THURSDAY, 2 JANUARY 2020
16 pages in 1 section
MUMBAI (CITY)
₹9.00
VOLUME XXIV NUMBER 100

www.business-standard.com

Business Standard

THE MARKETS ON WEDNESDAY		Chg#
Sensex	41,306.0▲	52.3
Nifty	12,182.5▲	14.0
Nifty futures*	12,243.8▲	61.3
Dollar	₹71.2	₹71.4**
Euro	₹79.9	₹80.1**
Brent crude ($/bbl)##	66.3##	66.4**
Gold (10 gm)###	₹38,962.0▼	₹121.0

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

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

CABLE TV TO COST LESS AS TRAI AMENDS TARIFF STRUCTURE

The Telecom Regulatory Authority of India has released amendments to the New Tariff Order, in which it has directed cable operators to provide 200 channels for ₹153. The regulator has also set January 15 as the deadline for broadcasters to announce their new pricing structure. At present, direct-to-home or cable TV operators provide only 100 channels for a network capacity fee of ₹153 (₹130 excluding taxes). 3

ECONOMY P5

FDI rises 15% during Apr-Sept to $26 bn

Inbound foreign direct equity investments rose 15 per cent in the April-September period of the current fiscal year, according to the data released by the Department for Promotion of Industry and Internal Trade. The figures showed that in the first half of FY20, equity inflows amounted to $26.09 billion, up from the $22.66 billion received in the corresponding period of the previous year.

ECONOMY & PUBLIC AFFAIRS P4

Iran crude oil imports slow to a trickle

Imports of oil from Iran dipped to 1.7 million tonnes (mt) in the current financial year (2019-20, or FY20), down from 23.9 mt in 2018-19, after India stopped purchases from the West Asian country in May. In FY19, Iran was the third-largest crude exporter to India. Assuming the United States' sanctions are not lifted, crude oil imports from Iran will be the lowest in at least 12 years, shows the available data compiled by *Business Standard*.

COMPANIES P3

Apollo, Varde pull out of race for Altico

Apollo Global Management and Varde Partners are no longer considering bidding for Altico Capital India, according to people familiar with the matter, narrowing the number of suitors for the troubled shadow lender. The firms pulled out because they were unwilling to meet creditor demands to inject as much as ₹20 billion ($280 million) of fresh equity into Altico, two people said, asking not to be identified as the information is private.

COMPANIES P2

Panel to facilitate sale of BSNL realty assets

The Centre has started the process for sale of Bharat Sanchar Nigam's (BSNL's) assets. It has set up of an inter-ministerial group that would shortlist and prioritise selling real estate assets of the cash-strapped company. BSNL is yet to pay salaries to its staff for November. The company has identified 40 land parcels worth about ₹10,000 crore to be disposed of and will help in deleveraging its balance sheet.

THE SMART INVESTOR P10

Benchmark indices begin new year on a flat note

The benchmark indices started the New Year on a positive note with the Sensex gaining 52.28 points, or 0.13 per cent, to close at 41,306.02 on Wednesday as financials, IT, FMCG and power stocks advanced. The broader Nifty closed 14.05 points, or 0.12 per cent, higher at 12,182.50 with 23 of its constituents ending in the green.

PERSONAL FINANCE: Choose the right financial advisor 14
You are spoilt for choice, but understand every aspect of the model before investing, writes **BINDISHA SARANG**

WORLD P6

How Carlos Ghosn pulled off a Houdini

In one speculative account, which cited no sources, Lebanese television station MTV reported that the former head of Nissan Motor and Renault SA Carlos Ghosn smuggled himself out of Japan in a large musical instrument box after a Christmas band visited his residence in Tokyo. He was then shipped out of the country and later entered Lebanon from Turkey on a private plane.

New projects surge in December qtr

37% y-o-y increase despite a fall in capacity utilisation

SACHIN P MAMPATTA & AMRITHA PILLAY
Mumbai, 1 January

Investment in new projects increased by more than ₹1 trillion during October-December 2019 over the same period in the previous year.

There was ₹3.1 trillion in new projects in December 2018. This has risen by 37.4 per cent on a year-on-year basis to ₹4.26 trillion in December last year, showed the data from project-tracker Centre for Monitoring Indian Economy (CMIE).

The body releases capex data at the end of every quarter.

It also showed the proportion of "stalled projects" is down 81.8 per cent to ₹58,000 crore. Completed projects remain at the same level. The number for December 2018 shows ₹1.37 trillion. It is ₹1.36 trillion in December 2019.

The rise in new projects is despite a fall in capacity utilisation. It was at 68.9 per cent in the September quarter, noted the Reserve Bank of India in its December 19 Monetary Policy Committee meeting minutes.

It was at 73.6 per cent previously. A similar decline is seen on a seasonally adjusted basis as well.

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EDIT: PUSH FOR INFRASTRUCTURE

"Seasonally adjusted CU (Capacity Utilisation) also fell to 69.8 per cent from 74.6 per cent during the same period," it said. This means that companies are increasingly unwilling to use their existing production capacity, which gives them limited incentives to invest in adding capacity. This has weighed on capital goods companies.

Marquee firms such ABB India and Siemens are seeing lower demand, noted brokerage firm Motilal Oswal Financial Services. Growth in order flow fell to 5 per cent for ABB, according to the recent quarterly data. Siemens' order flow fell 14 per cent. This, in turn, is said to be because of a slowdown in other markets such as auto, and food and beverages, said the 6th December Sector Update report, authored by research analysts Nilesh Bhaiya and Pratik Singh.

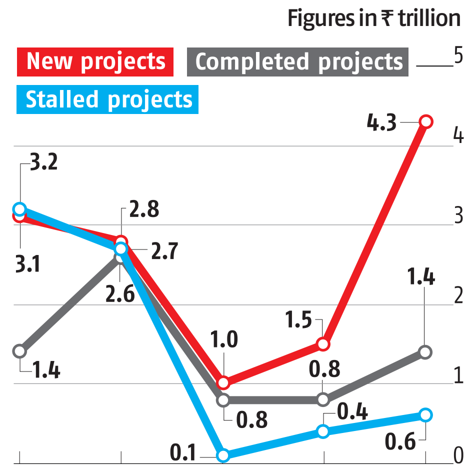
A public sector undertaking (PSU) push could be driving some of the gains.

"This should be coming from public sector units. What they are borrowing from the market they are using for capital investment. If you look at the banks' lending data for industries, it is negative, so banks are not lending for capital formation. Capital investment is then coming from PSUs borrowing from the bond market," said Madan Sabnavis, chief economist, CARE Ratings.

M S Unnikrishnan, managing director and chief executive officer (CEO), Thermax, said: "There were a couple of refinery projects awarded in the December quarter from the public sector. Awarding for road projects continued. There are also awards in the railways and metro projects segment."

The government has also sought to push other investment. Turn to Page 13

SIGNS OF INFRA BOOST



Note: December 2018 numbers are based on data retrieved earlier; figures rounded off
Source: CMIE

GST collection crosses ₹1 trn, but misses target

DILASHA SETH
New Delhi, 1 January

Goods and services tax (GST) collection crossed the ₹1 trillion mark for the second straight month in December, but fell short of the ₹1.1 trillion target set for the last four months of 2019-20. The latest numbers, however, indicated the stabilisation of revenue collection owing to anti-evasion measures introduced by the government.

The mop-up stood at ₹1.031 trillion in December, slightly lower than the seven-month high of ₹1.034 trillion collected in November. On a year-on-year basis, the GST receipts in December 2019 posted a growth rate of 8.9 per cent, the data released by the finance ministry showed on Wednesday.

These figures are for GST on the transactions done in November and collected in the month of December.

Although the December figures come as a breather for the government, which is facing intense revenue stress, these are lower than the numbers needed to meet the steep target for 2019-20.

Revenue Secretary A B Pandey has pressed for a monthly GST collection target of around ₹1.1 trillion between December 2019 and March 2020. Of these four months, ₹1.25 trillion collection has to be achieved in at least one month, he had told tax officials.

GST collection on domestic transactions witnessed 16 per cent growth, the highest during the year. GST collection on imports continued to witness a contraction of 10 per cent, as against a fall of 13 per cent in November, indicating persistent weakness in domestic demand and production.

The ministry also released state-wise GST collection figures from domestic transactions. Arunachal Pradesh witnessed the highest growth at 124 per cent to ₹58 crore in December 2019 year-on-year.

MOP-UP TREND

Figures in ₹cr

	2018	2019
Apr	1,03,459	1,13,865
May	94,016	1,00,289
Jun	95,610	99,939
Jul	96,483	1,02,083
Aug	93,960	98,202
Sep	94,442	91,916
Oct	1,00,710	95,380
Nov	97,637	1,03,492
Dec	95,726	1,03,184

Source: Finance Ministry

P2 LAST YEAR'S SALES WORST IN A DECADE FOR MARUTI | YEAR-END FAILS TO CHEER CAR FIRMS

I-T vets foreign contribution sought by Tata trust

SHRIMI CHOUDHARY
New Delhi, 1 January

The income-tax (I-T) department is examining the foreign contributions sought by the Navajbai Ratan Tata Trust (NRTT) as a non-profitable entity in December 2015, even after the Trust offered to surrender its charitable trust status earlier that year. The NRTT is among the six Tata Trusts that had their registrations cancelled by the I-T department in October.

The Trust had made an application on December 10, 2015, under Section 11 (1) of the Foreign Contribution Regulation Act (FCRA), for accepting foreign contributions by an association having a definite cultural, economic, educational, religious or social programme. This requisition was made after it had given up Trust status in February 2015.

In the FCRA application, the Trust had mentioned the detailed activities of the NRTT and said that it was established in 1974 by Ratan Naval Tata, in the memory of his grandmother Lady Navajbai Ratan Tata. It further said that the Trust was registered with the office of the charity commissioner, Mumbai, and is registered under Section 12A of the Income-tax Act, 1961.

The requisition was made after the Navajbai Ratan Tata Trust had given up Trust status in February 2015

Section 12A of the I-T Act enables a few types of organisations to get exemption from income tax. When a trust or non-profit organisation gets registered under Section 12A, it is further eligible to get exemption from income tax. Trusts and non-government organisations which don't make profits from their financial transactions are eligible to register for 12A. If any non-profitable trust or NGO has not registered for 12A, its financial receipts or transactions would be considered taxable.

Apart from the activities, the Trust had also submitted the trust deed along with an audited statement of accounts for the past three financial years (FY13, FY14 and FY15).

In an emailed response to this newspaper, the Tata Trusts spokesperson said, "Since the Trust was registered under 12A of the I-T Act, for those financial years, by way of information it was so mentioned. It was an inadvertent omission not to have mentioned that the Trust had surrendered its 12A registration in February 2015." Turn to Page 13

ELECTRICAL EQUIPMENT INDUSTRY STARES AT DUES WORTH ₹800 CR

The electrical equipment industry is staring at dues of more than ₹800 crore, payable for a period of over three years. These are mostly from states and central government-owned companies, including BHEL and Power Grid. Some of the biggest defaulters are the power departments of Uttar Pradesh, Rajasthan, Tamil Nadu and Andhra Pradesh. The industry, in its latest exercise of collating dues, said around 25 per cent of the companies did not disclose figures. So, on an average estimate, the dues could go up to more than ₹1,500 crore, said the Indian Electrical and Electronics Manufacturers Association. **SHREYA JAI** writes 4

'We've seen healthy growth in term loans'

Amid the slowing economy, muted credit growth, and the Reserve Bank of India's (RBI's) warning that non-performing assets may rise, **RAJNISH KUMAR**, chairman, State Bank of India (SBI), tells **Subrata Panda**, **Abhijit Lele** and **Dev Chatterjee** in an interview that the economy has bottomed out and there is a need to revive the capital expenditure cycle. He also emphasises the success of the Insolvency and Bankruptcy Code and says that lenders need at least nine to 10 months to resolve stressed accounts under the RBI's June 7 circular. Edited excerpts:

Q&A

How do you assess the economic situation now?

I think the economy has bottomed out, and we should see an upward trend from now. The third quarter of FY20 has been good. There are global headwinds and all the major economies are under pressure, apart from the US. So, this is impacting our exports. But, on the domestic front, a revival of the capex cycle of the private sector is the most important thing. And, that can happen with infrastructure upgrade.

How is your corporate lending segment doing?

Working capital utilisation is still subdued, and is less than what it was in March. On the other hand, we have had healthy growth in the term loans segment. As of December, SBI has seen term loans grow 16 per cent year-on-year to ₹1.72 trillion. Last year, it was an exceptional situation for us because we had very large credit disbursements in the second half. This year, it is more in line with what used to happen in the previous years. In our domestic market, our advances are lagging by ₹40,000 crore from what they were last year. However, we have seen good growth in the international banking group. So, in terms of overall advances, we are more or less at the March 2019 level. Turn to Page 13

IT IS DIFFICULT TO RESOLVE A COMPANY UNDER THE JUNE 7 CIRCULAR WITHIN SIX-SEVEN MONTHS. SO, FOR THE ICA TO FUNCTION PROPERLY, AT LEAST NINE TO 10 MONTHS SHOULD BE GIVEN

PHOTO: KAMLESH D PEDNEKAR

Pharma industry gets 'green' signal in New Year

Drug makers allowed to tweak product mix or quantity without fresh environment clearance until effluent load is same

BOOSTER DOSE

₹10,000 crore: Expected additional investment annually owing to the decision

70%: Share of active pharmaceutical ingredients (API) that India imports from China

- **According to the approved proposal, drug companies will have to only obtain a 'no increase** in pollution load' certificate from state pollution control board for any expansion
- **Increase in production capacity should not be more than 50%** of what was permitted in the earlier environmental clearance

ILLUSTRATION: AJAY MOHANTY

SHINE JACOB & SOHINI DAS
New Delhi/Mumbai, 1 January

In what can be a game changer for the Indian pharmaceutical industry, the Ministry of Environment and Forests (MoEF) has cleared a proposal to allow drug manufacturers to tweak their product mix or raw materials used without a fresh environmental clearance as long as their pollution load remains constant. The move is expected to bring much sought-after relief for bulk drug makers, and the industry feels it can trigger fresh investments worth ₹10,000 crore every year for the next few years.

According to government sources, a notification is expected soon. "Earlier, clearance was required for any change in raw materials or product mix or change in quantities within products or number of products in the same category for which approval had been granted. Now, this has been given a waiver, provided there is no increase in pollution load and the increase in production capacity is not more than 50 per cent of the production capacity permitted in the earlier environmental clearance," said a source.

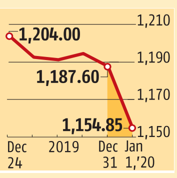
Such clearances used to take four to eight months, according to the industry estimates. Following the latest decision, drug companies will only have to obtain a 'no increase in pollution load' certificate from the state pollution control board concerned for any expansion, the official added. This would mean ease of doing business and companies will be able to respond to market opportunities faster.

The Department of Pharmaceuticals (DoP) has been pursuing the issue with the environment ministry for some time. "It is a significant step in the right direction and will help the local drug industry. We are very happy that the MoEF considered the industry's request," P D Vaghela, secretary, DoP, said.

Last year, the Indian Drug Manufacturers' Association (IDMA) had approached the government for an exemption for bulk drug manufacturers from fresh clearances in the case of a change in product mix at existing manufacturing facilities. Following this, the matter was taken up by the Central Pollution Control Board (CPCB) and a final clearance was given by the MoEF. Turn to Page 13

STOCKS IN THE NEWS

Titan Company

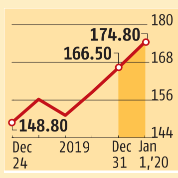


Top loser among S&P BSE Sensex stocks

₹1,154.85 CLOSE

▲2.76% UP*

Adani Green Energy

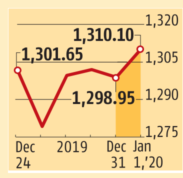


Commissioned 75 Mw wind power project

₹174.80 CLOSE

▲4.98% UP*

Larsen & Toubro

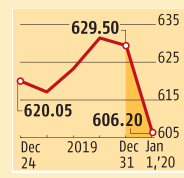


Government unveiled ₹102-trillion infrastructure plan to boost growth

₹1,310.10 CLOSE

▲1.00% UP*

Escorts

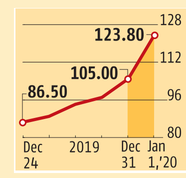


December tractor sales down 10% at 4,114 units year-on-year

₹606.20 CLOSE

▼3.70% DOWN*

Dalmia Bharat Sugar and Industries



Sugar stocks extend rally on positive outlook; soar 47% in one week

₹123.80 CLOSE

▲17.91% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

₹700-crore investment on hold for a yr: Hero Electric

Hero Electric has put on hold investment of up to ₹700 crore by a year with the sector taking a nosedive as FAME II, scheme aimed to promote electric vehicles (EVs), failed to deliver, according to a top company official. Calling for a complete revamp of the policy, the company wants the government to include low speed two-wheelers for subsidy, arguing that for mass adoption of EVs in India, these cost-effective vehicles are critical. "From an industry standpoint, there was a certain trajectory which was going on when we had FAME I. With the coming in of FAME II, whatever be the logic and reason, the manner in which FAME II was introduced, the whole industry took a downturn and now the industry is recovering from that," Hero Electric Managing Director Naveen Munjal (*pictured*), said. **PTI**

Walmart India names Sameer Aggarwal deputy chief executive

Retail major Walmart India has elevated its Chief Business Officer Sameer Aggarwal to the post of Deputy CEO. Aggarwal's appointment comes into effect from Wednesday. He will report to Walmart India CEO Krish Iyer, the company said. "Sameer Aggarwal has been appointed deputy chief executive officer, Walmart India effective January 1, 2020," a Walmart India spokesperson said. **PTI**

Google to end 'Double Irish, Dutch sandwich' tax scheme

Google parent Alphabet will no longer use an intellectual property licensing scheme, known as the 'Double Irish, Dutch sandwich', which allowed it to delay paying US taxes, 2018 tax filings show. Google confirmed it would scrap the licencing structure, saying this was in line with international rules and followed changes to US tax law in 2017. Dutch filings showed that in 2018 Google moved €21.8 billion through its Dutch holding firm to Bermuda. **REUTERS**

Gujarat Narmada gets ₹15K-cr notice on telecom dues

Gujarat Narmada Valley Fertilizers & Chemicals (GNFC) has received a demand notice from the Department of Telecommunications (DoT) for service dues worth over ₹15,000 crore. Inclusive of interest, the demand notice by DoT seeks telecom service dues worth roughly ₹15,020 crore ($2.1 billion) for V-SAT & ISP licences that GNFC held during financial years 2005-06 to 2018-19, the company said in a BSE filing on Wednesday. **BS REPORTER**

Private companies to generate 700,000 jobs in 2020: Survey

With bullish hiring sentiments, private sector players are likely to create 700,000 jobs and the overall increase in salaries is projected to be around 8 per cent in the New Year, according to a survey. MyHiringClub.com & Sarkari-Naukri.info Employment Trend Survey (MSETS) 2020 indicated that most employers are optimistic about their hiring plans. **PTI**

Last month of 2019 fails to cheer car companies

Firms say sales in near future may remain subdued as BS-IV stock is almost over

ARINDAM MAJUMDER
New Delhi, 1 January

Automobile sales continued to slip in December despite a faint uptick seen in the two preceding months, worrying the industry that a recovery in the Indian car market is not yet in sight.

Industry executives said sales in the near future might remain subdued, because companies have mostly exhausted their Bharat Stage (BS)-IV stock and will now be selling BS-VI vehicles that are costlier. "With the impending price hikes of 13-15 per cent for BS-VI models coming in from April, demand headwinds should continue in 2020-21 for the two-wheeler segment," Nomura said in a report.

Retail sales growth has been sliding since August 2019 amid tightening credit, dismal customer sentiment, and lack of clarity in the transition towards BS-VI emission norms.

"2019 has been a challenging year for the Indian automotive industry. Even in such adverse conditions, Hyundai Motor India launched four new benchmark products in different segments as committed. As we gear-up for 2020, we will offer BS-VI in both petrol and diesel engines across different models in our product portfolio," said Tarun Garg, director of sales, marketing and service, Hyundai Motor India.

With total sales of 133,296 passenger vehicles, the country's leading carmaker Maruti Suzuki India recorded 2.4 per cent year-on-year rise in car sales during December, as higher demand for compact models such as the new WagonR offset a slump in small cars.

In a regulatory filing, Maruti said it sold 124,375 vehicles in the domestic market in December, compared to 121,479 vehicles sold in the same month a year back. Sales of the firm's popular models such as the Alto, categorised by the company as 'mini' cars, dropped 13.6 per cent to 23,883 units. This was more than offset by a near 28 per cent rise in its 'compact' category cars, such as the new WagonR, Swift, Celerio, and Dzire to 65,673.

"We have to carefully watch how the consumer will react, and that's the reason why we are cautious and not taking a position on whether there will be a change in demand (improvement in sales) in the industry," Shashank Srivastava, executive director, marketing and sales, Maruti Suzuki India, said a few days back.

Mahindra & Mahindra (M&M) reported a 1 per cent rise in automobile sales in December, as a rise in passenger and utility vehicles offset a dip in commercial vehicle sales. M&M said domestic auto sales came at 37,081 units in December, compared to 36,690 vehicles sold a year back.

Passenger vehicles clocked 4 per cent rise in sales to 15,691, while utility vehicles posted 10 per cent rise to 15,225. Commercial vehicle sales, however, slipped 5 per cent to 16,018, reflecting a slowdown in the economy and rural consumption.

Veejay Ram Nakra, chief of sales and marketing, automotive division, M&M, said, "Our performance in December is according to year-end sales outlook. We are also comfortable with our overall stock levels. We are fully equipped to roll out our BS-VI products and have taken all requisite measures for a smooth transition over the next three months."

Commercial vehicle sales remained subdued due to a slowdown in economic activity. However, company executives said passenger enquiries are growing as BS-VI transition is coming near.

"Overall sales continued to grow for the second month, with medium and heavy commercial vehicle sales being higher than November 2019 by 15 per cent after posting a 23 per cent growth last month. Enquiries continued to increase, with fleet owners realising the economic benefits of replacing their older vehicles. Increasing enquiries and lower stocks augur well for volumes and realisations, an early indication of which can be seen in December," said Girish Wagh, president, commercial vehicles business unit, Tata Motors.

