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THE MARKETS ON FRIDAY

	Chg#
Sensex	41,575.1 ▲ 411.4
Nifty	12,245.8 ▲ 119.3
Nifty futures*	12,319.3 ▲ 73.5
Dollar	₹71.4 ▲ ₹71.3**
Euro	₹79.5 ▲ ₹79.1**
Brent crude (\$/bbl)**	67.5** 67.6**
Gold (10 gm)***	₹38,788.0 ▲ ₹152.0

(*) Premium on Nifty Spot; (**) Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBSA

SATURDAY, 28 DECEMBER 2019 • MUMBAI (CITY) ₹10.00



WEEKEND SEPARATE SECTION

WILL THE MIDAS TOUCH OF TURNING DISTRESS INTO POLITICAL GOLD SUSTAIN?

COMPANIES P2

SANGHVI STARES AT LOSSES OVER SUZLON

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

OIL NEARS 3-MONTH HIGH ON SIGNS OF SHRINKING SUPPLIES

Oil prices rose on Friday to three-month highs after data showed US crude inventories declined much more than expected and upbeat economic data and optimism over a US-China trade deal improved investor sentiment. US crude stocks fell by 5.5 million barrels in the week to December 20 to 441.4 million barrels, the Energy Information Administration said on Friday. The inventory decline far exceeded the 1.7-million-barrel drop expected by analysts in a Reuters poll. "Inventories are bullish almost across the board," said Josh Graves, senior market strategist at RJO Futures in Chicago.

REUTERS

Confidence to disburse loans missing: HDFC MD

RENU SUD KARNAD, managing director at HDFC since 2010, speaks to Nidhi Rai on the situation in the sector and says that applications for new loans have gone up but the confidence to lend is missing among the bankers.

COMPANIES PAGE 2

THE SMART INVESTOR P5

Sebi bans free trial by investment advisors

The Securities and Exchange Board of India's (Sebi's) circular, released on Friday, chalks out more stringent norms to be followed by the new class of intermediaries — registered investment advisors (RIAs). The regulator said it discovered that RIAs were giving free advice on a trial basis, without considering the risk profile of the client.

JASH KRIPLANI writes

BS ON SATURDAY SPECIALS

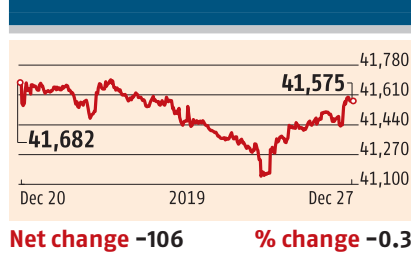
WEEKEND RUMINATIONS: A real Budget, please

The time has come to modernise budgeting. While a more credible set of numbers will be a good thing in and of itself, it will also help make government functioning more transparent, writes T N NINAN

NATIONAL INTEREST: Back to the inglorious past

History is repeating itself and there is a back-to-1974 feeling. But India is living in totally different circumstances for Modi to emulate Indira Gandhi all the way. SHEKHAR GUPTA writes

SENSEX THIS WEEK

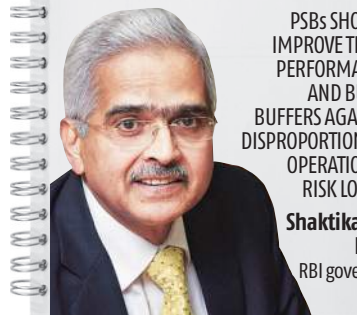


NPAs to rise, but banks more resilient now: RBI

Says geopolitical uncertainties an overhang; CAD to remain under control

STRENGTH ASSESSMENT

- ▶ Bank NPAs may rise to 9.9% by Sept 2020 from 9.3% in Sept 2019
- ▶ Banking system's resilience rises with recapitalisation
- ▶ Reviving consumption and investment a critical challenge
- ▶ Credit to commercial sector needs to be revived
- ▶ NBFCs don't pose as much a systemic risk as in March
- ▶ Contagion risk falling as interbank market shrinks



PSBs SHOULD IMPROVE THEIR PERFORMANCE AND BUILD BUFFERS AGAINST DISPROPORTIONATE OPERATIONAL RISK LOSSES

Shaktikanta Das, RBI governor

ANUP ROY
Mumbai, 27 December

After witnessing a fall in the gross non-performing assets (NPAs) ratio in March 2019 — the first time in seven years — Indian banks' GNPA ratio is set to rise again, as a slowing economy and shrinking credit make the share of bad debt in the loan book larger, according to the half-yearly Financial Stability Report (FSR), released by the Reserve Bank of India (RBI) on Friday.

The system has, however, become better in terms of resilience since since March, the reference point used by the last FSR, thanks to the recapitalisation by the government and measures taken by the central bank, the latest report said, adding that the collapse of any large housing finance company won't pose as big a risk as it had six months ago.

The gross NPA ratio of banks may increase from 9.3 per cent in September 2019 to 9.9 per cent by September 2020 "primarily due to changes in the macro-economic scenario, a marginal increase in slippages, and the denominator effect

of declining credit growth", it said.

The report is prepared by the sub-committee of the Financial Stability and Development Council (FSDC) and is released by the RBI. Earlier this week, the Trend and Progress Report had said "further improvements in the banking sector hinge around a reversal in macroeconomic conditions".

Risks posed by geopolitical uncertainties remain an overhang for the overall financial system. Exports might suffer, but the current account deficit would remain under control, the report said. "Reviving the twin engines of consumption and investment while being vigilant about spillovers from global financial markets remains a critical challenge."

Aggregate demand slackened in the second quarter of 2019-20, further extending the growth deceleration. Writing the foreword of the report, RBI Governor Shaktikanta Das said the challenge was to "ensure transmission of monetary policy impulses to the advantage of real economies and not to aid build-up of froth in financial markets. We need to be mindful of the 'cobra effect'".

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P4 FAILURE OF ANY LARGE NBFC OR HFC WILL NOT IMPACT BANKS | HOUSING PRICES IN CITIES CONTINUE TO MODERATE | HOW MANY DEPOSITS ARE INSURED?

Centre seeks Sebi report on surplus funds transfer

SHRIMI CHOUDHARY
New Delhi, 27 December

The stand-off between the Securities and Exchange Board of India (Sebi) and the Central government over transferring the former's surplus funds to the exchequer is likely to linger.

Ahead of the Budget, the Centre, which is eyeing these resources to reduce its fiscal deficit, recently sought a status report from Sebi, the market regulator. The government wants to decide on the plan of the surplus transfer in line with the new rule.

"The departments concerned in the finance ministry recently sought details from the market regulator about the reserves to systemise its income and expenses and accordingly make the revenue estimates for the current financial year and also the Budget estimates for FY21," said a source privy to the development.

Sebi, on the other hand, has yet to comply with the provisions of the Finance Act, 2019, which mandates a 75 per cent cash transfer from its general fund to the government's books, after creating a "reserve fund" of the annual surplus.

The transfer is proposed to take place after Sebi incurs all expenses mandated under the law establishing it. Though the amount may not be big enough to help the government bridge its fiscal deficit to any great extent, it is important for Sebi to maintain its autonomy, sources said.

According to the amended law, Sebi can keep 25 per cent of its annual surplus, which should not exceed its annual expenditure in the preceding two financial years. The balance will be transferred to the Consolidated Fund of India. According to officials, Sebi's surplus was ₹3,606 crore as of March 31 last year.

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Ajay Tyagi, chairman, Sebi

WHAT'S THE MATTER

- ▶ In 2009, FinMin proposed to move regulators' reserves into public account
- ▶ These accounts were finally opened in 2013-14. However, no funds have been deposited in it so far
- ▶ In 2016, the Department of Economic Affairs referred the matter to the law ministry
- ▶ The same year, Sebi told CAG that keeping funds in a government account would undermine its autonomy
- ▶ The 2017 CAG report said regulatory bodies together hold surplus cash of over ₹6,000 crore as of March 2017
- ▶ In July 2017, DEA informed CAG about the attorney general's view that the Sebi Act did not permit the transfer of such funds to public accounts
- ▶ In 2019, the Finance Act mandated Sebi to transfer 75% of reserves

A ROAR IN THE SKIES, ONE LAST TIME



A MiG-27 prepares for a sortie during the de-induction ceremony of the aircraft at the Air Force Station in Jodhpur on Friday. MiG-27 aircraft had played an important role during the 1999 Kargil war

PHOTO:PTI

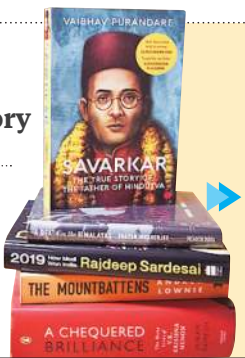
2019 LOOKING BACK

PAGE 13
Strong government

PAGE 2
Pharma battled regulatory scare and won



PAGE 2
India's start-up universe on growth path



WEEKEND
Faces that made us happy in a grim year

▶ Business Standard's favourite books this year
Newest indulgence in our cities

The most promising cinema

Athlete of the decade
Why 2019 is forgettable

Operation Twist, global cues fuel market rally

JASH KRIPLANI
Mumbai, 27 December

The benchmark indices on Friday closed about 1 per cent higher, with banks leading the show fuelled by the Reserve Bank of India's (RBI's) plans to initiate the second round of Operation Twist. Mid-cap stocks posted strong gains amid talk of the Securities and Exchange Board of India (Sebi) relaxing norms to widen the investable universe for mutual funds (MFs).

Global cues also contributed to the positive investor sentiment. "Liquidity in global markets and optimism around a US-China trade deal drove the indices to fresh highs during the series," said

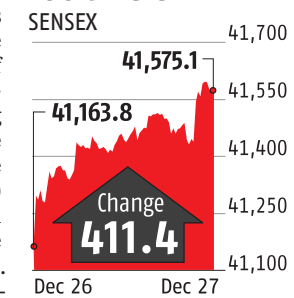
Siddharth Khemka, head of research (retail), Motilal Oswal Financial Services.

The 30-share Sensex ended 411.38 points higher at 41,575.14, while the Nifty closed 119.25 points up at 12,245.80. Among the Sensex stocks, Axis Bank was the biggest gainer as it closed 3.3 per cent higher. Other gainers in the banking pack were State Bank of India (2.2 per cent) and ICICI Bank (2 per cent). The BSE Bankex ended 1.2 per cent higher.

"Operation Twist is expected to lead to higher treasury profits for banks as the 10-year bond yields are likely to come down," said Deepak Jasani, head of retail research at HDFC Securities.

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LOOKING UP



The greatest story of them all: Battle for scale and diversity

The gestalt effect of all the changes in the last decade has brought India to a sweet spot. Can it leverage these to become a global storyteller?

VANITA KOHLI-KHANDEKAR
New Delhi, 27 December

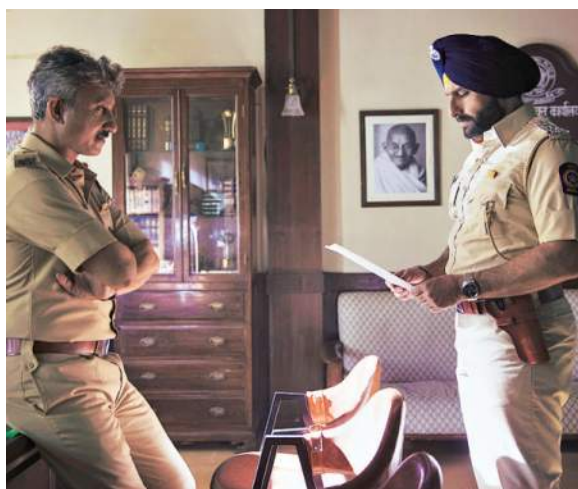
THE DECADE THAT WAS ENTERTAINMENT

Circa 2010: The story goes that half way through My Name is Khan, director Karan Johar and lead actor Shah Rukh Khan figured that the tale of an autistic Indian's quest to meet the US president and tell him "my name is Khan and I am not a terrorist" needed a studio that could reach beyond the diaspora markets. That was a tough ask for most Indian films. They approached Fox Star, which grabbed the film and put all its muscle behind it. My Name is Khan released across 1,400 cinema screens in 68 countries and was aired on TV screens in 65 — unheard of for an Indian film. The film went on to earn over \$100 million (on box office

and TV), making it the biggest global hit from India till then. Had our stories finally crossed over?

Circa 2019: In July 2018, Sacred Games, a Hindi show, began streaming in 190 countries to Netflix's 125 million subscribers (then). It was reviewed by every major publication in the world. More than a year later in September 2019, it was nominated for the International Emmy Awards, along with Lust Stories (Netflix) and The Remix-India (Amazon Prime Video). The same month, The Family Man premiered in Los Angeles before dropping into 75 million homes across the world on Amazon Prime Video. The service now streams 12 Indian shows with another 30 in the pipeline. "One in three viewers for these shows is from outside of India," says Jay Marine, vice-president, Amazon Prime Video. Meanwhile, Sacred Games just made it to The New York Times' list of the 30 best international series of the decade. Yes, we have crossed over.

BACK PAGE
THE 'FIRE AND ICE' DECADE THAT CHANGED EVERYTHING ON WALL STREET



A still from the first season of the Netflix show Sacred Games

The kaleidoscopic effects of the chaos on-demand viewing created in the last decade are now settling down to reveal a clearer picture. One in which telecom, technology, and media firms are collapsing into one simple search for audiences. Google, Amazon, AT&T,

Disney, Comcast, Apple, and Netflix, among others, are leading this search. They are acquiring companies and commissioning content, not just in North America but from across the world in their search for scale. It is a scale defined not just by having

a massive platform but by the ability to serve a maddeningly diverse yet global audience for entertainment. It could be Indians watching Narcos (Spanish, American), the French watching Sacred Games (Hindi, India), Americans watching The Crown (English, Britain),

or the Turks watching Dark (German, Germany). Only by aggregating as many diverse audience clusters as they can, will any of these giants remain in the reckoning or win the battle? It is also not a scale defined by any technology.

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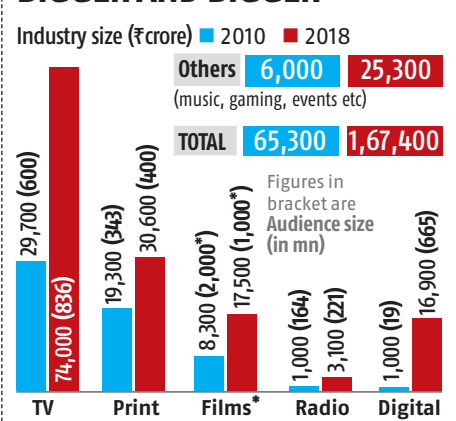
MEDIA AND ENTERTAINMENT LANDSCAPE

Top 10 media firms by revenue

	FY 2010 (₹ crore)	FY 2019 (₹ crore)
Times group	5,000	16,495
Zee group	4,009	11,956
Star India	3,525	10,000
Airtel (media)	2,900	9,337
HT Media	1,453	6,309
Sun Network	1,395	6,148
Network18	1,275	5,068
Sony	1,250	4,100
DB Corporation	1,074	3,782
Jagran Prakashan	942	3,118

Note: Google India's revenue is for FY 2018
Sources: Annual reports, Registrar of Companies, and Media Partners Asia

BIGGER AND BIGGER



*The number of people who bought a ticket to see a movie. It doesn't include film viewership on TV and online
Sources: FICCI-KPMG and FICCI-EY reports, IRS

IN BRIEF

Delhi ahead of Bengaluru, Mumbai in night travel: Ola



Delhi was ahead of cities like Bengaluru and Mumbai in terms of travel between 10 PM to 6 AM - taking seven million trips this year on Ola, data from the ride hailing platform showed. Overall, Delhi recorded a total of 1.06 billion km in 2019

and over 71 million trips, Ola said. "Breaking the stereotype of not being a night city, Delhi recorded a total of seven million trips which was followed by the student and corporate hub, Bengaluru and Mumbai at 6 million and 5 million rides, respectively," it added. Delhi clocked 924 million km (63.4 million trips) between 6 am to 10 pm and 141 million km of night-time travel between 10 pm to 6 am, according to the data. Bengaluru topped the tally with highest number of rides with 90.9 million trips, ahead of Delhi. Chennai was on the third spot with 58.4 million trips. Mumbai registered 46.3 million trips, while Hyderabad and Kolkata clocked 43.1 million and 20.7 million rides, respectively, on the Ola platform.

