Chief Legal Officer Kent Walker pledged to work with antitrust officials.

BLOOMBERG

IN BRIEF

Ex-Sudan president sentenced

A Sudanese court on Saturday convicted former president Omar al-Bashir (pictured) on corruption charges and sentenced him to two years of detention in a reform facility, the first ruling against the ex-leader ousted by mass unrest.

The presiding judge said Bashir, 75, who was deposed by the military in April following months of street protests against his three-decade rule, was being sent to the reform facility, rather than a prison, owing to his age. He also ordered the confiscation of millions of euros and Sudanese pounds found in Bashir's residence when he was toppled. The charges, which included possession of illicit foreign currency, carried a maximum prison sentence of 10 years.

Bashir's prosecution is a test of how fast and how far military and civilian authorities now sharing power in Sudan will act to overturn his legacy. Bashir is also wanted by the International Criminal Court, which issued arrest warrants against him in 2009 and 2010.



REUTERS

Insider attack kills 9 Afghan militia

At least one member of an Afghan militia opened fire on his fellow militiamen early Saturday, killing nine, in what the country's interior ministry called an insider attack. The Taliban, however, claimed the attack was actually a coordinated insurgent assault on the checkpoint where the shooting took place, killing over two dozen militiamen, according to Taliban spokesman Zabihullah Mujahid. There was no immediate explanation for the discrepancy, but the Taliban often exaggerate their claims.

REUTERS

Deforestation spike record in Amazon

Deforestation in Brazil's Amazon jumped to the highest level for the month of November since record-keeping began in 2015, according to preliminary government data published on Friday. Destruction of the world's largest tropical rainforest totalled 563 sq km (217.38 sq miles) in November, 103 per cent more than in the same month last year, according to Brazil's space research agency INPE. That would bring total deforestation from January to November to 8,934 square km, 83 per cent more than in the same period in 2018.

REUTERS

Initial China trade deal defuses tensions, but US still has concerns

ALAN RAPPEPORT, ANA SWANSON, KEITH BRADSHAW & CHRIS BUCKLEY
Washington, 14 December

When President Trump and China confirmed on Friday that they had reached an initial trade deal, it helped defuse tensions in a 19-month trade war and avoided another round of punishing tariffs scheduled for this weekend.

But a trade deal that took nearly two years to reach and inflicted global economic damage in the process does little to resolve the United States' biggest concerns about China's trade practices, including its use of industrial subsidies and state-owned enterprises to dominate global industries like steel and solar panels.

If signed, the deal would increase Chinese purchases of American farm and energy products, place limits on Beijing's ability to weaken its currency and provide greater protections to American companies operating in China. It would also reduce some of Trump's tariffs and forestall new tariffs slated for Sunday.

Yet its main benefit may be to help Trump politically — allowing him to promote large gains to American farmers devastated by the trade war, calming anxious investors and convincing voters before the 2020 election that he has lived up to his promise to get tough on China.

"It's a phenomenal deal," Trump said on Friday at the White House. "The China deal covers tremendous manufacturing, farming, a lot of rules, regulations, a lot of things it covers. It's a Phase 1 deal, but a lot of big things are covered. And I say affectionately: The farmers are going to have to go out and buy much larger tractors, because it means a lot of business, a tremendous amount of business."

Trump, who campaigned on rewriting the rules of global trade in America's favour, has spent the past two years upending diplomatic processes that have long governed trade policy. He has pressured trading partners by threatening to

scrap existing deals and imposing more tariffs than any other president in modern history. The United States now has the highest tariff rate of any advanced nation, higher than even China, India and Turkey.

Whether that approach has achieved Trump's goal of putting "America First" is an open question. While many credit his tough tactics with bringing trading partners to the table, others say it has failed to produce bigger gains than those achieved through traditional trade negotiations, and destabilised the global economy in the process.

"Pardon me if I don't pop champagne, but aside from a cessation of continued escalation, there is not much worth cheering," said Scott Kennedy, a China expert at the Center for Strategic and International Studies. "There is still significant ambiguity about what is in the deal, but based on what we can surmise, it is unclear if the struggles of the past two and a half years have been worth it. The costs have been substantial and far-reaching, the benefits narrow and ephemeral."

The China deal was Trump's second trade victory of the week, after Democrats agreed to support a revised North American Free Trade Agreement, moving it closer to becoming law. Businesses welcomed the update of the 25-year trade pact, and tech companies in particular have praised the agreement's strong protections for technology.

The pact broke ground politically, gaining the support of Democratic lawmakers and unions that have long derided existing trade agreements and perhaps forging a new bipartisan consensus on trade. But as with the China deal, the United States-Mexico-Canada Agreement is more a modest improvement than a transformative overhaul to the economy.

In a note to clients, Gregory Daco, an economist at Oxford Economics, called the net economic benefits of USMCA "negligible", but praised the deal for preventing a potential hit to the economy.



The trade war has taken a major toll on America's farmers, who have seen Chinese sales of soybeans, pork and other products dry up, and Trump has consistently promised that Beijing will commit to buying \$50 billion worth of farm goods as part of a trade pact

The president had threatened to withdraw from NAFTA entirely if his trade pact was not advanced.

"The principal commercial benefit of both agreements appears to be the avoidance of what would have been self-inflicted harm — tariff escalation with China and termination of NAFTA," said Michael J Smart, a managing director at Rock Creek Global Advisors, an advisory firm. The China deal also averts what would have been an economically damaging escalation of the trade war before the holiday season and the 2020 campaign. Mr. Trump had planned to slap 15 per cent tariffs on shoes, laptops, toys and other goods on Sunday — a move that would have resulted in the US taxing nearly every Chinese import and most likely inciting more retaliation from Beijing.

The United States has now collected more than \$39 billion from the tariffs placed on \$360 billion worth of Chinese goods, which Trump says China pays but economists say falls heavily on American businesses and consumers.

Robert Lighthizer, Trump's top trade negotiator and one of the administration's biggest China hawks, said in a briefing that China had made substantial commitments to increase purchases of American agriculture, energy, manufacturing and services products.

China's farm purchases are expected to grow to at least \$40 billion annually over a period of two years, while total exports of food, energy, manufactured goods and services to China will increase by a total of \$200 billion, he said. The deal would increase protections for American intellectual property and end China's practice of forcing American companies to transfer technology to Chinese partners. It would also open Chinese markets for financial services and American exports of beef, poultry, seafood, infant formula and pet food. Tariffs could go back in place if China fails to live up to its commitments, he said.

Lighthizer said he expected the deal to be signed in Washington during the first week of January and take effect 30 days

later. He acknowledged that future phases of negotiations, which would entail some of the bigger structural changes the United States has been seeking from China, could still prove challenging to accomplish. During the negotiations, the United States repeatedly pressed China to make more transformative changes to its economy, only to be rebuffed and have the talks nearly collapse.

"There are still a lot of outstanding issues that you're all aware of between the United States and China, which are very serious issues," Lighthizer said. "Our sense is that we're better off doing this in phases than to sit and make no progress at all."

"I'm not Pollyanna," he added. "This is going to be a very long term issue."

Wang Shouwen, China's vice commerce minister, said at a news conference in Beijing that the two sides had made "significant progress" and that the United States would remove tariffs "phase by phase", suggesting that the countries had agreed to roll back more tariffs in the future when additional agreements are reached.