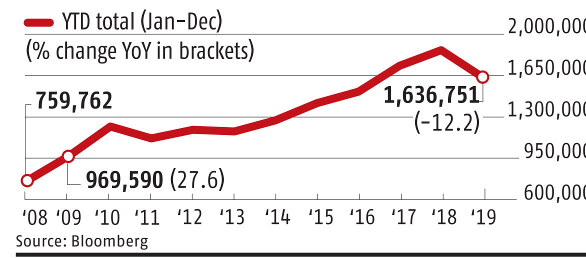
SALES SLIP IN DECEMBER, AFTER UPTICK

Company	UNITS SOLD Dec 2019	Dec 2018	% chg
Maruti Suzuki	124,375	121,479	2.38
Tata Motors	46,903	54,439	-13.84
Honda Cars	8,412	13,139	-35.98
Eicher Motors	4,910	6,113	-19.68
Mahindra & Mahindra	37,081	36,690	1.07
Hyundai	50,135	55,638	-9.89
TOTAL	**271,816**	**287,498**	**-5.45**

Source: Companies

For Maruti, last year's business worst in decade

CAR SALES (nos)



Source: Bloomberg

SHALLY SETH MOHILE
Mumbai, 1 January

Maruti Suzuki India ended 2019 with a drop of 12.3 per cent in its annual sales. The fall, the steepest in almost a decade, came on the back of poor economic growth and a slowdown in overall consumption. India's economy grew at an anaemic 4.5 per cent in the September quarter, the lowest in five years.

Entering 2020, Maruti is optimistic, even as it remains cautious of the disruptions expected in the next couple of months, ahead of the implementation of BS-VI and high cost of ownership, said a top executive of the company.

During the year, the maker of the bestselling Baleno and Brezza, saw its sales volumes contract to 1.6 million units in the domestic market, from 1.8 million units a year ago, according to *Bloomberg*. This is only the second time that the local arm of the Japanese firm has seen sales drop in 12 years. Maruti's sales skidded 8.1 per cent to 1.1 million units in 2011, from 1.2 million a year ago.

"2019 was quite challenging. Going forward, there are reasons to be cautious as well as optimistic," said Shashank Srivastava, executive director, marketing and sales. A reduction in finance rates and an uptick in rural sales are positives, he said, adding a low dealer inventory will aid sales.

He, however, cautioned that the cost of ownership is expected to remain elevated this year. This, in turn, could be a deterrent. He said sales might stabilise in the months subsequent to BS-VI. Launch of petrol BS-VI variants of the Brezza and S-Cross will also bump up Maruti's sales.

Meanwhile, Maruti is betting big on CNG models to fill the void that gets created after it discontinues production of diesel cars from April. It expects sales of CNG models to get a boost if the government cuts the goods and services tax (GST) rate on such vehicles.

A slew of policy changes, increase in the cost of ownership which came on back of higher insurance premium, increase in road tax, and a liquidity crisis weighed on buyer sentiment. Confusion over the switch to BS-VI and talks of a possible reduction in GST rate on auto also prompted buyers to postpone purchases, said Srivastava. A deacceleration of the economy also added to the woes, he said.

"All adverse factors acted together in 2019," said Mitul Shah, analyst at Reliance Securities, pointing out that the headwinds would continue for the next couple of months till BS-VI takes effect.

Panel begins process for sale of BSNL assets

BHARAT SANCHAR NIGAM (₹ crore)

Year-end	Networth	Total debt	Current liabilities	Net sales	Net profit
FY14	50,033	4,459	15,530	26,153	-7,020
FY15	40,349	6,385	15,635	27,242	-8,234
FY16	102,460	15,383	18,078	28,381	-4,859
FY17	97,674	11,313	18,676	28,404	-4,793
FY18	89,672	17,261	22,472	22,668	-7,993

Source: Capitaline — Compiled by *BS* Research Bureau

MEGHA MANCHANDA
New Delhi, 1 January

The Union government has started the process of selling Bharat Sanchar Nigam's (BSNL's) assets. The government recently set up an inter-ministerial group that would shortlist and prioritise selling real estate assets of the cash-strapped company.

BSNL is yet to pay salaries to its staff for November. "The group comprises officials from the Department of Investment and Public Asset Management, Department of Telecommunications, and BSNL," said an official.

The company has identified 40 land parcels worth about ₹10,000 crore to be disposed of and will help in de-leveraging its balance sheet. It will also provide funds for 4G network rollout, expected in the second half of 2020.

The two firms will also monetise assets worth ₹37,500 crore in the next three years.

In October, the Centre approved a ₹69,000 crore revival package for BSNL and Mahanagar Telephone Nigam (MTNL). It includes merging the two loss-making firms, monetising their assets, and giving retirement package to employees, so that the combined entity turns profitable in two years. The rescue package approved includes infusion of ₹20,140 crore for purchase of 4G spectrum and ₹3,674 crore for goods and services tax (GST) to be paid on spectrum allocation.

BSNL has identified 40 land parcels worth about ₹10,000 crore to be disposed of

It also calls for companies to raise ₹15,000 crore debt on the sovereign guarantee. The government has set aside ₹17,160 crore as retirement package and ₹12,768 crore towards retirement liability. The proceeds of the sovereign bonds issue will be to restructure debt and meet other expenses. The bond will have to be serviced by the PSUs only.

Over 92,000 employees of state-run BSNL and MTNL have opted for the recently announced voluntary retirement scheme (VRS). Nearly 100,000 BSNL employees are eligible for the VRS out of its total staff strength of about 150,000. The effective date of VRS under the present scheme is January 31. The amount of ex-gratia for any eligible employee will be equal to 35 days salary for each completed year of service and 25 days salary for every year of service left until superannuation.

MTNL has reported losses in nine of the past 10 years and BSNL, too, has been ringing in losses since 2010. Total debt of both the companies stood at ₹40,000 crore, of which half the liability is on MTNL alone.

START-UPS CONCENTRATED IN A FEW STATES: SURVEY

A survey on start-ups by the Reserve Bank of India (RBI) has found that India's start-up culture is concentrated in a few states, and that most of these emerging firms took shape in the past three years, taking funds from family and friends. The survey was conducted during November 2018 and April 2019 with 1,246 start-up participants.

"Nearly three-fourths of the participants were from Karnataka, Maharashtra, Telangana, Delhi, and Tamil Nadu, indicating large concentration of the start-up sector in India in a few states," the RBI's pilot survey on Indian start-up sector revealed.

Nearly half of the start-ups were from six sectors — agriculture, data and analytics, education, health, IT consulting/solution, and manufacturing. The respondents said there was market or industry demand, both in domestic and international markets, for the services and products they would provide.

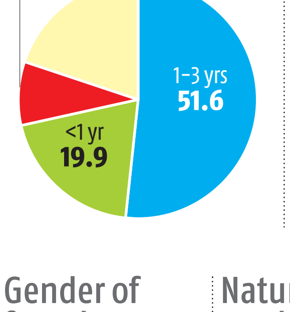
The annual turnover for over one-fourth of the respondents was up to ₹10 lakh, whereas around 20 per cent start-ups did not report any revenue generation. Less than one-fifth of the respondents reported that their turnover exceeded ₹1 crore.

Around 43 per cent of the start-ups mobilised funding from families and friends, apart from own funds. About 13 per cent of the start-ups received international funding. Only 1.7 per cent of the start-ups availed of external commercial borrowings.

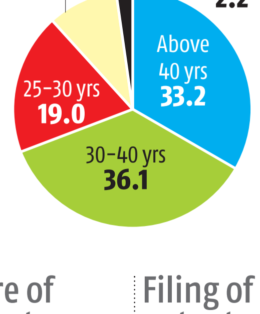
Over three-fourth of the start-ups had up to ₹1 crore of capital investment, whereas around 41 per cent infused capital up to ₹20 lakh each. On the other hand, nearly 5 per cent start-ups infused capital above ₹10 crore each. Nearly three-fourth of the start-ups had working capital requirement of more than ₹10 lakh a year.

COMPILED BY ANUP ROY

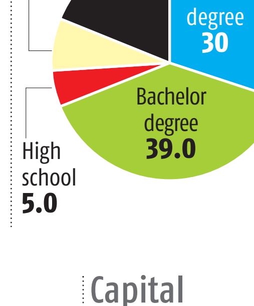
Age of start-ups (%)



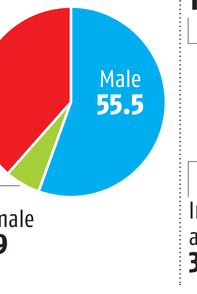
A profile of founders (%)



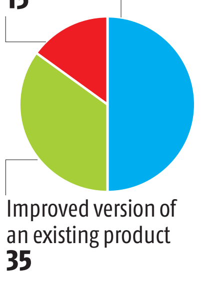
Qualification (%)



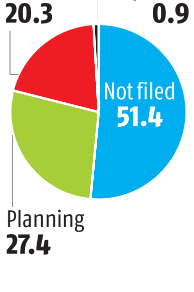
Gender of founders (%)



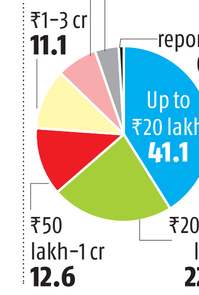
Nature of products (%)



Filing of patents (%)



Capital infused (%)



Source: Reserve Bank of India

Going against the flow, small and medium companies see cybersecurity budget drop

SAMREEN AHMAD
Bengaluru, 1 January

Even though the spend on cybersecurity is growing year-on-year (YoY), with around 9 per cent increase in 2019, information technology (IT) security budgets for small and medium businesses (SMBs) have gone below the average spend.

According to an IT report, in 2019, 45 per cent of the SMBs and 50 per cent of the enterprises have seen a drop in their cybersecurity average spend. The figure is $205,000 for small and medium units and $8 million for enterprise businesses.

"Budget planning is a very important process for companies as proper investments ensure a company is ready to meet the current cybersecurity challenges and threats. But it may be a complex task which demands a good understanding of business needs towards cybersecurity, how to address them, and how much it can cost," said Sergey Martsynkyan, head of B2B product marketing at Kaspersky, a cybersecurity company which came out with the report.

For SMBs, the budget issue can be even more complicated as it's not only about money but also about the alignment of the budget-planning process.

It can be challenging because of demands on expertise in relevant cybersecurity risks and protection methods for different business services, says the report.

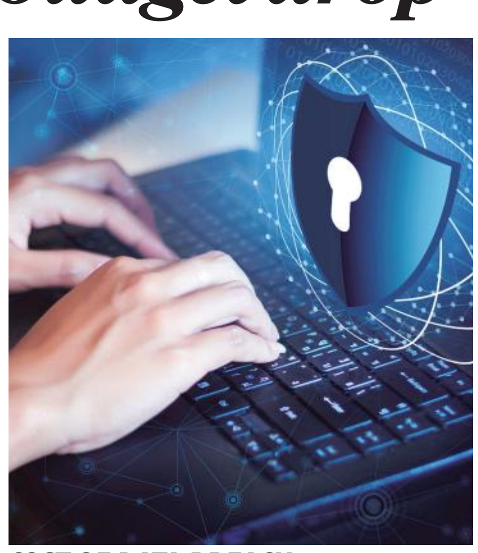
According to the US-based company, enterprises can reduce the financial impact of data breaches by building an internal security operations center (SOC). It will be responsible for monitoring security events as well as incident response.

There are also savings for larger SMBs that adopt SOC, with the total financial impact of a data breach for these businesses estimated at $106,000, compared to $129,000 if an SOC is not in place. Outsourced SOCs, however, do not reduce the cost of data breaches for enterprises.

Enterprises can also consider hiring a data protection officer (DPO) to mitigate the cost of breaches.

DPOs are responsible for building and implementing a data protection strategy within a company as well as managing compliance.

Kaspersky's survey highlighted that more than one-third of organisations with a DPO that suffered a data breach did not incur any financial losses, compared to only one-fifth of businesses overall.



COST OF DATA BREACH

$675,000	$1.4 mn
With internal SOC*	Without internal SOC*

*SOC: Security operations center

Source: Kaspersky survey

Soon, view more channels for less

Trai mandates provision of 200 channels for ₹153, puts a cap on discounts for bouquets

SOHINI DAS
Mumbai, 1 January

NEW YEAR BONANZA

- **More free-to-air standard definition channels** from 100 for ₹130 a month to 200 for ₹160 a month
- **À la carte channel ceiling cost** reduced from ₹19 plus taxes to ₹12 plus taxes if included in pre-set bouquet
- **Analysts say move will lower operators' ARPU**, which had shot up by 60% on an average after changes last year
- **Benefits of new rules** to be effective from March 1

The Telecom Regulatory Authority of India (Trai) has released amendments to the New Tariff Order (NTO), in which it has directed cable operators to provide 200 channels for ₹153. It has also reviewed the pricing of channel bouquets compared to a la carte ones.

The regulator has now set January 15 as the deadline for broadcasters to announce their new pricing structure.

At present, direct-to-home (DTH) or cable TV operators provide only 100 channels for a network capacity fee (NCF) levy of ₹153 (₹130 excluding taxes).

Analysts say this move is likely to lower the average revenue per user (ARPU) for TV operators. It had surged close to 60 per cent, on an average, after the NTO took effect. This would mean a lower share of revenue for broadcasters, who used to get almost 50 per cent share after the NTO came into being in February last year. Trai said it has analysed the comments of stakeholders, particularly to protect the interests of consumers, and has accordingly modified certain provisions of the new regulatory framework.

According to the NTO that was released last year, consumers were given the option to pay only for the channels that they chose to watch, at the maximum retail price (MRP).

Earlier, they were offered pre-set channel bouquets. The NTO was expected to bring monthly bills down, but it was the opposite that happened.

In order to address the huge discounts offered for bouquets, vis-a-vis the sum of a la carte channels, Trai has set two conditions to ensure the pricing of a-la carte channels does not become illusionary. First, the sum of the a la carte rates of pay channels forming part of a bouquet is not to exceed 1.5x the rate of the bouquet of which such channels are a part. Second, the a la carte rates of each pay channel, forming part of a bouquet, are not to exceed 3x the average rate of a pay channel of the bouquet of which the channel is a part.

Additionally, Trai has said only channels having an MRP of ₹12 or less will be permitted to be part of a bouquet.

Karan Taurani of Elara Capital said this clearly implies discounts offered in a la carte vis-a-vis bouquet could not exceed 34 per cent. At present, broadcasters give discounts of 60-80 per cent on bouquets. "In addition, it has been decided that channels declared mandatory by the Ministry of Information and Broadcasting will not be counted in the number of channels under the NCF. Distribution platform operators (DPOs) have also been mandated not to charge more than ₹160 a month, for giving all channels available on their platform," said Trai.

Taurani added that there was no cap on the maximum number of channels in in the free-to-air (FTA) category in the earlier NTO, which implied that more niche channels will move towards the FTA. For homes in which more than one connection is active in the name of one person, DPOs can charge a maximum of 40 per cent of the declared NCF on the additional connections.

It has also permitted DPOs to offer discounts on long-term subscriptions (six months and above).

Under the existing system, subscribers had to pay at least ₹153 a month regardless of the number of channels they watched. The second part of the bill comprises content charges that subscribers pay to broadcasters.

Taurani added that the move will negatively impact broadcasters' revenue, which had grown 30-40 per cent year-on-year due to the higher share and increased ARPU.

"With Jio pushing JioTV that has access to channels free of cost, TV channel monetisation will go through a major disruption," he felt.

IndiGo fleet size crosses 250 planes

The country's largest airline, IndiGo, now has more than 250 planes in its fleet after inducting four neo aircraft on December 31, according to an official. IndiGo, which has a domestic market share of around 47 per cent, is also the first Indian carrier to have over 250 planes.

Recently, the budget carrier also became the first airline to operate 1,500 flights per day. The official said the airline inducted four planes — three A321 neos and one A320 neo — on December 31.

According to an aircraft deliveries tracking website, IndiGo has taken deliveries of 257 planes, including 222 Airbus 320 or A320 neos, 10 A321 neos and 25 regional jet ATRs.

PTI

Apollo, Varde pull out of race to buy troubled Altico Capital

BIJOU GEORGE & RAHUL SATIJA
Mumbai, 1 January

Apollo Global Management and Varde Partners are no longer considering bidding for Altico Capital India, according to people familiar with the matter, narrowing the number of suitors for the troubled shadow lender.

The firms pulled out because they were unwilling to meet creditor demands to inject as much as ₹200 crore ($280 million) of fresh equity into Altico, two people said, asking not to be identified as the information is private.

A spokesman for Apollo confirmed its withdrawal while Varde declined to comment.

That leaves Cerberus Capital Management, SSG Capital Management, and Kotak Investment Advisors in the race for the real-estate focused lender, three people said. Cerberus, SSG and Kotak declined to comment.

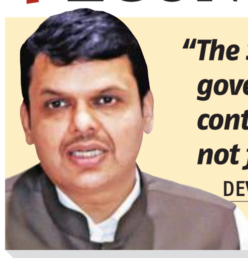
Altico's troubles follow a spate of defaults among Indian shadow banks over the last 16 months, making it harder for the sector to raise funds. The cash crunch is also spilling over into the broader economy, given that these lenders fund everything from the construction of condominiums to purchases of personal goods like cars and phones.

Apollo was only willing to inject part of the money creditors sought, while Varde wanted to wait for a turnaround in Altico before investing, two people said.

BLOOMBERG

Lenders allowed to utilise Mallya's moveable assets

A special court in Mumbai has permitted a consortium of 15 banks led by the State Bank of India (SBI) to utilise moveable assets of Vijay Mallya towards repayment of his debt. The assets, comprising financial securities like shares of United Breweries Holdings, were attached by the special Prevention of Money Laundering Act court in 2016 when it declared Mallya a proclaimed offender. **PTI**



"The Shiv Sena-led coalition government in Maharashtra will be controlled by 'Matoshree of Delhi' and not from 'Matoshree' in Mumbai"

DEVENDRA FADNAVIS
Senior BJP leader and ex-CM, Maharashtra

"Modi govt starts the year. After railway passenger fare hikes, another attack on peoples' livelihoods. All this in the wake of sharp job losses, food price inflation and record fall in rural wages"

SITARAM YECHURY
CPI(M) general secretary, in a tweet

"People should have no doubt or confusion regarding this law. We have plans regarding protection of their interests and on this first day of the New Year, I want to assure all 'khilonjiya bhumiputras' that they are secure and there is no power that can endanger their existence?"

SARBANANDA SONOWAL
Assam chief minister

IN BRIEF

Aviation turbine fuel cost up 2.6%; non-subsidised LPG dearer by ₹19

Jet fuel or Aviation Turbine Fuel (ATF) price was on Wednesday hiked by 2.6 per cent and that of non-subsidised cooking gas LPG by ₹19 per cylinder on the back of a rise in international rates. Price of ATF, used to power aeroplanes, was raised by ₹1,637.25 per kilolitre, or 2.6 per cent, to ₹64,323.76 per kl in Delhi, according to a price notification of state-owned fuel retailers. This is the second straight monthly increase in rates warranted due to firming up of prices in the international market. In India, which is dependent on imports to meet 84 per cent of its oil needs, prices of domestic fuels are at par with benchmark international prices. ATF price was on December 1 increased by a marginal ₹13.88 per kl. The two back-to-back increases have push jet fuel prices to their highest since June 2019. PTI

Rupee settles 14 paise higher at 71.22 against dollar

The rupee kick-started 2020 on a positive note with gains of 14 paise against the US currency on the first trading day of the New Year on Wednesday. The domestic currency settled at 71.22 against the previous close of 71.36 as positive macro data and optimism over the US-China trade deal boosted the investor sentiment. PTI

Production of Coal India jumped 7% in December

Coal India (CIL), which registerted negative growth in production of the dry fuel for past few months, has posted over 7 per cent growth in December with 58 million tonne output, sources said on Wednesday. The coal behemoth had produced 54.13 million tonne in corresponding month of 2018. PTI

IIMs seek exemption from quota in teaching positions

All 20 Indian Institutes of Management (IIMs) have requested the HRD ministry to exempt them from reserving positions in the teaching staff for Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Classes (OBC) and Economically Weaker Sections (EWS). The B-schools, which do not offer reservation in teaching positions, have been asked by the ministry to provide quota in faculty positions for SC, ST, OBC and EWS candidates. The B-schools have said they adopt a fair recruitment process . PTI

V K Yadav likely to be first-ever CEO of Rly Board

Vinod Kumar Yadav, who assumed office as the Chairman Railway Board on Wednesday in his extended term, is likely to be its first-ever CEO, a post created recently as part of a major administrative restructuring of the national transporter. Yadav's one-year extension as the Chairman gains significance in view of the restructuring exercise which includes trimming of the Board and the merger of its cadres. The restructuring was approved by the Union Cabinet recently. PTI

J&K HC rolls back ad on vacancies in district court

Jammu & Kashmir High Court has withdrawn its ad notification to fill up 33 non-gazetted posts in district courts of the Union Territories of J&K and Ladakh, a move which triggered an Opposition outcry against the opening of employment to all Indians. PTI

NITI for PPP model to link pvt medical colleges, hospitals

To address shortage of qualifies doctors and bridge gap in medical education, the NITI Aayog has come out with the public-private partnership model to link new or existing private medical colleges with functional district hospital to augment medical seats. PTI

Crude oil import from Iran slows to a trickle

In the previous year, Tehran was India's third largest exporter of crude

SHINE JACOB
New Delhi, 1 January

Imports of crude oil from Iran dipped to 1.7 million tonne (mt) in the current financial year (2019-20, or FY20), down from 23.9 mt in 2018-19, after India stopped imports from the West Asian country in May. In FY19, Iran was the third largest crude exporter to India.

Assuming the United States' (US') sanctions are not lifted, crude imports from Iran will be the lowest in at least 12 years, shows the available data compiled by Business Standard. On the other hand, industry players claim this to be one of the all-time low from Iran.

This comes at a time of increasing imports from the US, which rose from 1.9 mt in 2017-18 to 6.2 mt in 2018-19. In H1FY20, India imported 5.4 mt from the US.

"This is a historic low, but unlike earlier times not a cause of concern for India. We have a diversified basket now, making us less dependent on West Asia. Imports from countries like Iraq and Nigeria, too, have increased," said R S Sharma, former chairman of Oil and Natural Gas Corporation (ONGC).

A senior official from a state-run oil company said Indian firms stopped imports from Iran on May 4, and are looking at a more diversified basket now. "These figures are only applicable to the first two months of the fiscal," he added.

Till September, Iraq was the largest crude oil supplier to India with 26 mt, followed by Saudi Arabia at 20.7 mt. Other major countries that contributed to India's crude oil basket in FY20 were Nigeria (9.9 mt), UAE (8.9 mt), Kuwait (5.7 mt) and Mexico (4.1 mt). According to the latest figures, India imported 64.9 mt of crude from West Asia. However, the total import from the region is expected to be lower than the 143 mt and 142 mt imported in the past two years.

