

"Congress would take five years to conceive a project, five to allocate budget, another five to lay foundation for those projects, and then it would forget"

AMIT SHAH Union home minister



Officers will have equal opportunity based on merit-cum-seniority to become a part of the Railway Board. Posts will not be fixed based on the officer's cadre" PIYUSH GOYAL Railways minister



"The Jharkhand results were below expectations. We knew it was going to be a tough one as the state has a tendency to change governments every five years" RAM MADHAV

IN BRIEF

Allahabad Bank gets fresh capital of ₹2,153 cr from govt



State-owned Allahabad Bank on Thursday said it would get a fresh capital infusion of ₹2,153 crore from the government in the current fiscal year. The Department of Financial Services in a letter on Thursday conveved the sanction for release of fresh capital infusion fund of ₹2.153 crore. Allahabad Bank said in a regulatory filing. The capital infusion is towards contribution

of the central government in the preferential allotment of equity shares of the bank during the fiscal year 2019-20 as the government's investment, it said. Infusion of capital into the bank by the government comes ahead of the merger with Indian Bank, and it will help the bank meet the regulatory requirement to get amalgamated with a bigger peer.

Aadhaar made mandatory for **PMVVY scheme**

The government has made Aadhaar mandatory for subscribers of the Pradhan Mantri Vaya Vandana Yojana, a pension scheme for senior citizens. The scheme, which envisages an assured rate of return of 8 per cent annually. is being implemented through Life Insurance Corporation of India.

NPCI offers recharge option for FASTag through BHIM UPI The National



Corporation of India on Thursday

recharge National Electronic Toll Collection FASTags through BHIM Unified Payments Interface (UPI). Any BHIM UPI-enabled mobile app would now give vehicle owners the opportunity to recharge their FASTags on the go and avoid queues at toll plazas, it said in a release. PTI

Govt plans big push to private coal mining

The government is planning to give a big push to private sector mining of coal, underground coal gasification, and coal bed methane in 2020 as it spent most of 2019 laying ground for diversification of the coal sector.

UP govt to host Global Investors' Summit in Oct-Nov



Uttar Pradesh, which aims to become a \$1-trillion economy by

2024, will host a Global Investors Summit in October-November 2020. The mega summit was tentatively fixed for February 2020. However, the government decided to postpone it after the Centre mandated the state to host the 11th Defence Expo 2020 in Lucknow in the month. In the run-up to the summit, the state will organise road shows in industrialised nations, such as the US, the UK, Russia, the UAE, the Netherlands, China, Canada, and France.

I-T searches at **Dishman Carbogen Amcis offices**

Dishman Carbogen Amcis on Thursday said that the income-tax (I-T) department has conducted searches at its offices and manufacturing sites, and the search operation was concluded on December 25, "The officials of the I-T department conducted searches at the company's offices and manufacturing sites. The company has extended full cooperation to the officials during the search and provided all the information sought," the company said in a regulatory filing.

BSVI emission norms proposed for quadricycles from Apr 2020

The government has proposed to make Bharat Stage (BS) VI emission norms mandatory for quadricycles from April 1, 2020, an official said. "The road transport and highways ministry in a draft notification has proposed amendment of Rule 115 to mandate the next level emission norms for quadricycles," the official said. Currently, quadricycles are covered under BSIV emission norms. The BSVI emission norms are in line with European standards. Various testing, including those related to durability, would be according to Europe quadricycle norms. Proposed emission limits in BSVI are in line with Euro 5 mass emission guidelines, which will be applicable from January 1 in Europe, the official said. The official said the Centre was soliciting comments and suggestion on the draft notification before finalising it.

Gig workers to get subsidised health care facilities

SOMESH JHA

New Delhi, 26 December

Companies belonging to the gig economy may not be pushed to contribute towards social security cover for its workers. Instead, the government is planning to provide medical treatment to gig economy workers at a subsidised rate from

the Employees' State Insurance Corporation (ESIC) hospitals and dispensaries across the country.

YEAR OF GIG WORKERS This may come as a relief to such companies as they will not be compelled to bear the social security cost of its workers.