Wang said that both sides had agreed to complete legal reviews as quickly as possible and that an official signing was still being worked out.

The Chinese government did not echo American assertions that it would buy \$50 billion of farm goods a year, saying only that purchases would increase by a "considerable margin" to meet China's needs for goods like soybean and pork.

The trade war has taken a major toll on America's farmers, who have seen Chinese sales of soybeans, pork and other products dry up, and Trump has consistently promised that Beijing will commit to buying \$50 billion worth of farm goods as part of a trade pact. China has resumed buying some American products, in part because an epidemic is ravaging the country's hogs, sending pork prices soaring.

"I think they'll hit \$50 billion," he said on Friday. "They've already stepped it up."

Position vacant

Is the Tamil Nadu unit of the Bharatiya Janata Party (BJP) going to get a chief anytime soon? Or is the state so unimportant to the party that it really doesn't matter whether there is a chief in place or not? The position has been vacant since Tamilisai Soundararajan was appointed governor of Telangana in September. Former Union minister and the BJP's former chief of the Tamil Nadu unit, Pon Radhakrishnan and BJP state unit's vice president and former state minister Nainar Nagenthiran flew to Delhi last week to hold consultations after they were summoned. From reports in local media, it seems that instead of having one president, the party might decide to have four working presidents who will be responsible for four regions in the state to beef up the BJP's prospects. The party's vice-president, B T Arasakumar, (one of many vice presidents) who earned the wrath of the leadership for praising M K Stalin's leadership skills earlier this month, joined the Dravida Munnetra Kazhagam (DMK) last week.

Problem of plenty

And if the BJP's Tamil Nadu unit is headless, the Congress seems to have many generals and no soldiers. The party's Bihar unit, for instance, not only has a President but four working presidents. The Chhattisgarh unit has a president and a working president (which begs the question as to what the president actually does, if it is the working president who does all the work). The Delhi unit has a president and three working presidents. The Gujarat unit has a president and two working presidents. And the Jharkhand unit has a president and five working presidents. Amazing!

DID THEY REALLY SAY THAT?

"It is a witch hunt. It is a sham. It is a hoax. Nothing was done wrong. Zero was done wrong. I think it is a horrible thing to be using the tool of impeachment, which is supposed to be used in an emergency. And it would seem many, many, many years apart"

US President Donald Trump after the impeachment against him moved to the House of Representatives, December 13

CHECKLIST**THE COMPLEXITIES OF THE CITIZENSHIP AMENDMENT BILL**

■Chairman, North East Students Organisation, Samuel Jyrwa: "We have already been facing a problem of illegal migration from Bangladesh in border states like Meghalaya, Assam and Tripura. Now instead of protecting us, they want to legalise all these infiltrators."
 ■Kabindra Chetia Phukan, president of Veer Lachit Sena Assam: "If this entire fiasco ends up hurting the rights of the indigenous people, we will intensify our protests. We are ready to appeal in the Supreme Court also."
 ■Lalmachhuana, vice president of Young Mizo Association (YMA): "We were primarily against CAB but since Mizoram has been kept out, we're fine with it."
 ■Hawa Bagang, president of All Arunachal Pradesh Students Union: "We are happy with the exemption to Inner Line Permit (ILP) states, but we are obligated to oppose it as we

are part of NESO".
 ■Ninoto Awomi, president of Naga Students Federation: "Even if a small portion in the northeast comes under the bill, the entire region will be affected because of our porous borders."
 ■Ningthouja Lancha of Manipur People Against Citizenship Amendment Bill: "It is a misunderstanding to think that ILP will protect influx of foreigners. If that was the case, why do we have a Chakma Autonomous Council in Mizoram?" (referring to Chakma refugees from Bangladesh living in the region for decades.)
 Baichung Bhutia, Hamro Sikkim Party: "We are very close to Bangladesh and there are a lot of issues in Bengal and other Northeast states. So in the long run even Sikkim can get affected. We do not support CAB"

**OPINION**

P CHIDAMBARAM

We are wrecking the Constitution from within

Sir, I will take less than ten minutes. My colleague, Mr. Sibal, will take the rest of the time. We have a Citizenship Act in this country. It recognises citizenship by birth, citizenship by descent, citizenship by registration, citizenship by naturalisation and citizenship by incorporation of territory. These are universal principles.

Now, this Government is introducing a new category called 'citizenship by arbitrary executive fiat' and asking this Parliament to support the Government in passing what is patently an unconstitutional law. My friends have spoken about it; others will speak about it. We are elected representatives of the people. The Constitution has asked us, in the first instance, to judge the constitutionality of a Bill. We cannot pronounce on the constitutionality. But, we have a responsibility to pass what is constitutional. Not all of us are lawyers. In fact, not all of us should be lawyers. We should be from every walk of life. And, from every walk of life, we must bring our collective wisdom and commonsense to say is this constitutional or not. What are we doing in this House? What we did in the other House and what we are doing in this House is abdicating our primary responsibility in favour of another of the three entities/end organs of the Constitution. What we are doing is: You are pushing the issue to the lap of the Judges. Do you think it will stop here? It will not stop here. It will eventually go before the Judges. And, the Judges are respectable people. But, they are unelected Judges. Unelected Judges and unelected lawyers will ultimately decide what we do is constitutional or not! This is a slap on the face of Parliament. Parliamentarians are being asked to do something unconstitutional and then the baby is passed on to the judiciary and, in the judiciary, lawyers and Judges will decide what you have done is constitutional or not. Knowing this is unconstitutional, I am afraid, this Government is ramming

The Constitution has asked us, in the first instance, to judge the constitutionality of a Bill. We cannot pronounce on the constitutionality. But, we have a responsibility to pass what is constitutional

through this Bill in order to advance its Hindutva agenda. This is a sad day. Thankfully, we are not amending the Constitution; we are only making a law. And, I am absolutely confident and I am absolutely clear in my mind that this law will be struck off.

Sir, I have a few questions and I wanted to know who in the Government found answers to these questions. If the Law Department has advised answers to these questions, please ask the hon. Home Minister to lay the opinion of the Law Ministry on the Table of the House. If it is a Home Ministry itself, in its wisdom, found answers to questions, let us see the final note placed by the Secretary before the hon. Home Minister. If it is the Attorney General who has been consulted - the Constitution has a provision to invite the Attorney General - please call the Attorney General to this House. We will ask him these questions. But, somebody has to take responsibility for answers to these questions.

These questions are well-known. Let me read it very rapidly. How do you group three countries - Afghanistan, Pakistan and Bangladesh - and leave out the other neighbours? How do you identify only six religious groups - Hindu, Sikh, Buddhist, Jain, Parsi and Christian - and leave out others like Ahmadis, Hazaras and Rohingyas? Ibrahimic religions are three - Christianity, Judaism and Islam. Why have you included Christianity and left the other two? Why have you excluded Sri Lankan Hindus and Bhutan's Christians? Look at the exclusionary, inclusionary hyphenation. Sri Lanka is excluded, Hindus are included! Bhutan is excluded, Christians are included! When you hyphenate the effectives, Sri Lankan Hindus are excluded, Bhutan's Christians are excluded. This exclusionary, inclusionary hyphenation is beyond commonsense and logic. Why only religious persecution? Are people not persecuted for political reasons? Are people not persecuted on linguistic grounds? Are people not persecuted by unleashing internal wars against them? Why only religious persecution? Why not every kind of persecution?