Sundaram-Clayton declares 3 days of no work at plants

Sundaram-Clayton, the holding company of two-wheeler and three-wheeler maker TVS Motor, on Friday declared December 28, 30, and 31 as non-working days following business slowdown across sectors, said the company. It has plants in Padi and Mahindra World City in Oragadam near Chennai and in the industrial hub of Hosur, apart from a facility in the US. Several automobile firms, including Maruti Suzuki India, Hero MotoCorp, had also announced non-working days for their factories in the past due to the slowdown in the sector.

Fully cooperated with I-T officials: Dishman on search

Responding to institutional investors on the recently concluded week-long searches by Income Tax (I-T) department, Dishman Carbogen Amcis has said it cooperated fully with the authorities and provided all documents. In a call with institutional investors and analysts, Dishman said the I-T searches were unanticipated as it did not get any prior tax demand notice. It told investors that it did not expect the probe to have any adverse outcome on it. In a BSE filing, it told exchanges on Thursday officials conducted searches at the offices and manufacturing sites.

PMC administrator to seek valuation of HDIL aircraft, yacht

The RBI-appointed administrator of scam-hit Punjab and Maharashtra Co-operative (PMC) Bank has floated a request for proposal to appoint a consultant for valuation of two aircraft and a yacht owned by HDIL group firms. These assets belong to HDIL group firms owned by Rakesh Wadhawan and his son Sarang, the prime accused in the ₹6,500-crore scam at the cooperative lender.

Sebi slaps ₹8 lakh penalty on ABG Shipyard's officials

The Securities and Exchange Board of India (Sebi) on Friday imposed a penalty of ₹8 lakh on three non-independent directors of ABG Shipyard for misleading the firm's stakeholders by approving false and mis-stated financial results. The Sebi has levied a fine of ₹3 lakh each on Arun Pathak and Syed Abdi and ₹2 lakh on Dhananjay Datar.

Air India pays October flying allowances to 1,600 pilots

Cash-strapped Air India on Friday paid flying allowance for October to its around 1,600 pilots, a source said days after a section of them sought immediate payment of the pending amounts. Flying allowance, which constitutes between 50-80 per cent of a pilot's salary. "The airline has paid us our flying allowance for October. According to norms, they should have been paid in the first week," a pilot told PTI.

Details about the amount paid as allowances could not be immediately ascertained. Air India has 1,600 pilots and all of them have received the payment, he said. Last week, the government provided a ₹500-crore guarantee to the national carrier to help it secure fresh funds for operational requirements. This was against a request for ₹2,400 crore sovereign guarantee for raising funds.

Shanghvi staring at big loss with Suzlon on bankruptcy path

Sun Pharma promoter has 23% in renewable power firm that failed to chart debt recast plan

DEV CHATTERJEE
Mumbai, 27 December

Dilip Shanghvi, the billionaire-promoter of Sun Pharmaceutical Industries, is staring at a huge loss with renewable power firm Suzlon Energy heading for bankruptcy courts by next week.

Shanghvi, who had invested ₹1,400 crore in picking up 23 per cent stake in Suzlon in 2014 in his personal capacity, will be one of the top losers along with the Suzlon promoter, the Tanti family.

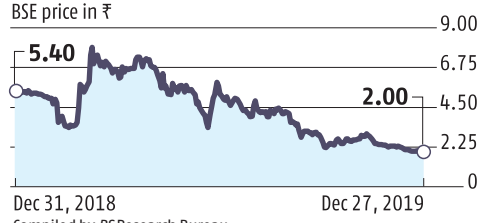
Bankers said Suzlon failed to come up with a debt recast plan by December-end deadline. According to the Reserve Bank of India guidelines, the lenders had sought approval from a credit rating agency for the debt recast plan by Suzlon that the company failed to get, bankers said.

The lenders to the renewable power firm had signed an inter-credit agreement in June. Subsequently, the company envisaged a debt recast plan, which divided its debt into sustainable and non-sustainable categories. However, rating firm CRISIL indicated to lenders the company would not be able to service the sustainable debt part as its earnings would not be able to keep pace with its finance cost.

As of Friday, Suzlon Energy stock, which lost 64 per cent of its value in calendar 2019, was worth ₹1,053 crore, giving a valuation of ₹242 crore to Shanghvi's stake. Since January this year, Shanghvi, who is ranked number 10 in Bloomberg rich list, has lost close to a billion dollar of wealth - taking his total net worth to \$7.3 billion. The fall in wealth was in spite of Sun Pharma stock closing the year with a marginal loss of just one per cent.

A banking source said Suzlon would be sent for debt resolution, according to the Insolvency and Bankruptcy code guidelines, by the first week of January along with several other companies in the power sector. The company owes close to ₹11,300 crore of debt to Indian banks and the banks will have to make provisions for the loan in the March quarter, according to the RBI guidelines.

LOW ON ENERGY



FALLING FORTUNES

As of Friday, Suzlon Energy's stock, which lost 64% of value in 2019, was worth ₹1,053 crore, giving a valuation of ₹242 crore to Dilip Shanghvi's stake

Since Jan, Shanghvi - ranked No. 10 in Bloomberg rich list - has lost around billion dollars in wealth, taking his net worth to \$7.3 billion



An email to Suzlon did not elicit any response. A spokesman of Shanghvi declined to comment on the issue.

In FY13, Suzlon was referred to the corporate debt restructuring by banks on hopes that the positive long-term outlook of the wind energy sector would help the company come back to profitability. The CDR package was implemented after all banks signed an agreement on March 28, 2013 to restructure the loans. By 2014, Shanghvi was bought in as an investor into the company who promised to invest an additional ₹450 crore to set up a wind mill park. In 2015, Suzlon sold its German subsidiary Senvion SA for €1 billion to Centerbridge Partners and the proceeds were used to repay debt.

According to the IBC norms, the company's board of directors would be suspended and the court would appoint a resolution professional to sell the company to the highest bidder. As the company is handed over to a new owner, the existing shareholders of the company end up in a loss.

'Confidence among bankers to disburse loans missing'

RENU SUD KARNAD, managing director at HDFC since 2010, speaks to Nidhi Rai on the situation in the sector and her views on policy. Edited excerpts:

How is demand looking for individual (housing) loans and where is it coming from?

Mumbai is looking up, Pune and Bengaluru are doing well, Delhi and Chennai are comparatively slower. Otherwise, at all places, every city is doing better than last year. The numbers of applications for new loans have gone up everywhere and a lot of the demand is coming from houses of less than ₹1 crore from tier-II cities and the affordable housing range of between ₹20 lakh and ₹50 lakh.

How is the affordable housing space doing? Will it get further traction?

I think that sector has already picked up. If you look at the PMAY (Pradhan Mantri Awas Yojana) scheme, we have done more than 140,000 applications in just about three years. A huge number and these are all

first-time homeowners. So, house owning of people is going up.

Do you anticipate that asset quality in the non-individual segment would remain under pressure or see an improvement there? Are you cautious in lending to them?

For non-individuals, we are cautious. This is happening because sales came down, for various reasons. In the span of one year, demonetisation, RERA, and GST happened. This did cause some uncertainty and people stopped buying homes, as they didn't see homes being delivered. I think we need to give developers time, for six months to three quarters, for things to improve.

What does HDFC plan to do with the excess liquidity on its balance sheet?

Having excess liquidity on the books during a difficult period is a good thing. It provides the confidence to look at inorganic growth, as good assets during such periods might be available at reasonable valuation. As you know, we recently bought stake

in a health insurance company and increased our stake in an education finance company from around 90 per cent to 100 per cent. We are open to buying good housing finance portfolios, if they meet our criteria.

What can be done to ease the situation in real estate?

The ₹25,000-crore fund announced by the Centre is a good step but the sector also needs sentiment to change. Green shoots are happening but, yes, builders are still not getting money. NBFCs and banks are not lending to builders, as risk aversion has set in. The regulation on NPA

"Demonetisation, RERA, and GST did cause some uncertainty and people stopped buying homes, as they didn't see homes being delivered. I think we need to give developers time - from six months to three quarters - for things to improve"

classification is making things tough.

The RBI requires that any extra funds provided to a project which is an NPA be classified as NPA from Day 1. Most of the stuck projects are likely to have been classified as NPAs with some lender, hence, some of these, which could still have equity value, will not get fresh funding. And, if these do not meet the conditions set under this ₹25,000-crore fund, it is tough to envisage how such projects will be completed. The need of the hour is at least this fund announced by the government should quickly get operational and the money be disbursed.



RBI has said there is enough liquidity in the system. Why is it not showing on the ground? Do you see liquidity issues solving soon?

RBI is right when it says there is no liquidity issue. Banks are not lending as they are scared of lending. Though the prime minister has said genuine business decisions will not be questioned, the required confidence among bankers to disburse the loans is missing.

With some HFCs getting out of business, how much does it help you in capturing the market?

It is difficult to understand and the market share because there is no report per se. But, I am sure we might have picked up 1 per cent or more market share, as we have grown faster than the industry. Having said that, some of these lenders you are referring to were largely into loans against property, somewhere in the affordable housing space but more in the unorganised sector. That is not exactly our target market.

More on business-standard.com

Indian pharma battled regulatory scare and won

Domestic market saw demand swings, govt yielded to industry pressure to raise prices of key drugs

SOHINI DAS
Mumbai, 27 December

The year 2019 has been an eventful one for Indian pharma.

Apart from regulatory scares from its key export market, the US, and the lookout for opportunities in new territories like China and Japan, the domestic market saw a fair share of swing in growth rates. The industry also battled concerns around a cancer-causing substance being present in some of the most common pills like antacids and diabetic medicines. The year, however, ended in some breather coming from the Indian drug price regulator allowing a one-time ceiling price hike for some of the key drugs facing input cost pressure.

If stock prices are anything to go by for measuring the performance of companies, big pharma firms like Sun Pharma, Lupin, and Cipla have seen their shares take a beating this year, slipping from their year before price points. There has been a surprise performer in Divi's Laboratories. The Hyderabad-based maker of active pharmaceutical ingredients saw an over 22 per cent jump in its stock prices in 2019. Despite the regulatory challenges, cost optimisation measures and a promising US pipeline did well for Hyderabad-based

Dr Reddy's Laboratories.

On the whole, rating agency ICRA maintained a stable outlook on the Indian pharmaceutical industry. In its latest note on the sector, ICRA said: "The abating headwinds from pricing pressure in largest regulated markets USA, stable growth for the Indian market driven by increasing healthcare spend and better accessibility are likely to drive healthy growth for the Indian Pharma companies, coupled with comfortable balance sheet structure." The FY19-22 compound annual growth rate is expected to be 10-12 per cent for domestic pharmaceutical companies, ICRA said.

Increased regulatory scrutiny

The year 2019 has been a tough year for Indian exporters as far as US Food and Drug Administration (USFDA) scrutiny goes. ICICI Securities noted in its latest report that the sector underperformed the broader market due to regulatory issues, volatile US business with lack of growth visibility, and high price erosion in H1CY2019. "Indian plants have received 15 warning letters in CY19 vs 7-10 in previous years as the number of plants and filings from India has been significantly increasing," it noted. Analysts feel as Indian firms increase the number of complex drug filings in the US, the number of inspections is set to rise.

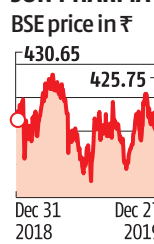
Did exports to the US take a beating as a result?

The Pharmaceutical Export Promotion

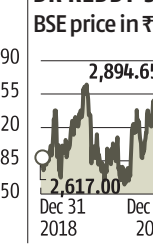


HEALTHY PHASE

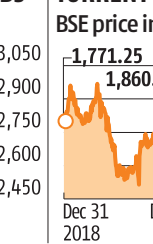
SUN PHARMA



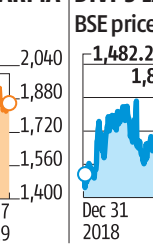
DR REDDY'S LABS



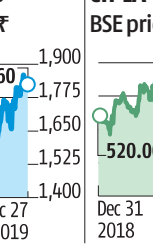
TORRENT PHARMA



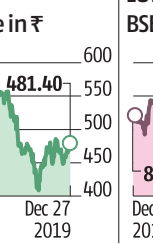
DIVI'S LABS



CIPLA



LUPIN



Source: Capitaline

Council (Pharmexcil), a Ministry of Commerce outfit, however, pointed out during the first quarter of FY20, India's pharma exports grew by 11 per cent. During the June quarter, according to the data from Pharmexcil, exports to the US saw 28 per cent growth. This is because most companies have de-risked their business models by developing alternative sites or plants for their key products in the past few years.

Moreover, big players including Sun Pharma have indicated their intention to focus on the regulated markets of Japan and China. Some firms like Lupin, however, sold their Japanese subsidiaries

for generic drugs and said they would focus on partnerships in specialty drugs.

Domestic market saw demand swings

India's ₹1.3-trillion domestic market too has seen a fair share of ups and downs this year. In the June quarter, the domestic market's year-on-year growth (at 7.9 per cent) was the lowest since the one of June 2014. Then market growth picked up in monsoons and sales of categories like anti-infectives grew. During the July-September quarter, the market clocked 11.5 per cent growth, buoyed by increase in both volumes and

prices. However, immediately after, the growth rate again slipped to 5.1 per cent in October, picking up again in November.

The domestic market is going through a churn in terms of volumes going down, with strict price control pushing companies to focus more on profitable brands. With input prices going up, manufacturing certain products had become unviable. The Centre took note of the situation, and, in a first, it invoked Paragraph 19 of the Drug Price Control Order, 2013, to raise the ceiling prices of 21 formulations by 50 per cent. This was a long-pending demand from the industry because the prices of

active pharmaceutical ingredients (APIs) had gone up in the range of 10-88 per cent in the past two years owing to Chinese supply disruption. The Centre is working on developing bulk drug manufacturing parks to boost local production and reduce dependence on China, which now accounts for almost 70 per cent of our API imports. The ball has been set in motion to develop four such parks, one each in Andhra Pradesh, Telangana, Himachal Pradesh, and Assam.

Scare of carcinogen in common drugs

Apart from swings in domestic demand and US regulatory concerns, Indian pharma majors had to also grapple with the issue of the presence of a potentially cancer-causing substance in the bulk drugs (or ingredients) of a common anticancer drug Ranitidine and a diabetic drug Metformin.

After the USFDA issued advisories, several companies including multinational player GlaxoSmithKline Pharma recalled its Ranitidine products globally. The Indian regulator too sprang into action and did thorough checks around the presence of the carcinogen (called NDMA) in these drugs.

Outlook 2020

Analysts, however, are optimistic about 2020. ICICI Securities said: "We are positive on pharma sector for next year as we expect growth in India to sustain at 10-11 per cent, cost control measures to aid margins and positive growth in US sales on corrected base with normalisation of price erosion."

Regulatory hurdles such as frequent FDA inspections, currency volatility, and including more products in the National List of Essential Medicines (the prices of which are controlled by the government) in India, are key risks for the sector.

CDEL sees YES Bank nod to tech park deal in 10 days

Subsidiary Sical Logistics eyeing a pact with institutions to raise debt capital

DEBASIS MOHAPATRA & BIBHU RANJAN MISHRA
Bengaluru, 27 December

Coffee Day Enterprises (CDEL) sees its working capital position improving by the second week of January. This is because the company expects proceeds of the 'Global Tech Park' sale to go through during this period apart from seeing some debt capital flow from financial institutions.

Sources privy to the development said though YES Bank is yet to give approval to the (Global Tech Park) deal, it is likely to come in the next 10 days.