India imported 226.5 mt of crude during FY19, up 2.7 per cent from 220.4 mt in FY18. The country's crude import bill during the period increased from $87.8 billion in FY18 to $111.9 billion in FY19. In H1FY20, overall crude imports dipped 0.7 per cent to 149.9 mt as against 151 mt during the same period last year. The import bill decreased 11.7 per cent to $69.5 billion in H1FY20, compared to $78.6 billion a year ago.

Despite this, the dependency on crude imports increased to 84.7 per cent in first eight months as against 83.3 per cent during the same period in 2018-19.

The major importers of Iranian crude to India till FY19 were Indian Oil Corporation, Bharat Petroleum Corporation, Hindustan Petroleum Corporation, Mangalore Refinery and Petrochemicals, and Essar Oil. Though India's external affairs minister Subrahmanyam Jaishankar met his Iranian counterpart Javad Zarif on December 23, the major topic of discussion was reportedly the development of Chabahar Port.

IRAN OIL IMPORTS TO INDIA

(mn tonne)

2008-09	21.30
2009-10	21.20
2010-11	18.50
2011-12	18.11
2012-13	13.40
2013-14	11.0
2014-15	10.95
2015-16	12.70
2016-17	27.20
2017-18	22.60
2018-19	23.90
2019-20*	1.70

*April to September
Source: MoPNG and industry

Import duty on crude, refined palm oil cut

PRESS TRUST OF INDIA
New Delhi, 1 January

The government on Wednesday slashed import duty on refined palmolein from 50 per cent to 45 per cent, while that on crude palm oil (CPO) from 40 per cent to 37.5 per cent with immediate effect, a move that the industry opposed saying it will hurt domestic refiners.

A notification in this regard has been issued by the finance ministry. The duty cut has been made under the ASEAN agreement and the India-Malaysia Comprehensive Economic Cooperation Agreement, it said. Opposing the move, the Solvent Extractors' Association of India (SEA) said that after the reduction in import duty, the tax difference between CPO and refined palmolein has reduced from 10 per cent to 7.5 per cent. "This will have serious impact on domestic palm oil refining industry and oilseeds farmers. We fear import of refined palmolien would increase and capacity utilisation of our industry would be affected," SEA Executive Director B V Mehta said. PTI

Nominal yearly growth seen at 12.2% till FY25

ARUP ROYCHOUDHURY
New Delhi, 1 January

The Centre is expecting nominal gross domestic product for 2020-21 to grow 10.5 per cent compared with its revised estimates for 2019-20, the data given in the National Infrastructure Pipeline report shows.

The report, commissioned by the Ministry of Finance's Economic Affairs Department, and released by Union Finance Minister Nirmala Sitharaman on Tuesday, projects nominal GDP for 2020-21 to be ₹227 trillion, while the estimate for 2019-20 is now seen at ₹205.37 trillion, from the earlier Budget estimate of ₹211 trillion.

For 2024-25, the report projects nominal GDP of ₹365.5 trillion. Reaching that mark would require an average nominal GDP growth rate of 12.2 per cent annually from 2020-21 to 2024-25.

Calculations show for 2022-23, 2023-24, and 2024-25, projected nominal GDP growth is 12.6 per cent, 12.8 per cent, and 13 per cent, respectively. Even if one assumes an average inflation rate of 4 per cent for these years, real GDP growth is supposed to be upwards of 8 per cent, which seems quite ambitious.

The pipeline has identified projects across 23 sectors and 18 states and union territories, and they will be funded over the next five years by the central and state governments and the private sector.

The planned investment so far is ₹102 trillion, which is expected to go up to ₹105 trillion over the next few weeks.

Thirty-nine per cent of the projects will be implemented by the Centre and states each while 22 per cent will be by the private sector. The government is expecting the private sector's share to go up to 30 per cent by 2024-25.

The pipeline includes brownfield and greenfield projects by the Centre, states, private companies, state-owned companies as well as those under the public-private partnership model. According to the data given in the report, some ₹42.7 trillion (43 per cent) worth of projects are under implementation, those worth ₹32.7 trillion (about 33 per cent) are under conceptualisation stages, and the ones estimated at ₹19.1 trillion (about 19 per cent) are under development.

The Centre's budgetary support as a percentage of nominal GDP is expected to grow from 0.74% in 2019-20 to 1.11% in 2024-25

The sectors identified include traditional power and renewable power, railways, roads, urban development, irrigation, aviation, education, and health. The lion's share of the funding is expected to go to the energy sector, including power, renewable, and oil and gas. Energy projects of nearly ₹24 trillion have been lined up, with nearly ₹20 trillion in roads and nearly ₹14 trillion in railway projects planned.

As the chart given shows, the Centre's budgetary support as a percentage of nominal GDP is expected to grow from 0.74 per cent in 2019-20 to 1.11 per cent in 2024-25.

IN NUMBERS

All figures (in ₹ trillion)

	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total central capital outlay on infra	3.54	3.77	4.58	5.56	6.76	8.21	9.97
Budgetary support	1.39	1.53	1.86	2.25	2.74	3.33	4.04
Budgetary support/GDP (in%)	0.73	0.74	0.82	0.89	0.96	1.03	1.11
Nominal GDP	190.1	205.37	227.0	254.27	286.42	323.25	365.49
(% YoY increase in bracket)		*(8.0)*	*(10.5)*	*(12.0)*	*(12.6)*	*(12.8)*	*(13.0)*

FY19 figures are revised estimates, FY20 figures are latest estimates, other years are projected
Source: National Infrastructure Pipeline Report

CBI arrests DRI ADG in ₹3-crore bribery case

PRESS TRUST OF INDIA
New Delhi, 1 January

The CBI on Wednesday arrested a senior official of the Directorate of Revenue Intelligence (DRI) and two middlemen in connection with a ₹3-crore bribery case, officials said.

The official arrested is Additional Director General, DRI, Ludhiana, Chander Shekhar, they said.

It was alleged that in June, 2019, the DRI had conducted a search at a private clearing agency which provides services to various exporters, a CBI Spokesperson said here, adding some documents pertaining to an exporter were also seized.

The complainant alleged that Anup Joshi, Clearing House Agent, and Rajesh Dhanda, a close friend of Chander Shekhar, demanded ₹3 crore on behalf of the public servant for ensuring that he is not implicated by the DRI over the documents recovered, officials said.

The agency arrested Joshi and Dhanda while allegedly receiving ₹25 lakh as first installment of the bribe demanded by them on behalf of the officer, they said.

During the questioning, the middleman told the sleuths that the bribe was allegedly for the officer, they said. They said searches are being conducted in New Delhi, Noida and Ludhiana.

Electrical equipment firms stare at ₹800-cr dues

SHREYA JAI
New Delhi, 1 January

The electrical equipment industry is staring at dues of more than ₹800 crore, payable for a period of over three years.

These are mostly from states and central government-owned companies, including BHEL and Power Grid.

Some of the biggest defaulters are the power departments of Uttar Pradesh, Rajasthan, Tamil Nadu and Andhra Pradesh. The industry, in its latest exercise of collating dues, said around 25 per cent of the companies did not disclose figures. So, on an average estimate, the dues could go up to more than ₹1,500 crore, said the Indian Electrical and Electronics Manufacturers Association (IEEMA).

The units that could be awaiting dues include meter makers, transformers, cable, and other electric equipment manufacturers.

IEEMA's data on dues had been collected in the period when the Central government was running several electrification schemes in states.

This includes village electrification under DDUGJY, household electrification under SAUBHAGYA and urban power reforms under the IPDS scheme. Most of these schemes had a component of grant from the Centre and balance was supposed to be funded by states, which ranged from 30-60 per cent.

While most states were aggressive in infrastructure creation, they lagged behind in paying equipment suppliers.

Industry executives said most hit could be meter makers, which, apart from the dues, are also looking at a fresh accumulation of close to ₹5,000 crore. These meters were supplied under Saubhagya and IPDS.

Apart from these units, close to 70 per cent of the electric equipment industry comprises small and medium enterprises (SMEs), which are feared to become stressed due to non-payment.

"SMEs are largely affected by the payment delay as their working capital gets restricted. These small players are finding it difficult to get loans from banks," said a senior sector executive.

The electrical equipment industry is planning to ask the Centre to ease financing regulations for the industry, especially the SMEs.

In February this year, IEEMA asked the finance ministry to club the segment with capital goods, instead of the power sector. Power generators are facing dues totalling ₹80,000 crore from state-owned power distribution companies (discoms).

At the same time, the generation sector is marred with ₹2 trillion worth of non-performing assets. The industry wants to disassociate itself from the power sector to improve its credit rating.

"Having a share of 65 per cent in the capital goods sector, the electrical industry does not only supply to power infrastructure of the country but also to railways, metros, smart cities, urban and rural household development, e-mobility, exports, and most importantly, the private sector," said the letter.

IEEMA further said its members should not be classified as NPAs if power utilities are not paying the approved bills on time.

Executives from the association said the finance minister then had assured the industry that the 90-day deadline for NPA classification would be relaxed.

However, any step by the RBI and banks is yet to be taken, said executives. RBI's norms mandate that a bill overdue for 90 days would be classified as an NPA.

As the credit outlook of most banks and financial institutions for the power sector is low, IEEMA said this impacts lending to the equipment industry as well.

"Delayed payments from the government and utilities have cascading effect on the banks and financial institutions of the company's account," IEEMA said.

WHO IS OWED HOW MUCH

Andhra Pradesh	28.0
Rajasthan	22.79
Uttar Pradesh	13.38
BHEL	8.52
Power Grid	4.8
Maharashtra	4.6
Tamil Nadu	0.96

Figures in ₹cr

₹1, 000 cr Total dues estimated | **₹ 800 cr** Reported dues

SOURCE: IEEMA

Bank consolidation: Non-anchor PSBs urge govt for new name after merger

They don't want a BoB-like branding where the logos of all three merged entities were retained, with that of BoB being most prominent

ILLUSTRATION BY AJAY MOHANTY

NAMRATA ACHARYA
Kolkata, 1 January

While the official date of the merger of public sector banks is just a quarter away, some of the lenders getting merged are seeking a new name.

According to a source, United Bank of India has written to the Government seeking a new name for the entity formed out of its merger with Punjab National Bank and Oriental Bank of Commerce. Syndicate Bank, which is to be merged with Canara Bank, is also planning to write to the Government seeking a new name for the merged entity, according to a top official in the bank. In the merger of Vijaya Bank and Dena Bank with Bank of Baroda (BoB), the logos of all the three lenders are being retained, with that of BoB being prominent display with the tagline, 'Power of Three'.

However, this time, the non-anchor banks are not in favour of a Bank of Baroda like branding.

"The name should capture the identities of all the three banks. That is why we have made a request with the government to have a new name," according to a top official at United Bank of India.

Under the mega merger plan announced by Union Finance Minister Nirmala Sitharaman, 10 PSBs are being merged into four

Notably, the committee looking into branding exercise in case of PNB, OBC and United Bank of India merger is also looking to seek help from an external agency for an appropriate name of the merged entity.

"There was a demand from a section of employees to retain the identity of Syndicate Bank in one form or other in the merged entity. However, the management has so far taken no decision on the same," said Mrutunjay Mahapatra MD & CEO, Syndicate Bank.

However, in the case of the merger of Indian Bank and Allahabad Bank, the latter has suggested retaining the logo of the bank, instead of having a new name altogether.

"If we have a new name altogether, the brand recall value is impacted. This is more likely to impact global operations," according to a senior official at Allahabad Bank.

Under the mega merger plan announced by the Union Finance Minister Nirmala Sitharaman, 10 PSBs are being merged into four.

Punjab National Bank (PNB), Oriental Bank of Commerce, and United Bank of India will combine to form the nation's second-largest lender. Canara Bank and Syndicate Bank will amalgamate into a bank. Union Bank of India will amalgamate with Andhra Bank and Corporation Bank. Indian Bank will amalgamate with Allahabad Bank.

The anchor banks would be PNB, Canara Bank, Union Bank, and Indian Bank. The change in bank's name would be a long-drawn process as it would need parliamentary approval a gazette notification. April 1, 2020 has been set as deadline for completion of the merger process.

BARODA, UNION MFs BANK ON MERGERS TO INCREASE REACH 10

FDI inflows up 15% in H1FY20

Services sector garnered highest share, Singapore remains biggest source

SUBHAYAN CHAKRABORTY
New Delhi, 1 January

Inbound foreign direct equity investments (FDI) rose 15 per cent in the April-September period of the current fiscal year (2019-20, or FY20), according to data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

The figures, released on Tuesday, showed that in the first half of FY20, equity inflows amounted to $26.09 billion, up from the $22.66 billion received in the corresponding period of the previous year.

The services sector — encompassing financial, banking, insurance, outsourcing, among other industries — was the highest recipient of FDI at $4.4 billion. This was followed by the telecommunications sector, which garnered $4.3 billion, and the computer software and hardware at slightly more than $4 billion.

As of September, Singapore was the largest source of FDI for India in FY20, accounting for around $8 billion, followed by Mauritius with $6.3 billion, Netherlands ($2.3 billion), the United States ($2.1 billion) and Japan ($1.7 billion).

Singapore has long been the highest source of foreign funds to India, pumping in around $140 billion since 2000, constituting 32 per cent of all inbound FDI over this period. However, over the past year, inflows from Singapore have shot up as an increasing number of Indian firms are getting incorporated in the island nation's jurisdiction. India revised its tax treaty with Mauritius and Singapore, which came into effect in FY20.

The National Capital Region was the most favoured choice of investors, receiving $7.1 billion worth of investments. This was followed by Karnataka with $4.6 billion. Maharashtra, the highest receiver of FDI in FY19, dropped to third place with $3.6 billion in FY20, till September.

The DPIIT compiles total investment inflows with the data from the Reserve Bank of India (RBI) as well as its own databases, and the data is published every quarter. In the first quarter (April-June) of the current fiscal, FDI inflows were higher by 33 per cent as compared to the corresponding period of FY19.

Inbound foreign direct equity investments declined for the first time in six years in FY19, in line with overall weak economic conditions. Investments reduced to $44.36 billion, down by 1 per cent from $44.85 billion last year. In the first full year (FY15) of the Narendra Modi government, annual inbound equity investments surged 22 per cent. The growth rate peaked at 35 per cent in FY16 and has fallen ever since.

Maharashtra allies seek to end portfolio impasse

PRESS TRUST OF INDIA
Mumbai, 1 January

Amid murmurs of resentment over distribution of ministries between alliance partners Shiv Sena, Congress and NCP in Maharashtra, leaders of the three parties held marathon meetings on Wednesday to finalise the allocation of portfolios.

The Cabinet was expanded on Monday with induction of 36 ministers, which took its strength to 43, including the chief minister.

The leaders held several rounds of talks with Chief Minister Uddhav Thackeray during the day, sources said.

"Allocation of ministries has been almost finalised. All issues have been resolved. The allocation is expected to be announced by Thursday," a person in the know said.

The leaders held several rounds of talks with CM Uddhav Thackeray during the day, prople in the know said

District guardian ministers and sitting arrangement of ministers at Cabinet meetings were finalised on Wednesday, they said.

Ashok Chavan, Balasaheb Thorat, Vijay Wadettiwar and Nitin Raut from Congress, Jayant Patil and AjitPawar from the NCP and Eknath Shindefrom the Shiv Sena met Thackeray to discuss allocation of ministries.

According to Congress sources, the party is upset that it was not given any of the ministries which have a bearing on rural areas, such as agriculture and cooperation.

"We can swap portfolios with other two parties. We are not demanding increase in the number of ministries," sources in the know added.

All three parties are facing disgruntlement of leaders who were not inducted in the Cabinet.

Among such MLAs are Congress' Sangram Thopte, whose supporters vandalised the Congress office in Pune on Tuesday, and NCP's Prakash Solanke. Both the parties claimed that they have been mollified.

Shiv Sena's Tanaji Sawant is also unhappy over being ignored in the cabinet expansion, sources in the know said.

Bhaskar Jadhav, who had joined the Sena on the eve of Assembly polls, claimed that party chief Uddhav Thackeray had made certain commitments to him, so he was confident that he would be made minister and the exclusion left him shocked.

About a dozen Sena legislators are said to be upset over not getting place in the Cabinet.

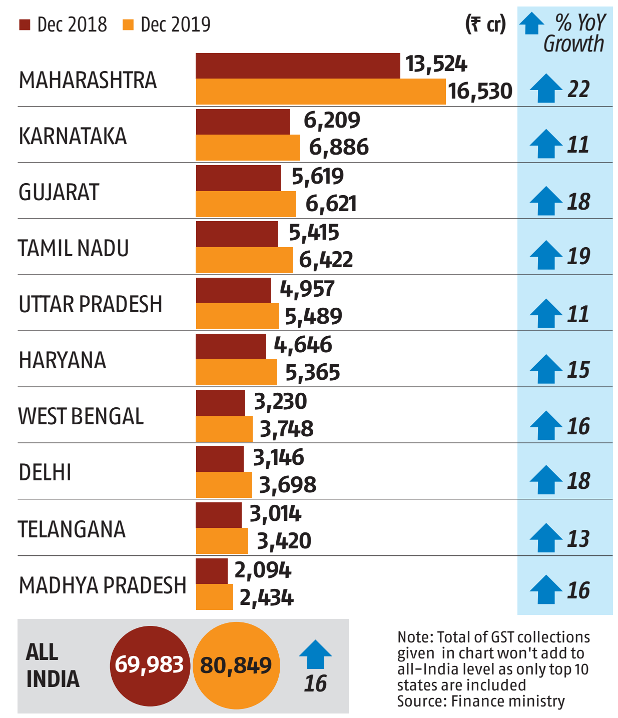
GST MOP-UP FOR STATES RISES 16%

GST collections from domestic transactions rose 16 per cent YoY to ₹80,849 crore in December 2019. Among the top 10 states in terms of GST collections on this count, only Uttar Pradesh and Telangana witnessed a growth rate of less than 14 per cent. Any state which gets less than 14 per cent revenues from GST is taken as loss-making and is given compensation by the Centre, largely from the cess imposed for this purpose. However, for clear picture, IGST on imports and compensation cess on imports are needed. Also, 14 per cent growth for compensation is taken on the base of 2015-16

BY INDIVJAL DHASMANA

BIGGEST GROSSERS

State-wise GST collections from domestic transactions



Note: Total of GST collections given in chart won't add to all-India level as only top 10 states are included
Source: Finance ministry

'*Matoshree*' of Delhi will control Sena-led govt: Fadnavis

The Shiv Sena-led coalition government in Maharashtra will be controlled by "*Matoshree* of Delhi" and not from "*Matoshree*" in Mumbai, senior BJP leader and former chief minister Devendra Fadnavis said on Wednesday, in an apparent reference to the Congress leadership.

Fadnavis made the remarks targeting the Chief Minister and Sena president Uddhav Thackeray while campaigning for the upcoming Palghar Zilla Parishad elections.

'*Matoshree*' means mother in Marathi. PTI

Inside China's push to turn Muslim minorities into an army of workers

The Communist Party wants to remould Xinjiang's minorities into loyal blue-collar workers

CHRIS BUCKLEY & AUSTIN RAMZY
Kashgar (China), 1 January

PHOTO: REUTERS

The order from Chinese officials was blunt and urgent. Villagers from Muslim minorities should be pushed into jobs, willing or not. Quotas would be set and families penalized if they refused to go along.

"Make people who are hard to employ renounce their selfish ideas," the labor bureau of Qapqal, a county in the western region of Xinjiang, said in the directive last year.

Such orders are part of an aggressive campaign to remold Xinjiang's Muslim minorities — mostly Uighurs and Kazakhs — into an army of workers for factories and other big employers. Under pressure from the authorities, poor farmers, small traders and idle villagers of working age attend training and indoctrination courses for weeks or months, and are then assigned to stitch clothes, make shoes, sweep streets or fill other jobs.

These labor programs represent an expanding front in a major effort by China's leader, Xi Jinping, to entrench control over this region, where these minorities make up about half the population. They are crucial to the government's strategy of social re-engineering alongside the indoctrination camps, which have held one million or more Uighurs and Kazakhs.

The labor bureau of Qapqal ordered that villagers should undergo military-style training to convert them into obedient workers, loyal to employers and the ruling Communist Party. "Turn around their ingrained lazy, lax, slow, sloppy, freewheeling, individualistic ways so they obey company rules," the directive said.

The government maintains that the Uighur and Kazakh villagers are "rural surplus labor" and are an underemployed population that threatens social stability. Putting them in steady, supervised government-approved work, officials say, will erase poverty and slow the spread of religious extremism and ethnic violence.

The government describes the laborers as volunteers, though critics say they are clearly coerced. Official documents, interviews with experts, and visits by The New York Times to Xinjiang indicate that local plans uproot villagers, restrict their movements and pressure them to stay at jobs.

Experts say those harsh methods can amount to forced labor, potentially tainting the global supply chain that uses Xinjiang workers, particularly for cotton goods. The Japanese retailers Muji and Uniqlo say they have used cotton from the region, while Walmart has bought goods from a company that until recently used workers from Xinjiang.

Given the tight control on Xinjiang, "we have to assume for the moment that there's a very significant risk of coercion," said Amy K. Lehr, director of the human rights initiative at the Center for Strategic and International Studies and the co-author of a study on Xinjiang's labor programs.

Forced labor could arise "even if the coercion was implicit or the programs offered workers a decent income," she added.

The labor programs operate in parallel with the indoctrination camps in Xinjiang, that have drawn condemnation from Western governments. Camp inmates also receive job training, and officials say that many will be sent to work in factories.

Taken collectively, the policies are designed to make the region's Muslim minorities more secular and urbanized like China's Han majority. Many Chinese people see that as laudable. Uighur critics see it as ethnic subjugation.

"What they are trying to do is assimilate the Uighur people," said Mustafa Aksu, a program coordinator at the Uyghur Human Rights Project.

'Foster a sense of discipline'

The factory run by the Jinfujie Clothing Company on the sandy edge of Kashgar, a city in southern Xinjiang, has been a star in the government's labor campaign.

Jinfujie, which calls itself Golden Future in English, trained and employed 2,300 workers from villages. It also opened a branch factory in an indoctrination camp, where it would put to work more than 500 inmates, a company executive told officials last year.

The executive, Sun Yijie, a former soldier, said the company ran a tight ship to turn villagers into workers. "Beginning with military drills before they start their jobs, we foster a sense of discipline," he said.

Video footage posted online shows Jinfujie workers in gray-and-orange uniforms lined up for a pep rally. "A successful future," they shouted in unison.

The company has said it won an order from Germany to make hundreds of thousands of ski pants. Jinfujie would not answer questions about the claimed order. During a recent visit, Times reporters were barred by guards from visiting the Jinfujie factory or the surrounding industrial zone.

Dozens of factory zones have emerged across Xinjiang, attesting to the government's ambitions to remake the region. Mr. Xi, China's leader, has vowed to end poverty nationwide by late 2020, and Xinjiang officials face intense pressure to create jobs.