Six, does or does not the Bill violate the three fundamental elements of Article 14 of the Constitution? First, equality before law; unequals cannot be treated as equals. Second, unreasonable or irrational classification. And, there is a third element, which most people forget, Judge-made laws are the third element. Even if unequals are not treated as equals or equals are treated unequally, even if the classification is reasonable, it can be struck down on the ground that it is arbitrary. Arbitrariness is writ large on the face of this Bill.

Now, I want to know who will give answer to these questions. Please let us have the answers. Why are Parliamentarians being told that you will not give answers to these questions and they can go to court and find answers? Let's have answers to the questions. Let somebody take responsibility for answers saying, "Yes, the Attorney General of India has answered these questions. These are our answers and, therefore, this Bill is here".

I dare the Government to lay the opinion of the Law Department; I dare the Government to invite the Attorney General to this House to answer our questions. So, what we are doing today is wrecking the Constitution from within. A small part of the Constitution is sought to be wrecked and demolished by this insidious Bill. Fortunately, we are three organs of the State. The Executive is complicit; the Legislature is being invited to collaborate; hopefully, the Judiciary will strike it down and will save India. December.

Edited excerpts from a speech by Congress I MP, P Chidambaram, on The Citizenship (Amendment) Bill in the Rajya Sabha, 11 December



ILLUSTRATION BY BINAY SINHA

The ambitious Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) was first launched in September, 2018 in Ranchi, Jharkhand. The scheme provided an insurance cover of ₹5 lakh to 100 million 'poor and vulnerable' families identified by the socio-economic caste census of 2011. By December 2, 2019, PMJAY had covered over 6.8 million hospitalisations worth ₹7,160 crore and has issued over 67 million e-cards to beneficiaries. **Indu Bhushan**, CEO, AB-PMJAY and the National Health Authority (NHA), tells **Swagata Yadav** what has worked and what hasn't. Edited Excerpts:

'Before expanding, need to consolidate'

How has the first year of PMJAY been? What has been working, and what has not?

In the first year, the momentum has been quite good and we are quite pleased with the way the scheme has rolled out. We have to expand it; there is huge disparity amongst the states, because some states have started the scheme for the first time. When you have to create an ecosystem to start a new scheme, it takes time. This is what is happening in Uttar Pradesh (UP) and Bihar. Also, these states have poorer infrastructure to provide services.

The portability feature has proved to be quite handy. [Portability allows patients seek healthcare in any empanelled hospital anywhere in the country]. For example, 10,000 people have gone outside UP to Uttarakhand - most of them to Rishikesh AIIMS [All India Institute of Medical Sciences]. Many people are going to Delhi. Similarly, Bihar is sending people outside because they don't have health infrastructure.

In terms of recipient states, Delhi is the national healthcare provider and Gujarat and Maharashtra are other recipients in bigger states. We need to improve the performance of the scheme in the green-field states. We need to work on awareness generation and strengthen the supply of services in these states. For that we are working with NITI Aayog [the Centre's policy think-tank] to understand how we can provide incentives for

new hospitals to come out in these places. In some cases, for states which are far away like North-East and some of the islands like Andaman and Lakshadweep, we are working to provide transport cost to the mainland - because it is the major cost component in these places.

We are trying to improve awareness in general, as well as provision and quality of services. We are also trying to get more and more hospitals on board.

We have now also revised our packages. Earlier, some providers had indicated that rates were low and so we are working on that. Our aim is to get all the big hospitals to our scheme.

To ensure quality of services, we are working with the department of health research at ICMR [Indian Council of Medical Research] to develop standard treatment workflow. Our IT systems will ensure that those workflows are followed.

Does this take care of unnecessary treatments that happen in the private sector? Around 3,000 cases of fraud worth Rs 4.5 crore were discovered during audits, said AB-PMJAY annual report 2019.

We are building some checks and balances - like in hip replacement, we are putting in place boards that will examine whether those procedures are required. We are also working on

cancer care so that the right amount of treatment is given - not over or under treatment. If the person needs chemotherapy, radiation, or surgery, that should be decided by qualified treatment provider. Similarly in cardiovascular disease, we have a system where they could scrutinise whether the person needs a stent or if the hospital has prescribed a stent to earn money.

Next is the detection and prevention of fraud and abuse. For that we are strengthening our IT system and when we find some patterns [of malpractice and fraud], we come down heavily on that.

Every week we share with states, the potential fraud cases based on our analysis of the data. We are also finalising a company which will help us with forensic analysis and big data analysis and give us alerts that we can share with states. We are developing the capacity with the states so that they could do it themselves. Finally, we are improving our IT system and have come up with a tool called 'Zero', which will be more robust, more user-friendly, more secure and interoperable.

We provide those triggers, and many of the fraud cases have been detected. Till now, 300 hospitals have been suspended, we have claimed the money back and FIRs [first information reports] have been launched.

At an event in November 2019, Alok Kumar, senior advisor to Niti Aayog, spoke about a plan for health systems to cater to the middle class - which is currently not covered in any scheme. Are there any plans to broaden this pool of beneficiaries?

We are only one year old and right now we have to consolidate what we are doing before expanding. Our aim is to strengthen the ecosystem for providing services for health insurance.

Also, our database is very old. It is a 2011 database so we have to clean it up and exactly identify the people still left out and how to make them part of the scheme.

Once we have covered all the poor people, the call has to be taken by the government whether they want to expand and bring in [the middle class]. So the vision document that Mr Alok Kumar had shared recently shows the long-term vision. But when we go to them, we want to be sure that we have a system and an ecosystem ready.

Is the addition of new beneficiaries being done by the NHA or through various government departments?

We are not adding new beneficiaries, we are only identifying beneficiaries who have been left out. That call [of adding beneficiaries], the government has to take.

So is a list being enumerated?

I would not say enumerated, but we are looking at the group of people who are being left out.

For example, we are working with other ministries: Like the ministry of labour is prepared to pay for all the construction workers and bidi workers, so we will include them. Similarly, we are looking to include workers of micro, small and medium enterprises [MSMEs] in collaboration with the MSME ministry. We have also signed an MOU [memorandum of understanding] with the ESI [Employees' State Insurance], and we are

working with ESI to consolidate those workers.

Since PMJAY has the advantage of having a big pool, has it brought down the cost of medicines?

About the medicine cost, I don't know. In India, the medicine cost is quite low anyway. Medicines comprise a bigger share of out of pocket expenditure. For example, 70% of household cost on health is on medicines.

Now, instead of the beneficiary paying of it, we are paying for that. But we have not conducted a study to show that the costs have come down but hopefully as the scheme becomes deeper, the cost will come down. Not only the cost of drugs and pharmaceuticals but also that of implants and devices should come down.

An October 2019 Federation of Indian Chambers of Commerce and Industry report said that the rates are not viable for private hospitals to make a profit or even survive and they are going through a slump.

We have revised the rate and we have taken into account all the inputs that we have received from various industry associations.

Do you have insights about how it has improved care in rural areas?

It's been only one year so we can't expect a huge change. We are seeing some development in that direction and many district hospitals are getting more money. They are improving their infrastructure, they are bridging the gap.

We are also seeing that many private players are planning to expand their operations in tier-2 and tier-3 cities which may help in further expansion.

Are the funds for the scheme enough? In 2019-20, ₹6,500 was allocated to the scheme while it is estimated that ₹10,000 crore is needed.