"In the last five months, after the tragic demise of V G Siddhartha, the company has not received even a paisa from banks. If Blackstone (deal) comes through, which the company feels will be done in the second week of January, things will improve," said a person familiar with the development.

"The company will pay (to its creditors) the last paisa," the person added.

In September, CDEL decided to sell the Global Village Tech Park to private equity major Blackstone and realty firm Salarpuria Sattva Group for ₹2,700 crore.

A person familiar with the development also said that despite working capital crunch, all the cafes and vending machines are operating normally without any disruption.

However, some of its subsidiaries have not been able to service their debt owing to cash flow mismatches.

Sical Logistics, one of the listed subsidiaries of CDEL, on Thursday informed exchanges that payment of semi-annual interest of ₹5.5 crore on non-convertible debentures issued by the firm would be delayed. In the September quarter also, the firm had not paid ₹10.72 crore interest to creditors.

"While talk of divestment is going on, Sical is simultaneously trying to raise some debt, which will ease the working capital crunch substantially," said another person.

Meanwhile, CDEL expects the investigation report on the purported letter, allegedly written by founder of the group late VG Siddhartha, to be pre-



MONEY MATTERS

■ In September, CDEL decided to sell the Global Village Tech Park to Blackstone and Salarpuria Sattva Group for ₹2,700 cr

■ Coffee Day Group has not received any funding support from banks in the last five months

■ By July end, group's aggregate debt stood at ₹4,970 cr, of which Tanglin Developments' liabilities were at ₹1,622 cr

■ Despite working capital crunch, cafes and vending machines are operating normally without any disruption

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■ Meanwhile, CDEL expects the investigation report on the purported letter, allegedly written by founder of the group late VG Siddhartha, to be pre-

■ sented to the board next month. In August, the group had roped in former DIG of the Central Bureau of Investigation (CBI) Ashok Kumar Malhotra, along with law firm Agastya Legal LLP, to investigate contents of the letter apart from giving the mandate to scrutinise its books of accounts.

■ By the end of July, the group's aggregate debt stood at ₹4,970 crore, of which

■ Tanglin Developments' liabilities stood at ₹1,622 crore. Its flagship coffee retailing arm Coffee Day Global's total debt was at ₹1,097 crore.

■ According to regulatory filings, promoter holding in CDEL, comprising shares of Coffee Day group founding chairman late V G Siddhartha, his wife Malavika Hegde, Devadarshini Info Technologies, Coffee Day Consolidations and Sivan Securities, has seen a sharp fall of around 28 per cent to touch 25.35-per cent at the end of September quarter.

■ This was majorly due to liquidation of pledged shares by lenders during this quarter.

■ Overseas corporate bodies such as NLS Mauritius LLC held the maximum 10.61 per cent stake in the company followed by KKR Mauritius PE Investments II with 6.07 per cent, during this period.

■ Similarly, Marina West (Singapore) and Marina III (Singapore) were the remaining overseas corporate investors with 4.63 per cent and 1.04 per cent stake, respectively.

Adani acquires 40% stake in cold chain logistics firm for ₹296 crore

The firm plans to double its capacity over the next five years

ADITI DIVEKAR
Mumbai, 27 December

Adani Logistics, a subsidiary of Adani Ports and SEZ, announced on Friday it had signed an agreement to acquire a 40.25 per cent stake in Snowman Logistics from Gateway Distriparks for ₹296 crore.

The purchase price of ₹44 per share is a 3.2 per cent premium to the market price of December 27, and a 12 per cent premium to the 60-day volume weighted average price (VWAP), said a company release.

"The acquisition is in line with our strategy and vision to be a leader in providing integrated logistics services in India and moving from port gate to customer gate. Cold chain is key product in customer gate strategy given India's consumer driven demand," Karan Adani, chief



The purchase price of ₹44 per share is a 3.2% premium to the market price of December 27

executive officer at APSEZ was quoted as saying.

The announcement of this acquisition by Adani has come at the time when India is grappling with economic slow-

down where domestic companies of several sectors are cutting capex amid not-so-strong revenue visibility.

As part of the transaction, Adani Logistics will make a

mandatory open offer as per the Substantial Acquisition of Shares and Takeover Guidelines, 2011 for a maximum 26 percent of the public shareholding in the company.

The acquisition is subject to customary condition precedents and is expected to close by March 31, 2020, informed Adani via release.

"We will double the (cold chain) capacity in next five years. With focus on increase in utilisation, higher realisation from product mix and operational efficiencies, this vertical will help further improve returns of logistics business," Adani was quoted as saying.

Snowman Logistics has presence in 31 locations in the country across 15 cities. Promoter Gateway Distriparks had listed Snowman Logistics in 2014 and had plans to grow in neighbouring geographies in the long-term.

Vistara picks Nelco for in-flight data services

Vistara has partnered Tata group firm Nelco for in-flight data services, which are expected to be rolled by the full service carrier shortly, according to a senior government official.

Nearly five years after starting operations, Vistara — a joint venture between Tatas and Singapore Airlines — is also likely to be the first domestic carrier to provide in-flight connectivity within India. Telecom Secretary Anshu Prakash said required spectrum has been allocated for the purpose.

"Vistara has tied up with Nelco and they have taken transponder space from ISRO (Indian Space Research Organisation)...they had come to us for spectrum allocation which we have done. And they will be launching these services very shortly," he said. A Vistara spokesperson said, "We have not

finalised this yet," referring to launch of the services.

An email sent to Nelco seeking comments did not elicit any immediate response and the company's spokespersons were also unavailable.

While airlines can offer both voice and data connectivity under the 'Flight and Maritime Connectivity Rules-2018' notified by the government in December 2018, data connectivity is expected to be offered first, Prakash said.

"There can also be voice but voice is not happening right now. Still data is as good as voice, because once you have data you can use over-the-top (OTT) and make WhatsApp calls," he noted.

Regarding inflight wi-fi services, Prakash said the tariffs are not regulated by the government.

"It is for them to decide what tariff

they will charge. I suppose it will be an add-on service that the airlines will offer in relation to their competitors but whether they will charge or not charge, is their decision," the Telecom Secretary said.

Telecom pricing is currently under forbearance, and "tariff is not an issue in this", he added.

Vistara, in which Tata Sons has 51 per cent stake and the rest is with Singapore Airlines, began commercial services on January 9, 2015. With a fleet of 39 planes, the carrier operates more than 200 flights a day and is working on expanding its overseas presence.

Last month, Nelco said it expects to roll out in-flight data connectivity services by January but did not divulge the airlines it would be partnering with for the offering. **PTI**

JSW Steel arm to sell 39% in JV for \$23 mn

PRESS TRUST OF INDIA
New Delhi, 27 December

JSW Steel on Friday said its Netherlands-based subsidiary would offload 39 per cent stake in joint venture firm Geo Steel for \$23.08 million.

JSW Steel (Netherlands) will sell the stake to the JV partner Georgian Steel Group. JSW Steel (Netherlands) holds 49 per cent stake in the JV.

"JSW Steel (Netherlands), a wholly-owned subsidiary of the company, has entered into an agreement for selling 39 per cent out of its 49 per cent stake held in Geo Steel LLC, a JV based in Georgia, to its JV partner — Georgian Steel Group," JSW Steel said in a BSE filing.

Post the completion of the aforesaid sale, JSW Steel (Netherlands) B.V. will continue to hold 10 per cent stake in Geo Steel LLC, it said.

The company expects the sale of shares will be completed within 30 days from the date of agreement.

The consideration to be received from such sale will be \$23.08 million, it said.

RInfra gets ₹94 cr from Goa, to urge it to pay rest

Reliance Infrastructure (RInfra) on Friday said it had received ₹94 crore from the Goa government against the arbitration award of ₹350 crore.

The company will request the Goa government to pay the balance of 75 per cent of the arbitral award against bank guarantee immediately as per a recent NITI Aayog circular, it said in a statement.

The proceeds will be used to pay lenders and reduce the debt of company, it said. Reliance Infrastructure, which is sitting on a debt pile of up to ₹6,000 crore, aims to be debt-free in 2020. The tribunal, on February 16, had ordered the government to pay ₹350 crore, including interest, in favour of R Infrastructure. **PTI**

IN BRIEF

DHFL scam: ED probing money laundering of ₹4,122 crore

The Enforcement Directorate (ED) has begun probing the alleged money laundering of the investments of Uttar Pradesh Power Corporation employees' provident fund (PF), parked with mortgage lender Dewan Housing Finance Corporation (DHFL). The total value of the corpus was ₹4,122 crore. While the economic offenses wing of the Uttar Pradesh Police is probing the alleged criminal conspiracy and unauthorised investment of the PF corpus in DHFL, the ED will probe the possibility that the money was laundered and the network used to funnel it. According to sources, the ED has registered a money laundering case in this regard in New Delhi. **BS REPORTER**

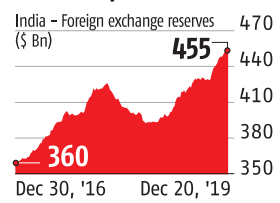
Sugar output may jump as rains raise water levels

India may roil the global sugar market again as prospects for next year's cane crop have brightened due to brimming reservoirs. Bountiful monsoon rains this year have led to above-average water levels in reservoirs, which will in turn boost the amount of sugar cane that's planted. Sugar output in the country is expected to bounce back in FY21 from an estimated three-year low this year. **BLOOMBERG**

Onion prices keep soaring, sold for up to ₹150 per kg

Retail onion prices on Friday remained higher, at up to ₹150 a kg, even as the imported supplies have started arriving to boost availability and check prices. In metros, retail price of onion was ruling at ₹120/kg in Kolkata, at ₹102/kg in Delhi and Mumbai, and at ₹80/kg in Chennai, according to data by the consumer affairs ministry. **PTI**

Forex reserves climb \$456 mn to record \$455 bn



The country's foreign exchange reserves increased by \$456 million to a fresh lifetime high of \$454.948 billion in the week to December 20, according to RBI data. In the previous week, the reserves had swelled by \$1.070 billion to \$454.492 billion. **PTI**

Commutation of pension will be restored from Jan 1

The labour ministry will enforce EPFO's decision to restore pension commutation, or advance part-withdrawal, under the Employees' Pension Scheme, from January 1, a move which will benefit 0.63 million pensioners, a source said. **PTI**

India ranks 47th out of 56 in housing price appreciation

India ranks 47th out of 56 countries on appreciation in housing prices, as rates grew by only 0.6 per cent during Q2 over the year-ago period on slow demand, global property consultant Knight Frank said. India stood at 11th position in Q1FY19 with a 7.7 per cent year-on-year rise in home prices. Knight Frank released its latest report - Global House Price Index Q3 2019 - that tracks the movement in mainstream residential prices. **PTI**

V-P Naidu: Economy will bounce back, be optimistic

The Indian economy would rebound in the future and the current slowdown was cyclical, said Vice-President (V-P) M Venkaiah Naidu at the annual conference of the Indian Economic Association. He said economy was facing challenges due to decline in growth and asked the crowd to be optimistic. **PTI**

LIC pays ₹2.6K cr dividend to govt

State-owned Life Insurance Corporation (LIC) on Friday paid a dividend of ₹2,610.74 crore to the government for financial year 2018-19 (FY19). "During FY19, LIC generated a valuation surplus of ₹53,214.41 crore, registering a growth of 9.9 per cent over the previous year. It has a market share of 76.28 per cent in the number of policies and 71 per cent in first-year premium as of 30.11.2019," the finance ministry said in a tweet. This is for the first time in LIC's history that valuation surplus has crossed ₹50,000 crore, the insurer said in a statement. LIC Chairman M R Kumar (pictured) handed over the cheque to Finance Minister Nirmala Sitharaman in presence of Finance Secretary Rajiv Kumar and Special Secretary Debashish Panda. **PTI**

PSBs must build buffers to absorb shocks: RBI

GNPAs seen rising to 9.9% by Sept 2020, from 9.3% in Sept this yr

ABHIJIT LELE
Mumbai, 27 December

Public sector banks (PSBs) need to improve performance and work to build buffers against disproportionate operational risk losses, according to the Financial Stability Report (FSR). State-owned banks have been grappling with stressed loans and limited capacity to absorb further rise in slippages expected due to prolonged economic slowdown. In fact, the Reserve Bank of India's (RBI's) stress tests have projected a rise in gross non-performing assets of banks to 9.9 per cent by September 2020 from 9.3 per cent in September 2019.

According to the FSR, the regulator conducted macro stress tests for credit risks to assess the banking system's resilience to macro-economic shocks under baseline conditions. It assumed continuation of the current economic situation in the future.

Among the bank groups, under the baseline scenario, public sector banks' gross non-performing asset (gross NPA) ratios may increase to 13.2 per cent by September 2020 from 12.7 per cent in September 2019.

Bad loans of private banks may rise to 4.2 per cent from 3.9 per cent.

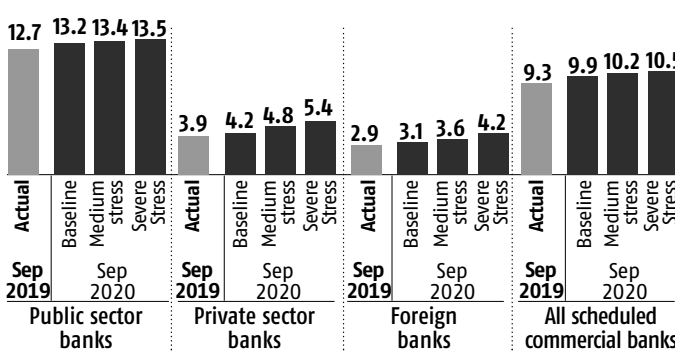
In case of foreign banks operating in India, gross NPAs may increase to 3.1 per cent from 2.9 per cent in September 2019, the FSR said. The pace of economic growth decelerated to 4.5 per cent in the second quarter ended September 30, 2019.

In the monetary policy review early December, the RBI revised its real GDP growth estimates for 2019-20 to 5.1 per cent from 6.1 per cent in the October policy. The economy is expected to grow at 5.9-6.3 per cent during the April-September 2020 period.

PSBs' profitability ratios were muted due to weak credit growth as well as slow resolution of NPAs.



GROSS NPAs: STRESS TEST



Source: FSR report Dec 2019, RBI

The profitability ratios of private banks also declined whereas foreign banks showed better profitability.

PSBs' weak return on equity (RoE) and return on asset (RoA) numbers compared to their private sector counterparts continue to come in the way of their ability to raise equity capital from the market at a decent rate.

Regarding buffers against anticipated risks, private banks' provision grew at a faster rate as compared to those of PSBs, the report said.

Net NPA ratio declined to 3.7 per cent in September 2019 from just below four per cent in March 2019,

reflecting increased provisioning. The provision coverage ratio (PCR) of all scheduled commercial banks or SCBs rose to 61.5 per cent in September 2019 from 60.5 per cent in March 2019, implying increased resilience of the banking sector.

Referring to the review of various sectors, it said the asset quality of agriculture and services sectors, as measured by their gross NPA ratios, deteriorated in September 2019 as compared to March 2019.

For various sectors, slippages during the period declined. Among the sub-sectors, slippage ratios of 'textiles', 'rubber' and 'construction' industries increased during the period.

UCBs to be part of CRILIC framework from December 31

SUBRATA KUMAR PANDA
Mumbai, 27 December

Primary urban co-operative banks (UCBs) with asset size of ₹500 crore or more will have to submit the central repository of information on large credits (CRILIC) report on a quarterly

basis, said the Reserve Bank of India (RBI) on Friday. This will come into effect from December 31.

Currently, the UCBs are not a part of the CRILIC reporting framework. The RBI's move will help strengthen offsite supervision and early recognition of financial distress.

Under the CRILIC reporting framework, lenders need to report credit information, including classification of an account as Special Mention Account (SMA), on all borrowers having aggregate exposures of ₹5 crore and above to CRILIC, maintained by the RBI.

HOW MANY DEPOSITS ARE INSURED?