"The offensive to eradicate poverty has reached the crucial stage in a decisive battle," Chen Quanguo, the Communist Party secretary of Xinjiang, said early this month on a tour of southern Xinjiang. "Transmit the pressure down, level by level."

The labor programs depend on luring companies from China's wealthier eastern seaboard, where fewer young people want to work on production lines. Xinjiang has offered manufacturers inexpensive labor, as well as generous tax breaks and subsidies.

"They're still not as fast as workers from other parts of China," said He Tan, a businessman who owns a small factory on the outskirts of Hotan, a city in Xinjiang.

The government's goals are sweeping. One plan issued in 2018 called for putting to work 100,000 people from the poorest parts of southern Xinjiang, a heavily Uighur area, by the end of 2020. The government recently said that target was met a year ahead of schedule. By late 2023, another plan says, Xinjiang wants one million working in its textile and garment industries, up from about 100,000 in 2017.

At Mr. He's factory, dozens of Uighur women from nearby villages sat wordlessly in rows sewing school uniforms. Guzalnur Mamatjan, a 20-year-old Uighur, said she made about $200 a month.

"I'd like to work here for two or three years and then open my own clothes shop," she said in a brief interview in the presence of officials.

'A great deal of pressure'

Jutting out against desert dunes, the new industrial zones in Xinjiang are often surrounded by high walls, barbed wire and security cameras. Some are built near indoctrination camps and employ former inmates.

Xinjiang's drive to put minorities in jobs often feels less like a jobs fair and more like a military call-up.

Trainee laborers often first attend political courses similar to those used in the indoctrination camps. They practice military drills, learn patriotic Chinese songs, and listen to lectures warning against Islamic zeal and preaching gratitude to the Communist Party. New laborers are sometimes shown in Chinese media reports wearing military-type uniforms and standing to attention as they are escorted to their employers.

Many are separated from their families. A directive from the Qapqal government ordered children of working couples to be put in care — home villages for the young, boarding schools for older ones — so their parents could move for work.

Workers' movements are highly controlled if they are far from home. In Yanqi County in the region's north, workers sent from the south are not allowed to quit unless they get written permission from several officials, according to rules by the local government.

Labor recruits undergo "political vetting" to determine if they are a security risk. In Qapqal County, officials imposed rules to grade potential recruits from most to least trustworthy. The least trustworthy had to attend indoctrination classes in the evenings, while only the most trusted could leave the county for work.

"There is a great deal of pressure placed on individuals to sign work contracts," said Darren Byler, an expert on Xinjiang at the University of Colorado Boulder.

Mr. Byler said many residents believed that resisting work transfers could prompt detention. "The threat of the camps hangs over everyone's heads, so there is really no resistance to assigned factory work," he said.

Chinese official media reports that workers make $400 and up a month, a decent income. The reality may differ, especially in smaller, struggling factories. In a township in southern Xinjiang, two thirds of 43 factory employees whose wages were included in online records earned $114 a month, according to Adrian Zenz, an expert on Xinjiang who has studied the labor programs.

Amanzhol Qisa, a 31-year-old Xinjiang resident, spent a year in an indoctrination camp and in April was sent to work at a clothing factory for three months. She was paid $115 a month, less than half the minimum wage, according to her husband, Muhamet Qyzyrbek.

Mr. Qyzyrbek, a Kazakh citizen, said by phone from Shymkent, a city in southern Kazakhstan, that his wife had no choice but to take the job. "After being released, you need to work according to their policies," he said.

GHOSN ESCAPE THEORIES: A MUSIC BOX, JET, AND LEBANESE AID

How Carlos pulled off a Houdini

In one speculative account, which cited no sources, Lebanese television station MTV reported that Ghosn smuggled himself out of Japan in a large musical instrument box after a Christmas band visited his residence in Tokyo

DANA KHRAICHE & BRIAN BREMNER
Beirut/Tokyo, 1 January

The former head of Nissan Motor and Renault SA, who was awaiting the first of two trials in Tokyo, somehow evaded almost round-the-clock manned and video surveillance and heavy restrictions on his freedom of movement to flee to Lebanon.

From there, Carlos Ghosn released an email on Tuesday decrying the "injustice and political persecution" of the Japanese judicial system. The 65-year-old faced charges of financial misconduct and raiding corporate resources for personal gain, allegations he denies.

Soon after he resurfaced, the internet lit up with unconfirmed reports and theories of how Carlos, now an international fugitive, pulled off an escape befitting a Hollywood thriller — one that will be very hard for Japanese authorities to live down. There are still more questions than answers.

In one speculative account, which cited no sources, Lebanese television station MTV reported that Carlos smuggled himself out of Japan in a large musical instrument box after a Christmas band visited his residence in Tokyo. He was then shipped out of the country and later entered Lebanon from Turkey on a private plane.

Carlos' getaway followed weeks of planning, *The Wall Street Journal* reported, citing unidentified people familiar with the matter. A team of accomplices assembled last weekend to carry out his exfiltration, and his wife, Carole, played a major role in the operation, the newspaper said.

Carlos was taken from his court-monitored residence in Tokyo onto a private jet, bound for Turkey, from where he continued on to Lebanon, landing there early Monday morning, it said.

A detailed report in the French daily *Le Monde*, citing unidentified sources, similarly reported that Carole organised the escape with the help of her brothers and their contacts in Turkey, and that her husband entered Lebanon with an ID card. He may have decided to flee because of new information Japanese authorities could have obtained from a Swiss bank and from offshore centres, including Dubai, the newspaper reported.

The Lebanese newspaper *An-Nahar*, by contrast, reported that Carlos entered the country with a French passport. The former industry heavyweight has Lebanese, French, and Brazilian citizenship, though all his passports had been taken from him. Meanwhile, a report that Carlos met with Lebanese President Michel Aoun was denied by an official at the presidency.

French newspaper *Les Echos* said Carlos may have left Japan under a false identity with a forged passport, after boarding a private plane from a smaller airport where he was less likely to be recognised.

The UK's *The Guardian* said Lebanon officials were instructed by political leaders to ignore arrival formalities for Carlos at the Beirut airport, citing a senior figure in the country's ruling class that the newspaper didn't identify.

The French foreign ministry, for its part, said it doesn't know how Carlos pulled off the caper. Lebanon's foreign ministry said in a statement that Carlos entered the country legally and it was unaware how he fled Japan and arrived in Beirut.

The Asahi Shimbun in Japan suggested Carlos may have flown out of Kansai Airport near Osaka, citing records from the Ministry of Transport that indicated a private jet left Japan for Istanbul in the evening of December 29. On social media, would-be sleuths also posted private-jet flight information on aircraft that left for Istanbul the same day that Carlos may have left the country.

A long-range Bombardier Inc. business jet left Kansai Airport on Sunday night, arriving Monday morning in Istanbul, *The Journal* report said, citing flight-tracking data. A smaller jet left the airport for Beirut just over half an hour later, it said.

Carlos' vanishing act has trended on Twitter and inspired a fair amount of wordplay, as in '*Ghosn with the Wind*' and '*Ghosn, Ghosn Gone*'. Tesla Inc's Elon Musk also chimed in, tweeting: "*Carlos Gone*".

It wasn't just casual tweeters alone. Masahisa Sato, a ruling party lawmaker in Japan, questioned in a tweet whether Carlos was helped by another country in leaving Japan, and called Carlos' actions illegal. Japan's foreign ministry said by email on Wednesday they are looking into the matter and can't offer a comment.

In Japan, Carlos' escape dominated the front pages of domestic newspapers on New Year's Day. Articles reported on speculation of how Carlos was able to escape, the difficulty of extradition from Lebanon, and that his trial — set to begin in April — was unlikely to occur.

Sankei Shimbun, citing unnamed top officials in the prosecutor's office, reported on anger and frustration there. Those in the office told the paper that Carlos had made a mockery of Japan's justice system, blamed the courts and Carlos' lawyers for him being out on bail, saying it was obvious he would escape.

Carlos is expected to give a press conference from Lebanon in his new home after the holidays.

In the meantime, red-faced Japanese law enforcement and Customs officials have some explaining to do. **BLOOMBERG**

THE GREAT SWITCHEROO

Here's a look at some high-profile fugitives from the business world in recent years

JHO LOW

Escape route: Detention in Hong Kong to an island near Macau

Malaysia is still trying to bring in Low Taek Jho, known as Jho Low, the alleged mastermind behind the siphoning of billions of dollars from state-owned investment fund 1MDB. The scandal led to PM Najib Razak losing a 2018 election, and has entangled individuals and businesses

CARLOS GHOSN

Escape route: Japan to Lebanon

Joins ranks of big-time white-collar fugitives. The former head of Nissan Motor and Renault SA, who was facing trial for financial crimes, defended his 'escape' by saying he'll "no longer be held hostage by a rigged Japanese justice system"

MARC RICH

Escape route: US to Switzerland

The commodities trader fled to Switzerland hours before being indicted in 1983 on more than 50 counts of wire fraud, racketeering, trading with Iran during an embargo, and evading more than $48 million in US taxes. The charges stemmed from a multimillion-dollar chain of US crude-oil deals that roiled the petro industry in the 80s

CHRISTOPHER SKASE

Escape route: Australia to Spain

The entrepreneur died in Majorca in 2001, a decade after fleeing Australia as his media and hotel empire Qintex Australia collapsed. The businesses included Seven Network Australia, the country's second-largest television network

VIJAY MALLYA

Escape route: India to UK

The King of Good Times has been subject to extradition efforts by Indian authorities. Mallya is based in London, where he was taken to court by state-owned Indian banks petitioning for him to be declared bankrupt over £1.15 billion in unpaid debts

NIRAV MODI

Escape route: India to UK

The diamantaire was arrested in London in March for defrauding PNB of $2 billion. He was denied bail due to 'substantial risks' he'd flee the country to avoid extradition

Japan to seek talks with Lebanon over fugitive Carlos

Japan is expected to speak with Lebanon through diplomatic channels about Carlos Ghosn fleeing Tokyo for the West Asian country. The comment on Wednesday would mark some of the earliest indications about how Tokyo plans to respond after the former head of Nissan Motor and Renault SA snuck out of Japan where he was awaiting trial. Lebanon, where Carlos grew up and holds citizenship, doesn't have an extradition treaty with Japan and it's not clear what Japan will pursue in its diplomatic negotiations. The former industry heavyweight also has French and Brazilian citizenship. **BLOOMBERG**

Renault-Nissan sans Carlos were worst car stocks of 2019

Carlos' jaw-dropping getaway added insult to an injurious year for automakers he used to run: Renault SA and Nissan Motor. The two were the worst-performing carmakers on the Bloomberg World Auto Manufacturers Index in 2019, falling 23% and 28%. Ferrari NV, Kia Motors, and Tesla, Inc. logged the biggest gains. **BLOOMBERG**

Trump threat: Iran will pay very big price

US President Donald Trump has said that war with Iran is not a good idea even as he threatened Tehran after Iraqi supporters of pro-Iranian regime factions attacked the American Embassy in Baghdad, forcing its diplomats to stay inside for safety.

His statement came hours after hundreds of angry Iraqi Shiite militia supporters, including women, broke into the US Embassy compound in high-security zone on Tuesday after smashing a main door near parking and setting fire to a reception area chanting "Death to America" in anger over airstrikes that killed at least 25 fighters of the Iran-backed militia in Iraq, the Kata'ib Hezbollah.

President Trump, in his brief interaction with reporters, said that the situation in Iran has been handled very well. "We had some great warriors come in... this will not be a Benghazi... they got in there very quickly," he said in response to a question as he walked up to the grand ballroom at Mar-a-Lago for the New Year's Eve party.

Asked about the possibility of a war with Iran, he said: "I don't think that would be a good idea for Iran... I like peace... I don't see that happening".

Earlier, Trump threatened Iran after the attack on the American Embassy, which was one of the worst in recent years. "Iran will be held fully responsible for lives lost, or damage incurred, at any of our facilities. They will pay a very big price! This is not a warning; it is a threat. Happy New Year!" he warned in a tweet. "The US Embassy in Iraq is, and has been for hours, safe! Many of our great warfighters, together with the most lethal military equipment in the world, was immediately rushed to the site. Thank you to the president and prime minister of Iraq for their rapid response upon request...," he said in another tweet. **PTI**

Agenda 2020: Building a good society

Here are nine basic issues that must be addressed to realise that goal

TARUN DAS

As 2019 closes on a low note, eyes turn to the next year and the overriding priorities for 2020. Is a turnaround possible? Not just economic recovery but also of sentiment and confidence. There are nine basic issues which need to be addressed.

First, the critical need for dialogue, where we not only talk to each other but, equally importantly, listen to each other. And find a middle way. Indians need to get back to a dialogue mode, speaking and listening. And, as necessary, use neutral moderators and facilitators to bring people together to a shared view.

Second, through a process of dialogue, build mutual trust. Society is facing a deficit of trust. All players are responsible for this — business and industry, civil society, political parties, politicians, government etc. No single section is solely responsible for this distressing situation of lack of mutual trust. The first step of dialogue will help bridge the trust deficit. This is achievable and must be attempted in 2020.

Third, fundamental to all communication and activity is transparency. And, this concerns all, impacts all and involves all. The transparency agenda calls for a new leaf to be turned in the hearts and minds of people, especially those who are seen to be "leaders" and "spokespersons".

Fourth, somewhere along the way, we have forgotten the value of simplicity. And, when one tries to form an image of simplicity, the life in village, rural society generally prevails. Gandhiji was perhaps the most recognised person for his simplicity and, with it, directness. Recapturing the norms of simplicity would be an important agenda for 2020.

Fifth, there is a preoccupation in India, especially urban India, with all things "big" and "ugly" (not beautiful). When solutions are discussed, they are also "big", involving high cost and complex mechanisms to follow through. A much more manageable way forward is to think of multiple "small" solutions, which are also much easier to implement. For example, in creating jobs, the real answer lies in micro entrepreneurship, not with large companies with large capital-intensive investments. Micro entrepreneurship is really beautiful in every way — in terms of investment and effort, in terms of self-employment and employment, in terms of dignity, in terms of staying where one's roots are (the village), in not disrupting the family system and so on. "Small is beautiful" and far easier to achieve quick results and gain benefits. 2020 needs to see a shift in priority to the "small".

Sixth, 2020 also needs to see us refocus on implementation as distinct from announcements and promises. And, if the new focus is on "small" and "medium", the implementation part will be much easier. The lack of implementation has been a source of great concern. This needs to be set right in 2020.

Seventh, the world is being swept by a technology tsunami which is impacting the lives of everyone. In this scenario, India's technology initiative becomes very important to fuel development and growth. With near-700 million people living in the rural areas, India particularly needs to focus on technologies to improve the lives of the rural and agricultural population. More than ever before, this must be a priority for 2020. For this, the focus must be on agricultural technology, the use of space technology for crop forecasting, energy technology to make available supply of decentralised green power, education and health care technologies for distance support, to mention just a few.

Eighth, 2020 needs to see a change in the lifestyle of people, with firm focus on fitness irrespective of the weather and by changing diet habits. Physical and mental fitness are connected with productivity and efficiency. Indians need to make a new beginning.

Ninth, and the final point, relates to values. India is known for its spiritual roots and strengths. Indians need to revisit and review the values they believe in, the values they live by, the values which are central to their lives. A good society can only happen if people have good values and 2020 is a year for deep introspection and action.

India, and Indians, have much to ponder and work on. As the country is in its 73rd year of Independence it is time to get the basics right so that our children and grandchildren inherit a nation more at peace with itself.

The author is former director general and chief mentor, CII

SGST: A case of irrational expectations

Wide variations in growth estimates for state GST raise serious questions about the assumptions on which the projections were made

A K BHATTACHARYA

In the last week of November 2019, five opposition-ruled states issued a statement that suggested that slowing revenues from goods and services tax (GST) had begun to affect their finances. The Centre had delayed the release of compensation to the states, promised under the GST regime to any state whose annual revenue from the new tax failed to grow by more than 14 per cent.

The five states — Punjab, Kerala, Delhi, Rajasthan and West Bengal said in a joint statement: "The GST compensation for the month of August and September, required to be paid by the central government sometime in October, continues to be outstanding till date". These states claimed that their fiscal situation had come under stress and some of them were already seeking recourse to "ways and means advances", a special window of financing operated by the central bank.

By the end of the first week of December, more states had joined the chorus of demand for early release of GST compensation by the Centre.

There were now eight states (including Union Territories) — Chhattisgarh, Madhya Pradesh and Puducherry joined the earlier five — that stated that they would move the Supreme Court if the Centre did not agree to release the compensation arrears. That pressure seemed to have worked. Just a day before the GST Council was to hold its 38th meeting at New Delhi on December 18, the Centre released ₹35,298 crore as pending GST compensation to the states.

That gesture helped meet a key demand of the states, suffering on account of slowing GST revenues as also the temporary halt to the release of compensation by the Centre. But the delay soured relations between the Centre and the states. At the 38th GST Council meeting, voting was forced for the first time to decide on the determination of a new rate of taxation for lotteries. In the past, all decisions at the GST Council were taken by consensus, even though a voting provision existed from the start.

This is clearly a reflection of the slowing GST revenues that have, of course, hit the Centre, but the states are equally worried because their revenue projections have gone awry. Collections of state GST or SGST have accounted for over 43 per cent of the states' own tax revenues. Hence, any slowdown in SGST rings alarm bells for the states' finances.

IN A GST STATE OF MIND

Top 5 states which projected the most decline in state GST revenues in 2019-20 (%)

State	(%)
Uttarakhand	-12.99
Goa	-11.15
Assam	-7.35
Haryana	-4.49
Uttar Pradesh	-1.29

State GST revenues growth projections for all states and union territories in 2019-20

11.01%

States which had projected over 14 % growth in state GST revenues in 2019-20 (%)

State	(%)
Andhra Pradesh	27.02
Kerala	26.53
Rajasthan	23.40
Tripura	22.62
Arunachal Pradesh	21.09
Himachal Pradesh	20.72
Punjab	19.92
Madhya Pradesh	19.85
Bihar	18.54
Tamil Nadu	16.36
Telangana	15.96
Gujarat	14.45
Maharashtra	14.00
Manipur	14.00

Percentages based on change in Budget Estimates for 2019-20 over Revised Estimates for 2018-19

How serious is the situation for the states? In 2019-20, all the states and Union Territories had projected 11 per cent growth in SGST over the revised estimates of ₹5.52 trillion in 2018-19. In the first eight months of 2019-20, total SGST collections are estimated at ₹2.01 trillion, just about a third of the annual revenue target of ₹6.13 trillion.

In other words, the states have to get ready for a significant shortfall in their SGST collections. In two-thirds of the current year, the revenues collected have only been one-third of the target. This is also why the states have been clamouring for the release of compensation. But compensation can help the states only for five years from 2017. What happens to the states' revenues from 2022 onwards, if SGST revenues continue to maintain the current tepid growth?

A few of the states, however, cannot absolve themselves of any responsibility in landing themselves in the current fiscally difficult situation. As many as 14 states had projected an SGST revenue growth of over 14 per cent in 2019-20 (see table). The growth rates ranged between 14 and 27 per cent. What were the finance ministers of these states doing when they fixed their SGST revenue growth rates for the current year?

The Centre is, of course, guilty of having projected its revenue growth rates that were far in excess of what the economic growth scenario prevailing then could have justified. But these 14 states are no less guilty of putting out over-optimistic revenue projections in their respective budgets in February-March 2019, when economic growth had already begun decelerating. There is need for introspection by those states that had projected SGST collection growth rates, as high as 26 per cent by Kerala, 23 per cent by Rajasthan and 20 per cent each by Punjab and Madhya Pradesh. Remember that all these states are the ones that are also complaining the most.

Similar questions on the procedures used for projecting SGST revenue growth should be raised for those states that had estimated a decline in collections in 2019-20. These states included Uttarakhand, Goa, Assam, Haryana, Uttar Pradesh and Chhattisgarh. What were the arguments that propelled them to project a decline in SGST collections, while several other states could foresee a 25 or 27 per cent revenue growth rate? More importantly, it would be interesting to understand why states like Gujarat, Maharashtra, Telangana and Tamil Nadu projected SGST growth rates of 14-16 per cent. It is now time for the GST Council to look at all such issues in greater detail and present a status report.

CHINESE WHISPERS

'Left' infiltration into Congress

Expelled Congressman Satyadev Tripathi has alleged a group of former left-wing leaders were trying to capture the grand old party. Speaking at a parallel function to mark the Congress' 135th foundation day recently, Tripathi observed the party, which is seeking to "protect" the Indian Constitution, should first respect its own constitution. Lamenting that the party was passing through a phase of ideological crisis, he alleged the "left elements", who had permeated the Congress, were misleading the top leadership. In November, 10 senior UP leaders were expelled for six years on charges of indiscipline.

Discontent expansion

The cabinet expansion in Maharashtra has miffed quite a few in the Shiv Sena-Nationalist Congress Party (NCP)-Congress combine. Nineteen people were arrested for an attack on Congress Bhavan in Pune earlier this week. They were supporters of the party's MLA Sangram Thopte (*pictured*) , who was denied a ministerial berth when Chief Minister Uddhav Thackeray expanded his cabinet to its full strength. Thopte is the son of former minister Anantrao Thopte. Other senior leaders and legislators who feel left out of the cabinet have expressed their resentment in different ways. For instance, the NCP's four-time MLA Prakash Solanke from Majalgaon in Beed had threatened to quit his seat though he later announced he had decided to continue as a legislator after consulting party leaders.

Paying Priyanka's fine

Rajdeep Singh, the owner of the scooter on which Congress General Secretary Priyanka Gandhi Vadra rode on the pillion on December 28 in Lucknow, and who was fined ₹6,300, has decided to cough up the sum himself. Singh's scooter was driven by Congress leader Dheeraj Gurjar to reach the residence of former IPS officer S R Darapuri, who was arrested for protesting against the amended Citizenship Act last week. During the ride, Gurjar and Vadra were seen not wearing the helmet. Singh said he got to know about the fine from the media. "I will pay the amount myself. I cannot take it from Priyanka or the Congress," he said.

INSIGHT

Correct these elite distortions

The Indian economy and its workforce deserve freedom from the damaging tyranny of the tiny elites in the next decade

DHIRAJ NAYYAR

Capitalism and the market economy are often criticised for exacerbating inequalities and creating elites. Ironically enough, socialist or state-dominated economies also create elites and inequalities while professing equality for all. Capitalism's excesses tend to be more easily corrected because the state can step in to do the correction. But if the state is in charge, who engineers the course correction?