They are more than enough - since the uptake of the scheme was not that much. We had not used the entire amount, so I think money has never been a problem for this scheme.

What are the challenges that you foresee?

There are huge number of challenges: How to reach the last mile, how to ensure the quality of services, how to ensure that no frauds take place and how to ensure IT system continues to work and there are no glitches.

We work on all these every day. We get feedback that due to connectivity, the services are not available in some places. We need to respond to that. In general, we get the feedback that many poor people are being missed out. Those are always there.

This scheme takes care of tertiary care, but what about secondary and primary care because that is where more people are affected? Catastrophic expenditure is for tertiary care, but a lot of it is paid out of pocket at the secondary and primary level.

We are hoping that once we have very strong health and wellness centres, they will take care of much of the primary and secondary care. The government system has to be stronger to provide free drugs and diagnostics. For tertiary and for catastrophic expenditure, we have PMJAY services.

Source: *Indiaspend*

Chasing the stars

A 19-year-old physics undergrad student has started a venture that helps schools set up their own astronomy labs, writes **Sneha Bhattacharjee**

If you've the passion to do something big, you'll pursue it with all your might. Nineteen year old Aryan Mishra believes in this wholeheartedly. Son of a newspaper vendor, Mishra has achieved what many at his age might not dare to - From discovering an asteroid at 14 to setting up his venture at 18, and also being a TEDX speaker. His love for the cosmos began in class 5. Often gazing at the night sky, he'd be keen to know in depth

about the tiny white shining objects and beyond. His desire to buy a telescope and study astronomy didn't really bode well with his parents who could hardly manage to fund his schooling. So, Mishra saved up on his pocket money for over a year and half and bought his first telescope at the age of 13. Since then, there was no looking back. While pursuing his Class XII, Mishra set up a venture by the name of Spark Astronomy after borrowing money from his friends. The venture helps school set up astronomy labs for children.

"At first, it was extremely difficult to convince schools. They all wanted testimonials

etc to know whether our venture has tasted success. Meanwhile I started worrying about how I would pay my friends back," says Mishra. He realised in order to have a beginning, it was necessary to offer some incentives to the school. "So, I gave almost ₹25,000 discount to the first school on the entire cost," he adds. Mishra and his team of two approach various schools to raise awareness about the importance of astronomy labs and pitch their offer of helping them set it up. Once the proposal is accepted, they tie up with interior designers to assemble things and also aid in the purchasing of equipment, books, as well as, other resources such as telescopes, planispheres, and lunar maps. The venture charges ₹3 lakh from schools for his offering. Most schools recover this from students by collecting an average minimal sum of ₹60 every year.

"Many private schools have astronomy clubs and charge a whopping ₹10,000 or above from students who're willing to be a part of the club. Now that is a sum not every child can afford. I want every child to have accessibility to these labs so that they too can observe the sky and aim for the stars," he says.

It is from his own personal hardships that

Mishra has learnt to do what he is doing now. Not many approved of his desire to learn more about astronomy. His parents and friends hardly paid attention until at the age of 14 when Mishra was awarded for discovering an asteroid as part of an outreach programme hosted by the Astronomical Society of India (ASI) in 2014. "It is not everyday that the son of a newspaper vendor figures on the front pages," he recalls.

From being able to give lectures alongside former NASA Astronaut Nicole Stott to having his idol Rakesh Sharma write a message to him, Mishra has taken it upon himself to spread his love for the cosmos and its discovery. He holds skype sessions and classes with students across the length and breadth of the country as well as across the globe. "I don't want any child to feel left out. I remember how my friends would ridicule me for dreams. I want every child to explore the unknown and harbour bigger dreams," says the 19-year-old who's pursuing a BSc in physics from Ashoka University.

Astronomy as a subject is not well integrated in the education system today. Thereby, very few students are exposed to the know-hows and opportunities within the field. "The idea of starting a venture was to bridge this gap. We not only help schools build the layout



One of the astronomy labs set up by Mishra and his team from Spark Astronomy

and interiors of these labs, but also instal equipments," says Mishra. His venture is already in talks with the central government to set up over 500 such labs across all the Kendriya and Navodaya Vidyalayas. He has also been approached by the NITI Aayog for a collaboration with Atal Tinkering Labs.

"Had I not seen hardships myself, I don't think I would have been able to follow my passion so well," he rues.

Boris' electoral bonanza

But how he will 'Get Brexit Done' is an open question

There can be little doubt that the Conservative Party's emphatic electoral victory underlines the electorate's hopes that the government would finally "Get Brexit Done", just as Boris Johnson has promised. The Conservatives won a decisive majority (365 seats in the 650-seat House of Commons) that the party has not seen since 1987, thanks to an unequivocal messaging (including its subliminal promises of keeping out job-snatching immigrants) that resonated strongly in the unemployment-ridden Midlands, which have been Labour strongholds for

decades. This authoritative performance frees Mr Johnson of the party's reliance on an Irish unionist party to get a withdrawal deal through Parliament. No surprise, the pound staged its biggest rally in almost three years and the FTSE 250 rocketed to a record high as house-builder, bank and utility stocks surged after the election results (as did Tata Motors in India, since its subsidiary JLR derives a fifth of its sales from the UK).

The mandate ends the possibility of reversing Brexit via a referendum or revoking Article 50 of the Lisbon Treaty, which outlines the exit process, but the timetable for Mr

Johnson to make good on his campaign promise is challenging. He has until January 31, 2020 — a thrice-extended deadline — to secure Parliamentary approval for a withdrawal deal (the treaty that will govern the terms of the UK's exit from the EU). The principal sticking point here remains the Northern Irish border, the UK's only land border with the EU (via the Republic of Ireland). His predecessor, Theresa May, sought to satisfy Irish unionist allies by avoiding a "hard border" and keeping the whole of the UK (including Northern Ireland) in the EU until the new relationship is negotiated, a programme that pleased nobody because it weakened the UK's position in the interim. Mr Johnson's scheme sought to make a distinction by drawing a border in the Irish Sea. Northern Ireland would continue to follow EU single market rules on goods and operate a dual tariff sys-

tem, applying the EU's common external tariff on any goods entering Northern Ireland but destined for the EU. This would require additional border checks and barriers to trade between Great Britain and Northern Ireland. The rest of the UK would exit the EU customs union, leaving it free to negotiate trade agreements with other non-EU countries (the US and India, for instance). This agreement actually passed a second reading but lawmakers — including Conservatives — rejected a fast-track timetable to vote it into law. The party's manifesto did not offer details on how any subsequent withdrawal deal would be different. In fact, Mr Johnson is now likely to face the prospect of recurring tensions with Northern Ireland, with whom a peace agreement was signed only 21 years ago. The significant electoral gains for the anti-Brexit separatist Scottish National Party will compound

his problems. That he understands this — including the fact that his party gained less than 2 per cent of the vote share — was clear in his post-victory speech in which he stressed the need for unity.

Finally, even assuming the withdrawal deal is ratified by both Parliament and the EU, Mr Johnson will have till December 2020 to negotiate and ratify a full agreement on the future relationship. Given that the withdrawal agreement has taken more than three years and is still to be ratified, a new EU-UK trade deal, which involves issues of far greater complexity, is unlikely by that time. Mr Johnson then has the option of extending, just once, the transition period by one or two years, and the deadline for that is July 2020. The prospect of the UK exiting the EU without a deal and all the uncertainties that this might entail remains a very real possibility still.