With a deposit insurance cover of ₹1 lakh per account, insured deposits constitute 28.1 per cent of the assessable deposit base at March-end 2019, revealed the FSR report. Amount-wise, insured deposits at March-end were ₹33.7 trillion with an assessable deposit base of ₹120.05 trillion. However, if the number of accounts is to be considered, the deposit insurance of ₹1 lakh covers 92 per cent of the total accounts. As of 2018-19, the premium collected from member banks was ₹12,040 crore, of which commercial banks contributed 93 per cent while cooperative banks accounted for the remaining 7 per cent. **SUBRATA PANDA**

2017-18				2018-19			
Group	No. of insured banks	Total assessable deposits	Insured deposits as % of assessable	Group	No. of insured banks	Total assessable deposits	Insured deposits as % of assessable
Public sector	21	7,012,700	31.5	Public sector	19	7,201,100	30.9
Private sector	35	2,580,600	18.2	Private sector	38	3,017,200	17.4
Foreign	45	466,100	3.1	Foreign	46	558,600	3.0
Regional rural	56	344,000	61.4	Regional rural	51	378,300	59.5
Co-operative	1,949	798,000	47.0	Co-operative	1,941	849,200	44.5
Local area	3	600	50.0	Local area	3	700	57.1
Total	2,109	11,202,000	29.2	Total	2,098	12,005,100	28.1

Source: RBI

Failure of any large NBFC or HFC will not impact banks

NIDHI RAI
Mumbai, 27 December

The Reserve Bank of India (RBI), in its financial stability report (FSR) 2019, said that stress tests showed that around 8.6 per cent of individual non-banking financial companies (NBFCs) will not be able to comply with the minimum regulatory capital requirement of 15 per cent.

Also, around 14.2 per cent of the companies will not be able to meet the minimum regulatory capital to risk (weighted) assets ratio (CRAR) norms.

The bi-annual financial stability report noted that failure of an NBFC with the maximum capacity to cause solvency losses to the banking system will lead to a loss of 2.5 per cent of the total tier-I capital of the banking system.

Failure of a housing finance company (HFC) with the maximum capacity to cause solvency losses to the banking system will lead to a loss of 4.6 per cent of the total tier-I capital of the banking system.

In either case, that is, NBFC or HFC failure, no additional bank will fail in the current situation. This is an improvement in the last six months.

In June's FSR, the RBI stated that failure of an HFC will lead to a loss of 5.8 per cent of the total tier-I capital of the banking system and the failure of one bank. The failure of an NBFC would have led to a loss of 2.7 per cent of the total tier-I capital and the failure of one bank.

The gross NPA ratio of the NBFC sector increased from 6.1 per cent as of March-end 2019 to 6.3 per cent as of

September-end. The net NPA ratio, however, remained steady at 3.4 per cent between March-end 2019 and September-end 2019.

As of September-end 2019, the CRAR of the NBFC sector stood at 19.5 per cent. This was lower than the 20 per cent as on March-end 2019.

Commenting on exposure of the financial sector to NBFCs, the RBI noted that NBFCs were the largest net borrowers of funds from the financial system with gross payables of around ₹8.29 trillion and gross receivables of around ₹6,635 crore as of September 2019.

A break-up of gross payables indicates that 48.4 per cent of the funds were obtained from Scheduled Cooperative Banks (SCBs) followed by 26 per cent from asset management companies-mutual funds (AMC-MFs) and 21.3 per cent from insurance companies.

The share of SCBs, which had increased during FY19 (2018-19), registered a moderate decline in H1 of 2019-20. The share of AMC-MFs has been on a decline since the last few quarters.

HFCs were the second largest borrowers of funds from the financial system with gross payables of around ₹5.9 trillion and gross receivables of only ₹33,110 crore as of September 2019.

The share of AMC-MFs in providing funding to HFCs came down sharply last year, registering only a marginal increase in Q2FY20.

The relative share of SCBs showed an upward trend, falling in September 2019 to 40.9 per cent, from 43.9 per cent in June 2019.



ZERO DEFAULT: THE SITUATION AT NBFCs AND HFCs

Trigger	Solvency losses as a % of total tier-I capital of banks	Number of defaulting banks	Trigger	Solvency losses as a % of total tier-I capital of banks	Number of defaulting banks
NBFC1	2.5	0	HFC 1	4.6	0
NBFC2	1.7	0	HFC 2	2.8	0
NBFC3	1.7	0	HFC 3	2.3	0
NBFC4	1.5	0	HFC 4	2.2	0
NBFC5	1.3	0	HFC 5	1.5	0

Source: FSR report Dec 2019, RBI

Housing prices in cities continue to moderate

ANUP ROY
Mumbai, 27 December

The annual growth in all-India housing price index (HPI) continued to moderate and stood at 2.8 per cent in the second quarter of 2019-20 (Q2FY20) as against 3.4 per cent in the previous quarter and 5.7 per cent a year ago.

The index is based on transaction-level data received from housing registration authorities in 10 major cities - Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow and Mumbai.

"Barring Mumbai and Delhi, all other cities recorded an increase in HPI on an annual basis," the central bank said in a statement.

On a quarter-on-quarter basis, the all-India HPI increased marginally by 0.2 per cent, with Jaipur recording the highest rise (12.5 per cent) and Kochi recording the maximum contraction at -3 per cent.

On a year-on-year basis, a large variation was observed in HPI growth, with Kanpur recording the highest rise (18.3 per cent) and Delhi recording the maximum contraction (-2.6 per cent), said the RBI.

Compliance has improved workers' lives, but challenges remain

T E NARASIMHAN
Tirupur, 27 December

The textile and knitwear exporting units of Tirupur in Tamil Nadu have become role models of sorts by complying with international, social, behavioural, and safety standards in their operations. However, when it comes to implementing these norms, they continue to face several challenges, not least the fact that different buyers demand different standards, which add to their costs.

Though the compliance has taken place largely because international buyers demand it, the results are heartening. For example, the use of child labour, which was allegedly rampant in Tirupur not too long ago, has been completely eradicated. Moreover, wages are now based on the nature of the work and the skill sets of workers, rather than on gender.

Workers are paid above the norm set by the state government and given a five per cent increment every year. They also get bonus, employees' state insurance, provident fund, health insurance, and so on. Regular audits are conducted to check if the



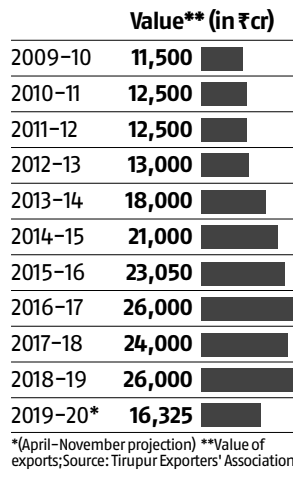
PHOTO: T E NARASIMHAN

wages meet the basic minimum needs or what is termed 'Food Basket Survival'. In fact, Tirupur has thrown up good results in the Market Surveillance Visits or surprise visits of firms conducted by Social Accountability Accreditation Services (SAAS), an organisation that carries out social audits of companies. With follow-up actions, there will be even better compliance next year, says DKS Moorthy, client manager and accreditation auditor, SAAS.

Since health and safety standards are considered paramount, units with more than 200 workers now have a nurse on their premises. Working hours are mandated to be 48 hours a week, and workers can do only 24 hours overtime in a quarter. During audits, workers are interviewed to ascertain whether they are being made to put in longer hours than they are supposed to.

SPriya, a worker at one unit, was surprised when

REPORT CARD



an auditor asked her questions regarding a Tamil television serial which aired at 9.30pm. She realised later that the auditor was trying to find out if she reached home early enough to be able to watch the serial. Apart from the use of child labour, in the past Tirupur also faced flak for the alleged exploitation of women workers in the yarn-making units. There were reports that women were being given pills during their menstruation to make them work during that time (The Tirupur Exporters Association and industry units have vehemently denied the allegation).

Pollution caused by the dyeing units, which are an important part of the supply chain of the exporting firms, also came in for severe criticism. These issues took a toll on the industry. In fact, in 2010-11, the courts ordered the dyeing units to be shut down. Today, Tirupur has witnessed a complete turnaround in the way it treats women workers in the textile units. T Thirukumaran, managing director, Estee Exports, says that many of the units are now managed by women. At Estee, for example, Thirukumaran's wife manages the production line along with other women managers. As for the dyeing units, they have adopted the system of zero liquid discharge - the first in the world to do so. Now nearly 100 million litres of water is treated and reused every day, which constitutes 85 per cent of the water demand of these units.

In addition, there are now 314 common effluent treatment plants (ETP) and around 60 individual ETPs in the cluster. And the entire

cluster has got 1875 Mw of installed green energy, although the consumption is only 225 Mw.

However, the industry continues to face challenges with regard to compliance. Different standards by different buyers/countries, and inspection by government agencies add to costs, especially for the MSMEs. Raja Shanmugham, president, Tirupur Exporters Association (TEA), says that there should be a uniform code of standards globally, which should be implemented by all manufacturing nations.

Moorthy says that training and capacity building of the Social Performance Team of the units also needs to be toned up. Manufacturers also face a major challenge in making the suppliers comply with the standards (they need to be compliant, but not certified). Moreover, says Moorthy, instead of depending on consultants, the units should empower their own staff to implement the standards.

There are challenges when it comes to auditing as well. According to Moorthy, these include: detecting double book keeping with regard to hours of work and payment of wages; interviewing workers to determine cases of discrimination and disciplinary practices; meeting and educating the top management to seek more attention; monitoring of the implementation process; and improving the competence of the auditors of the certification bodies so that the standard of auditing is enhanced and compliance ensured.

Series concludes

Despite high returns, experts cautious about focused funds

Stellar returns by the category attributed to strong upside in mid-cap investments

JASH KRIPLANI
Mumbai, 27 December

The robust returns delivered by focused funds in recent months have attracted close to ₹6,000 crore of investor flows in the current financial year.

However, mutual fund (MF) experts warn investors from committing large funds, given the risk of concentrated bets in such schemes.

In a one-year period, focused schemes have delivered returns of 13 per cent, beating the category returns of large-cap schemes, which yielded 11.6 per cent in the same period.

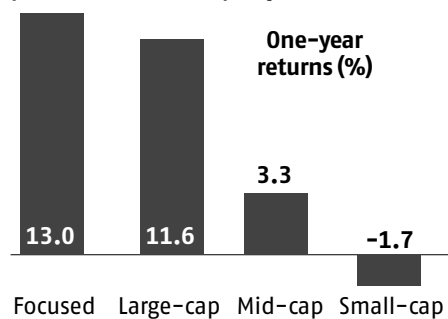
"Investors must be cautious when considering focused schemes. These schemes can rise when some stocks in the portfolio see sharp gains. They also carry downside risks if one or two large concentrated bets see a price decline," said Vidya Bala, co-founder of Primeinvestor.in

In the current financial year, focused schemes have garnered close to 12 per cent of total equity flows the MF industry has received.

Experts said such funds did well in

HIGH INVESTOR INTEREST

Focused schemes have delivered robust performance over the past year



Source: Amfi, Value Research

the recent period because some of the mid-cap investments of these schemes saw a strong upside.

"This is a riskier product and investors should try and stick to funds that offer more diversification. The focused fund can be considered as a tactical investment that can give some boost to the overall equity investments," said the chief executive of a fund house.

According to the norms laid down by the Securities and Exchange Board of India (Sebi), a focused scheme cannot have more than 30 stocks in its portfolio at any given time.

Seeing investor interest in this category, some smaller-sized fund houses are considering launching similar

schemes.

However, advisors reckon that investors must check whether the fund manager has a long-term track record. This is because performance of focused funds is strongly linked to the fund managers' ability to pick the right stocks.

Experts say focused funds have gained traction recently, as investors have found few investment avenues that have delivered better returns than benchmark indices.

According to industry estimates, half of actively-managed schemes have failed to beat their benchmark indices in 2019.

Investors have had a much challenging time in small and mid-caps.

The one-year return delivered by mid-cap schemes is a little over three per cent while small-cap schemes have given negative returns of close to two per cent in the same period.

Meanwhile, large-caps have benefited from polarisation in the markets, with the top-five Nifty gainers accounting for 46 per cent of the rally. This was triggered by cut in corporation tax in September.

Market participants say that polarisation can continue next year, given the growth uncertainty in various pockets of the market.

Mutual fund advisors say that as a result, large cap-focused funds are likely to continue seeing a strong upside.



Asian shares hit 18-month high in festive season cheer

SWATI PANDEY
Sydney, 27 December

Asian indices scaled an 18-month high on Friday, while oil prices stayed buoyant in a holiday-shortened week, as investor optimism improved on hopes of a US-China trade deal.

MSCI's broadest index of Asia-Pacific shares outside Japan jumped 0.7 per cent to 555.42, a level not seen since mid-2018. It is up more than 16 per cent so far this year.

Nikkei was off 0.4 per cent but on track for a near-19 per cent rise this year, matching the annual increase of 2017.

Australia's benchmark rose 0.4 per cent. Chinese shares gave up early gains with the blue-chip CSI300 down 0.1 per cent.

The US Fed's policy easing, economic data that has come in above low expectations, and corporate profits have helped lift stocks this year along with trade-related optimism.

Market participants are now waiting for the fourth-quarter financial results to be announced in January, for an indication on whether sentiment among corporates has actually improved or not.

On Thursday, MSCI's all-country world index and Wall Street's Dow Industrials, the benchmark S&P500, and the technology-rich Nasdaq all closed at record highs.

MSCI's gauge of stocks across the globe gained 0.38 per cent to a record, on track for its best year since 2009. The index has gained 24 per cent this year.

Oil, gold retain gains

Both oil and gold held on to their recent gains. Brent crude, the global benchmark, extended gains into a fourth session, hitting \$68.10 per barrel, the highest since mid-September. US West Texas Intermediate crude gained 11 cents to close at \$61.79 a barrel.

Brent has rallied about 25 per cent in 2019, supported by supply cuts by OPEC and allies including Russia.

Gold prices were a bit shy of a two-month high at \$1,509.22 an ounce. They have been on the rise recently as a hedge against dollar weakness and increased equity market volatility in 2020.

REUTERS

THE COMPASS

RBI's 'operation twist' places public sector banks in a sweet spot

Fall in 10-year G-Sec yield seen benefiting PSBs by ₹5,760 crore



SHREEPAD S AUTE

The Reserve Bank of India's (RBI's) move to purchase long-tenure government bonds (G-Sec) under 'operation twist' augurs well for public sector banks (PSBs).

The Nifty PSU Bank index gained about 3 per cent on Friday, following the RBI's second auction announcement on Thursday evening.

The Nifty ended up 1 per cent gain on Friday. The expected market-to-market (MTM) gains, on account of lower yields on G-secs, also lift the PSBs' overall earnings outlook.

The announcement of ₹20,000 crore of 10-year G-Sec purchases by the RBI under 'operation twist' has, so far, led to a 24-basis-point (bp) fall in 10-year G-Sec yields since Thursday last week to 6.51 per cent (yields down 19 bps in the December quarter).

According to Anil Gupta, head (financial sector ratings) at ICRA: "A 10-basis-point change in G-Sec yields brings an approximate ₹3,000-crore impact on the market value of G-Secs for PSBs."

Thus, if the yields sustain at current levels till December-end, PSBs may see a gain of ₹5,760 crore on their G-Sec investments in the December quarter.

According to the RBI, banks, on a quarterly basis, are required to account for

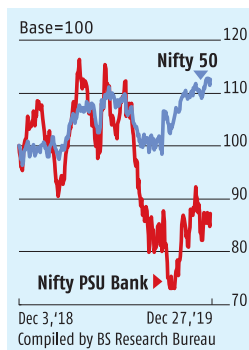
a change in market prices of bonds, or MTM, held under the available for sale (AFS) category and PSBs have a large chunk of their investment book in G-Secs held under AFS.