Consider the Indian context. Among the biggest impediments to efficiency, growth and employment in the economy are the following three: A bloated public sector enterprises sector; stringent labour laws and a higher education system which doesn't educate enough people and, those which it does educate, are often unemployable. None of these problems is new. In fact, they are a legacy of pre-1991 India. All of these "structural" problems have been highlighted at length by economists in the last three decades. But no government of any persuasion has been able to implement solutions that are as well-known as the problems.

The system of public sector enterprises was created at a time after Independence when it was believed that the private sector neither had the technical capacity or financial resources to set up large industries. That rationale stopped applying in India three or four decades ago. It should have been dismantled after 1991 but barring a handful of privatisations in the Vajpayee era, the public sector is intact. If anything, it has grown since liberalisation mainly through the proliferation of subsidiaries and joint ventures. There are 250-odd operating public sector enterprises, of which at least a-third is sick and the only ones that make serious profit are those that are protected by the government (usually by excluding competition). Their presence, whether in strength or weakness, distorts almost every sector of the economy. They are a tiny minority among the lakhs of companies in India but get accorded preferential treatment at the expense of the efficiency of the rest of the economy.

The story of labour laws is also one of elite capture and not totally delinked from public sector enterprises. Most of the good jobs in the pre-1991 era were either in government or government agencies or government-owned companies. Above all else, they were characterised by security of tenure. Labour laws, applicable to the entire economy, did not allow hire and fire. They also imposed the same type of compulsory benefits denying flexibility to both employers and employees. Unsurprisingly, the laws pushed 90 per cent of the workforce into the informal economy, a number which hadn't reduced significantly post-liberalisation until demonetisation and GST nudged some firms into the formal sector space. Still, some 75 per cent of the workforce is in the informal sector. The labour elite created by socialist India have stalled most attempts at reform, forcing governments to find ways around the problem (the introduction of fixed-term employment, for example) rather than confronting it head on.

Nothing typifies the elite capture of the higher education system than students protesting nominal hikes in nominal fees and charges at India's premier universities. India has some fine higher education institutions. But these are too few. They have provided highly subsidised education to a select few, many of whom have subsequently migrated overseas to find work. India's state-controlled educational institutions of higher learning must be allowed more autonomy in setting fees. Of course, those who need financial support must get scholarships or cheap loans but that does not mean that those who can afford to pay should be subsidised. Overall, the best way to ensure affordability is to facilitate competition by ending the licence-permit raj. But the regulatory apparatus has not moved with the times. The small elite which has greatly benefitted from the system as it exists would like to retain the status quo.

On the other hand, at least some excesses of the post-1991 market economy have been confronted determinedly. The Insolvency and Bankruptcy Code is dismantling entrenched, but inefficient, business interests. The GST is bringing tax evaders into the tax net. The delivery of welfare to the poor, neglected in the decade after liberalisation, was resurrected in 2004 with quantum increases in spending and reimagined in 2014 with better delivery mechanisms. Of course, not all capitalist excess needs state intervention. Many of the inefficient crony elites of the pre-1991 era were simply swept away by market competition.

Prime Minister Narendra Modi is not shy of battling entrenched elites. He has already dented severely the old political elites and many of their arguments. He isn't afraid of the business elite either. Now, he must turn his attention to the legacy socialist elites — in public sector enterprises, in labour and in higher education. There will be resistance. And a lot of clatter. But the Indian economy and its workforce deserve freedom from the damaging tyranny of these tiny elites in the next decade.

The author is chief economist, Vedanta

LETTERS

Encouraging move

Union Finance Minister Nirmala Sitharaman (*pictured*) unveiling a ₹102 trillion investment road map to help achieve the target of $5 trillion economy by 2025 comes at the back of decelerating economic growth and shrinking core sector output. The funds would come from budgetary and extra-budgetary resources, as well as those raised from the market and the internal accruals of the relevant state-owned companies. One hopes that the significant investments planned in infrastructure projects helps produce the much-needed green shoots and perks up the wobbling economy.

N J Ravi Chander Bengaluru

Multiple advantages

This refers to "A blueprint for fiscal management & development" (January 1). Managing fiscal prudence at the Centre is much more difficult than doing so at the state level. Nevertheless, turning fiscal deficit to surplus in span of four years is commendable for any state. It is a fact that subsidy increases government expenses and disturbs the fiscal health of the state/country, but the Comptroller and Auditor General report of Delhi made this fact a myth.

Investing in building human capital has both short- and long-term multiplier effects on the economy. The short-term advantage comes in the form of enhanced revenue collection for the government (like doorstep delivery of various government programmes), reduction in the unnecessary expenditure of the state — the Delhi government saved costs by early completion of road projects — and reduced dissatisfaction among bureaucrats, leading to efficient functioning of the state and in turn higher revenue. The long-term investment in building human capital will benefit the state in the form of reduced "import" cost of intelligentsia and sustained economic growth. There should not be any

problem for other states to follow the Delhi government's fiscal prudence and management.

Ravi Kant Mumbai

Fear genuine

This refers to Sukumar Mukhopadhyay's letter "Fear exaggerated" (December 31). Agree, a small number of "slothful and corrupt fellows" exist in every organisation, including government departments. Officials of public sector banks can take any amount of "work pressure" and "transfer threats" in their stride, as occupational hazards. They are expected to lend, after

gauging the borrowers' intent, in addition to their capacity to repay. What, however, takes a heavy toll of their reserves is the extraneous pressure, which emboldens some borrowers to even go to the extent of assaulting them. And now, there is pressure on bankers to lend to spur the nation's GDP growth.

It is against this backdrop that the present finance minister's assurance that "bankers taking bonafide lending decisions will not be harassed by the investigating agencies" is to be welcomed. Hopefully, the assurances would lead to bank officials working without fear, or favour, the New Year onwards.

V Jayaraman Chennai

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HAMBONE

Business Standard
Volume XXVI Number 100
MUMBAI | THURSDAY, 2 JANUARY 2020

Push for infrastructure

Financing projects will be the biggest challenge

Taking forward Prime Minister Narendra Modi's Independence Day announcement on investing ₹100 trillion in infrastructure, the government has put out a National Infrastructure Pipeline and is currently targeting investments worth ₹102 trillion by 2024-25. On paper, the plan to increase investment in the infrastructure sector will not only directly help revive economic activity, which has slowed dramatically in recent quarters, but will also improve overall competitiveness and help sustain higher growth in the medium term. However, increasing investment to the targeted level will be challenging, and the government will need to create an enabling environment and constantly work to remove hurdles that have affected the sector over the years. Otherwise, the government's latest initiative could end up being another example of putting the cart before the horse.

The first challenge, of course, will be of financing. According to the plan, the Central and state governments will have an equal share of 39 per cent in capital expenditure, while 22 per cent is expected to come from the private sector. The government finances are stressed, both at the Centre and states, and attaining projected fiscal targets is becoming increasingly difficult. Since the government cannot touch its obligations such as interest payment and salaries, invariably, it is the capital expenditure that gets affected. For example, in its latest annual study of state government finances, the Reserve Bank of India has highlighted the decline in the quality of spending. Differently put, higher revenue expenditure is affecting capital expenditure. The upcoming Union Budget will bring in more clarity in terms of the Central government's ability to finance infrastructure projects. Also, the assumption of a significant increase in economic growth in the coming years would be tested. In the absence of a significant pickup in economic activity and tax revenues, the government will find it difficult to fund projects. Further, since infrastructure projects tend to have long gestation and given the state of the Indian financial system, financing could also be a challenge for the private sector.

Second, the coordination between the central and state governments would be critical. While the Centre and state governments have so far shown outstanding coordination in the context of goods and services tax, such an alignment is not the norm. The given political situation and the fact that the Bharatiya Janata Party has lost power in several states will only make things difficult for the Union government. Third, the government will need to initiate a series of reforms to be able to attract the desired level of investment by the private sector. The ability to enforce contracts, for instance, remains a big challenge, as highlighted in the World Bank's ease of doing business rankings. It is also important to note that India needs a mechanism to ensure that state governments do not cancel contracts randomly because of the change of the guard at the political level. The government will also need to ease restrictions on acquiring land and hiring labour, and will need to avoid the mistakes of the past and design public-private partnerships (PPPs) more transparently. The recent experience of PPPs and foreign investment has been somewhat disappointing, and the sorry state of corporate balance sheets makes it doubtful whether the private sector can put up its projected share in infrastructure investment. There have been suggestions to set up 100 per cent government-owned special purpose vehicles (SPV) that secure all permissions, licences, and clearances, as well as undertake land acquisition. The SPV is then bid out to private developers. It's an idea worth considering.

Making crop insurance work

PMFBY has failed to impress stakeholders

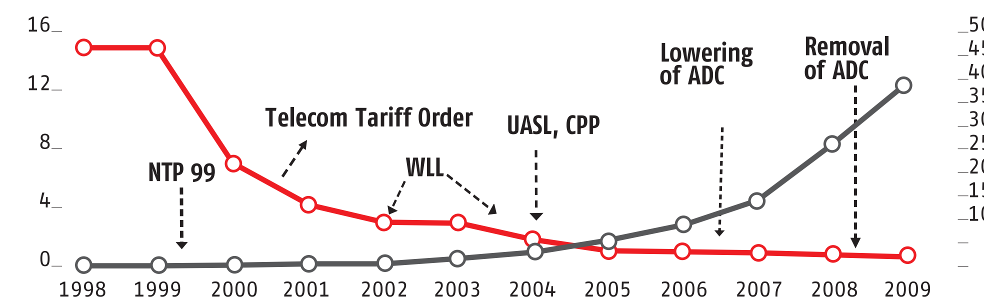
The government's move to revisit the flagship crop insurance scheme — the Pradhan Mantri Fasal Bima Yojana (PMFBY) — is a welcome step to make this well-intentioned risk-mitigation measure beneficial for the farmers. However, whether such a review called for setting up a high-level group of ministers (GoM) headed by the defence minister and having the home minister, among others, as a member is debatable. Field experts, along with representatives of the stakeholders like farmers, insurance companies, and the state governments, could perhaps do a better job. The need for a review and revamp of the PMFBY was felt soon after its launch in 2016, though the government has taken its own time to acknowledge it. This scheme, despite being better than all its predecessors, had failed to impress any stakeholder because of some inherent structural, financial, and logistical deficiencies.

The all-pervasive dissatisfaction on this count is evident from the decision of three major agricultural states — Andhra Pradesh, West Bengal, and Bihar — to withdraw from it. At least three more states — Karnataka, Gujarat, and Odisha — are also intending to do so. They find the cost of running the scheme higher than the benefits from it and are, therefore, making alternative arrangements for recompensing the farmers' losses. This aside, four private insurance companies have also opted out of it, maintaining that it is a loss-making business. Worse still, more companies are likely to quit this business, though the common impression is that the insurers are cornering the bulk of the subsidy given by the government. The farmers, too, are discontented with the scheme though they have to pay a premium of merely 1 per cent for rabi crops, 1.5 per cent for kharif crops, and 5 per cent for commercial crops.

A key flaw in the design of the PMFBY is the involvement of the states as equal partners with the Centre for sharing expenses (read subsidy). Defaults in the payment of their share of funds, which are quite common, affect the insurance companies' ability to clear settlement claims promptly. Empowering the states to notify the crops, the extent of the land, and the maximum sum that can be insured have also contributed to the downfall of the PMFBY. The states often fix the caps rather low to contain their financial burden, thereby curtailing the scheme's utility for the cultivators. Moreover, allowing banks to insure the crops of their borrowers is another problematic feature of the scheme. The banks usually adjust the settlement amounts against the loans, thus leaving the farmers high and dry. The insured cultivators often do not even get to know the details of the transactions.

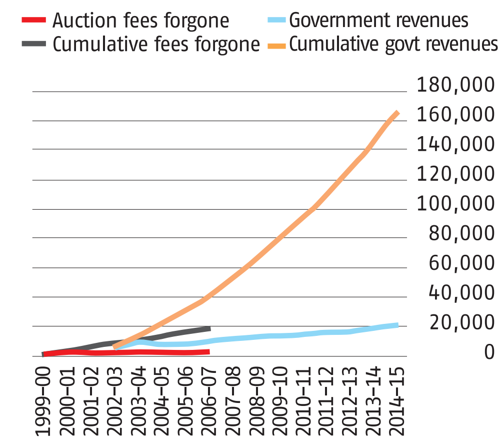
Though the scheme envisages the use of technology, notably satellite imaging, to expedite the assessment of crop losses, it has so far not happened to the desired extent. The methods used by the state governments to gauge the damage are mostly time-consuming and non-transparent, resulting in trust deficit. Unsurprisingly, therefore, inadequate or non-payment of compensation is the main grudge of the farmers against the scheme. If the GoM can suitably address these and numerous other minor, but pertinent, glitches in the implementation of the PMFBY, this vital risk-hedging measure can prove a boon for the farmers.

CHART:1 EFFECT OF REVENUE-SHARING FOR LICENCE FEES PLUS CALLING-PARTY PAYS



Sources: 1) TRAI; 2) Fitch Report; Unified Access Service Licensing (UASL), Access Deficit Charge (ADC), Wireless Local loop (WLL)

CHART:2 AUCTION FEES FOREGONE VS ACTUAL REVENUES (₹ cr)



Save telecom with a reprise of NTP-99

Radical steps are needed to fix the telecom crisis

If telecom and connectivity are not revived, one of our most successful sectors since liberalisation will be incapacitated.

To fix this devastated sector, look no further than the National Democratic Alliance (NDA) government's action 20 years ago to rescue and revolutionise telephony in India through the New Telecom Policy 1999 (NTP-99). It was before India's growth story and the mobile phone revolution. The telecom sector had stalled, and some 15 operators were struggling for survival under the burden of high licence fee demands, limited customers, and too much competition, with no money to build out networks to earn more revenues to service their overwhelming debt. That was when prime minister Atal Bihari Vajpayee and his team made a bold move, working with industry and professionals to effect what seems in retrospect like magic. They implemented some constructive policies for telecom that set in motion phenomenal growth with vast changes in markets and behaviour.

SHYAM PONAPPA

The situation in 1998-99

The sequence of events began in 1998, when the Prime Minister's Office (PMO) decided to look into the problems in telecom. After considering studies by ICICI and the Bureau of Industrial Costs and Prices, the PMO consulted with professionals within and outside the government, stakeholders in industry and financial institutions, and formulated the NTP-99. While the policies were not optimal because political accommodation was mixed with objective-oriented processes, a fundamental improvement was that government collected charges from operators as a share of revenues actually earned, instead of up-front payments on auction commitments for licences. This was a difficult political decision, because of a mistaken public perception that it was a giveaway to the operators. The government held firm despite being taken to court, and the decision turned out to be clearly in the public interest, as results detailed below were to prove.

Success did not follow immediately, because the government's share was set too high initially. However, two developments in 2004 changed the trajectory. Government's share of revenues was lowered to 8 per cent of revenues, and "calling party pays" was introduced for users, as against both caller and receiver having to pay for a call. This boosted supply as well as demand, resulting in explosive growth in mobile telephony (see *Chart 1*), making India among the fastest growing and most attractive markets. In hindsight, government collected far more through revenue-sharing than the auction commitments, as shown in Chart 2. Knowing this, it is incomprehensible that governments haven't built the sector to improve government revenues, instead of bleeding it to the point of collapse .

The present crisis

The telecom crisis today is much the same as in 1998. Our regulatory policies have resulted in price-wars and beggar-thy-neighbour strategies disrupting the market, while most people are deprived of good, reliable services. Thus, while India has incredibly low prices, they are unsustainable, far below what could reasonably be expected from the high volumes and the experience curve reduction in costs. These price levels do not support even the maintenance of current service levels, let alone expanding coverage to the sparsely populated countryside. Urban areas with low prices often suffer unreliable services of low quality, while less populated areas are deprived of services altogether. Further, the squeeze on operators is aggravated because of the Supreme Court upholding the government's apparently gaming approach to defining "Adjusted Gross Revenues", imposing retrospective dues on all spectrum holders.

The government needs to gather the resolve to do what prime minister Vajpayee did in 1999: A radical intervention to revive the telecom sector and the economy. PMO officials have reportedly been meeting with the Department of Telecom for months. Now, we need decisive action, including:

■ Revenue-sharing for spectrum charges instead of auction fees, as was done for licence fees in 1999, as the major beneficial change. It would also result in more rational use of spectrum as a public resource for connectivity and growth, instead of just for government revenues.

■ Removal of additional spectrum usage charges would greatly facilitate communications for development and growth, correcting impediments to efficiency in India compared with the rest of the world. A windfall profit provision could be instituted in the event there are excessive profits, or inappropriate diversion of funds.

■ Policies to enable new technologies. For instance, the latest version of Google Pixel hasn't been introduced in India because 60GHz is available only with limited bandwidth. In 5G, India is already far behind, and will take years to benefit from this without drastic changes in spectrum access.

Additionally:

■ Pooling of spectrum to provide broader bands for higher throughput. This can be done through geolocation database-driven shared spectrum, as in Licensed Shared Spectrum (LSA) in Europe, or Authorised Shared Spectrum (ASA) in the US, and harmonising 60GHz regulations with the US FCC, but limiting its use to operators.

■ Possibly structuring spectrum sharing through a consortium approach to infrastructure, and unbundled, use-based costs for delivery. This can be done by separating infrastructure (network development and management) from service provision.

■ Another possibility is to have two or three vertically integrated consortiums, each with its own infrastructure (which will require significantly more capital investment).

■ An active government role in coordinating industry-wide, consultative, goal-oriented action through the formulation of enabling policies and regulations. Multiple government agencies are involved, namely, DoT, MeitY, TRAI, DD, Finance, Law, as well as state governments for uniform Rights-of-Way and tower installation.

Functioning without mobile telephony seems unimaginable today. Instead of being among the leaders using telecom for our benefit, on our present trajectory we are likely to miss these opportunities for years — unless the government finds the imagination and courage to act.

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Majority vs minority cliffhanger

It's turning out to be a cliffhanger with the last ball set to decide the winner. Corporate India is breathlessly waiting for the outcome that will redefine the legal boundaries of majority versus minority shareholders. The ball will be in the hands of the Supreme Court (it's now a near certainty that the Tatas will knock on its door), and every twist and turn of that delivery will be analysed in great detail for the impact it may have on the legal landscape of India Inc.

No one had expected India Inc's most dramatic and consequential corporate battle in recent history to stretch this far. The Tatas were miles ahead of the Mistrys after the National Company Law Tribunal dismissed the latter's pleas challenging Cyrus Mistry's removal as Tata Sons chairman, as also the allegations of rampant misconduct on the part of Ratan Tata and the company's board. But just when everybody thought the match was over, came the bouncer from the National Company Law Appellate Tribunal (NCLAT). It reinstated Mr Mistry as the executive chairman of the Tata group and termed the conversion of Tata Sons from being a public company to private illegal and oppressive to the minority members and depositors.

POWER POINT

SHYAMAL MAJUMDAR

While it's anybody's guess what the Supreme Court will decide, a few points stand out. First, the Tata group needs to seriously introspect about the way it functions. The NCLAT judgment has surely dented Mr Tata's reputation as he has been asked to "desist" from interfering in the affairs of the group. In the process, the tribunal has given legitimacy to Mr Mistry's accusation that the chairman emeritus acted like "a chairman who never retired" and who insisted on being a "super board" by wanting to pre-vet and pre-decide what gets formal approval in the Tata Sons board. The accusation that key Tata Trust directors left Tata Sons board meetings, keeping others waiting, in order to obtain instructions from Mr Tata is distressing and does not do justice to the Tatas' hard-earned reputation of being the gold standard for Indian corporate governance.

So even if the apex court rejects the NCLAT verdict, Mr Tata and the group bosses need to reassess their working relationship and address the concern that the shareholding trusts of a holding company with minority holdings in operating companies take key decisions, not the chief executives or the boards of the operating companies. The Tata group's opaque corporate structure — two-thirds of Tata Sons' shares are held by trusts — must be modernised.

The second issue which will have a far-reaching impact on corporate India is the legal status of Tata Sons. Is it a partnership? The NCLAT certainly thinks so, and says that "that the Tata group which is the majority group should consult the minority group —the Shapoorji Pallonji Group — and any person on whom both the groups have trust, for appointing an Executive Chairman or Director as the case may be...". This, the tribunal feels, is necessary for better protection of interest of all stakeholders. The point is that the tribunal hasn't given any reason why it has come to such a decision. This is important because if it's a partnership, then Mr Mistry can legitimately argue that his minority rights were suppressed. But mere reliance on perception and the absence of factual evidence can't be the basis for an order of this magnitude.

In any case, independent lawyers argue, the Indian corporate law is clear that the rights of a shareholder are essentially economic rights, which — in the absence of a contract — do not include legal right to participate in the management of the company. Conventional wisdom is that reinstatements are possible only for unionised workers and not managerial staff or management cadre.

This means the board has the power to replace its chairman (Mr Mistry's removal was resolved upon by a majority of the directors — seven out of nine who voted in favour of his removal as the executive chairman) and the shareholders have the power to appoint or remove a director. No court can take away that power from the board and the shareholder. The Supreme Court itself has time and again held that the powers entrusted upon the minority shareholders cannot be used as a weapon against the majority. In that context, any assumption by the executive chairman that he would have a free hand in running the affairs of the company is incongruous with corporate democracy.

Thirdly, the NCLAT order is intriguing as it exceeds even the prayers made by Mr Mistry who never asked for this return as executive chairman. It would anyway be impractical for Mr Mistry to reassume his position three years after he was removed. Also, the dispute related directly to the affairs of Tata Sons and the other group companies were not even a party before the tribunal. Hence, the remedies suggested by the NCLAT has stumped many — even those outside Bombay House. Let the run-up to the last ball begin!

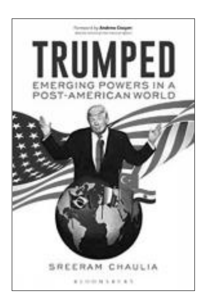
The Trump effect

BOOK REVIEW

RUP NARAYAN DAS

Donald Trump's election as President of United States, still the world's most powerful country in spite of its relative decline, has not only impacted that country's domestic economy and polity but also — and more importantly — the world at large and individual countries, both domestically and in their bilateral relationship with the US. In particular, Mr Trump's policy of "America First" and gradual withdrawal from global responsibility and governance structures have a resonance with the polity and economy of many countries, including India. In *Trumped : Emerging Powers in a Post-American World* , Professor Sreeram Chaulia, arguably one of India's most formidable commentators in print and visual media on foreign policy issues, critically analyses the essence and consequences of this trend.