Fixing the power sector

The electricity sector's ills call for sustained intervention by the Central government, which should engage with the states to draw up turnaround strategies

AJAY SHANKAR

The financial health of the power sector is causing anxiety, with even the Reserve Bank of India drawing attention to the risk it poses to state government finances. The last bailout package, UDAY (Ujwal Discom Assurance Yojana), was put in place by the central government in 2015. Under it, the state governments took over 75 per cent of the debt of the distribution companies (or discoms), and the rest they could service with lower-interest bonds.

The states' ratio of gross fiscal deficit to gross domestic product went up by as much as 0.7 percentage points, as a result. There were commitments to reduce aggregate technical and commercial losses as well as raise tariffs. These commitments have not been fulfilled by many states and an UDAY-2 is in the pipeline. Overall debt levels of the discoms are creeping up to pre-UDAY levels.

Power sector reforms should have restored the financial health of the sector years back. The Electricity Act 2003 provided for the setting up of independent Central and State Regulatory Commissions. The Regulatory Commissions had to determine tariffs, which were to lead to "recovery of cost of electricity in a reasonable manner". The Commissions were to also reduce cross-subsidies.

The Tariff Policy of 2005 mandated that the State Regulatory Commission would notify a roadmap within six months, according to which, latest by the end of 2010-11, tariffs would be within +/- 20 per cent of the average cost of supply. The state governments were required under the Act to "pay in advance" the subsidy to the discom if they wanted any class of consumers to have a tariff lower than what the Regulatory Commission determined.

The key premise of the Electricity Act was that state governments would "let go". Tariffs would be determined by the independent Regulatory Commissions, which would also protect consumers' interests. State governments could give farmers free electricity, but had to pay for it from the budget. In reality, however, the political leadership across states has yet to fully accept the spirit of the Act. The discoms continue to be owned and micro-managed by state governments. They seek tariff increases only after clearance by the political leadership.

The Independent Regulators raise tariffs only within the band that they sense is acceptable politically. Being retired civil servants and technocrats, they have a finely honed sense of what would be acceptable. So, the expectation that tariffs would result in recovery of cost of supply has been belied. As state governments are perennially short of fiscal resources, their payment of subsidies to the discoms is usually in arrears, notwithstanding the provision in the law of advance payment.

The Electricity Act provides for open access to all consumers above 1 Mw, separating content from carriage for them, with a cross-subsidy surcharge to compensate the discom for its loss of a subsidising consumer. Cross-subsidies have hardly come down and, as a result, the surcharge for open access is still too high. The use of open access remains a marginal phenomenon. There is hardly any point in now contemplating further legislative changes for separation of carriage from content for all consumers, before getting better implementation of existing provisions.

The situation, however, varies considerably across states. Gujarat turned around when Prime Minister Narendra Modi was chief minister. Separation of feeders, which took electricity for irrigation from those that went to village settlements, was a creative solution. Farmers got practically free electricity for



Reforms would have restored the financial health of the power sector years back. The overall debt levels of the distribution companies are creeping up to levels that prevailed before the 2015 bailout

irrigation, but only when they needed it. However, they got uninterrupted supply of electricity in their homes in the villages, and paid for it fully.

Excluding agriculture, the sector became financially viable, with tariffs reflecting costs, with improved governance. For agriculture, supply was effectively rationed and the subsidy for free supply contained to manageable levels. The state's power sector became commercially viable and provides quality supply to all consumers. Its power companies consistently get the highest ratings.

Sheila Dixit, as chief minister of Delhi, brought in the private sector to run electricity distribution in 2001 with the full support of the then NDA government at the centre. She recognised that only the private sector with independent regulation could set the sector right in the then prevailing commercial, administrative and political culture of Delhi. Losses in distribution, then around 50 per cent, have come down to under 10 per cent, and the quality of supply and service is getting better. The sector is no longer a financial drain on the Delhi government. So much so that it can now afford to offer a subsidy from the budget for free consumption of 200 units per month.

These examples illustrate that focused political leadership in a state can set the sector financially right and put it on a sustainable trajectory of commercial viability. Avoidable losses can be reduced through better governance, which has been made easier by technology, smart grids, smart pre-paid meters and real time effective energy audit. Where sustainable governance improvement is unlikely in the short term in states such as UP and Bihar, varying degrees of private sector participation — ranging from outright privatisation, to franchisee arrangements, to outsourcing of metering, billing and collection — would be the way forward.

Franchisee arrangements in Uttar Pradesh (in Agra and Kanpur) have shown encouraging results. Tariff increases are, however, unavoidable to get revenue to go above cost per unit. And increasing tariffs should not be politically difficult if farmers are excluded and the lifeline consumption tariff for the first 100 units is not raised. After all, consumers do pay for increased petrol and diesel prices and have, as voters, not imposed real costs on their political leaders.

The situation is really grave in a few states. This needs the political attention of the central leadership and engagement with the political leadership in the weak states. This alone can result in a state-specific turnaround strategy that could be implemented in a time bound-manner with the help of the centre.

The writer is distinguished fellow, Teri, and former secretary, DIPP

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How to transform an organisation

ALPESH CHADHA & ANANT KASIBHATIA

With disruptions fast becoming the new normal, a "business as usual" approach is no longer sufficient for 21st century organisations to compete and thrive. This has prompted many to embrace what has become one of the most commonly used terms in business: Transformation.

We believe true transformation is a fundamental, enterprise-wide shift in the way an organisation operates, with equal focus on both performance and organisational health. Such transformations are difficult to achieve and harder to sustain.

Surveys have shown that 70 per cent of executives say their companies' transformations failed to deliver and sustain impact. With over 100 successful case examples in the past decade, we have identified typical failure modes, as well as strategic choices that improve the odds of success. Let us start by looking at the major pitfalls.

LACK OF A BURNING PLATFORM

Transformations require a compelling case for change, to shift underlying mindsets and behaviours. The purpose needs to be clear in the minds of the leadership, to help create a buy-in across the organisation. Without this purpose and urgency, organisations are unable to move to a new way of working.

Good-to-great transformation journeys need to go a step further and require leaders to articulate the "why" to energise the organisation. If not done properly, momentum could fizzle out, intensity is lost, initiatives are not monitored, people move on, and challenges continue to mount.

One such case study is of a global logistics organisation where employees faced a new transformation agenda each year. The leadership failed to create an impetus for change — one that would force the organisation to pause and rethink its way of operating. Only after creating a compelling change story could the organisation start to make meaningful progress on its transformation initiatives.

NOT INVOLVING A CRITICAL MASS OF PEOPLE

Several transformations launch with a small task force, and the rest of the organisation gets involved only to help execute changes in their areas of expertise. Studies in neuroscience suggest that people are more likely to accept something if they are involved in decision-making rather than if it is forced upon them. People need to have a sense of agency, to change.

IGNORING CULTURE, MINDSETS, AND CAPABILITIES

While building employee capabilities, it is critical to understand the culture and mindsets that need to shift to enable them to perform at peak potential. Our research shows that 70 per cent of transformations fail because of insufficient focus on culture and capabilities. Rather than treating it

holistically, capability-building is often an afterthought during a transformation, or is limited to training people on new systems and processes introduced as part of the transformation.