For instance, 52 per cent of State Bank of India's total AFS book (46 per cent of total investments) as of September 2019, is accounted by G-Sec and T-bills. Some experts believe that the RBI typically prefers a 110-bp spread between long-term G-Sec yields

and the repo rate. At the current juncture, the yield target for the RBI could be around 6.3 per cent, as the repo rate stands at 5.15 per cent. Therefore, one could expect further actions or bond purchases by RBI, and consequently more gains for PSBs.

While the MTM gains provide comfort — mainly for corporate banks — considering the completion of resolution process of Essar Steel, a large bad loan account and the latest financial stability report of RBI suggest that the bad loan stress may be not over for the sector yet.

Additionally, how the overall bank credit growth pans out amid a sagging economy would be key to watch. ICRA's recent report estimates weaker credit growth of 6.5-7 per cent in FY20, compared to 13.3 per cent in FY19.



Compiled by BS Research Bureau

Sebi mandates risk profiling, bans free trial

Investment advisers prohibited from taking payment via cash deposits

JASH KRIPLANI
Mumbai, 27 December

The Securities and Exchange Board of India's (Sebi) circular, released on Friday, chalks out more stringent norms to be followed by the new class of intermediaries

— registered investment advisers (RIAs).

The regulator said it has discovered that RIAs were giving free advice on a trial basis, without considering the risk profile of the client.

"Investment advice can be given after completing risk profiling of the client and ensuring suitability of the product ... Hence, IAs shall

not provide free trial for any products/services to prospective clients," the markets regulator said, with a view to protect investor interests.

Besides risk-profiling on criteria such as age, income, and securities market experience, the IAs will need consent of the client on the completed risk-profile through email or a physical document.

The markets regulator also laid down directions on how an IA could accept payments. "IAs shall not accept payments (where some part of the fee is paid in advance) for any product or service," it said.

Sebi has directed IAs to accept fees only by way of crossed checks/demand drafts, or via direct credit into the bank account using the NEFT, RTGS, IMPS and UPI modes



"It is observed that investment advisers are receiving advisory fee in the form of cash deposits in their bank accounts or through payment gateways, which does not provide proper audit trail of fees received from the clients," Sebi pointed out.

Earlier, it had received complaints from clients about investment advisors charging exorbitant fees and

giving false expectations. To ensure transparency, Sebi has said IAs shall not accept cash deposits. They may accept fees by crossed checks or demand draft, or by way of direct credit into the bank account using the NEFT, RTGS, IMPS or UPI mechanisms.

To ensure that investors are well-informed before taking the services of an IA, the

IN BLACK AND WHITE

- Sebi wants investment advisers to ensure trail of fee payments
- Payments to be made through proper banking channels only; no cash deposits allowed
- Number of pending investor complaints to be displayed on website

regulator wants advisers to display the investor complaints against them and point out how many of these are still pending.

These new norms will come into effect from January 1.

Sebi had formed the RIA regulations in 2013 to create fee-based intermediaries, whose revenues were linked purely to advisory services.

▶ FROM PAGE 1

Centre seeks Sebi report

Going by these provisions, Sebi might have to transfer around ₹2,800 crore to the central government in the current financial year.

The norms in the Finance Act have automatically amended the Sebi Act after the Bill was passed in Parliament. However, Sebi has opposed the move after the amendment in the Act, seeking a review.

The regulator is learnt to have sent at least two letters to the Department of Economic Affairs after the decision was made.

In both, the regulator said the proposal was made in haste without consultation and any such decision should be taken by the Financial Stability and Development Council (FSDC).

The FSDC is chaired by the Union finance minister and the heads of all financial sector regulators including Sebi

are its members.

Sebi is of the view that its reserve fund is important in protecting the interests of investors. The government move has also been opposed by the Sebi Employees Association (SEA), a brokers' forum, and many other market participants, who are saying it amounts to an infringement of the independence of the regulator.

An e-mail sent to Sebi did not elicit a response.

Another argument from Sebi's side is that the new provision is like an additional tax because the regulator levies fees on intermediaries for rendering services but the move to transfer funds would become an additional tax on market participants.

However, the government wants to address the accumulation of huge surplus funds lying with Sebi and other financial regulators.

The greatest story of them all: Battle for scale and diversity

Many of the movers and shakers have big, profitable, linear businesses. Disney controls three large OTTs (Hotstar, Disney + and Hulu), one of the world's biggest film studios, and a profitable pay TV business.

Comcast recently bought Sky, a DTH operator. Even when they don't have legacy businesses, Google's YouTube, Amazon, or Apple are about scale with diversity.

This search for audiences across geographies, technologies, languages, tastes, formats and devices is redrawing the entertainment map in several markets.

Sitting around global fireplaces

In this new ecosystem, India is represented not by its top media or telecom firms but storytellers. Unlike China, there are no quotas or restrictions on foreign films in India. Yet, more than 90 per cent of the entertainment consumed is local. In a world swamped by Hollywood, India's creative industries have stood

their ground for 100 years.

It is, other than Korea, one of the few markets with authentic local stories to tell and an industry that tells them well. *Dangal*, *Gully Boy*, *Gangs of Wasseypur*, *Vicky Donor*, *Piku*, *Masaan*, *Andhadhun* are just a few from the decade gone by, in Hindi. There are scores in Tamil, Marathi, and Bengali, among other languages. This ability to tell compelling stories is what the world's largest platforms are turning to.

If the consumption of entertainment is a continuum, then on everything from YouTube to Netflix, Indian audiences and content creators are surprising the world. At 1.8 billion users, YouTube is the world's largest streaming platform. It is an open, online auditorium where anyone can come in to show a talent, share information, expertise or simply post a video. Yet it is an Indian music firm, T-Series, that has the most watched YouTube channel globally.

At the other end of the spectrum

is Netflix, which has single-handedly created the whole high-quality, subscription-driven, streaming market that led to a global wave of consolidation. It has 18 Indian shows at various stages of development, in addition to the eight already streaming to its (now) 160 million members.

"India is our biggest market for content; we commission more from here than anywhere else. The more authentically local the storytelling is, the more likely we are to tap it," said Ted Sarandos, chief content officer, last year. Last month, CEO Reed Hastings announced that over 2019 and 2020, Netflix would be spending ₹3,000 crore on content from India. Media Partners Asia estimates that online video players will invest \$1.4 billion in content from India by 2024, a compound annual growth rate of 13 per cent from 2019.

You could argue, rightly, that the ₹74,000-crore Indian television industry, which offers 3-6 hours of fresh content every night on every

major channel, commissions much more. It does.

But here is the catch. India is the world's second-largest TV market, the largest film producing one, and the fastest-growing internet market. Yet its \$24-billion media and entertainment industry, of which TV and films bring 56 per cent, is pathetically under monetised. Look at the table of the top Indian media firms. For an entertainment crazy country of this size, these are really small. Here is some quick perspective — Disney (Star's parent) is almost three times the size of the entire Indian media industry.

The global demand for Indian stories then should help monetise them better. And the timing couldn't be better. Everything that happened in the last decade — crashing data prices, increasing number of devices, our exposure to global films and shows, higher connectivity — has meant that Indian storytellers are more than ready for this.

The hairy monsters? The first one is the sheer volume of content needed and whether the Indian industry is up to it. Media Partners Asia estimates that from 400 hours in 2018, demand for original, film quality content on the top 10 OTTs is 1,000 hours in 2019. That is the equivalent of making 500 films in addition to the 1,600 we already do. This means scaling up on talent, processes, writing and a whole lot of things, very fast.

The second is a regulatory environment that has become increasingly unstable. From tariff to content to valuation, regulators have been poking into everything making life difficult for the creative industry.

If Indian storytelling 'can deliver', it has the potential to make the industry what it should always have been — an engine of economic growth and way more than a sub-1 per cent contributor to gross domestic product. EY estimates the Indian media and entertainment industry will reach \$33 billion by 2021.

Operation Twist, global cues fuel market rally

On Friday, the yield on the 10-year G-Secs slipped to a one-month low of 6.1 per cent. Foreign institutional investors (FIIs) bought ₹81 crore worth of equity shares on Friday, while domestic institutional investors (DIIs) bought ₹125 crore worth of shares.

The broader markets also gained. The top mid-cap gainers included ICICI Securities (18 per cent), Page Industries (5 per cent), Mangalore Refinery (5 per cent), Motilal Oswal Financial Securities (5 per cent) and Reliance Nippon AMC (4 per cent).

According to market sources, the gains seen by

mid-cap stocks can also be attributed to the talk that Sebi could rejig the MF scheme categorisation norms and widen the investable universe of mid-caps. Experts say these could be early signs of a more broad-based rally. "We could see the frontline indices gaining in the range of 7-8 per cent with broader markets outperforming," G Chokkalingam, Equinomics Research & Advisory Services MD, said.

However, some brokerages remain doubtful of a broader market rally unless retail investor participation via MFs sees a recovery and uncertainty around growth goes away.

NPAs to rise, but banks more resilient now: RBI

Cobra effect refers to the situation when a solution to a problem makes the problem worse. On its part, the RBI has endeavoured to provide a responsive and proactive monetary policy in an economic environment wherein sources of vulnerabilities are continuously interacting, Das said, reemphasising the importance of good corporate governance across the board, which, according to the governor, "is the most significant factor that can lift the efficiency of our economy to its full potential".

While the banking sector shows signs of stabilisation, PSBs should improve their performance and should build buffers against disproportionate operational risk losses,

while "private sector banking space also needs to focus on aspects of corporate governance," the governor said.

The market is becoming more discerning on prudential concerns around NBFCs, which continue to show signs of restructuring of their underlying business models, according to the RBI governor.

Credit growth of banks was 8.7 per cent year-on-year in September, while deposits grew 10.2 per cent. This is the first time since Q2FY17 that credit growth fell short of deposit growth, the report observed. Credit fell 'across the board' for commercial sector. However, private sector banks registered credit growth of 16.5 per cent.

While the GNPA ratio remained unchanged at 9.3 per cent between March and September 2019, the provision coverage ratio (PCR) of the banking system rose to 61.5 per cent in September 2019 from 60.5 per cent in March 2019 "implying increased resilience of the banking sector", the report said.

Bilateral exposures between entities in the financial system witnessed marginal decline. Private sector banks saw the highest YoY growth in their payables to the financial system, while insurance companies recorded the highest YoY growth in their receivables from the financial system. The size of the inter-bank market continued to shrink with inter-

bank assets amounting to less than 4 per cent of the total banking sector assets as at end-September 2019, the report said. This reduction, along with better capitalisation of public sector banks reduced the contagion risk under various scenarios compared with March 2019.

Still, banks may have the capital adequacy ratio below the minimum regulatory level of 9 per cent by September 2020 without considering any further planned recapitalisation, the report said. If the macroeconomic conditions deteriorate, five banks might record the capital adequacy ratio of below 9 per cent under a severe stress scenario.

However, the report said 49

of the 52 banks would remain resilient for meeting day-to-day liquidity requirements in case of sudden and unexpected withdrawals of around 10 per cent of the deposits and utilisation of 75 per cent of the credit lines.

The RBI's latest systemic risk survey (SRS) showed that all the major risk groups, such as global risks, risk perceptions on macroeconomic conditions, financial market risks and institutional positions were perceived as medium risks affecting the financial system. But the "perception of domestic growth risk, fiscal risk, corporate sector risk and banks' asset quality risk increased between the earlier survey (April 2019) and the

current survey."

The survey participants felt that resolution of the legacy bad assets under the IBC was essential to enable the banking system to support the aspirations of economic growth.

According to another set of survey of 13 banks with regard to assets that were initially assigned to be resolved through the prudential framework (as of June 30), an inter-creditor agreement is yet to be signed for exposures amounting to ₹33,610 crore while the same has been signed with respect to aggregate exposures of ₹96,075 crore. However, resolution plan has been implemented only with respect to one borrower with a reported exposure of ₹1,617 crore.

India's dark road



TICKER

MIHIR SHARMA

The past weeks have seen many Indians' worst fears about their country come true. It was almost as if the ruling dispensation was waiting for the first sign of resistance to reveal their real plans for India's future. Ayodhya, 370, lynchings all went by without any real murmurs of dissent. But the NRC/CAA/NPR imbroglio struck many

people, of all faiths and none, as being an assault on the very nature of Indian-ness. In some places, protests were violent — though not as much as many other protests in the past. In most places, the protests have been peaceful.

The reaction, however, has been as if every peaceful crowd was an angry mob carrying Kalashnikovs. In one BJP-ruled state after another, the police have cracked down on the crowds using excessive force. But the real punishment — the "revenge", in the words of its chief minister — has been saved for Uttar Pradesh. The stories of mass arrest and torture that have emerged from that state, which is under lockdown and intermittent internet blackouts, are harrowing. Children are among those who speak of being beaten mercilessly. Videos show policemen indulging in vandalism, and it has been reported that entire neighbourhoods have been raided by violent police posses. What this revenge is for is not clear. Perhaps for a sense of majoritarian victimhood that will never be satisfied.

This is what UP Chief Minister Adityanath was selected to do. He rose to prominence in east UP's politics as the leader of the Hindu Yuva Vahini (HYV), a fundamentalist militia that focused on intimidation of and violence against Muslims. It has been tragically easy to turn the UP police into an extension of the HYV. Since the Muzaffarnagar riots in 2013, ghettoisation in India's largest state has accelerated. Ever more distinct boundaries have formed between Muslim and Hindu areas in even small towns; and so the police can go into the kasbas and do what they like with impunity, safe in the knowledge that no Hindu is being inconvenienced. The media will not report it — in one chilling video that has emerged, you can hear one member of the media tell another, "turn off the cameras, they [the police] are loading their guns". The UP police have claimed hundreds of country-made shells have been recovered from "protest sites". They are yet to tell us how many of those were fired, and how many rounds they fired in response.

In many parts of north India, this scourging of Muslim neighbourhoods is likely to be extremely popular. The reaction on social media to the Huffington Post's reporting of the alleged torture of children in the Nagina area of Bijnor in UP was revealing of this new India. Many responded with congratulations to the UP police for showing Muslims their place. The rhetoric developed for Kashmiris being blinded by pellet guns — they are all stone-pelters, they deserve what they get — is now being deployed against the Muslim children of UP.

The public, political and media culture in much of north India has rotted away. The media responds to public bloodthirstiness by exaggerating the violence of protests; politicians send the police in against the defenceless. It is important to understand the narrative that is being created, and not to live in denial about what it is or where it will lead. It runs as follows: Muslims, even the youngest, are dangerous and violent, each one of them a potential rioter. They are not to be trusted, and must be penned into ghettos that are regularly scourged. Economic blockades and boycotts of these troublemakers are moral acts. Restraint is folly, and human rights are a Western construct. Any act of resistance is seditious. Collective punishment is acceptable.

It is futile to say that this is not the India many of us grew up in, or one we recognise, or that such a narrative has no place in a liberal democracy. Things have gone too far from that. All those who made excuses for the current dispensation, who created the narrative in 2013-14 that brought them to power, who believed that liberal institutions would constrain its actions, who argued that there was no alternative, or who drew false equivalences between various political parties have blood on their hands.

The question is what can be done now. The first step is to recognise the danger that India is in. The product of these actions is inevitable. It is further ghettoisation and stigmatisation of India's largest religious minority. It is increasing radicalisation within these communities. It is the crowded, poor Muslim enclaves deprived of civic amenities or market access in large parts of north India, which will become convenient punching bags for politicians and eventually incubators of violence, crime and extremism. Once we accept that this is the road we have chosen to walk down, we can then consider how it is we could turn around.

Who is Chandrashekhar Azad?

The agitation against the Citizenship Amendment Act and the National Register of Citizenship has raised his profile. It would be interesting to see what he — and other parties — do with it



PLAIN POLITICS

ADITI PHADNIS

For one, the man who played footsie with the police when Delhi was raging against the Citizenship Amendment Act (CAA) and the National Register of Citizenship (NRC), Chandrashekhar or Ravan, the name he has given to himself, is fighting everyone. He was born in Saharanpur, in the Dhadkauli village, in a Chamar family, studied at a Thakur-owned and run college in nearby Chhuttamalpur, saw the discrimination against Dalit students and vowed to fight it. Being an Ambedkarite and an admirer of Kanshi Ram (but not of Mayawati) he tried to follow the same principles of organising the Dalits as Kanshi Ram:

via education, through the bureaucracy and in self defence. He founded the Bhim Army and set up 400 Bhim Army schools in Saharanpur district which provides free-of-cost primary education to children irrespective of caste and gender. He started self defence classes and led bike rides through villages — including upper caste Thakur villages — as symbolic self assertion.