In this richly informative and insightful book, he has identified India, Brazil, Turkey and Nigeria as examples to demonstrate how countries are trying to cope with the impact of American policy under President Trump. The selection of these four countries is not arbitrary. The rationale for choosing them is provided in an excellent foreword by Professor Andrew F Cooper of the Balsillie School of International Affairs and the Department of Political Science, University of Waterloo. He writes that that these countries share some characteristics that enable Professor Chaulia to illustrate his arguments. Among others, none of these four countries share a border or a continent with the US: So being "Trumped" is a very different experience from the one faced by Mexico or, for that matter, the vulnerable Central American countries. Although they have specific trade disputes with the US, none of the chosen four has the degree of complex interdependence faced by China.



TRUMPED: Emerging Powers In Post-American World
Author: Sreeram Chaulia
Publisher: Bloomsbury
Price: ₹799
Pages: 256

Further, while each has challenges of "personalism" of their own, all retain a level of democratic space with competitive electoral systems and, to a greater or lesser extent, vibrant civil society and media presence. In other words, if Jim O Neil, the investment banker, in his formulation of BRICs (Brazil, Russia, India, and China) had certain economic criteria, Professor Chaulia has applied certain political criteria in selecting these four countries. Explaining President Trump's protectionism, the author extensively quotes the Democrat politician David Jacoby. According to him, with the unusually rapid pace of globalisation, and especially the rapid rise of Chinese exports, countries that import large amounts of these products feel deluged and competitively attacked. In the 1980s, the US was known and respected worldwide for its manufacturing strength, and the economy grew between 3.8 and 4.7 per cent from 1994 to 1997. However, the US gradually lost its competitive advantage in manufacturing goods. It was becoming more competitive in selling raw materials and natural resources such as oil. The US' trade profile was beginning to resemble a country like Chile's, which has historically been stuck in a rut of selling commodities like copper and other metals, rather than a country like Germany, which has been revered for its engineering expertise. In other words, the US was beginning to look like a less developed country.

If this is Mr Trump's worldview, how do the four countries look at the US? The author writes that when one looks at America from New Delhi, Ankara, Brasilia and Abuja, it is primarily from the angle of each national capital's self-interest. Contrary to elite liberal Western assumptions that all countries are bound to benefit from partnering or allying with a benign hegemon like the US, emerging power centres evaluate America via the human welfare benefits associated with any interaction.

India is a major power that has been considerably affected by President Trump's domestic and foreign policies. The author writes that New Delhi wished for continuity from Washington after the November 2016 presidential election, and instead got a transactional America First leader who had little regard for the democratic and geopolitical dimensions of the US-India relationship. What emerged was an all-consuming neo-mercantilist passion for forcing every American partner and ally to cough up money, open markets and return jobs it had "stolen" from the US homeland through the globalisation-fuelled outsourcing spree.

He observes that the contradiction between Make in India and Make America Great Again is unmistakable. If the liberal international establishment, backed by corporate America, perceives America's partnership with India as win-win, Mr Trump and his populist supporters look at it as zero-sum game in which America is getting a raw deal.

The reviewer is a senior fellow of Indian Council of Social Science Research affiliated to Indian Institute of Public Administration

Business Standard
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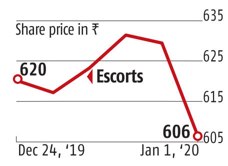
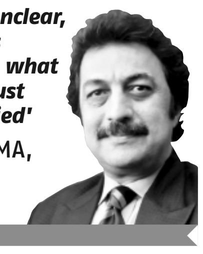
QUICK TAKE: ESCORTS DIPS ON MUTED SALES



The Escorts stock fell close to 4 per cent after the December quarter sales disappointed the Street. Despite the 10 per cent sales decline, analysts continue to be positive, given the recovery in farm incomes and agri-led spending, which should boost demand for its tractors

"Short term is unclear, but long term is excellent" Note: what is long term, must NEVER be specified'

SHANKAR SHARMA, co-founder, First Global



Baroda, Union MFs bank on mergers to increase reach

AUM of both companies declined in September quarter

JASH KRIPLANI & ABHIJIT LELE
Mumbai, 1 January

The smaller-sized fund houses — Baroda Asset Management Company (AMC) and Union AMC — which are yet to gain a significant foothold in ₹27-trillion mutual fund (MF) industry, are looking to increase their market share as bank mergers give their sponsor banks access to a wider branch network.

At the end of the September quarter (Q2), Union AMC's average assets under management (AAUM) stood at ₹4,089 crore, while that of Baroda AMC stood at ₹10,676 crore.

Compared to the corresponding period last year, Union AMC's AAUM was down 16 per cent, while the AAUM for Baroda AMC was down 21 per cent.

Both fund houses have lost assets over a period, even though the MF industry has managed an overall growth of 6 per cent, despite headwinds from regulatory changes, and the weakness in debt and equity markets.

"The bank merger gives us access to a wider customer base and more importantly a more geographically diversified presence. While Dena Bank is more strong in western parts, Vijaya Bank has a stronger presence in the southern parts," said Anthony Heredia, chief executive officer of Baroda AMC.

According to those privy to the development, the merger is an important one for the bank, given it will help it source a larger part of its revenues through fee-based income streams.

"The idea is to find ways to increase fee-based income without incurring any further significant costs. This is where the bank mergers will come into play as they will help us in quickly plugging the gaps in the system, and leverage our network," said an official of Bank of Baroda.

For the relatively small-sized Union AMC, adding to its sales team would be key to leveraging the enhanced distribution network.

"The main benefit will be that the number of bank branches will double post-merger. We will be able to access much larger number of locations. Andhra Bank is stronger in Telangana and the Andhra region, whereas Corporation Bank has a strong presence in Karnataka," said G Pradeepkumar, chief executive officer of Union AMC.

Pradeepkumar added the AMC would need to add more people to its sales force to cater to this widened distribution presence. Both fund houses will get access to a much wider customer base due to existing relationships of the banks that are being subsumed.

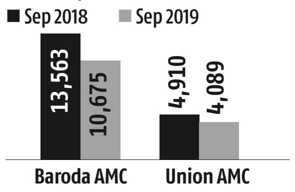
MF participants say there remains a huge scope of untapped opportunity for growth, as the market remains underserved even with 44 players currently operating. The penetration of MFs in India stands at 11 per cent of gross domestic product, which is significantly lower than other developing economies such as Brazil (59 per cent) and South Africa (49 per cent).

According to a report by the industry body Association of Mutual Funds in India, the industry has the potential to reach the ₹100-trillion mark; 3.7-times from the current levels of ₹27 trillion.

"Fund houses of all sizes have a huge opportunity in front of them, given the under-penetration of the domestic MF industry," said the chief executive officer of another fund house.

EYEING INROADS (₹ cr)

Both AMCs are looking to gain market share following the bank merger



AAUM: Average assets under management
Source: Amfi

Higher volumes, margins to fuel growth for city gas distributors

Rising demand, soft natural gas prices bode well for earnings of major firms

UJJVAL JAUHARI
Mumbai, 1 January

The Gujarat Gas stock surged over 7 per cent and scaled its all-time high on Wednesday.

At the same time, the stock of Indraprastha Gas (IGL) is also close to its peak, while that of Mahanagar Gas (MGL) is trading at around its 22-month high.

The Street's confidence on city gas distributors (CGD) remains high, considering the firm demand for gas, rising volumes, and future growth potential.

All three companies have received upgrades by foreign brokerages.

With lower natural gas prices (global prices down over 20 per cent in two months), their profitability, too, will continue to improve.

The CGD companies have already outperformed their upstream and downstream oil and gas peers, driven by strong volume-led earnings growth, and margin expansion during the September quarter (Q2).

The CGD companies saw improvement in margins of 153-460 basis points in the September quarter year-on-year, while volumes grew up to 40 per cent year-on-year, with Gujarat Gas leading the pack. Not surprising then, that their profits rose 25-125 per cent year-on-year in Q2.

The forward outlook remains strong, say analysts. Volume growth is expected to be healthy, led by increased availability of natural gas, as well as rising demand for CNG (compressed natural gas) by automobiles, PNG (piped natural gas) for household and industrial use, more so in the back of pollution control measures.

The government, too, aims to increase the share of gas in India's energy mix to 20 per cent by 2025 from the 6 per cent at present, which — along with the thrust to promote use of natural gas to reduce pollution — provides strong volume growth opportunity for the three listed CGD companies.

This, coupled with the allocation of cheap domestic gas (for CNG and domestic PNG use) and low LNG prices, will help CGD companies to sustain high Ebitda margins, says Abhijeet Bora of Sharekhan.

IGL, led by growth in the national capital region (NCR), use of CNG for inter-city travel, increased conversion to CNG on account of BS-VI implementation, and contribution from newer geographies, is seen reporting good growth, which analysts at Motilal Oswal peg at 10-11 per cent.

The higher volume growth for Gujarat Gas is seen driven by strong industrial sector demand and supplies. For FY20 and FY21, analysts at IIFL expect Gujarat Gas to register 44 and 15 per cent year-on-year volume growth.

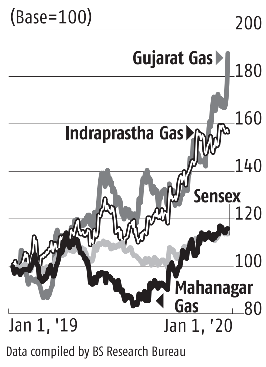
This is due to sustained off-take from the Morbi cluster (given the ban on coal usage); growth in sales to other smaller industrial units upon expnasion of its network and higher off-take from existing players; and stable growth in CNG and domestic PNG sales.

Though MGL may not have won new geographical areas, the management has, nevertheless, guided for 5-6 per cent volume growth.

Rising CNG and PNG demand in Mumbai and pipeline expansions in Maharashtra are likely to drive growth. For MGL, the overhang of stake sale is also over with Shell India having already sold its stake.

As volume growth remains firm, the soft natural gas prices continue driving operating performance and profits for these companies. Foreign brokerages have also upgraded earnings for Gujarat Gas by 13-15 per cent and for MGL by 7-11 per cent for FY20 and FY21.

IGL, too, is amongst top mid-cap picks of some foreign brokerages.



Data compiled by BS Research Bureau

EARNINGS GROWTH TRAJECTORY

	EPS (₹)			CAGR (%)
	FY19	FY20E	FY21E	FY19-21E
Gujarat Gas	6.1	12.7	14.6	54.8
Indraprastha Gas	14.9	16.3	18.8	12.2
Mahanagar Gas	72.4	77.2	82.3	6.6

E: estimates, EPS: earnings per share
Source: Sharekhan Research

Benchmark indices begin new year on a flat note

The benchmark indices started the New Year with a slight gain, as the Sensex rose 52.28 points or 0.13 per cent to close at 41,306.02 on Wednesday. Financials, IT, FMCG, and power stocks advanced.

The broader Nifty closed 14.05 points or 0.12 per cent higher at 12,182.5, with 23 constituents ending in the green.

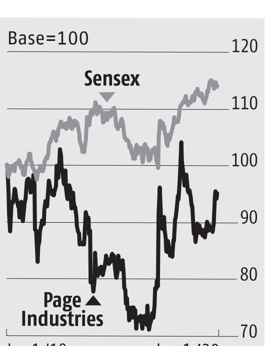
"Indian markets started the new year on a positive note, without much cues on the global front, as markets remained closed. Sentiments remained positive on the report that India's current account deficit narrowed to 0.9 per cent of the GDP, or $6.3 billion, in the September quarter, on account of lower trade deficit," said Narendra Solanki, head of fundamental research (investment services) and AVP (equity research), Anand Rathi Shares & Stock Brokers.

In the broader market, the BSE MidCap and SmallCap outperformed the benchmark indices, rallying up to 0.64 per cent. PTI

THE COMPASS

Page Industries' near-term outlook not comforting

Delayed winter, higher input costs, high base may hurt growth



Compiled by BS Research Bureau

SHREEPAD S AUTE

The Page Industries stock has risen by 7.5 per cent over the last one month, outpacing the Sensex.

The latter has gained 1.3 per cent during the same period. The recent reaffirmation of a good credit rating (AA/A1+) by ICRA and expectations of higher growth of high-margin winter wear in December quarter have turned investor sentiment positive towards Page.

However, these expectations may be realised at least in the December quarter, and may lead to some correction in the stock price.

According to an analyst at a domestic broking house, "Page will continue reporting muted volume growth in the December quarter. Sustained demand pressure and delayed winter are likely to have hurt its volumes. This could wash off the recent gains by the stock."

Page is the Indian maker of popular premium innerwear brand Jockey. The high-margin winter wear products have an approximate share of 20-25 per cent in the company's overall business, according to estimates of some analysts.

The recent price hikes in select products, taken in November and December, as well as the high base in the December 2018 quarter, when volumes grew 12 per cent, will also have a bearing on volume growth figures of the recently concluded quarter. While winter has picked up, growing volumes may not be easy in the challenging demand environment.

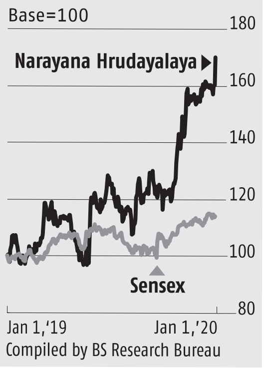
In fact, higher competitive intensity could restrict Page's volume growth even beyond the December quarter. According to Anand Rathi's report: "While competition wasn't credible in the past, the newer competition (Van Heusen from Aditya Birla Fashion & Retail, US Polo Innerwear by Arvind Fashions) is more credible, has sound brand equity and better distribution." Thus, how the company navigates this in the coming quarters would be crucial.

Additionally, prices of key raw materials are still higher, even after the recent correction. This may keep hurting the gross margin, say analysts. In the September quarter, while a lower base, retail schemes, and higher sales incentives by the company had led to volume growth of around 9 per cent, higher raw material cost had resulted in a 145-basis-point year-on-year contraction in Ebitda (earnings before interest, tax, depreciation and amortisation) margin to 19.2 per cent.

Investors should await the management's commentary on volume and margin fronts post December quarter earnings, even as Page's long-term growth potential appears healthy. The stock, which had halved over a year's period ending August 2019 and has seen some rebound thereafter, is still trading at a rich 48 times FY21 estimated earnings.

Improving mix to keep growth intact for Narayana

Return ratios to double over the FY19-22 period



Compiled by BS Research Bureau

RAM PRASAD SAHU

With a jump of 61 per cent, Narayana Hrudayalaya was the best-performing hospital stock last year.

Given the 6 per cent addition to those gains on Wednesday, the rally seems to have more steam left. Investors have been switching from large generic pharma companies (which have been pegged back by compliance issues) to health care service providers, in search of higher returns.

Further, completion of capital expenditure programme, asset light expansions and improving return ratios have led to the switch. For Narayana, in addition to the strong operating performance over the last five quarters, there are additional triggers.

The losses at new hospitals at Gurugram, Mumbai and Dharamshila are expected to come down going ahead. This is due to higher occupancies, scaling up of operations and expansion into new categories.

The three hospitals posted a ₹70 crore loss at the operating profit level in FY19. With utilisation levels improving, the hospitals are expected to turn positive at the operating profit level over the next two years.

The growth in its multi-speciality hospital at the Cayman Islands is another area investors are keeping an eye on.

The hospital targets North American patients given the price difference of treatment at its unit and in the US. The hospital posted a 58 per cent growth in operating profit led by higher utilisation and improving mix. Analysts at Elara Capital believe that the addition of an oncology unit will drive the revenues and profits of this overseas venture.

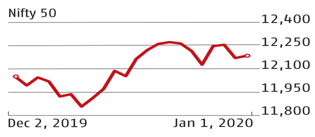
The Cayman subsidiary accounts for a quarter of the consolidated operating profit of the company.

Core growth is expected to continue at its Bengaluru unit where it is adding complex procedures and programmes to boost revenues and improve its mix. Cost control measures and higher share of overseas patients should also help. The company is enhancing its capacity and investing in equipment to offer a wider range of services at its other centres across India.

Analysts at ICICI Securities believe that the company's focus on affordable care and asset right model will improve average realisations and double its return ratios over the FY19-22 period. Given the sharp run up in the stock, investors can look at the same on dips.

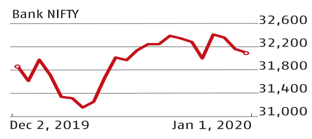
TODAY'S PICKS
BY DEVANGSHU DATTA

Nifty
Current:
12,182 (Fut: 12,252)
Target: **NA**



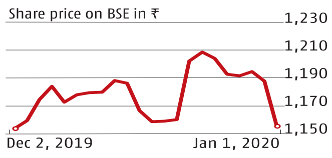
Stop long positions at 12,150. Stop short positions at 12,325. Big moves could go till 12,400, 12,100. A long Jan 16 12,400c (31), short 12,500c (13) could gain 10–15 if the index future tests 12,400.

Bank Nifty
Current:
32,103 (Fut: 32,300)
Target: **NA**



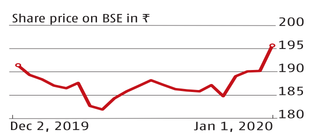
Stop long positions at 32,175. Stop short positions at 32,425. Big moves could go till 32,650, 31,900. No clear trend at the moment.

Titan
Current: **₹1,155**
Target: **₹1,135**



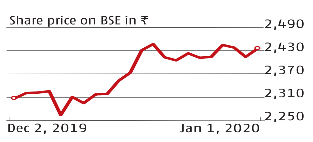
Keep a stop at 1,165 and go short. Add to the position between 1,140–1,145. Book profits at 1,135.

Power Grid
Current: **₹196**
Target: **₹200**



Keep a stop at 194 and go long. Add to the position between 198–199. Book profits at 200.

HDFC
Current: **₹2,434**
Target: **₹2,465**



Keep a stop at 2,410 and go long. Add to the position between 2,450–2,460. Book profits at 2,465.

Target prices, projected movements in terms of next session, unless otherwise stated

ICICI Bank: Investor sentiment on a high

Rising share of retail loans, digitisation, and an abating pool of stressed assets point to improving outlook

SHREEPAD S AUTE
Mumbai, 1 January

With a near-50 per cent gain in 2019, ICICI Bank tops the list of major banking stocks such as State Bank of India, Axis Bank, and HDFC Bank, which have delivered 13-34 per cent returns in this period.

Expectations of greater shareholder value under the leadership of its new managing director and chief executive officer, Sandeep Bakshi, have revived investor interest in the stock, which was reeling from issues relating to management and asset quality around a year back. Going ahead, too, the stock could get further support if expectations of higher return ratios and steady improvement in business and financials materialise.

Increased focus on retail loans, digitisation, and an abating stressed-asset pool are expected to provide an impetus to its return ratios (such as returns on equity and assets) over the medium term. According to analysts at Motilal Oswal Securities, ICICI Bank's return on assets is expected to improve 1.6 per cent by FY21 from around 1 per cent in FY19. The domestic brokerage foresees around a 16 per cent upside in the stock from the current levels, and that is higher than high single-digit returns that many brokerages anticipate. The average target price, according to an analyst poll by *Bloomberg*, indicates an upside potential of about 8 per cent.

Like other large peers, some data points clearly show the bank's upward thrust for retailisation. For instance, the share of retail loans in the loan book has moved up to around 62 per cent as of September 2019 from 48 per cent in 2016 and 57.3 per cent as of September 2018. Also, its low-cost current and savings account (CASA) deposits have risen at a compound annual growth rate of 17 per cent between September this year and the same month in 2016. Although at 46.7 per cent, the CASA ratio is marginally lower than a year ago, it is the second-highest among peers.

A rising branch network (added 346 branches in the September 2019 quarter) and digitisation initiatives are expected to provide good support to the bank's retail business.

Mona Khetan, analyst at Reliance Securities, says: "The unsecured-personal loan segment and credit card, where ICICI Bank has a lower share in the loan book relative to other large peers, would drive its retail loan book growth." Though risks to asset quality cannot be ruled out amid a weak economy, the bank has fared well so far in these segments with improved data history (through assessment tools like CIBIL) and focus on existing customers, she adds.

ICICI Bank's continued investment in technology/digitisation is helping in cost efficiency, including customer acquisition costs. For instance, in the April-September 2019 period, the bank acquired 42-53 per cent of its customers in the personal loan and credit card segments through the digital channel at much lower costs. Focus on technology-led growth across business verticals is likely to help the bank maintain healthy operating metrics.

This apart, the bank's asset quality, mainly the wholesale/corporate portfolio, also looks favourable, and hence can provide a further push to return ratios. Consider this, according to the September 2019 quarter data, ICICI Bank's BB & below-rated (lower rating indicates higher default probability) corporate and SME accounts have further reduced to 2.6 per cent of its advances compared with 4 per cent a year back. Also, the bank's exposure to stressed sectors such as power has also lowered.

According to Motilal Oswal Securities' report of last month, ICICI Bank has navigated well through a challenging macro environment with limited exposure to newly surfaced stressed names. All these factors should help it fare better in terms of slippage (accounts turning bad), overall bad loans, and therefore provisioning *(refer table)*. Most of ICICI Bank's significant subsidiaries such as ICICI Securities, ICICI Prudential Life Insurance, ICICI Lombard General Insurance, and ICICI Prudential AMC are also doing well, and their long-term prospects remain good.

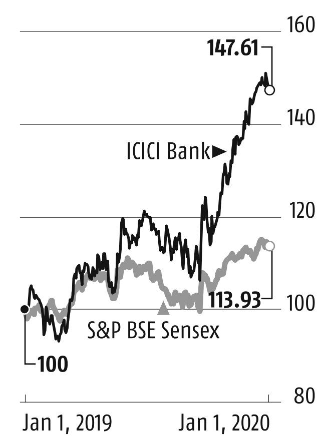
In this backdrop, long-term investors could use corrections to buy the stock, which, despite last year's rally, is currently trading at 2.7 times the FY21 estimated book value compared with three-four times for some other private banks.

STRONG MOMENTUM
Key drivers of return ratios

	FY18	FY19	FY20E	FY21E
Net interest income	2.8	2.9	3.1	3.2
Operating expenses	1.9	2.0	2.1	2.1
Bad loan provisioning	1.7	1.8	0.9	0.6
Return on assets	0.8	0.4	1.1	1.6
Return on equity	6.8	3.2	10.1	15.7

All figures in %; E: estimate
All figures, except for return on equity, are as a percentage of average assets
Source: Motilal Oswal Securities

STREET SMART
ICICI Bank gained 47% in CY19



Industry bats for relaxation of offshore fund taxation rules

ASHLEY COUTINHO
Mumbai, 1 January

ILLUSTRATION: BINAY SINHA

SECTION 9A
- Came into with effect from April 1, 2016
- Aimed at benefiting offshore fund managers of Indian origin managing local units
- Provides for special regime to facilitate location of fund managers of offshore funds to India
- The fund management activity does not constitute business connection in India

Industry players are lobbying for relaxation of rules under Section 9A of the Income Tax Act in the upcoming Budget.