KEY ELEMENTS DURING TRANSFORMATIONS

Set the direction at the start: Our research shows that a clear and compelling aspiration from the outset of the transformation journey increases the chances of success threefold. When deeply rooted in the case for change, this aspiration also inspires conviction across the organisation.

Clearly communicating the aspiration as part of the change story is just as important as defining the aspiration. Chief executive officers (CEOs) who drive successful transformations do not merely communicate plans to employees, they share a story that engages the entire organisation. According to data from Quantified Communications, a platform for communication skills, messages that include well-crafted stories are 21 per cent more memorable and 35 per cent more persuasive.

Energise the organisation: Our experience has shown that a transformation can only be achieved when at least 40 per cent of the organisation actively supports the change. A CEO must ensure the entire leadership is not only supporting the transformation agenda, but also role modeling the expected behavioural change. This requires deep discussions with each leader to align personal aspirations with those of the organisation.

The next stage is to develop a critical mass of change agents and focus on building their capabilities. In one of our transformations for a major power sector player, the CEO mandated the setting up of a capability building academy with a dean and trainers to ensure all best practices were codified and adopted across the organisation as part of a training calendar.

Link "talent to value" in staffing: This is done by identifying the roles that drive significant value creation, staffing them with the best talent, and then upgrading their capabilities. These roles can rest anywhere in the organisation and are not necessarily at the highest levels. There needs to be greater focus on the development of people in these roles, to ensure they are put through a structured leadership development journey. The performance metrics of these roles need to be tightly tied to the transformation outcomes and their incentives linked to the success.

CEOs shifting focus to these critical elements, along with monitoring outcome metrics, can see change scaling and cascading to day-to-day working — which is the true test of success of a transformation.

Chadha is a partner at McKinsey & Company, and leader of the transformation practice in India. Kasibhatia is an expert in McKinsey's organisation & leadership practice

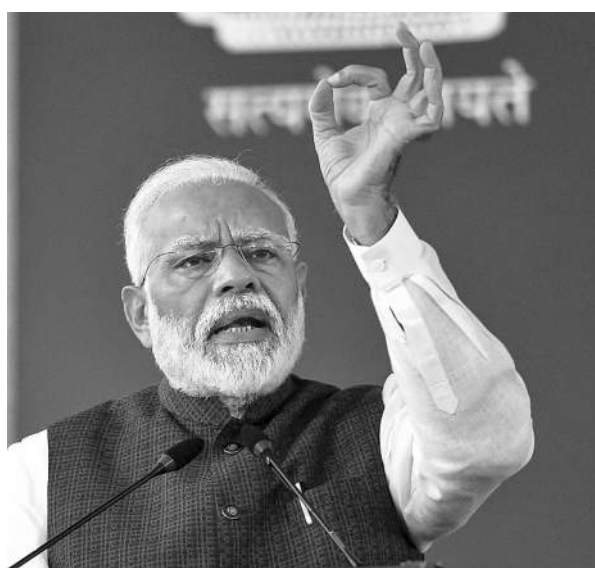
OTHER VIEWS

Modi 2.0 is fulfilling its stated goals, but there are big risks

It will fuel unrest in key regions, divert attention from economic concerns

The Narendra Modi-led government in its first term had an incremental approach to its core ideological issues. But in its second term, riding on a second consecutive majority, the Modi government is firmly focused on fulfilling its domestic ideological agenda. In the first session of the 17th Lok Sabha, it passed the triple talaq legislation; it strengthened the legal framework governing the National Investigative Agency, and widened the scope of the Unlawful Activities (Prevention) Act. It, most significantly, effectively abrogated Article 370 and reorganised Jammu and Kashmir. In this session, the government has pushed through the Citizenship (Amendment) Bill. Home minister Amit Shah, who has piloted all these legislations, has now promised a nationwide National Register of Citizens.

Put it all together and it is clear that Mr Modi and Mr Shah have interpreted the 2019 mandate as a mandate to fulfil their key ideological goals. Two features of this project are apparent. The first is a clear focus in ensuring that the Indian State reflects the priorities and concerns of the Hindu majority as represented by the BJP. And the second is a national security push, where the government believes a strong security-centric



approach relying on the State's coercive arms will lead to order. It runs the risk of alienating minorities, creating unrest in regions, such as Jammu and Kashmir and the Northeast, where India has already witnessed strife, and taking away attention from core economic and development concerns.

Hindustan Times, December 13

Action at last against LeT chief

FATF must stay the course with Pakistan

The framing of charges against Hafiz Saeed by an anti-terrorism court in Lahore is the direct result of actions that the international anti-terror watchdog, the Financial Action Task Force, has taken and further threatens to take against Pakistan if it does not crack down on terror. Pakistan is on the FATF "grey list", and even if it is never moved to the blacklist, the possibility is dire. A blacklisting by the FATF, an organisation de facto run by the US Treasury department, would be ruinous for Pakistan. This is why it is now seen to be taking action it previously dragged its feet on — acting against terrorist groups with an address in the country, including the head of the Lashkar-e-Toiba/Jamat ud Dawa, found responsible by

that country's own investigators for planning and carrying out the 2008 Mumbai terrorist attacks. The Pakistan military has used these groups as a hedge in the region.

On July 3, Pakistan's Counter Terrorism Department booked Saeed and a dozen other leaders under terror financing and money-laundering clauses of the Anti-Terrorism Act (ATA), 1997. Saeed, now, has to appear at a trial that will be held every day. It is important for India that the FATF stays the course with Pakistan because it is the only body that has had a demonstrable effect on the country's approach to terror groups based on its soil.

The Indian Express, December 15

Banks must disclose NPAs

Else, it endangers the entire system

Even four years after the Reserve Bank directed all banks to come clean on their financial health by declaring bad loans and making adequate provisions, nine banks, including the nation's largest, State Bank of India, have admitted to under-reporting bad loans to the extent of over ₹20,000 crores in the financial year 2018-19. This under-reporting or divergence (as described by banks) was discovered during an RBI assessment. The errant banks, which disclosed this information to stock exchanges in compliance with Sebi regulations, include SBI, Central Bank of India, Union Bank of India, Bank of India, Indian Overseas Bank, UCO Bank, Indian Bank, Yes Bank and Lakshmi Vilas Bank.

Though the divergence

could stem from differences of opinion on when a loan is bad, it will have material impact on bank profits. For instance, if SBI correctly declared its bad loans at the end of 2018-19, it would have to set aside ₹12,036 crores for provisioning — resulting in a loss of ₹6,968 crores, instead of a profit after tax of ₹862 crores as reported earlier. Banks, however, must understand that hiding such market sensitive information from investors amounts to fraud. At the macro level, the under-reporting of financial stress — like a government's practice of hiding uncomfortable reports — shows that nobody has any idea about the country's real financial health.

The Asian Age, December 13

Rlys to float global tender for Train 18

Alstom, Siemens, Bombardier & CAF may take part in bidding

SHINE JACOB
New Delhi, 14 December

The ambitious Train 18 project is likely to get a fresh impetus soon with the government planning to float a fresh global tender for 30 to 40 trains.

This comes amid controversies looming over the decision by the railways to stop production of Train 18 rakes at the Integral Coach Factory (ICF) in Chennai and initiating probe against top nine officials of India's first semi-high speed train, also known as Vande Bharat Express.

A major reason why the railways had called for production to be stopped at the ICF was because of the heavy rakes, which resulted in higher energy consumption.