The government had last month introduced the Social Security Code Bill. 2019, in the Lok Sabha that proposed to provide, for the first time in India,

social security cover to workers employed in the gig economy. The Bill mentioned that the government would launch a scheme to cover gig workers under the ESIC.

"The medical treatment through ESIC to gig workers is planned to be based on minimum user charge rather than on a contribution basis from employers,'

Issues and

employment ministry official said. Gig workers are usually spoken of in the context of the sharing

a senior labour and

economy, like Uber, Ola drivers, delivery persons for Zomato and Swiggy and so on. These are jobs enabled by a tech-enabled platform where the worker is not bound to the organisation and can choose to work for as long they want in a stint.

WHAT THE PROPOSED SOCIAL SECURITY CODE SAYS

- Gig workers are those who perform work or participate in a work arrangement and earn from such activities outside of the traditional employer-employee relationship
- Gig workers are classified as unorganised workers. So, provident fund contribution will not be required for them
- The government will frame a scheme to give benefits under the Employees' State Insurance scheme to gig workers
- The Centre will not ask for contribution from employers of gig workers, as is done in other cases

The official explained that the gig economy workers can go to ESIC hospitals and dispensaries for medical treatment where they will be charged discounted rates under the Central Government Health Scheme (CGHS). CGHS is meant for all

central government employees, freedom fighters, present and former parliamentarians, judges, among others.

'We will frame rules to cover gig workers through ESIC," the official said.

The ESIC provides for med-

ical, cash, maternity, disability, and dependent benefits to employees drawing a salary of up to ₹21,000 per month. The present ESIC law applies to factories with 10 or more workers and it is also applicable to shops, hotels, restaurants, cinemas, and

road transport undertakings.

Both workers and employees together contribute 4 per cent of a worker's monthly income towards ESIC. There are around 160 hospitals and 1,500 dispensaries under ESIC across the country.

When the Centre had released the draft social security code Bill in September, some firms and experts had expressed concerns as there was ambiguity related to whether firms will have to also contribute towards social security cover of gig workers. They had argued that any move to regulate the gig econmy will impact the firms, which have flourished due to the flexibility it offers to workers. According to a report by Noble House, 70 per cent of firms in India have hired gig workers at least once for major organisational work in 2018.

Dollar bond issuances see fivefold increase this year

Mumbai, 26 December

he lack of access to funds for below-top-rated corporates, along with attractive borrowing costs in the offshore market, has driven Indian firms to raise \$23.6 billion through dollar bonds in 2019 — a nearly fivefold jump from the previous year.

An analysis of the data showed that corporates from infrastructure, power, non-banking financial companies (NBFCs), and metal industries issued a slew of such bonds to meet their funding needs in the current year.

"Globally, the rates have been conducive. For borrowers, the all-in cost matters. Due to currency stability, forward premiums are better, leading to lower hedging costs," said Ajay Manglunia, managing director and head-institutional fixed income, JM Financial products. Domestic players are also using the external commercial borrowings (ECB) route to tap into offshore liquidity.

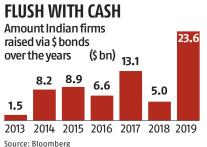
In the first 10 months of 2019 (January October), ECB raised by Indian firms was close to \$46 billion, against \$32.69 billion for whole of 2018. An indicator of strong demand for Indian firms, the maximum interest rate on these instruments for lower-rated corporates reduced to 11.65 per cent, from 15 per cent last year.

find it difficult to raise funds at reasonable rates, as mutual funds and banks shy away from extending credit lines to NBFC players amid concerns on asset-liability mismatches in the sector, following the Infrastructure Leasing & Financial Services crisis last year.

Among NBFCs, Indiabulls Housing Finance, Shriram Transport Finance, and gold financier Muthoot Finance have floated issuances worth \$3 billion in the dollar bond market.

Market experts say more issuances are on the anvil. "We have really driven the dollar market for some of the NBFCs, and we expect to see more of this





coming in the next six to nine months," said Dixit Joshi, group treasurer of On the domestic front, NBFCs continue Deutsche Bank AG.

> softening of US treasury yields. Dollar bonds are linked to US treasury yields, which have come down from 3.23 per cent in early November 2018 to 1.9 per cent at present. "Overseas investors are showing strong appetite for the dollar bond supply from Indian companies due to good yields on these bonds, and the overall credit quality," Manglunia added.