This is important. Uma Bharti, a sadhvi from the Lodhi caste who rose to become a union minister, once recalled how, in her village Tikampur, others from her caste could not cycle past the homes of Thakur families. They had to dismount and walk past on foot — because the Thakurs saw this assertion as an affront. That was 25 years ago. Nothing has changed.

The Bhim Army asks Dalits over 18 to join them. Most of the members belong to the Chamar community or its sub-caste Jatav. But the Bhim Army also welcomes Muslims. It lacks a formal structure and is an unregistered body, but claims to have over 20,000 members in and around Saharanpur in western Uttar Pradesh. Its stress is on direct action based on confrontation to preserve, protect or restore the dignity of Dalits. "Through the Bhim Army, the Dalit youth become aware that they can struggle for their constitutional rights and they will no longer tolerate oppression. The Bhim Army is

not to scare off anybody but for the security of Dalits," Azad said in a recent interview.

Ravan's troubles started in 2015 when he put up a board outside his village which proclaimed: "The Great Chamars of Dhadkauli Welcome You". In a village that also had Thakurs, how could this be tolerated? The Thakurs defaced this with black ink. This began a phase of direct confrontation that peaked when the BJP took out a "Shobha Yatra" in Saharanpur without permission through communally sensitive areas.

Dalit-Thakur clashes broke out a few weeks later in the same district on the birth anniversary of Rajput king Maharana Pratap. The state government held the Bhim Army responsible for inciting violence. Ravan claimed that the government was targeting it to malign the movement and shield upper caste offenders. The state administration arrested Ravan. The matter went to court and the High Court acquitted him. But within hours, the Adityanath government ordered his re-arrest under the National Security Act. He was incarcerated amid massive protests from civil rights groups and was released partially as a result of that pressure.

Priyanka Gandhi called on him when he was in jail (and hospital). Thence began a dalliance with the Congress...

Saharanpur is well-known for Dalit mobilisation and the unity among Muslims and Dalits. This project has been endorsed by many activists. According to Chandra Bhan Prasad, noted writer and Dalit thinker: "There are around 400 Lok Sabha constituencies where Dalits and Muslims combined constitute 30 per cent of the electorate. Also bear in mind, that 90-95 per cent of Dalits and Muslims go out and vote. So, if they are able to come together, they become significant electorally. And I feel that there is a great desire among Dalits and Muslims — particularly the youth — to come together." Ravan has emerged as a face of this unity, even though he is not that well known in the rest of India.

At a time when the Bahujan Samaj Party has lost ground electorally and the BJP has begun mobilising Dalits, the Bhim Army is a symbol of resistance from within the Dalit society. Noted Dalit scholar Anand Teltumbde writes that its emergence "may be likened to the Dalit Panthers in Maharashtra in 1972, which in turn was the by-product of the bankrupt politics of the erstwhile Republican Party of India."

Little wonder then that Mayawati and others scowl when his name is mentioned. The current agitation has raised Ravan's profile. The question is what he — and other parties — do with it.

LUNCH WITH BS ▶ MALABIKA SARKAR | VICE-CHANCELLOR | ASHOKA UNIVERSITY

Liberal and loving it

Over lunch, Sarkar talks to Geetanjali Krishna about critical differences between the pedagogies followed by older universities and Ashoka and what it is like to be at the vanguard of an academic revolution

As 2019 comes to a close, observers are defining it as the Year of the Indian Student. At a time when university campuses across the country are coming out to protest the Citizenship Amendment Act 2019, students have come to be seen as the bravest and most vocal defenders of democracy, speaking truth to power. Which is why I'm particularly looking forward to meeting my guest, Prof Malabika Sarkar, Vice-Chancellor of Ashoka, the university credited with making the Liberal Arts both fashionable and saleable in India. Prior to joining Ashoka, Sarkar has served as Vice-Chancellor of Presidency and Jadavpur universities (both in Kolkata).

Associated with Ashoka University since 2015, Sarkar has helped develop its curriculum, expand its faculty and create several multi-disciplinary centres of learning and research. She was appointed its Vice-Chancellor in August 2019. I am looking forward to a free-wheeling conversation on what it takes to develop a private university and on helming a Liberal Arts campus in these illiberal times.

Just then, Sarkar bustles in, immaculately turned out in a silk sari. We are at Threesixty restaurant at The Oberoi, New Delhi. She's spent the weekend in the city to catch some rare moments with her husband, a corporate lawyer who shuttles between Mumbai and Delhi. Ashoka's Sonepat campus where she lives, isn't exactly on the way. "We do try and meet every weekend in Kolkata," she says.

Life on campus is thrill-a-minute. "Being a new university that's expanding so fast, there's so much to do," she says. Since she joined, the student community has grown from 560 in 2015 to 2,000 today, while the faculty has increased from 17 to 111 (plus 28 visiting lecturers) today.

Having a lot of money must help. I comment, as we pore over the menu. Having experienced the relative penury of government institutions earlier, Sarkar agrees wholeheartedly. "The easy availability of funds has enabled us to not only hire the best faculty," she says, "but has also made it possible for us to retain them with the best pos-

sible infrastructure — labs, grants etc." This is in sharp contrast to her stint at Presidency during its centenary year, when there weren't enough funds to, say, repair the crumbling ceiling in the laboratory. "We had no option but to install nets below the ceiling to protect students from the falling plaster," she reminisces. We pore over the menu, discover a shared fondness for fish and I realise that Sarkar has tried every fishy dish on the menu already. We decide to share some Thai-style Kolkata *betki* steamed with chilly, garlic and lemon and grilled sea bass wrapped in a banana leaf.

The food arrives on the table, the steamed fish fragrant in a light broth. Sarkar pauses to taste it and talks about the critical differences between the pedagogies followed by older universities and Ashoka. "In Jadavpur and Presidency the teaching was unidirectional, she says. "The professor would lecture and the students would listen. Students often discussed issues with professors, but rarely in the classroom..." In contrast, 50 per cent of the classroom time in Ashoka is devoted to discussion and students are incentivised to participate by being awarded marks for class participation. This is why freedom of speech — a pejorative term for some and such an acutely precious commodity to the liberals — is an integral aspect of Ashoka's ethos.

Could it be, I ask, that Ashoka is raising a generation of liberal and free thinkers at a time when these are not exactly the most desirable qualities? Sarkar disagrees. "I see my students not merely as critics but as change-makers equipped with the right skills to positively impact their environment," she says. "Free thought and criticism have to go hand in hand with a sense of responsibility." She comes across as a true administrator. Unsurprising because private universities are as, if not more, hamstrung as government universities these days. She tells me about the Good Governance Associates programme (CMGGA) that Ashoka runs in partnership with the Haryana government. In this, selected students from Ashoka are trained intensively to work with the district administrations in



ILLUSTRATION BY BINAY SINHA

Haryana as representatives of the Chief Minister of the state. "Through the programme, our students learn to not only critique administrative functioning but also find solutions to make it more efficient," she says. Attesting to this is the fact that the number of companies conducting campus recruitments at Ashoka has crossed 150 this year, and includes McKinsey, AT Kearney,

Deloitte, Microsoft, and *Business Standard* among others.

Meanwhile, the banana leaf parcels emit enticing aromas when we unwrap them. We pause to taste them before moving on to another of her pet subjects. In spite of the availability of funds at Ashoka, Sarkar says, no university in India can ever match the resources of a Harvard or Yale. "What we do have in ample measure are intellectual resources," she says. The need of the hour, she says, is greater collaboration between institutions in India. For instance, Ashoka students often intern at Bangalore's National Centre for Biological Sciences. "I'd like to collaborate with more such institutions for student and well as faculty exchange programmes," she says. Another way of developing world-class intellectual resources is the active creation of multi-disciplinary centres of learning and teaching. For example, Ashoka's Trivedi Centre for Political Data in partnership with the University of Michigan analyses authoritative political data and disburses knowledge on India's political life through an open access platform. The Centre for Studies in Gender and Sexuality at Ashoka is the first in India to conduct research into both gender and sexuality. "I believe that such multi-disciplinary centres will take our intellectual resources to the next level," she says. "I'd like to develop many more such centres in the years ahead."

Sarkar chooses to end lunch with coffee while I opt for a raspberry and rose sorbet. I ask her about her fabled work ethic and what keeps her going at such a punishing pace. "My days are so full that I've no time to think about it," she laughs. She starts at 10 am, often working past midnight. "I make up by flying to Kolkata every weekend," she smiles. But it turns out that there too, she has her work cut out. As president of the Women's Coordinating Council, West Bengal, the apex women's organisation in the state with representatives from more than 74 social welfare organisations, she spends much of her weekends fundraising. Although she rues not having enough time for her academic work (she's a professor of English literature and last published *Cosmos and Character in Paradise Lost* on John Milton's poetry in 2012), the feisty 71-year-old won't have it any other way. After all, one can never be too old to be at the vanguard of an academic revolution and Professor Malabika Sarkar is living proof of that.

The invisible young heroes of 2019



PEOPLE LIKE THEM

GEETANJALI KRISHNA

In what has been the coldest December in several years in North India, my heart is warmed by the young students helming the movement against the Citizenship Amendment Act (CAA). Video grabs of these brave young women and fearless young men have filled my social media feeds. I have watched them all. For the older I get, the more I find myself focusing on the young. The math is simple: young changemakers have more time than their older counterparts to make a difference. Perhaps that's why this year, this column has featured so many stories of invisible young heroes. Here's a recap.

My favourite is of 16-year-old Sachin

Gupta from a Lucknow village. He'd wonder why his four beloved sisters became so withdrawn during certain days of the month until he learnt about menstruation. He designed and built a sanitary napkin incinerator for his sisters and trained as a peer educator on hygiene in his village. Today, the menstrual taboo broken, the atmosphere in his home has transformed.

Seventeen-year-old Shikoh Zaidi of Hardoi district in UP has a similar story. A student of a residential school for meritorious underprivileged students, she realised while working on a school project that in her community, girls tended to drop out of school because of the lack of safe menstrual hygiene practices. The teenager, with the staunch support of her father, started organising meetings where, using animation videos downloaded from the internet, she'd initiate discussions on menstrual hygiene and the need to break the silence enshrouding periods. Many were shocked, others laughed at her. But thanks to her efforts, Zaidi's community is coming around to the idea of allowing their daughters greater freedom when they're menstruating. Meanwhile, she's lobbying with the health department to make low cost sanitary napkins available with the ASHA health worker in her village.

Education is another field where the

young are making an impact. Prafull Sawant, a 24-year-old son of an auto driver father and domestic worker mother, in Mumbai has successfully run a free learning centre in his slum in Powai since February 2016. He's taught over 400 students and mentored innumerable others to apply to college and appear for competitive exams. Similarly, when 19-year-old Sarathi Tudu from Singhbhum, Jharkhand grew up to find her peers dropping out to work and get married, she started free tuition classes in her village. Forty five students come to her every day to study today.

Mumbai rapper Shaikhspare AKA Aamir Shaikh of Bombay Lokai is enabling the youth in Mumbai's slums to find their voices through hip hop. Kanpur's young "water doctors" Divya, Ekta, Shikha, Alam and Mani Kumar are going door-to-door testing drinking water to convince their neighbours about the importance of water hygiene. Twenty-four-year-old Pooja Itodiya, ASHA worker at Aalri village in Madhya Pradesh, has tested water sources in her village to identify the ones with potable water.

Few know these young and celebrate their work. To me, however, they're a source of renewed hope for the change they effect will ensure that 2020 and beyond could be better than the years gone by.

How I'll spend my New Year's Eve



PEOPLE LIKE US

KISHORE SINGH

I remember a time when the New Year party was a standard feature of our home. We'd ask our friends over, there were seldom any dropouts, most brought other friends along, some carried bottles of booze for the bar, and if there was dense fog they slept over in whatever bed or sofa was unoccupied. Food was plentiful, but incidental; music was important — and the louder, the better; complaints by neighbours were dealt with friendly indifference; and visits by the force were handled by those who knew how to deal with such incursions. They were egalitarian times, and nobody minded high spirits and a little drunkenness.

Then came liberalisation. Friends began to travel on NY breaks — to Goa, to Thailand, to places and parties more exotic than ours. We dwindled to a few regulars who'd sip mulled wine, sit around a bonfire and recollect times when it was difficult to find elbow room in the house. Stories and incidents about New Year parties past occupied us more than the New Year party present. The music was softer, we ate more than we drank, and bedtime was soon past midnight rather than post-breakfast in the morning.

This was a time when the kids abandoned us. They didn't want to play bartender at our parties, or manage the music, or hang around with those of our generation, and made their horror of asking their friends over evident. We used to laugh at people who went out on New Year's to party amidst strangers and had often wondered who these persons were — now we know they include our children.

When a few days ago, I heard the children making plans, and booking reservations, I offered, once more, to host them to a New Year's at home — but incentives of free alcohol, hot food and music of their choice fell on deaf ears. I suggested a bonfire and barbecue, to all of which they shrugged indifferently,

having done it all before. Reluctant to spend another evening reminiscing of times past, I suggested to the children that we accompany them, but the response has been less than encouraging — they're not sure yet of where they will be; they might party-hop; there won't be other parents around; we'll get bored, or drunk, or worse, and embarrass them; why can't we just stay home like other oldies and let them be?

Which is why, dear reader, I plan to spend the last hours of 2019 in the countryside, watching 2020 come in not with a crescendo of music, hugs and smooches, but quietly, almost discreetly. I plan on having a drink by my side, a book to read, feet tucked under a blanket. I might take a brief moment to thank for the gift of family — so what if they chose to abandon me on the occasion — and a hope that the madness of governments and societies be of the past. The witching hour that marks the passing of a year, and a decade, holds a magical wish that things might yet be better. I hope to wake to a breakfast I can pluck off the vegetable patch, with milk directly from a buffalo — while the rest of the family, and the world, nurses hangovers. I'm not saying I'll like it; I'm saying I'll do it.

A real Budget, please

Among the first things that a finance minister has to do when framing the Budget is determine the likely growth rate for the economy in the year to come. The revenue, deficit, and other numbers depend on getting this foundational number right. In the current year, for instance, some of the serious errors in estimating revenue could have been avoided if nominal GDP growth (i.e. real growth plus inflation) had been correctly estimated. What of next year?

Correct forecasting depends on an accurate reading of past trends. The decade till 2020 will have seen the economy more or less double in size — implying annual average growth of about 7 per cent. But the middle years of the decade saw the economy benefit from the growth spurt triggered by an oil price collapse — something that will not repeat. Besides, the current global economic situation is not encouraging; there are too many things to set right in the domestic economy, not least in the financial sector; exports are stagnant; and there is little scope for either fiscal or monetary policy initiatives. Bearing in mind that the non-government part of the economy grew by no more than 3 per cent in the last quarter, a realistic growth rate for the economy next year should be something like 5 per cent, give or take half a percentage point.

That is not flattering for an economy that has clocked 7 per cent in the previous decade, and even faster growth in the decade before that. But one of the things that acceptance of a modest growth figure necessarily forces on you is hard choices. One can't assume a return to mean, and assume revenue based on an economy growing at 7 per cent. If the money is not going to be there, it's better to face reality — especially the reality of the Budget, in which the deficit is massively understated by about 2 percentage points of GDP. All Budgets face resource restraints, but the coming one will have to confront them in their full severity.

Looking beyond the Budget, the medium-term outlook looks decidedly cloudy if growth takes time to return to the desirable 7 per cent. The finance minister in her Budget speech should spell out how exactly she intends to get back to the 7 per cent track, and the hard decisions she intends to take in order to adjust to the realities of a slowing economy until growth momentum returns. Predictability in government actions is a virtue in itself.