"We are going for fresh global tenders of Train 18 now. This is after the Research Designs and Standards Organisation (RDSO), the research arm of the railways, changed the criteria for the trainset," said a senior railway official.

According to industry experts, major global players that are likely to be a part of the bidding include Alstom, Siemens, Bombardier and Spanish major CAF. Indian companies like Bharat Heavy Electricals (BHEL), too, may join the fray.

Prime Minister Narendra Modi had touted it as an iconic Make-in-India initiative on February 15, launching the first Vande Bharat train from New Delhi to Varanasi.

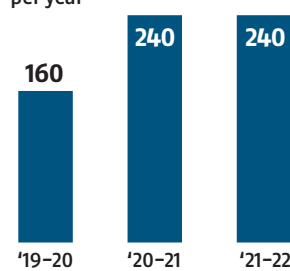
"If a new company is coming to make the train through a fresh tendering process, it will take an additional two-and-a-half years for the next Train 18 to see light of the day," said a former railway official.

Railways Minister Piyush



ON GROWTH TRACK

Planned number of coaches per year



Goyal had informed the Lok Sabha on November 27 that the plan is to produce 160 coaches in 2019-20, 240 coaches in 2020-21 and 240 coaches in 2021-22 at the ICF.

This was after the cancellation of two bulk tenders for propulsion systems of Train 18 earlier this year. A first one for the 43 propulsion systems and a second tender for 37 systems got cancelled due to lack of interest.

Around 35 per cent of the cost of the train is because of its propulsion system. Before

the initial launch, the train was certified by RDSO after safety oscillation trials and the Commissioner of Railway Safety (CRS) had also cleared the train for commercial operations.

"When the train had gone through the entire clearance process, a change in criteria will only delay the launch of new trains," said a person close to the development.

Based on comparative data available with industry sources, the energy consumption of Rajdhani trains was seen at 10,340 kwh for 447 km. For the Shatabdi, it is 8,396 kwh and Train 18 it is 8,983 kwh for the same distance.

However, in terms of energy regeneration, Train 18 has an edge with the coaches regenerating 12.9 per cent of the total energy consumed, compared to 12.3 per cent by the Rajdhani and 11 per cent by the Shatabdis.

Regeneration is the power to send energy back to the grid, when the train is in braking mode.

Sowing the seeds of success

Stanford Graduate Business School's SEED is training entrepreneurs with a view to end global poverty

ANJULI BHARGAVA
New Delhi, 14 December

African cashews and macadamia nuts are popular the world over but are often unaffordable to many as prices tend to be steep. Ten Senses Africa managing director Frank Omondi had worked for over a decade in the tourism sector, travelled extensively and could see an opportunity here.

If he could cut out the middlemen, offer the small farmers a fair price and export a good product, he would have a good thing going.

He set up his business and was growing gradually. However, in 2016, Omondi enrolled for Stanford's SEED programme in Kenya, a comprehensive programme that includes 12 months of immersive management training in East Africa, designed specifically for business owners and their teams.

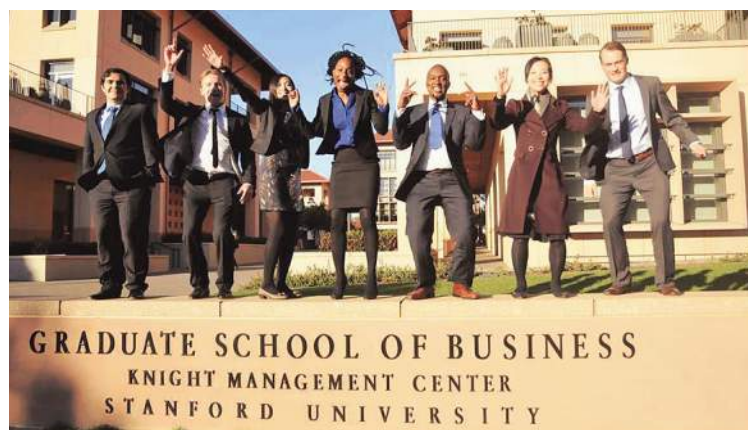
The programme is led by Stanford Graduate School of Business (GSB) faculty, other practitioners, and supported by trained local facilitators. The goal is to create and activate a detailed action plan to help people grow and scale up their company. SEED helped Omondi reorganise his affairs at Ten Senses. He began to provide cashew seedlings to support small farmers and decided to set up his own large farms in Tanzania and Ethiopia.

Since then, sales have doubled, a Dutch private equity firm has taken a stake and his staff count rose from 38 to 600 in five years. Omondi feels SEED was like a full-time MBA done in a shorter period, the learnings from which have helped him organise and scale up his enterprise many times over.

That in a nutshell is the goal of the SEED programme. It is an opportunity for entrepreneurs to attend a year-long training conducted by the GSB staff but on their own home ground to help them pause, reflect and plan the next 10x growth in their businesses.

The entrepreneurs may not make it to Silicon Valley to figure it out but the SEED programme brings all Silicon Valley lessons and insights into one's doorstep. Barring the cost, anyone running a business usually cannot afford the luxury of a year off and disappear to do a course far away.

After Africa, the SEED programme — after a few key adjustments — made a quiet entry into India, which is now working with its third cohort of 62, beginning this December. The first cohort had



44 entrepreneurs followed by 57 in the second. The enterprises usually have a turnover of between ₹1 crore and ₹100 crore, with the median revenue at ₹25-30 crore. These firms have a management team of at least 3-4 key people and are in business for at least three years. The enterprises are from Mumbai to Guwahati and encompass diverse sectors from cyber security to selling nuts. Above all, the programme seeks founders with a "hunger for growth".

Participants are required to pay a heavily subsidised fee (₹5 lakh for a programme that costs four times that amount to deliver). For women-led and social enterprises — two segments the programme is keen to encourage — the fee can be lowered even further.

The programme has four weeks of classroom sessions, focused on the big picture. These are followed by workshops that look at the nuts and bolts of the business and then follow the leadership labs that help see the growth strategy with a fresh perspective.

India has been offered a new improved version of Africa. The lessons learnt from Africa have been incorporated here. Consequently, the programme length has been increased from six months to a year as the African experience showed that six months was not enough. Also, the African experience showed that while it was easy to train the founder and expect him to lead the change, it was equally critical to have the senior management on board. Workshops are now conducted in the company by locally sourced and trained facilitators to bring the entire leader-

ship team on board.

This makes the entire top management take a fresh look at the business and redefine goals, making the new vision more inclusive and implementable. "For any change to succeed, it needs to have everyone on board. The new vision and plan adopted by a company had to be more inclusive", says P R Ganapathy, aka Guns.

Prior to SEED, Ganapathy, who now leads the Stanford SEED programme in Chennai, helped shape Villgro, one of India's leading social impact incubators.

A third aspect that is appreciated by entrepreneurs is the leadership labs. Small groups of entrepreneurs, who have completed the programme, meet at an offsite location and present the challenges each of them are facing with their enterprises and growth plans.

Brainstorming and inputs from other's experience often help resolve issues while bringing the group much closer. Entrepreneurship can often be a lonely journey and this helps develop networks and friendships for life. "You realise you are not alone; others are struggling too," explains Guns, who usually accompanies the cohort to the offsite locations.

He says he finds that many of the entrepreneurs keep in touch with each other well after the programme.