According to experts, even as foreign investors discriminate between higherand lower-rated issuers, the high-yields market has started to take shape overseas.

Among Indian corporates, Adani Transmission, Adani Ports, Adani Green Energy, JSW Steel, and GMR Hyderabad International Airport have been active in the dollar bond market this year. The issue was never with the top guys.

But the lower-rated firms never got money at reasonable rates from the corporate bond market earlier, and they are unlikely to get it in prevailing conditions," said a senior executive with a medium-sized company, which has an AA-rating - three notches below top grade. Among government-owned entities, Power Finance Corporation accessed the dollar bond market the first time for raising shorter-term (five-year tenure) money.

Besides these, banks were also active rticinants with IndusInd Bank State Bank of India, HDFC Bank, Bank of Baroda, and Axis Bank raising funds through dollar bonds during the year. For the first nine months of 2019-20, dollar bond issuances stood at \$16.7 billion — 60 per cent higher over the corresponding period last year. According to foreign brokerages, investors looking at Asian markets also want to diversify their portfolio, which has led to strong demand for Indian bond issuers.

There are concerns around credit quality of Chinese bond issuers. Even those Chinese corporates have among the largest dollar issuances this year," said an analyst.

FOREIGN BANKS' ADVANCES GREW 13% LAST YEAR

Loans and advances of foreign banks operating in India rose about 13% to nearly ₹3.97 trillion in 2018-19 (FY19). This was slightly ahead of the 11% growth in this regard at scheduled commercial banks in general, comprising private, government-owned, foreign, and small finance banks (SFBs). The loan book of private banks grew at a much higher rate, of 25%. Public sector banks expanded theirs by only 4%. SFBs, a group of recent origin, showed 70.5% growth in loans. Deposits at foreign banks rose 17% in FY19, to ₹5.8 trillion, from ₹4.95 trillion the previous year. Their capital base increased to ₹77,809 crore, from ₹67,883 crore, a 15% increase, according to the RBI's report on Trends and Progress of Banking in India 2018-19. Foreign banks' borrowings rose to ₹1.51 trillion in FY19, from ₹1.3 trillion — an 18% spike. Other assets rose by 67% over the year, to ₹1.47 trillion. The number of foreign banks did not rise, but the numbers of branches did, from 286 to 299. The RBI adds that two more foreign lenders, SBM Bank and DBS Bank, were issued a licence in December 2017 and October 2018, respectively, and commenced operations as wholly owned subsidiary from December 1, 2018, and March 1, 2019, respectively. NIDHI RAI

CONSOLIDATED BALANCE SHEET OF SCHEDULED COMMERCIAL BANKS (asofend-March)

	Public se	ector banks	%	
Figures in ₹ crore	2018	2019	chg	
Loans & advances	5,697,350	5,926,286	4.0	
Deposits	8,262,322	8,486,215	3.0	
Capital	33,154	51,060	54.0	
Borrowings	847,034	761,612	-10.0	
Other assets	594,962	611,466	3.0	

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Figures in ₹ crore	2018	2019	chg	
Loans & advances	2,662,753	3,327,328	25.0	
Deposits	3,013,688	3,770,013	25.0	
Capital	11,592	21,344	84.0	
Borrowings	688,188	775,324	13.0	
Other assets	231,688	333,221	44.0	
			0/	

Private sector banks

Foreig	%		
2018	2019	chg	
351,016	396,724	13.0	
494,901	581,857	18.0	
67,883	77,809	15.0	
127,690	151,367	19.0	
88,157	147,493	67.0	
	2018 351,016 494,901 67,883 127,690	351,016 396,724 494,901 581,857 67,883 77,809 127,690 151,367	2018 2019 chg 351,016 396,724 13.0 494,901 581,857 18.0 67,883 77,809 15.0 127,690 151,367 19.0

The first of a two-part series focuses on how the factories, spurred by buyers, have adopted the latest international social and safety standards

Tirupur banks on compliance to win global markets

T E NARASIMHAN

Tirupur, 26 December

Esstee Exports Factory, a mid-sized company which supplies to international apparent brands such as Guess, BLDWN, Devred 1902, Jules, among others, lies slightly outside Tirupur main, about 490 km from Chennai. Enter the clean, spacious, well-ventilated interior of the single-storey factory unit and you find push-doors mandated by international safety regulations to facilitate easy evacuation in case of an emergency.