Section 9A, introduced on April 1, 2016, exempts funds from getting taxed in India. Only a fund manager's income or management fee will be subject to tax.

According to current norms, the total investment of a person resident in India, whether directly or indirectly, shall not be more than 5 per cent of the fund corpus. The percentage of resident money has to be specified by way of a declaration to the government as well.

"How do I know if the money I get in the fund is resident money or not, especially if a fund of fund or institution is putting the money? It is virtually impractical to get an investment declaration and/or investor names from them," said Vaibhav Sanghavi, co-CEO, Avendus Capital Public Markets Alternate Strategies, which got the nod for a fund under Section 9A the previous year.

Current norms mandate that a fund-availing Section 9A has to have a minimum corpus of ₹100 crore within the first year of starting operations. Industry players want this time frame to be increased to three to five years.

"It is difficult for funds to garner ₹100 crore within a year if they do not have an established track record overseas," Sanghavi said.

Industry players want offshore funds such as FPIs to be allowed the benefit of safe harbour provisions without the need to satisfy conditions mentioned under Section 9A of the Act. They want the government to clarify that the relaxations provided under this Section to Category I and Category II FPIs, under the erstwhile FPI regulations, would be extended to the two categories under the new two-category regime.

Even after getting a nod, a fund has to wait till the next financial year to start operations, as per existing norms. This means that a fund getting an approval on December 1, 2019 can only start collecting money from April 1, 2020. Funds should be allowed to collect money immediately after getting the necessary approval, experts say.

Several offshore fund managers of Indian origin, who manage the India units of their global portfolios, have been keen to shift to the country as it will enable them to locally connect with bankers, analysts, institutional investors, as well as the company's management.

The shift was not possible because of the adverse tax impact, given that the presence of a fund manager in India could entail business connection, permanent establishment, and tax residence risks for offshore funds.

To address this gap, the Finance Bill, 2015, had introduced Section 9A in the I-T Act, 1961, to provide a safe harbour regime for the onshore management of offshore funds. However, the rules have been onerous and only a few funds have been recently granted approvals under this regime.

The government has been giving concessions to make the shift practically feasible. In May this year, the Central Board of Direct Taxes had clarified that asset management companies (AMCs) approved under Sebi regulations would be considered eligible fund managers under Section 9A. This allows Indian AMCs to directly conduct fund management activity for offshore funds. The government relaxed two minor conditions in the Budget last year.

Route Mobile gets Sebi's nod for IPO

Rajdip Gupta, MD and Group CEO, Route Mobile

Route Mobile has received Sebi's nod to raise an estimated ₹600 crore through the initial public offering (IPO) route. The IPO comprises of a fresh issue worth ₹350 crore and an offer for sale of up to 65 lakh equity shares by the promoters, Sandipkumar Gupta and Rajdipkumar Gupta. Motilal Oswal Investment Advisors, IDBI Capital and YES Securities are the bankers to the issue. The firm plans to utilise the proceeds from the sale towards the repayment of loans and for purchase of premises in London and Singapore, and a business process outsourcing centre in Noida.

SUNDAR SETHURAMAN

Flurys owner files papers for ₹1K-cr IPO

SUNDAR SETHURAMAN
Mumbai, 1 January

Apeejay Surendra Park Hotels, which owns the famous bakery brand Flurys, on Wednesday filed its draft red herring prospectus (DRHP) for a ₹1,000-crore initial public offering (IPO). The company filed its DRHP with the Securities and Exchange Board of India (Sebi).

The IPO comprises ₹400 crore of fresh issuance of shares, along with an offer for sale worth ₹600 crore. The company is planning to use the proceeds of the fresh issue to repay its borrowings.

Apeejay Surendra Park Hotels owns luxury boutique hotels in India under "The Park" brand. At present, it owns and operates 22 hotels in 15 cities across India, with 1,937 rooms. The company's retail food and beverage business segment comes under the brand Flurys. Flurys has 38 outlets in Kolkata and one outlet each in Navi Mumbai and New Delhi. The company is planning to get listed by April 2020. ICICI Securities, Axis Capital and JM Financial are the bankers to the issue.

According to PRIME Database, only 16 companies had come with IPOs in 2019, against 24 the previous year. Even the total amount raised through IPOs shrank to ₹12,362 crore in 2019, almost a third of the ₹30,959 crore raised in the previous year. However, most companies that were listed in 2019 had performed well in the secondary market.

COMMODITIES

PRICE CARD

As on Dec 31	International Price	International %Chg#	Domestic Price	Domestic %Chg#
METALS ($/tonne)				
Aluminium	1,791.0	5.1	1,961.3	-1.4
Copper	6,183.5	8.0	6,500.4	6.6
Zinc	2,315.0	-2.6	2,563.7	-1.8
Gold ($/ounce)	1,521.1*	3.3	1,703.0	3.4
Silver ($/ounce)	18.0*	6.0	20.3	4.5
ENERGY				
Crude Oil ($/bbl)	66.6*	11.2	68.0	11.6
Natural Gas ($/mmBtu)	2.2*	-6.6	2.2	-6.3
AGRI COMMODITIES ($/tonne)				
Wheat	193.6	13.3	307.2	4.6
Sugar	361.2*	4.9	487.7	-1.2
Palm oil	775.5	50.6	1,215.3	43.5
Rubber	1,635.8*	13.0	1,835.2	4.5
Cotton	1,535.5	16.6	1,593.0	-3.4

* As on Dec 31, 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 71.4 & 1 Ounce = 31.1032316 grams

Notes:
1) International metals, Indian basket crude, Malaysia Palm oil, Wheat LIFFE and Coffee Karnataka robusta pertains to previous days price.
2) International metal are LME Spot prices and domestic metal are Mumbai local spot prices except for Steel.
3) International Crude oil is Brent crude and Domestic Crude oil is Indian basket.
4) International Natural gas is Nymex near month future & domestic natural gas is MCX near month futures.
5) International Wheat, White sugar & Coffee Robusta are LIFF E future prices of near month contract.
6) International Maize is MATIF near month future, Rubber is Tokyo-TOCOM near month future and Palm oil is Malaysia FOB spot price.
7) Domestic Wheat & Maize are NCDEX future prices of near month contract, Palm oil & Rubber are NCDEX spot prices.
8) Domestic Coffee is Karnataka robusta and Sugar is M30 Mumbai local spot price.
9) International cotton is Cotton no.2-NYBOT near month future & domestic cotton is MCX Future prices near month futures.

Source: Bloomberg Compiled by BS Research Bureau

Nepal import batters Darjeeling tea prices

AVISHEK RAKSHIT
Kolkata, 1 January

Unchecked flow of Nepal tea into India has taken a big toll on the Darjeeling variety with its prices falling 20-25 per cent last year.

Orthodox tea, imported from Nepal and commonly known as Himalayan tea, is similar to the Darjeeling variety in taste, aroma and flavour. However, Nepal tea is over 50 per cent cheaper than the tea from the hills of northern Bengal.

Industry officials alleged that buyers, primarily operating in the loose leaf market, have been procuring this tea.

A section of dishonest traders have been passing Nepal tea as Darjeeling, which is a protected and has a Geographical Indication trademark. Legally, tea from Nepal can be freely imported by anyone in India under the free-trade agreement.

While Darjeeling tea, in bulk sales, is priced anywhere between ₹320 and ₹360 per kg on an average, the orthodox variety of Nepal tea is not even half that price. In 2019, prices of Darjeeling tea had been down by ₹70-80 per kg.

"It is not possible for the consumer to understand if he is drinking Nepal or Darjeeling tea as both are so alike in taste, aroma and flavour. Some deceitful sellers pass on Nepal tea as Darjeeling variety," an official from a tea company with estates in Darjeeling said.Industry sources said as much as 16 million kg (mkg) of Nepal tea enters India every year. Of this, around 3-4 mkg are of the orthodox variety.

It is this tea variety that affects the produce from Darjeeling. Particularly, the Ilam variety of Nepalese tea is the closest substitute of Darjeeling tea in terms of looks, flavour and aroma.

Even experts and tea connoisseurs find it hard to differentiate between the two.

"There have been some malpractices going on with Darjeeling tea, particularly in the domestic market. This has been pulling down the price realisation of Darjeeling tea," an industry official said.

In fact, for the Goodricke Group, which has gardens across West Bengal as well as Assam and produces some of the top quality teas from these areas, prices of Darjeeling teas fell by 18 per cent while prices of Assam and Dooars teas rose by 3 per cent and 1.5 per cent, respectively.

Although similar, most of the tea from Nepal is uncertified with no pesticide and residue declaration, while 70 per cent of the 87 estates in Darjeeling are certified organic.

Rough estimates pegged the loss to the Darjeeling tea industry (including bulk and retail sales) around ₹120 crore every year on account of the uncanny substitution of Nepalese Illam tea as Darjeeling tea.

Industry officials estimated that the Darjeeling tea industry's annual market size, estimated to be around ₹600 crore, could have crossed ₹700 crore had Nepalese tea not played spoilsport.

One of the costliest teas in the world, Darjeeling's Indianised camellia sinesis is produced in limited quantity at just above 8 million kg (mkg). Quality and limited availability of this tea keeps the average prices higher than the Assam or Nilgiri varieties. "However, price is bound to fall if supply of this variety increases in the domestic market; and it is here that Nepal or Himalayan tea is playing a spoilsport," a planter from Darjeeling said.

The Darjeeling Tea Association (DTA) has blamed the inferior quality this year for the dwindling prices.

According to Kaushik Basu, secretary general at DTA, the quality of the produce hasn't been up to the mark this year owing to erring weather conditions and a disruption in the pruning cycle.

"Apart from a demand-supply mismatch, owing to availability of Nepal tea, the demand from quality buyers has fallen as well," Basu said.

Industry sources estimated that there has also been a 10-12 per cent drop in exports of Darjeeling tea this year. This has kept prices muted.

Rise in poultry, mutton prices on winter demand

DILIP KUMAR JHA
Mumbai, 1 January

The price of poultry products and mutton have risen by up to 20 per cent in a month, due to a sudden increase in consumer demand with a record fall in temperature this winter.

Mutton is retailing here at ₹600 a kg, from ₹500 a kg about a month before. That of broiler chicken is ₹150-160 a kg, as compared to ₹130 a kg earlier.

The demand for mutton, chicken and eggs normally increases with onset of winter. The minimum temperature in Delhi was three degress celsius two days ago, the lowest for that day for a century.

"Demand for mutton is also coming from South Indian states; supply from Rajasthan and Maharashtra was insufficient," said Shahnaz Thanawala, president, Bombay Mutton Dealers Association. A large number of dealers are reported to have come from South Indian states to buy a large quantity of goat meat. "Since they are lifting huge quantities and their quest continues, availability has become scarce for local consumers," said a dealer here.

Some retailers say goat supply from Maharashtra has declined after the killing of a large number of animals in the devastating floods last year

A couple of retailers say goat supply from Maharashtra has declined after a large number of animals died in the devastating floods last year.

Prices of chicken, fish and eggs have also risen sharply. That of fish and organic chicken have risen by 15-20 per cent, and of broiler chicken and eggs by 12-13 per cent across the country.

Tandoori chicken in Delhi is now ₹98 a kg, from ₹73 a kg in early December. The National Egg Coordination Committee says the price is ₹515 for 100 numbers in Mumbai, from the earlier level of ₹496 per 100.

"The cost of poultry production has jumped significantly due to a sharp increase in feed prices. All feeds — soybean, maize, oilmeal, bajra — have become costlier by 15-20 per cent in the past few months. With less working capital available from banks, small poultry farms have turned uneconomical and have closed," says Ramesh Khatri, president, Poultry Federation of India.

He says the cost of broiler chicken production is now ₹85-90 a kg, as against ₹65-70 a few months before.

WagonR comes of age, revs up for the next-gen

Space and staying power fire the pitch for Maruti Suzuki's brand refresh for its 21-year-old car. Is this enough to keep it at the wheel another decade?

T E NARASIMHAN
Chennai, 1 January

The first few years were a bumpy ride for this 'tall boy' on Indian roads, when it first launched in 1999. But WagonR soon overcame the hurdles, pushing hard with sustained television campaigns and by using familiar faces as endorsers. All of this, plus design adaptations to appeal to a wide set of buyers, soon catapulted the car into the league of star brands from the Maruti Suzuki stable. Now as WagonR turns 21, in the first year of a new decade, the car that once found its niche among young car buyers is looking at ways to keep the faith with a whole new batch at the wheel.

A brand refresh is underway. It kicked off with creating more space, making the car lighter on the road and new-look interiors and lights. A campaign, currently playing out on television and digital platforms, is positioning WagonR as a family car for young households.

The new car, Shashank Srivastava, executive director, marketing and sales, Maruti Suzuki India (MSIL) says, has been positioned as a powerful brand inside-out, with strong looks and stronger character. The efforts appear to have paid off, over a lakh units of new WagonR were sold in less than a year since the new and upgraded model hit the road. In comparison, after its launch in 1999, it had taken WagonR five years to clock the same numbers.

By undertaking these measures, the brand is driving down familiar roads. Srivastava says WagonR with its bold looks and spacious interiors has continued to be the most loved tall-boy car in the country. Ranojoy Mukerji, an automotive writer and analyst believes that Maruti played a trump card with the WagonR when it introduced the brand in the Indian market. The space it offered was a key selling point.

No wonder then that the same values are driving the brand refresh. Is that wise though? Car buyers are not lining up for the familiar, and while looks and space still matter, they want their brands to serve a higher purpose. The challenge would be to adapt to the new demands without losing its core promise.

It has done so in the past. When WagonR launched, the boxy design set up a jarring tone in the fleet of sleek models that were rolling out around the same time. And then a year later, sales were cannibalised by sibling brand Alto that went on to become a runaway success within a year of launch. After an advertising blitz that highlighted WagonR's spacious interiors and the strength and stamina of its engine, sales began inching up. In 2017, WagonR hit the 2-million cars sold mark. Since then, four lakh more buyers have jumped on to the wagon.

The company had to work hard to ensure that the tall-boy design found acceptance. A former employee who was involved with the WagonR launch and marketing says the company stepped up its communication and engagement activities to create the connect, experience and reliability with the customers and to communicate the benefits of this uniqueness in shape and the overall value the car offered. Regular updates helped too.

The company measures it success by the fact that over 25 per cent are repeat buyers. "All three generations of WagonR have received widespread acceptance because it has kept pace with changing times and is constantly being upgraded," says Srivastava.

"WagonR, with its new positioning has reached a stable position for MSIL and going forward our endeavour will be to target new customer segments, to further strengthen the brand," says Srivastava. To do that the brand may need to spin a new story too.

REAR VIEW

Over the years, the Wagon R has been refreshed 4 times. In 2006, 2010, 2013, and 2019. In 2019, the car has got much bigger and with a lot more space inside, gained a 1-litre engine as also an automated manual transmission or an auto gear shift

- 1999 WagonR launched with tall boy design
- 2004 reached 100,000 sales milestone
- 2006 launch of WagonR Duo LPG
- 2010 launch of second-generation WagonR & CNG variant
- 2017 reaches 2 million-mile stone
- 2019 Introduction of new WagonR

FROM PAGE 1

New projects surge in Dec qtr

Finance Minister Nirmala Sitharaman chalked out a ₹102-trillion infrastructure investment plan on Tuesday, with some of it already in progress.

Infrastructure projects currently face multiple headwinds, according to the Report of the Task Force on the National Infrastructure Pipeline, released on the last day of the year.

"The major constraints faced are availability of funds for financing large projects, lengthy processes in land acquisition and payment of compensation, environmental concerns, time and cost overruns due to delays in project implementation, procedural delays and lesser traffic growth than expected increasing the riskiness of the projects resulting in stalled or languishing projects and shortfall in funds for maintenance," it said.

It has sought to address some of these issues through financial sector reforms such as promoting the development of bond and credit markets, better monitoring mechanisms, and creating an enabling environment overall through ironing out environmental and sustainability issues.

I-T vets...

The spokesperson said, "NRTT made an application for FCRA registration in December 2015. As part of the application process, the Trust was supposed to detail the activities of the previous three financial years, 2012-13, 2013-14 and 2014-15."

Tata Trusts further said that, in any event, the 12A registration is a non-issue in so far as the FCRA application is concerned. The rules governing such an application do not mandate a requirement that a Trust should be registered under section 12A of the I-T Act. In fact, the eligibility criteria for grant of registration under FCRA requires that an association should be registered under any one of The Societies Registration Act,1860, or The Maharashtra Public Trust Act,1950 (the Navajbai Ratan Tata Trust is registered here), or the Indian Trust Act, 1882, or under Section 8 of the Companies Act, 2013. Therefore, any implicit suggestion that the Trust was making a false declaration to get FCRA status is grossly incorrect. In any case NRTT does not have an FCRA registration, the statement added. On the issue of exit tax introduced in 2016, which the Trusts claimed is not applicable on the ground that they surrendered the registration a year ago, it said, the Trust from the financial year 2014-15 onwards has been filing its income tax returns on the basis that it has surrendered its 12A registration. But the charitable character of the Trust has not changed. Therefore, the question of applying 2016 tax provisions, whether on merits or from the standpoint of date of applicability, does not arise.

The NRTT in the FCRA application had also given a short synopsis of the various activities involving advancement of the education in economy, sanitary science and arts or for the relief of human suffering or for other works of public utility. It said that Trust is to help various institutions and individuals without any distinction of caste or creed anywhere in India.

'We've seen healthy growth in term loans'

What is your assessment of the inter-creditor agreement (ICA) framework under the June 7 circular?

There are 34 accounts where an ICA has been signed. If we leave out Dewan Housing Finance (DHFL), then in the January-March quarter we are hoping that we won't see any surprises on the asset quality front. Of the 34 accounts, 21 are already non-performing assets (NPAs) and that constitutes a major chunk of the bad assets. SBI has an exposure of ₹57,000 crore in the 34 accounts and the entire banking system would have an exposure of around ₹2 trillion.

Is the ICA working?

The framework is alright. What we feel is it is difficult to resolve a company within six-seven months. So, for the ICA to function properly, at least nine to 10 months should be given. But if the resolution doesn't happen within the prescribed time, then we cannot refer all the companies to the National Company Law Tribunal (NCLT). Now, lenders are taking a conscious call on what will be the recoveries if an account is referred to the NCLT.

Do you think the Insolvency and Bankruptcy Code (IBC) has been successful?

I am very satisfied with the IBC after the Essar Steel judgment. Foreign investors will also come back. We have seen foreign direct investment of more than ₹42,000 crore in Essar Steel from ArcelorMittal, which is positive for the economy and the banking sector, as there will be further investments in that company. RattanIndia too has seen foreign investors coming in. We are seeing many resolutions happening. In December itself, we saw four — Essar Steel, Ruchi Soya, Prayagraj Power, and RattanIndia. Most probably Jaypee Infratech will be resolved by March. Then we may have Bhushan Power and Steel, Alok Industries, and Reliance Communications.

Are concerns about the asset quality of non-banking financial companies (NBFCs) stabilised?

Yes, NBFCs have substantial exposure to the real estate sector. Realtors who were holding on to inventory are now trying to get rid of them. There have been price corrections across several geographies. The National Capital Region has a lot of problem, but there is not so much of a problem in Bengaluru, Hyderabad, and Chennai.

So, it is true that there is huge inventory build-up, but this is not new. Now, the new launches have become less and some of the inventory is also getting cleared up. So, this will bring stability to the demand-supply problem.

Do you see any immediate concern from the telecom sector?

I wouldn't say we are not concerned. We have a large exposure to that sector. So, as long as the issues are not sorted out in the sector, there will be concerns.

Pharma industry...

Jayant Tagore, owner of Synthokem Laboratories and a member of the executive committee of the Bulk Drug Manufacturers' Association of India, said, "This has been one of the longstanding demands of the industry and is much needed. The bulk drug industry is largely seen as polluting, and expansion of manufacturing units has been difficult," he said.

Ankleshwar in Gujarat was declared critically polluted in 2009 and there was a moratorium on setting up fresh units or expansion of existing ones till 2016. The Gujarat Pollution Control Board has initiated strict action after the NGT declared the two industrial estates of Ankleshwar and Panoli in Bharuch critically polluted in 2019.

More on www.business-standard.com

BS SUDOKU # 2937

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SOLUTION TO #2936

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2	3	5	4	6	9	8	1	7
4	7	3	1	2	5	9	6	8
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HOW TO PLAY
Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

Choose the right financial advisor

You are spoilt for choice, but understand every aspect of the model before investing

BINDISHA SARANG

Nowadays, registered investment advisors (RIAs), financial planners, financial advisors, wealth managers, and even money doctors are pretty much tossed around and used interchangeably. But while each could claim giving you sound financial advice, they would be using an entirely different model for doing so. And, what may work for your co-worker may not necessarily work for you. If you are looking to focus on your money life in 2020 and wondering of all the options out there, read on.

Sebi-RIAs: When it comes to money management, there are basically two models used by those providing the service; fee-only and fee-based. RIAs follow the former. As per the fee-only model, RIAs charge a fee for the consultation service. The amount of fee you need to pay depends on the service you avail. Some RIAs charge a flat fee; some may even charge a percentage of the assets under advice. The range could be between ₹5,000 and ₹1 lakh a year, but some could also ask for more. Mrin Agarwal, financial educator, money mentor and founder of Finsafe India, says, "Sebi, mandates a fiduciary responsibility on Sebi-RIAs. This helps in making RIAs accountable to their clients and work only in their best interests." There are several services RIAs offer, right from investments advice, tax planning, monitoring investments, rebalancing as per need, and providing periodic reports on investment performance, among others. Many offer liability management and restructuring assistance. Keep in mind when it comes to investing in mutual funds, they always offer the direct route.

■ Good for investors seeking specialised services, and the situation is complex. You want to meet your financial advisor in person.

Online and app-based RIA: For instance, Mobikwik, Kuvera and Paytm Money, to name a few. Most of the online and app-based RIA is in the form of investment platforms which offer direct plans for mutual funds at zero commission. Backed by technology, many of these platforms have goal-based, risked-based customised mass advice for goal planning, tax optimisation or portfolio rebalancing. Gaurav Rastogi, CEO and Co-Founder, Kuvera.in says, "Our AI-led advisory engine learns from over 11 million transactions to create effective nudges for our investor to make the right decisions. Your advisory needs changes over time and our platform handles that and provides the right guidance at the right time. For first-time investors, we have simplified the KYC and investment process – made it jargon-free and simple. We nudge them to plan for specific goals and build a goal-driven asset allocation."

Online RIAs do not charge a commission since they only help you transact through direct plans from MFs. However, for additional services, they may charge an additional fee, based on the type of service and duration.

■ Good for investors who want help in investing for financial goals like retirement, but don't want or can't afford a complete life financial plan.