The programme is already bearing fruit for entrepreneurs. Cygnus Hospitals founder Shuchin Bajaj, who completed the programme last year, says that the management is so stuck in the "nitty-gritties of every day" that the bigger picture is often missed by many.

What he liked about the SEED programme is how the facilitators, who conduct the workshops for the management, came "into the company to help push the transformation from within," something few would do.

Cygnus currently has 12 hospitals in four states of North India and is hoping to reach 20 hospitals in the next three years. It plans to provide high-quality tertiary health care at affordable rates to Tier-2 and 3 cities where it is currently not available.

Naandi Water founder Divya Yachamaneni, from the 2018 batch, says that strategy means "nothing" without a team aligned and inspired to execute. Her safe and clean drinking water solution has touched 700 villages across seven states in India, impacting 700,000 lives so far. The for-profit social enterprise has an ambitious plan to scale up in view of India's ranking of 120 out of 122 countries in terms of water quality.

Guns reels off many other examples. A traditionally family-owned enterprise, Hyderabad-based Almond House, post SEED, redefined itself and added new product lines. A chain of boutique hotels based out of Mumbai has designed a transformative growth strategy after the programme.

Mumbai-headquartered Pocket Aces Pictures, a creator of digital content that helps brands connect to millennials, has rejigged its strategy, scaled up operations, raised more rounds of funding and drawn up a very ambitious plan for the future. "I see many baby Infosys in the IT companies that have attended our programme" says Guns, who has also been executive assistant to Narayana Murthy in Infosys early days. He adds that "like we saw with Infosys, the sky is the limit once companies embark on their journey with enough hunger to power them ahead."

Some of the African companies have listed on NASDAQ and other stock exchanges after their SEED transformations. The numerous examples, both in Africa and India, would gladden the heart of Robert (Bob) King, a 1960 alumnus of Stanford GBS, who is the force behind SEED. Some years ago, King came back to his alma mater and donated \$150 million to be used to end the cycle of global poverty by helping entrepreneurs in developing countries scale up, an audacious but noble goal.

How far it succeeds in its lofty ambitions is not yet known but the seed of the idea has certainly been sown.

India's story has just begun: Kant

PRESS TRUST OF INDIA
Washington, 14 December

The series of pathbreaking and ambitious reforms unleashed by the Modi government in the past few years will make India a very competitive and productively efficient economy in the long run, said NITI Aayog CEO Amitabh Kant.

"There is a great positivity about India," Kant told PTI in an interview in Washington as he wound up his three-city US tour for a series of interaction with academicians, innovators, start-ups, corporate leaders and government officials in Boston, New York and Washington DC.

People here believe that the fundamental reforms that have been gathered out in India across the economy, including GST, in terms of ending crony capitalism with the bankruptcy code, in terms of real estate reforms through RERA and in terms of direct benefit transfer, "will make India a very competitive and productively efficient economy in the long run," Kant said. "India's story has just begun," he added.

"Our process of urbanisation, infrastructure creation, using technology to leapfrog has just begun and you will see a huge growth in the next three decades on the foundation of the reforms that have been carried out," the NITI Aayog CEO asserted.

Replying to a question on the economic growth figures, which are among the lowest in

recent years, Kant said these were short-term indicators and that India was on track to be a \$5-trillion economy. "The goal of the government is to make it a \$5-trillion economy by 2025. We are all working towards that. We will deliver that and make India one of the easiest and simplest countries in the world.

"We are determined to reach the top 50 in the next year on World Bank's ease of doing business index and in the top 25 in the next three years," he said,

adding, "This goal is very much achievable." Earlier in the day, Kant formally released the India Innovation Index in the United States at an event organised by the US India Business Council, along with Google, India, under Prime Minister Narendra Modi, was moving fast on the track of ease of doing business, the NITI Aayog CEO said.

The prime minister, he said, had given the bureaucracy the challenge to crack India into the top 50 of the ease of doing business index in the next one year and into the top 25 in the next three years, he said, adding, "He has asked us to make India very very easy and simple." "We are a great believer that India necessarily has to be an integral part of the global supply chain. And therefore, India has opened up its foreign direct investment regime across sectors," Kant said, adding that India's FDI had grown significantly in the last five years, as against the across-the-board downfall in FDI in other parts of the world.

25% FASTag lanes to be converted into hybrid

PRESS TRUST OF INDIA
New Delhi, 14 December

To avert inconvenience to citizens, the government on Saturday announced to convert up to 25 per cent of FASTag lanes at national highway toll plazas into hybrid lanes for a month. The hybrid lanes will accept FASTag and other modes of payment.

The government earlier had announced rollout of mandatory FASTag under electronic toll collection from December 1, which was later extended to December 15.

"Considering the request of NHAI and further the citizens are not put to inconvenience... it is decided that depending on the traffic pile up at high traffic volume fee plazas, not more than 25 per cent 'FASTag lane of fee plaza' may be temporarily converted to hybrid lanes," the Ministry of Road Transport and Highways said.

This is to be considered on a case to case basis, it added.

"A daily evolution of such cases be made to take neces-

sary corrective action," it said. It should be ensured that the least possible number of the declared FASTag lanes are converted into hybrid lanes and at least 75 per cent lanes of every fee plaza should remain operational as FASTag lanes, it added. The ministry clarified that it is a temporary measure to be adopted for 30 days only to facilitate smooth flow of traffic so that no inconvenience is caused to the citizens.

The government had earlier extended the date to December 15 for making FASTag mandatory for toll payments on national highways.

The National Electronic Toll Collection programme, the flagship initiative of the ministry, has been implemented on a pan-India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive radio frequency identification technology. After announcement of waiver of tag cost from November 21, there has been a growth in FASTag issuance.

Modi dividing people, ruining economy: Cong

PRESS TRUST OF INDIA
New Delhi, 14 December

The Congress leadership on Saturday launched an all-out attack on the Modi government over alleged attempts to "divide" the people of the country and "failures" on the economic front, with party chief Sonia Gandhi claiming that the Citizenship Amendment Act would "shred" India's soul and vowing to fight till the last breath to protect the country, its democracy and the Constitution.

Gandhi was speaking at the party's mega 'Bharat Bachao Rally' at the Ramliha grounds in the heart of the national capital, which was also addressed by other top leaders including Rahul Gandhi, Priyanka Gandhi Vadra, Manmohan Singh, P Chidambaram, Ashok Gehlot and Kamal Nath.

The leaders hit out at Prime Minister Narendra Modi over the new citizenship law, situation in Kashmir, state of economy, escalating prices, "rising" crime against women and joblessness. A combative Congress

leader Rahul Gandhi accused the Prime Minister of "burning the Northeast" and working towards weakening the country. He alleged that Modi was only interested in grabbing power and doing politics.

Refusing to apologise for his 'rape in India' remark, Rahul hit out at the ruling party, saying "my name is not Rahul Savarkar, my name is Rahul Gandhi. I will die, but I will not apologise for speaking the truth and nor will any Congressman do so."

The BJP had demanded an apology from Rahul Gandhi after he had said at a Jharkhand rally that 'Make in India' has become 'rape in India' under Modi rule. "It is Narendra Modi and his assistant Amit Shah who have to apologise to the country for destroying India's economy," he asserted.

Congress chief Sonia Gandhi said there is an atmosphere of "andher nagri chaupat raja (confused leader, chaotic State)" in the country and the entire nation is asking where is "sabka saath sabka vikaas".