Esstee is one among the 1,200 $\,$ units in and around Tirupur that have equipped themselves with dozens of national and international certifications to show that they adhere to an international code of conduct when it comes to running factories.

In another corner of Tirupur, Best Corporation, which is one of the largest exporters in the town, and mid-size exporters such as Poppys Knitwear, Warsaw International and others, also flaunt their updated safety standards and global certifications, and display them on big signboards.

The emphasis on compliance was stepped up in the wake of the fire in a Bangladesh garment factory in 2000 which claimed many lives. But

 $even\,up to\,a\,de cade\,ago, there\,had\,been$ allegations that the factories in Tirupur were sweat shops that exploited workers, employed child labour and operated under hazardous conditions. Tirupur, which exports knitwear

worth around ₹25,000-26,000 crore annually, accounts for nearly 46 per cent of India's knitwear exports. The textile units in this tiny town, which employ around 800,000

> worth₹75 crore three decades ago to doing business worth nearly ₹44,000 crore today. $CGovin darajan, a legal\, advisor\, for$ compliance who audits the textile units on behalf of their customers, says eight compliances must be followed under

people, grew from generating exports

the basic code of conduct, which is part of every global certification related to the running of such factories. These are: no child labour, no forced labour, no discrimination, equal wages based on categories not

based on gender, prescribed working hours, health and safety standards, freedom of association and retrenchment policies. In some cases, individual buyers have their own compliance norms.

A LOOK AT

KNITWEAR

CLUSTER

PART-1

Even though the cost of compliance is high anything between ₹5 lakh and ₹5 crore, depending on the size of the company — these units make sure that they follow the norms to keep their



customers happy. Today, thanks to buyers doing business with only those who come with the $necessary\,certifications, the\,evils\,of\,child\,labour,$ bonded labour, exploitation of women, and unsafe working conditions have been largely eradicated in Tirupur.

In fact, industry experts say that from following the law of the land to adapting renewable energy and sustainable manufacturing, the exporters of Tirupur are far ahead of their counterparts in Bangladesh,

FACT SHEET

Tirupur has around 1,200 knitwear exports units

- Accounts nearly 46% of India's knitwear exports
- Knitwear worth ₹26,000 crore produced last year
- Total production in Tirupur is estimated to be around ₹44,000 crore
- International buyers are increasingly insisting on several quality, operational compliance standards
- Cost of compliance ranges between ₹5 lakh and ₹5 crore

Vietnam, Cambodia and others. For the units, the compliance is necessary

because export orders are mostly based on their ranks, which are given after audits by cross departments, by buyers and by an external and third party auditor appointed by buyers. DKS Moorthy, client manager and

accreditation auditor, Social Accountability Accreditation Services, an accreditation agency started as an independent department with Social Accountability International (SAI), says

that the compliance largely depends on buyers; demand for certification. SAI has established the social certification standard SA8000 for factories and organisations.

Moorthy adds that while there is no big

few top management personnel who think positively about the benefits of a system-based operation and hence adhere to the standard. "With the younger generation slowly taking

cultural change in terms of operations, there are a

over, the conservative approach is being replaced with a desire for experimentation and innovation," Moorthy says. Brussels-based Amfori (formerly Foreign Trade Association), which has developed the

Business Social Compliance Initiative to monitor and assesses workplace standards across the global supply chain, says that the operations in factories is improving. The culture shift in recent years has also been spurred by such international guidelines as the ILO Core Conventions, United Nations Guiding Principles on Business and Human Rights, and Sustainable Development Goals (SDGs).

But there is a cultural shift under way in India too, points out Natasha Majumdar, Amfori Network Representative, India. "The introduction of the National Guidelines on Responsible Business Conduct and the Zero Draft of the National Action Plan a few years ago indicates that compliance is not just a need for foreign exports but is becoming a necessity in the Indian context too," says Majumdar.