Insofar as revenues fall short, the axe will have to come down on expenditure — even though this is not what economists might advise in the midst of a slowdown. It is important that budgetary discipline be seen to be operating. And so outlays will have to be pruned, or kept at current levels. Unspent moneys should lapse. The sectors that have absorbed so much of public investment should be asked to show results — as railway revenues, highway tolls, higher power tariffs, and so on (internal and extra-budgetary resources, as they used to be called in Planning's heyday). If the finance minister looks hard enough, she should be able to find scope for more non-tax revenue measures. For instance, fresh capital for the government-owned banks should come from the revenue garnered by privatising one or two of them — the taxpayer should not be saddled with the burden.

Above all, the time has come to modernise budgeting. Chiefly, that should mean moving from cash accounting to accrual accounting so that bills that are due but not yet paid are accounted for. Similarly, the government should put out information on off-balance sheet issues that are not there in the Budget. This will prevent further reports by the Comptroller and Auditor General pointing out hidden items of expenditure — like public sector companies borrowing money from banks to pay the food subsidy bills, or taking advance payment from railway entities to avoid showing a loss in railway accounts. A more credible set of numbers will be a good thing in and of itself, it will also help make government functioning more transparent.

Back to the inglorious past

History is repeating itself and there is a back-to-1974 feeling. But India is living in totally different circumstances for Modi to emulate Indra Gandhi all the way

In the non-stop hail of worsening economic indicators, one stands out. That the unemployment levels today are the worst they've been in 45 years. It takes us right back to 1974.

Indira Gandhi was still popular but some disillusionment was building up. Yet, even disappointed voters were still caught in a There Is No Alternative (TINA) trap. All economic indicators were in free fall, inflation was at almost 35 per cent and yet nationalism was still rampant and high.

Sounds familiar? Barring inflation, much else looks, sounds, and feels more than a bit like 1974. A phenomenally popular leader, with a party of unquestioning followers, a broken opposition, a nationalist high and never mind an economy in free fall, crippling joblessness. India isn't just a land of paradoxes, it is capable of producing the same mega paradox twice within a generation, under radically different ideologies.

Let's explore a little backwards, to 1971. Early in the year, Mrs Gandhi had won a famous election, defeating the formidable old guard of the Congress she had just broken up, in spite of the fact that all opposition parties had joined hands against her.

In early 1971, she was riding the "Garibi Hatao" pink populism. By the end of the year, she was "Maa Durga" incarnate, having defeated and dismembered Pakistan. She could walk on water.

The twin-engine populism of socialism and nationalism, however, was masking the harsher realities of India. The economy was already collapsing under the weight of her maniacal nationalisations; entrepreneurs were fleeing an invasive licence-quota raj; super-high taxation (97.5 per cent ultimately) created the black economy that still hasn't been defeated; and the expense of the war didn't help. But, remember, political fortunes are determined not by statistics, but the mood or what we call the "hawa".

It was in 1971 that poet-lyricist Gulzar made his first film, *Mere Apne*. It was built around Meena Kumari, a poor and abandoned old woman in a city who becomes a central figure of affection and refuge for a bunch of young men played by some who'd become big names later. They have degrees, aspirations, but no jobs and nothing to do except while away time in desperate hopelessness, play some pranks, or get into street fights.



ILLUSTRATION: BINAY SINHA

But they could laugh at themselves and Gulzar wrote for them the anthem for those years of decline: "Haal chaal theek thaak hai..." Play it, listen to the lyrics. Almost every line would make you pause and figure out why I take you back there.

Sample: "BA kiya hai, MA kiya, lagta hai woh bhi aiwein kiya/kaam nahin hai varna yahan, aapki dua se baaki theek-theek hai..." We've got our BA/MA degrees, looks like it was all a waste/there's no job, nothing to do, yet, with your benevolence all's well with the world.) Gulzar might as well have written it for 2019. Or he can re-release it and pretend he just wrote it. You wouldn't know.

Before we discuss how we got here from the world-conquering optimism of 2014, it is instructive to see how India and Indira Gandhi reached the collapse of 1974 from the high of 1971. That March 1971 landslide and the destruction of all opposition was so heady, she and her deeply ideological (of the chic Left) advisors kept sinking ever deeper into toxic socialism.

Then, when India's economy was at its most vulnerable, two Black Swan events struck. One — the Yom Kippur war (October 1973) and the resulting oil shock — was beyond her control. The second, nationalisation of the wholesale wheat trade, she wrought upon herself. Her Communist cabal said, if it works in the Soviet Union, it shall work here. It didn't.

A disaster followed, with wheat prices rising, farmers furious, traders and private rural middlemen jobless. It could have become her equivalent of



NATIONAL INTEREST

SHEKHAR GUPTA

A rapid reader for 2019



AL FRESCO

SUNIL SETHI

In his coruscating slim volume *The Uncommon Reader* the British playwright and screenwriter Alan Bennett describes what happens when the Queen of England suddenly, and unaccountably, becomes a voracious reader. This habit is met with alarm by her staff and consternation by loyal subjects on her walkabouts. Instead of exchanging polite nothings Her Majesty starts quizzing the public on what they read and discussing the merits of Trollope, Dickens, and Virginia Woolf. A few misguided folk mention Harry Potter — "but to this the Queen (who had no time for fantasy) invariably said briskly, 'Yes. One is saving that for a rainy

day,' and passed swiftly on."

Whether you love or love to hate Harry Potter, Keshava Guha's debut novel *Accidental Magic* (HarperCollins; ₹599) is not just for rainy days. It's the pick of the crop in a strong year for fiction — a hugely inventive and entertaining foray into the intricate, interlinked virtual world of Potter fandom. Kannan, the Bangalore boy's initiation into American college life and the Yahoo! group HP4BK (Harry Potter for Big Kids), is an escape, an intellectual quiz, and an emotional link to diverse milieus and relationships. Vividly observed and articulated, it is a classic bildungsroman of our time.

Madhuri Vijay's prize-winning *The Far Field* (Fourth Estate; ₹599), deservedly praised novel, is a young daughter's unsettling requiem for a lost mother, a brittle, high-strung woman who forged a relationship with a Kashmiri salesman. Her search takes her to the Valley, with the torments of an unresolved past intensifying turbulent lives stained by violence and fear. Fiction can plunge us into those dark recesses that no amount of reportage can; and Ms Vijay's

dense narrative is remarkable for its evocation of a fractured land. *The City and the Sea* (Penguin; ₹499) by Raj Kamal Jha is also about a disappearing mother who fails to return home from work. Partly inspired by the Delhi gang rape of 2012, the book's episodic, intercut structure weaves imagined, often dream-like realities in experimental form.

Several of the year's best non-fiction titles such as *Early Indians* by Tony Joseph were reviewed here ("A bibliophile's summer reading", June 15, 2019) but here are some notable recent arrivals.

Shanta Gokhale, the novelist, prolific translator from Marathi, theatre archivist, and critic has written a memoir, *One Foot on the Ground: A Life Told through the Body* (Speaking Tiger; ₹399) that can hardly be bettered. As a *femme de lettres* her British counterpart would perhaps be the celebrated Diana Athill, who died this year at the age of 101. Ms Gokhale's unusual education in middle-class Mumbai and London neighbourhoods, her two broken marriages, earning a living, and bringing up a family are sustained by passionate intellectual rigour. It is the rewinding

of life illuminated by candour, insight, humour, and brevity. On the perils of being a bilingual writer, she quotes Arun Kolatkar, "the quintessential Bombay poet" who said, "Well you see, I have a pencil with two points."

Indeed, if life is being dealt an unpredictable hand of cards, then the most engaging memoirs are those able to shape it into a series of surprising sequences. Fiji-born Bhaichand Patel had many avatars — as journalist, barrister, and UN diplomat — and habits — Delhi, London, Bombay, New York, and Manila — before coming to roost in the capital as bon vivant and raconteur par excellence. He has the talent of treating the weightiest of subjects weightlessly and making you laugh out loud. *I Am a Stranger Here Myself: An Unreliable Memoir* (HarperCollins; ₹699) is a pleasure.

Two musical journeys added immeasurably to my year's reading list. Those who admire Shubha Mudgal as a diva of commanding power and range may be unaware that both her parents taught English Literature at Allahabad University and she has a natural gift for storytelling and comic timing. Looking for *Miss Sargam* (Speaking Tiger; ₹499) is her fictionalised encounters with characters and situations in the

madcap musical whirl: Cut-throat producers, ambitious ustad, con-ning accompanists et al. It's a delicious concoction. Despite its genealogical sprawl, documentary filmmaker Saba Dewan's *Tawaifnama* (Context; ₹899), a fly-on-the-wall account of the kinship of courtesans and dancing girls in the geographically small Purvanchal region of Banaras and Bhabua is unique for its historical and social investigation. Among many things, it details, how male progeny are sidelined as second-class offspring in a matriarchal community that prizes girl children as bread-winners and keepers of musical tradition.

It's been a fruitful year for scholars. A couple of works of history stand out: Kim A Wagner's *Jallianwala Bagh: An Empire of Fear and the Making of the Amritsar Massacre* (Penguin; ₹599) unveils new research on the city as religious centre and commercial trading post. In sinewy prose it traces the roots of the 1919 tragedy from 1857 and the unravelling of the Raj. And for a history buff's bedtime reading, Manu S Pillai's *The Courtesan, the Mahatma & the Italian Brahmin* (Context; ₹599) is the ideal companion — more than 50 tales familiar and unfamiliar.

Happy New Year!

The universal language

EYE CULTURE

SUHIT K SEN

Recent research has validated the old saying, articulated, among others, by H.W. Longfellow, that music is a universal language that knows no barriers of, well, language, ethnicity, creed, colour or faith. The research project was conducted by a number of US universities, including Harvard University and Pennsylvania State University. The findings were published in the US academic journal *Science*.

The research findings are significant because musicologists and scholars in related disciplines have questioned Longfellow's view, expressed 184 years ago, that "music is the universal language of mankind". The research team studied 118 songs from 86 cultures, which were classified into four groups: Dance songs, healing songs, love songs and lullabies. The team consisted of Manvir Singh, a researcher in evolutionary biology at Harvard, Luke Glowacki, a professor of anthropology at Pennsylvania State University and Samuel Mehr, also of Harvard. They created a database and loaded ethnographic and music-related information into it from 315 societies across 60 cultures and 30 geographical regions, but compared 118 songs, as mentioned.

The researchers found significant intra-category similarities. A Marathi lullaby was found to have structural similarities with lullabies sung by people in the Scottish Highlands and the Nahua indigenous people of Central America. A Garo dance song was similar to a Yaqui dance song from northern Mexico and a Tlingit dance song from the Pacific Northwest coast of the United States. The database of 118 songs had lullabies from India, Central Africa, Northern Australia, North America and other places. Healing songs came from Uttar Pradesh, Central America, Africa and North America. And dance songs and love songs came from similarly diverse cultures and regions.

Overall, lullabies were slow and soothing, their sounds were gentle and fluid; dance songs were universally fast, lively and rhythmic; love songs tended to build and release tension with a broader range of pitches than lullabies; and healing songs had shorter notes than love songs and varied more in rhythm than dance songs. "What our study shows is that when we as humans of a particular culture make music, while the sounds may sound unique, they actually reflect deep features of human psychology coupled with social processes," Glowacki said to *The Telegraph*.

The export of Anglo-American culture has meant that certain forms of music have become global from the second half of the past century. Rock'n'roll music and other forms of popular Anglo-American music — like disco, hip-hop, rhythm and blues and rap — are lionised

throughout the world. The youth, especially in non-English-speaking Europe, including the continent, as it were; Africa; Asia; and south and central America are all hooked to genres of music originating in the United States and Britain. Even an older set of people, who grew up in the 1950s and 1960s listen avidly to early rock'n'roll, blues, jazz, folk rock and country music.

But that's not all. These genres have profoundly influenced popular music across the world, including India. Rap has been adapted across India. And popular music, whether used in films or not, have borrowed rhythms, structures and instruments from popular Western music.

Closest home for this writer, ever since Kabir Suman, as he is known now, launched what later came to be known as "jibanmukhi gaan" (life-focused music), Bengali popular music has not only started sounding much more like "Western" music, it also uses lyrics that echo concerns that share more ground with popular music in the West as compared to earlier popular Bengali songs. "Bangla bands" have proliferated. A significant proportion of members of these bands are young people who have grown up on rock and other forms of Western music — Beatles onwards.

The research we have referred to uncovers musical similarities across cultures that are deep-seated and have existed for a long time. But the export of Anglo-American culture, in music and other cultural fields, and its global proliferation, before the age of globalisation and, especially, in that age, raise interesting questions, some not easy to answer. Why has there been a tendency towards a flattening of cultures? And does this kind of growing uniformity betoken large-scale changes in sensibility?

Some technological developments have no doubt made cultural "miscegenation" easier. The ubiquity of the Internet on computers and mobile phones has made cross-cultural consumption substantially easy. Similarly, the spread of satellite television, say, in urban India, has had a similar effect. Exposure through these technologies and devices has perhaps made people more receptive to other cultures.

But does that mean sensibilities are changing? The research alluded to clearly hypothesises that the similarities in types of music stem from deep-seated and shared psychological traits coupled with social or societal traits. And these similarities have been around for a long time. But it is doubtful whether the cultural flattening typical of the post-World War II period and more especially the era of globalisation has created a similar change in sensibilities.

Every week, Eye Culture features writers with an entertaining critical take on art, music, dance, film and sport

In advertising, to err is human



YES, BUT...

SANDEEP GOYAL

There was a lot of hullabaloo earlier this month about an Uber ad that had mistakes in the headline and spelling errors in body copy. Lots of nasty remarks were posted on social media. First Ogilvy, the Uber agency, was targeted. And roasted. When they issued a denial saying the ad was not theirs, the mud-slinging kind of eased somewhat. So now, with Ogilvy out of the frame, it looked as if the client had done the creatives in-house (or done them through a small agency/freelancer) and managed a self-goal.

After 35 years in the business, I sat back, and thought to myself:

"Why so much criticism? Why such self-flagellation? Why such nasty remarks about peers? Aren't we all human? Anyone can make a mistake. Sure the mistake has costs, and maybe has repercussions. But is an inadvertent mistake, an honest error, enough to trigger an avalanche of such nastiness and negativity? Does the advertising industry over-react?"

Back to Uber. The taxi-hailing company ran ads in Delhi and Mumbai (perhaps other cities) too. The headline in Delhi ran something like this... "Planning to head out of the Delhi?" The mistake of adding a 'the' before Delhi got Twitter heated up, and in knots, in no time. Also, in the body copy "anywhere" and "anytime" were written as single words. While the singular/combined usage in "anywhere" was debatable, the "anytime" should have been two separate words for sure. In the Mumbai ad, the name of a destination was wrongly spelt. An extra 'i' was added to Bhimashankar, one of the destinations. Hell broke loose on social media.

My personal opinion is that the

original Delhi headline perhaps was meant to say, "Planning to head out of the Delhi smog?" or may be Delhi pollution. Somebody senior at the client end must have felt that the use of words like "smog" or "pollution" may not be politically incorrect. A last minute chopping of the undesirable word must have been ordered. In the haste to catch the newspaper deadline, the offending "the" which too should have been removed, was not deleted. Sh't happens!

I have seen worse. Almost 25 years ago, I ran a new help-line number ad for Lufthansa in Mumbai. Front page solus. Big bold telephone number upfront. And, we managed to get the number wrong! Don't ask me how. The client had seen the artwork; the copywriter had checked and signed the material. Yet somehow the mistake happened. The wrong number was incessantly ringing at the home of an old Parsi lady, driving her nuts. It was an MTNL number, and it took us half a day to get it disconnected. Another half day to double check the originally

allotted number. Getting space...that too front page solus...in the newspaper the next day was another nightmare. In all this, the client did not once fly off the handle. Nor was there any social media those days to deride us or mock us. I just went the next day to the Parsi lady's home with a box of chocolates, and apologised. She was most gracious, and understanding. Period.

Way back in the early 1990s when Star TV used to uplink from Hong Kong, we had a new packaging change commercial running during Christmas-New Year for Fujifilm. That was also the time of the year when Star would shut all commercial operations and the uplinking would be on auto. Well, our "new" commercial went on air but somehow it was the wrong tape that was getting broadcast! And as I said, Star was all but shut for holidays. It took us three days of firefighting across the globe to get the right material to run. In all the chaos, the client in Japan maintained a stoic silence, and in fact sent me a "thank-you" message once the error had been rectified.

The advertising business, methinks, needs to tone down a bit. Take control of itself, and its emotions. Controversy on every small little issue signals an industry either unsure of itself, or a fraternity that is needlessly uptight and too self-righteous. A good laugh, some good-natured banter on the Uber ad was all that was merited. Not the ugly, derisive comments that flooded the social media after the headline debacle.

If advertising practitioners and pundits do need to get themselves into a rage in 2020, there are a lot more pertinent issues than inadvertent mistakes that ought to get them worked up...puffery, plagiarism, puerility...perennial problems that advertising has faced, but never really confronted. Or addressed. Or solved.

The lessons to be learnt from the Uber debacle are simply that (1) To err is human (2) No one is infallible. Tomorrow it could be you (3) Grin and bear it. Forgive and forget (4) Tomorrow is another day.

The writer is an advertising and media veteran

CAA doesn't strip any Indian of citizenship, says Fadnavis

PRESS TRUST OF INDIA
Mumbai, 27 December

BJP leader Devendra Fadnavis said on Friday that the Citizenship (Amendment) Act does not take away the citizenship of any Indian, and took a swipe at former ally Shiv Sena for its 'silence' on the issue.

Addressing a rally organised by 'Sanvidan Sanman Manch' at the historic August Kranti Maidan here in support of the CAA, he said it is not a "law", but a process for giving citizenship to those who were displaced from the neighbouring countries.

"The Congress and communists are spreading misinformation about CAA and NRC (National Register of Citizens)," the former Maharashtra chief minister said.

"I am surprised that our old friends are quiet. They used to say once that illegal Bangladeshis should be thrown out, but now they are quiet," he said, in a dig at the Shiv Sena which now heads the ruling coalition which includes the Congress and the NCP.

The Leader of Opposition



People take part in a support rally of Citizenship (Amendment) Act, led by former Maharashtra chief minister Devendra Fadnavis in Mumbai on Friday

PHOTO: PTI

in the Assembly also slammed the state government for denying permission for a march from August Kranti Maidan to Lokmanya Tilak's statue at Girgaon beach.

"Has this government lost its head?" he asked, invoking the heading of a famous editorial penned by the nationalist leader during British rule.

"Nobody can stop us from supporting the Act until the protest against it stops," he said.

Congress, communists and other opposition parties were trying to create misunderstanding among Indian Muslims about the Act and create unrest in the country for "vote bank politics", he alleged.

"Pakistan did not fulfill the assurance given at the time of Partition that its minorities will be protected. Hence India has to look after them because they are our people," said Fadnavis.

He also objected to alleged slogans against Hindus and Veer Savarkar at Jawaharlal Nehru University (JNU) in Delhi during protests against the CAA.

Talking to reporters before addressing the rally, Fadnavis said the leaders who are saying that the Act will not be implemented in their states "do not respect the Constitution", as laws passed by Parliament are binding on all states.

Metro eyes to complete Colaba-Seepz corridor by Sep

PRESS TRUST OF INDIA
Mumbai, 27 December

Mumbai Metro Rail Corporation, which is implementing the Colaba-Bandra-Seepz corridor, on Friday said 100 per cent tunnelling work of the project will be completed by September next year.

Apart from this, the Corporation hopes to complete 70 per cent of civil work and get the first rolling stock by December 2020, MMRC said in a statement.

The statement comes at a time when Chief Minister Uddhav Thackeray has put a stay on metro car shed proposed at Aarey colony, touted as the lungs of the city. Currently, more than 70 per cent of the tunnelling work across the 33 km corridor has been completed.

"As part of in-situ development, the tender for rehab buildings Kalbadevi-3 and Girgaon 3 will be awarded in January and May, respectively. Also bids for O&M work is expected in February. Besides this, track laying work for the main line will also commence," it said.

The nearly ₹30,000-crore project will connect Cuffe Parade business district in the extreme south of the city to SEEPZ in the north-central with 26 underground and one at-grade station.

Andhra to form panel to see feasibility of 3 capitals

DASARATH REDDY
Hyderabad, 27 December

The Andhra Pradesh government has decided to constitute a high-powered committee for studying the expert report sought on capital city development strategies, even as the ongoing protests in Amaravati over the plan to move certain statutory functions to other regions turned violent on Friday.

An expert committee headed by former IAS officer G N Rao last week gave its report to the state government with a key recommendation that the legislative, executive and judicial functions of the state be vested with Amaravati, Vizag and Kurnool representing three broad regions of Andhra for a fair and equitable development of the state. The government had also appointed Boston Consulting Group (BCG) for a detailed report on the subject and the consulting firm was expected to submit its report in the first week of January, 2020.

The decision about the high-powered committee was taken at a cabinet meeting earlier in the day as the government apparently thought of taking one step at a time instead of hurrying things up in the face of growing resistance from farmers who gave their lands for the development of Amaravati as the new capital, under the previous government headed by N Chandrababu Naidu.

"The state cabinet chaired by Chief Minister Y S Jagan Mohan Reddy has had a detailed discussion on G N Rao Committee's



"Once the high powered committee gives its insights into the two reports, the government then will take further steps like convening an all party meeting and a special Assembly session to discuss the proposals and take a final decision"

PERNI VENKATARAMAIAH
Andhra Pradesh's minister of information and public relations

report. We are yet to receive the other report commissioned from Boston Consulting on the same subject. After the deliberations the cabinet has decided to constitute a high powered committee to study these two reports before taking further steps on the matter," State Information and Public Relations Minister Perna Venkataramaiah told the reports after the cabinet meeting.

Last week, Chief Minister Reddy created a political storm by announcing in the state assembly that AP could have three capitals for each of the state functions with Amaravati as the legislative capital, Vizag as the executive capital and

Kurnool as the judicial capital by having assembly, secretariat and the high court located in these three different places respectively.

A couple of days later G N Rao committee submitted its report to the chief minister while recommending a similar but more complex arrangement for the location of the state functions: The secretariat, the chief minister's camp office, summer assembly and a high court bench be set up in the Visakhapatnam Metropolitan Region, the state legislature, a high court bench and the governor's Raj Bhavan and ministers' quarters in the 'Amaravati-Mangalagiri complex' and the high court and the allied judicial offices in Kurnool.

Minister Venkataramaiah refused to agree to a suggestion that the state government has taken a U turn on its multi-city capital plan owing to the public outcry. "Chief minister Reddy had just made a comment in the state assembly about the possible scenarios involving the decentralised development. Once the high powered committee gives its insights into the two reports, the government then will take further steps like convening an all party meeting and a special Assembly session to discuss the proposals and take a final decision," the minister said. The political course explained by the minister also underscores the government's game plan to gather a widespread backing to its proposed multi-city presence of state functions from the rest of the state.

Banks set for biggest job cull since 2015 as Morgan Stanley cuts

BLOOMBERG
Frankfurt, 27 December

Banks around the world are unveiling the biggest round of job cuts in four years as they slash costs to weather a slowing economy and adapt to digital technology.

This year, more than 50 lenders have announced plans to cut a combined 77,780 jobs, the most since 91,448 in 2015, according to filings by the companies and labour unions. Banks in Europe, which face the added burden of negative interest rates for years to come, account for almost 82 per cent of the total.

The 2019 cuts bring the total for the last six years to more than 425,000. In fact, the actual amount is probably higher because many banks eliminate staff without disclosing their plans. Morgan Stanley is the latest firm to make a year-end efficiency push, cutting about 1,500 jobs, according



to people familiar with the matter. Chief Executive Officer James Gorman has said the cuts account for about 2 per cent of the bank's workforce.

This year's figures also underscore the weakness of European banks as the region's export-oriented economy confronts international trade disputes while negative interest

rates eat further into lending revenue. Unlike in the US, where government programs and rising rates helped lenders rebound quickly after the financial crisis, banks in Europe are still struggling to regain their footing. Many are firing staff and selling businesses to shore up profitability.

Germany's biggest

lender tops the list of planned job cuts. Deutsche Bank is planning to get rid of 18,000 employees through 2022 as it retreats from a big part of its investment banking business. The lender's home country is the most fragmented major banking market in Europe and among the most exposed to negative interest rates because its lenders hold more deposits than competitors abroad.

Banks will probably continue to announce further staff reduction plans next year. Swiss wealth manager Julius Baer Group is considering cuts to reduce costs because of rising competition and tighter margins, people with knowledge of the matter said earlier this month. Spain's Banco Bilbao Vizcaya Argentaria plans to cut jobs in its client solutions business and may extend that to its wider business, according to a newspaper report.

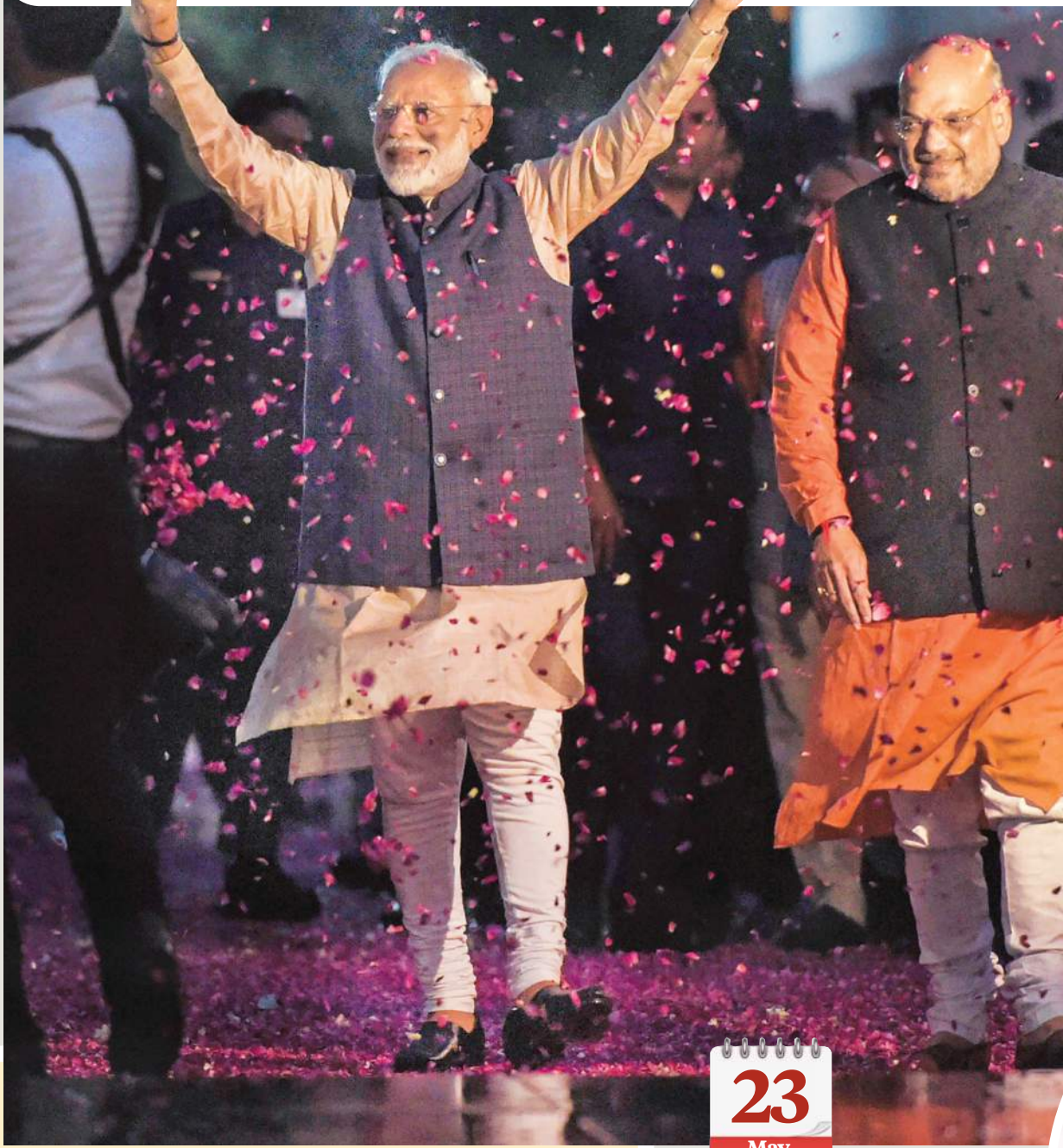
Indian warplanes crossed the Line of Control in Kashmir and dropped bombs near a terrorist training camp in Balakot, Pakistan, in retaliation for Pak-trained terrorists killing Indian security forces on the Jammu-Srinagar National Highway. Pakistan retaliated the next day, shooting down and capturing the fighter pilot Abhinandan Varthaman (extreme right). He was released after 60 hours in captivity.

26
February



POLITICS

STRONG GOVERNMENT



23
May



5
August

Article 370, which gave Jammu & Kashmir special status under the Constitution, is read down in controversial circumstances. Home Minister Amit Shah announces that the state would be split into two Union Territories. The state has been under lock-down with hundreds of protestors arrested. *Habeus corpus* has been effectively suspended and state leaders have been under house arrest ever since.



3
July

Rahul Gandhi steps down as president of the Congress party taking responsibility for the party's debacle in the Lok Sabha elections. His mother Sonia Gandhi takes charge as interim president while the party searches for a replacement — which it is yet to find.

Defying predictions of a reduced majority, Narendra Modi's Bharatiya Janata Party wins re-election with a landslide 303 seats, the first leader since 1971 to win a party majority in back-to-back elections. The Congress tally increased marginally.



31
October

Jammu & Kashmir and Ladakh become Union Territories. G C Murmu (*inset*), a former principal secretary to Narendra Modi when he was chief minister, was appointed J&K's first Lieutenant Governor. R K Mathur (*left*), a former defence secretary, was appointed Ladakh's first Lieutenant Governor.



24
August

Arun Jaitley, influential finance minister in Narendra Modi's first term and confidant of the PM, dies after a long illness.



28
November

Assembly elections in Maharashtra saw BJP emerge the single largest party but without a majority, which resulted in behind-the-scenes jockeying, with Sharad Pawar's NCP proving the kingmaker. With the BJP unable to come to an agreement with its pre-poll ally Shiv Sena, an alliance between the Sena, NCP and Congress was expected to take charge with Uddhav Thackeray as chief minister. In an overnight shocker that stretched the constitutional proprieties, BJP's Devendra Fadnis was sworn in as chief minister with Ajit Pawar as his deputy. After hours of frantic negotiation that involved floor-crossings by multiple NCP MLAs, Fadnis resigned before a floor test and the Shiv Sena-NCP-Congress coalition took charge with Sena supremo Uddhav Thackeray as chief minister.



24
October

Assembly elections in Haryana yielded a significantly reduced majority for the Bharatiya Janata Party, which formed the government with a post-poll alliance with a local party founded by Devi Lal's grandson, and seven independents.



23
December

After a prolonged five-phase Assembly election in the Naxal-hit state of Jharkhand, the Jharkhand Mukti Morcha-led alliance registered a landslide victory bagging 47 of the 81 seats. Chief Minister-designate Hemant Soren with Congress President Sonia Gandhi in the picture.



1
July

The United Progressive Alliance government in Karnataka fell after 16 MLAs submitted their resignations and joined the BJP. The Speaker declined to accept the resignations and subsequent drama involved accusations of bribery, blackmail, the sequestering the MLAs in a resort and a Supreme Court challenge. After the incumbent government lost a floor test, the BJP took charge. In December by-elections, 12 of the defectors won their seats.