Traditional advisors/planners: These earn a commission from the products they sell to you. Some even charge a flat fee, as well as the commission model. They pretty much follow a distributor model and are registered with AMFI, have IRDA and all other certifications needed for selling financial products. Many are agents, sub-broker for financial product distributors. Some are certified financial planners, too; many CFPs might charge extra for writing a complete financial plan. Keep in mind that many CFPs also follow a fee-only model.

■ Good for investors seeking a financial advisor at a lower cost than a fee-only advisor. If you need a written life financial plan, a CFP is may perhaps be better equipped due to the rigour of qualification and certification.

Online advisors/planners: These are again investment platforms that sell financial instruments and get a commission for the same. Take, for instance, Groww.in, Happyness Factory and Scripbox.com, to name a few. Lalit Keshre, Co-founder and CEO, Groww says, "We can provide scalable solutions at low prices. For instance, some services like mutual fund investing are free of cost on Groww." Happyness Factory is a goal-based financial planning platform and free to use. According to its website, "The schemes are recommended to you, taking into account the time frame and risk potential of your investments." Most online advisory/planning platforms provide commission disclosures. Scripbox.com doesn't charge any fee to the investors. According to their website:" We earn a small fee from the mutual fund companies for the additional services we provide to our investors."

■ Good for investors seeking to invest for broader financial goals like retirement, but don't want or can't afford a complete life financial plan.

As far as direct plan investing platforms go, no one bothers to read their privacy policy. Remember, there isn't a thing as a free lunch. Thirdly, even online advisors websites cannot customise exactly when you need. It will always be mass-customised advice. So, you might not even get a choice of certain funds.

You are surely spoilt for choices, but choose the model which you think is most suitable for you. Assess how much you are willing to pay and if you need a regular connection with the planner or prefer a buy- and-forget approach. Most importantly, understand every aspect of the model you choose before you start investing for a more prosperous 2020.

COST OF ADVICE

Type	Type of fee	Amount
Registered investment advisors	Fee-only	5,000–100,000
Online RIAs	Direct plans	Zero
Independent financial advisors*	Commission based	0.02% to 1.70%
Online investment platforms*	Commission based	0.02% to 1.70%

Footnotes: Usually in this range but commissions may vary from time to time. Source: Websites

Ease of doing business for NRIs

FRANKLY SPEAKING

HARSH ROONGTA

Recently, I received a call from a client, namely Nitin. He is an Overseas Citizen of India based in the UK. The income tax department, through an email, had asked him to link his PAN number with Aadhaar before December 31, 2019, or his PAN would be made inoperative. Despite my assurance that he would not be affected, as he was anyway not eligible for an Aadhar card, he was worried that his PAN would be made inoperative, making it difficult to operate his Indian bank accounts.

I mollified him that the PAN number cannot be made inoperative without following a process mentioned in Section 139AA (2). And an online search revealed that no such process had yet been notified. However, the provision to make PAN inoperative was to be made effective from December 31, 2019, itself (since extended to March 31, 2020).

There seems to be a fundamental flaw in the way some of the income tax provisions are administered that hurts non-resident Indians' (NRI) real estate investments in India. Let's take two examples.

When an individual rents a property from an Indian resident, there is no tax deduction at source (TDS) unless the rent exceeds Rs 50,000 a month. And if it does so, the TDS of 5 per cent of the annual rent is payable as a single payment. However, if the landlord is an NRI, the tenant needs to register for TAN, deduct tax and pay the TDS every month and file quarterly TDS returns. Since the rate of TDS is unclear, so most tenants would just deduct 42.744 per cent (the maximum marginal tax rate in India). Many NRI property owners simply declare themselves as a resident in the rental agreement. The tenant also agrees because he cannot find out officially whether the landlord is an NRI or not.

Buying or renting a property from an NRI faces more difficult tax processes like setting up a TAN account, among others

Similarly, when somebody purchases a property in India (over Rs 50 lakh) from a resident seller, the buyer must deduct 1 per cent (of the gross amount) TDS and pay it to the department. However, when such a property is purchased from an NRI, then apart from all the steps outlined above for rent, the buyer must compute the actual capital gains on the sale by asking the buyer details of his cost price and verify it and deduct long-term capital gain tax with the highest possible surcharge. Many buyers simply deduct 28.50 per cent and leave it to the seller to claim the appropriate refund.

When asked about such ridiculous TDS requirements, the tax department points to the provisions allowing either the buyer or the seller to obtain a certificate for lower deduction at source. This process has also been made electronic, they claim. But this makes it difficult for any NRI to sell property in India.

There is no reason why the TDS provisions are not bought within the ambit of this self-certification and automatic payment (without the requirement to register for TAN). The real estate can get a leg up from NRIs, and simplification of rules will promote some investment.

The writer is a Sebi-registered investment advisor

BUDGET: ₹50 LAKH –₹1 CRORE

REALTY CHECK

Business Standard **brings you a snapshot of average current rates and unit sizes in localities that offer property in the price range of ₹50 lakh–₹1 crore. If you are looking at buying real estate, an idea about prevailing rates would come in handy**

	Avg price (₹/sq ft)	Avg unit size (sq ft)
BHOPAL		
Hoshangabad Road	3,510	1,823
Kolar Road	2,584	2,382
Salaiya	3,571	1,804
Ayodhya Bypass	2,948	1,872
Misrod	3,000	1,984
Bawadiya Kalan	3,891	1,852
Airport Road	3,583	1,615
Shahpura	2,930	1,900
COIMBATORE		
Trichy Road	5,025	1,483
Saravanampatty	4,052	1,626
Vadvalli	4,100	1,535
Peelamedu	5,003	1,308
Ganapathy	4,704	1,448
Ramanathapuram	5,258	1,464
GN Mills	3,600	1,527
Selvapuram (South)	4,100	1,351
INDORE		
Nipania	3,486	1,989
Bicholi Mardana	3,216	2,035
Snehlataganj	3,178	1,845
Ring Road	3,575	2,020
Sanwer Road	3,290	1,898
Piplyahan	4,007	2,112
Vijay Nagar	3,432	1,726
Bicholi Hapsi	3,300	1,955
LUCKNOW		
Vrindavan Yojna	3,792	1,669
Gomti Nagar Extension	4,111	1,609
Gomti Nagar	7,391	1,005
Faizabad Road	3,514	1,697
Sushant Golf City	4,231	1,621
Sitapur Road	4,151	1,568
Arjunganj	4,000	1,410
Kanpur Road	3,511	1,747
SURAT		
Vesu	4,369	1,648
Palanpur	3,642	1,788
Pal Gam	3,340	2,414
Mota Varachha	3,710	1,765
Althan	3,800	1,906
Sarthana	3,377	2,021
Uttran	3,637	2,058
Adajan	4,819	1,547
VADODARA		
Vasna Bhayli	3,135	2,236

Note
- The ticket price range considered for the above data points is between ₹50 lakh and ₹1 crore
- All the data points discussed in the above table refer to primary market only
- Above residential data set comprises of residential apartments only
- Above residential data is representative of organised real estate developers only
- The top performing micromarkets based on sales during last year (November–2018 to October–2019) is represented on the above table
- Data points are updated till October 2019

Source: PropEquity

Ways to get unclaimed bank deposits

Ideally, you have only three accounts. One for salary and two for investment and expenses

BINDISHA SARANG

Any guesses what do the numbers 47 million and ₹14,307 crore stand for? They are the number of accounts with banks which have unclaimed deposits. In other words, this is the amount lying idle in Indian banks, and they do not include regional rural banks, according to the Reserve Bank of India's data released last week. Says Ranjit Dani, Nagpur-based Certified Financial Planner (CFP), "There are a couple of reasons for such dormant or inoperative accounts. One is a change of job. With every new job, you get a new bank account. The older one is not closed, but left unused, at times even forgotten for years together. Second, when people had passed away but failed to inform family members of their accounts when they were alive." If you haven't done any transactions in your account for more than 12 months, then it will become an inactive account. And if you don't do any transactions from a bank account for 24 months, then it will be classified as dormant. As per RBI guidelines, there is no difference between dormant accounts and inoperative accounts.

These dormant/ inoperative accounts come with their own set of issues; in fact, there is even certain kind of risks attached to such accounts. Firstly, money in an unused account would earn four per – lower than the consumer price index of 5.54 per cent in November. If invested in Public Provident Fund account, the returns would have been 8.65 per cent. Dani says, "Such accounts can be an easy target for dishonest bank employees for siphoning and embezzlement of funds. These can also be used for money laundering actives." Lastly, banks charge ₹250-₹750 a year to maintain inactive accounts. Mostly they adjust it from accrued interest. Plus, you might have to pay the penalty, in case you don't keep a minimum balance.

How to get unclaimed money: The Reserve Bank of India has mandated banks to publish a list of inactive or inoperative accounts for ten years or more on the bank's website. Adhil Shetty, CEO Bankbazaar.com says, "The first step is to check the inactive account details. If you are the account holder yourself, you would need to submit the unclaimed deposits claim form along with a valid identity and address proof document. If you are the legal heir, you will need to submit the death certificate along with the unclaimed deposits claim form and identity and address proof. Note that you will need to provide the originals to the bank for scrutiny." The bank will review the claim, and once approved; it will follow the usual claim settlement process.

If you don't claim: If these are not claimed for ten years or more, then this money would be transferred to the Depositor Education and Awareness Fund (DEAF) according to an RBI mandate. Shetty says, "Nevertheless, account holders can still claim the money even after it has been transferred to DEAF. The total amount payable will include the unclaimed amount plus the accumulated interest paid by that specific bank. The money would continue to earn interest." For Fixed Deposits (FDs), the remaining proceeds of unclaimed FDs will earn the savings account rate of interest starting from the date of maturity. Keep in mind that the interest on savings bank accounts is credited irrespective of whether the bank account is operative or dormant.

Ideally, you should have not more than two accounts, apart from the salary account. These will be your primary accounts. Dani says, "As soon as salary hits your salary account transfer funds into two other savings accounts, one for expenses and the other which will work as an investing account." Make all your expenses from the former and all investments from the latter. Dani says, "That way you will be able to consolidate all your financial data systematically.

YOUR MONEY

CRORES LYING IDLE

Type of banks	No of accounts	Amount outstanding (₹ cr)
Public sector banks	4,24,13,775	12,075.71
Private sector banks	51,29,927	1,851.56
Foreign banks	3,76,213	376.97
Small finance banks	29,193	2.43
Local area banks	9,030	0.53
Total	**4,79,58,138**	**14,307.19**

Footnote: Data relate to deposit accounts in India, which have not been operated upon for 10 years or more; Current Account, Savings Account, Fixed Deposits, Other Deposits along with interest credited and incidental chrages. Source: RBI

TIPPING POINT

Plan for your children through MFs

A proper plan for children's education is, perhaps, more important than a retirement plan for many families. Mutual fund houses cater to this need also. There are a large number of mutual fund schemes that offer children's plans. A snapshot of the top five performers.

TOP PERFORMERS (In %)

Fund name	YTD returns	Expense ratio
Axis Children's Gift Direct Growth	14.72	1.07
LIC MF Childrens Gift Fund Direct Plan	13.86	1.39
ICICI Prudential Child Care Fund (Gift Plan) Direct Plan	9.34	1.77
HDFC Childrens Gift Fund Direct Plan	8.07	1.27
UTI CCF– Investment Plan Direct Income Payout	7.86	1.93

Source: Morning Star

READER'S CORNER

FINANCIAL PLANNING

KARTIK JHAVERI

I have an 18-year-old daughter. I am divorced, and she stays with my spouse. I started investing in LIC's child plan in my daughter's name when she was 2. I paid the last premium last year. The policy is due for benefit in the upcoming year, but I don't want to give her the money anymore. What can I do?

You can receive the proceeds in your name. You have to approach the insurer and execute what is known as an absolute assignment. By doing so, you will now become the owner of the policy, and therefore will be entitled to receive all the benefits from the policy as well as the maturity amount.

I am a retired senior citizen. I got ₹1.5 crore from my port authority job and will start getting a pension of ₹75,000 a month. My wife earns ₹1 lakh a year. We have three sons, all abroad and settled. Our household expense is ₹30,000. How do I invest this money?

It is visibly apparent that you will not need to invest the money for any income generation. Even after your wife stops earning, you will still have more than adequate cash for your household expenses. Inflation is not a worry at the moment as your income is way above your monthly expense. As you move along, your incremental monthly surplus as well as wife's monthly surplus may be invested into liquid/short term fund or fixed deposits. These additional investments will help you take care of inflation after about ten years or so. Meanwhile, from the lump sum of Rs 1.5 crore that you have, invest about one crore into a combination of good quality company deposits and high-yielding bonds. From the interest of this money, you can start enjoying the rewards of your earnings. The balance Rs 50 lakh should be invested in good quality bluechip equity shares for generating additional wealth.

We are a live-in couple in the mid-30s. How should we work out of everyday finances? We both earn around the same amount, i.e. ₹1.75 lakh a month.

You earn the same amount of money every month, so it's easy for you to divide your everyday expenses equally. Spend everything similarly; that should be your way forward. However, your financial commitments, such as loans and investments, should be done independently. You may nominate each other mutually if you like, Please ensure that you make a Will so that in case of any eventuality, one partner's resources can help the other. Remember you cannot freely transfer or give money to each other as gifts as you are not legally married. If you do so, severe income tax repercussions could follow.

I am 42 years old and single with a salary of ₹86,000 a month. I have a total debt of ₹6.25 lakh — ₹1.5 lakh gold loan, ₹75,000 credit card, and ₹4 lakh borrowed from family. My rent is ₹30,000, my car EMI is ₹20,000. I want to start a business and need a business loan. My credit score is 871.

You are rapidly running towards a financial crisis. You have already borrowed way beyond you can afford, you are intending to borrow even more and to do a business you may be sacrificing a steady income from your salary. This is not a good situation to be in. In my view, your primary objective should be to reduce your debt, start repaying people, move into cheaper accommodation, consider using uber & public transportation, eliminate the car EMI, spend a little lesser and build a little bit of business kitty by investing into recurring deposits and fixed deposits. You will be able to focus and fully enjoy business when you have a little bit of a backup of financial stability behind you.

The writer is director, Transcend Consulting. The views expressed are the expert's own. Send your queries to yourmoney@bsmail.in

Consumer behaviour in the 2020s

Themes that will dominate

ABHEEK SINGHI
MD & senior partner; head, consumer & retail practice
BCG Asia Pacific

It may seem impossible to write an article on future consumer trends without using the words AI, big data, digital. However, this article aims to do that since consumer trends are not only driven by technology. At one level, human beings are essentially the same, globally. At another level, each individual is different. Similarly, while basic consumer needs do not change dramatically in a few years, the pace of change has accelerated more than any time in the past. We explore a few themes that are likely to impact consumers and businesses in the years ahead.

Low trust & radical transparency

Trust deficit is high. World over, consumers trust governments, organisations and brands less than any other time in recorded history. A research by Pew revealed that Americans' trust in the government is lowest in 60 years. Another study showed that only one third of the consumers globally felt that they could trust the brands that they are buying.

The same study showed that brands that earn consumer trust reap the benefits disproportionately. This trend of trust deficit *and* greater rewards to brands that are purposeful and authentic shall continue. Radical transparency could be one way to convince the consumers and build that trust. A concept first articulated by Ray Dalio of Bridgewater, it has been embraced by the likes of Patagonia and Fitbit — in one case to share what and how they source their raw material and in another to share how they use consumer data.

Simplicity in times of complexity

The world creates a mind-boggling amount of data with each passing day, hour and minute across various platforms. IBM estimates that 2.5 quintillion bytes of data are created every day. The number of TV channels in India has increased from 1 to 1,500 plus in the past 40 years. The number of brands and SKUs is in thousands and millions respectively. Spotify offers 50 million songs and Netflix 10,000 plus movies. In short, a consumer has lots of choice.

At the same time, multiple research suggest that no consumer really wants 300 million SKUs or 1,000 plus brands. She wants, what I call, "narrow spectrum" choice. The twin trends of greater complexity (supply driven) and desire for simplicity (consumer driven) are going to co-exist and increase. The two ways to break this compromise is through hyper-personalisation and curation. This would require consumers to share their personal data— which could become a challenge in times of trust deficit!

Loners & communities

If there is one thing that can be predicted with high degree of certainty, it is population. In the past three decades, the population has increased from 5.2 billion in 1990 to 7.5 billion by 2019 and expected to increase by another 500 million in the next decade. At the same time, the extent of nuclear families and singles has continued to increase. India now has close to 70 per cent of households as nuclear families while half of American adults are unmarried and about 15 per cent live alone. At the same time, several studies suggest that loneliness is on the rise (though technically speaking living alone and being lonely are correlated but distinct social conditions)

One of the basic human needs is belongingness, fulfiled by being a part of a family or a group. In the absence of familial groups, "tribes" are going to get formed on shared experiences, likes and dislikes. Communities are going to become increasingly important and could be online or in real world— or most likely spanning both.

Blurring boundaries & co-creation

Imagine ordering a pizza (medium sized, thin crust, onion and capsicum topping, extra cheese) from Domino's or *amakai handvo* from Swati Snacks on Swiggy. Or getting a woollen suit made from Raymond (or Brioni) made to measure service. Are these products or service or both? The consumer is executing such activities in a truly hybrid environment, amidst multiple channels of purchase and fulfilment; in a media environment that is also complex and convergent;

In each of the situations above— the consumer is involved in creating the final offer. It could be something as simple as specifying the pizza to the last spec or discovering the latest design with the tailor at Raymond. When consumer needs are unique in this hybrid environment, those who engage and involve the consumer in co-creating the final offer are likely to be winners. And for those who can involve the community in the co-creation would win the jackpot.

The consumer trends of the future are not going to be clean and linear. They are going to be at times contradictory (loners and community, complexity and simplicity); they are going to be interlinked with each other (personalisation and data sharing, low trust). Organisations that appreciate the non-linearity and interconnectedness will start at an advantage. Those who can break the compromise with the right use of technology, data and most importantly, human empathy and intelligence stand a better chance to survive and thrive.

Some tricky predictions

In collaborative systems, the role of the users may switch between "consumers" and "producers"

PRAKASH SANGAM
CEO
redBus

A few decades ago, Samuel Goldwyn had said "Only a fool would make predictions, especially about the future". I am very much in sync with this classic Goldwynism and would stay away from grand pronouncements. Nevertheless, I am curious enough to think and make observations about certain trends and postulate how they are likely to pan out over the next few years. Embarking even on this limited exercise is tricky when it comes to a fast evolving space such as the "sharing economy".

Over the last few years, sharing economy has been a much used and abused term. For starters, it is important to unpeel what it truly is and what it isn't. Sharing economy is the mutual value derived by two or more parties from an underutilised skill or asset that is shared using technology as the means of exchange. In its truest form, it is characterised by promoting consumption of underutilised assets and through building community connections. In such collaborative consumption systems, the role of the users could be either that of "consumers" or "producers" of the resource and the roles could also shift from one to the other. Most of us are familiar and likely users of content platforms such as YouTube and Instagram where we can be both producers as well as consumers of content. Another example of collaborative consumption that we are all familiar with are the peer-to-peer or customer-to-customer classifieds platforms starting with Craigslist, ebay and lately, OLX.

The two companies that truly put the term sharing economy on the map are Uber and Airbnb

But the two companies that truly put the term sharing economy on the map are Uber and Airbnb. Both Uber in transportation and Airbnb in accommodation began as classic sharing-economy models. Uber allowed people to offer their unutilised cars in their free time as cabs to ferry others while Airbnb enabled users to offer their spare rooms to "guests". While Airbnb advertising has emphasised "people, places and community"; Uber, whose business objective was to become a reliable daily alternative to taxis, squarely positioned itself on pricing, reliability and convenience. This has over time led to these models veering more towards the "access economy".

As some of the large technology platforms come under increasing scrutiny for workforce, practices in the gig economy, taxation and regulatory permits, not respecting user privacy, it is likely to lead to a movement for self-organising and self-regulating sharing platforms.

Now that we have established the principles of sharing economy and access economy, let's move on from Bitcoins to more mundane matters such as our daily commute. Our cities in India are amongst the most traffic congested in the world. The answer to this vexed issue is "shared mobility". All public transportation is shared mobility. However, the number of buses in our cities are woe-fully inadequate. Most cities have chosen to go with capital-intensive metros which leave us with the problem of unconnected areas and last-mile commute.

However, ride hailing albeit through technology, is not ride sharing as the pooling concept has not quite taken off. And with the gradual withdrawal of subsidy, as commuters are now exposed to the full cost of access including the car, fuel and driver, the danger is that it would lead to negative network effects. Demand would come down owing to higher prices and as supply starts seeing fewer rides and lower subsidies, they are likely to pull off from the platform leading to deterioration in quality of service.

In Bengaluru, for a regular day at non-peak time, average fare per km to be paid by a commuter for a non-AC bus is ₹2.50, for an AC bus, it is ₹6, for auto rickshaws, ₹13, popular app for ride hailing is ₹17. It is evident that there is a big need gap for affordable and convenient commute options at a price point that is in-between public transport and auto rickshaws. There is a very good opportunity of providing a viable alternative through classic collaborative consumption model by way of car and bike pooling where a person could be both a ride taker and a ride giver.

The other alternative is to dramatically reduce the cost of access for on-demand rides. This can happen by moving to two-wheelers and removing the cost of the driver or by promoting ride sharing on fixed shuttle routes. Many scooter rental start-ups are experimenting with different models to arrive at the right trade-off between price, convenience and unit economics. This has the potential to solve the last mile commute in a big way, there-by promoting the use of public transport.

More on www.business-standard.com

Demystifying the next frontier

Modern platforms will have to address the vernacular, voice and credit barriers

JEYANDRAN VENUGOPAL
Chief product & technology officer
Flipkart

Deepika lives in a nondescript village in Chaibasa district of Jharkhand and runs a small grocery store. Educated till Class 8 in a school where the medium of instruction was the local language and in a district marked by low internet infrastructure and literacy, she is among the several million citizens that new-age companies are aiming to bring online. However, it's easier said than done.

That's because Deepika is among the next 200 million citizens who will be very different from those who've formed the e-commerce user base so far. While the first set of e-commerce inhabitants were mostly from the top metros with access to formal education and affinity to smart devices, the Bharat consumers come from smaller cities and are likely to be less affluent with poor access to formal credit. This user base also faces structural roadblocks in the form of evolving internet infrastructure coupled with anxiety to shop on e-commerce platforms.

However, this cohort (smaller cities) will contribute nearly 70 per cent of incremental users by 2022, according to various industry reports, with women and youth being a key segment that expects more personalisation, hand-holding throughout their e-commerce journey and most importantly, want services in their local language. They will also expect voice-based services to overcome the challenge of inputting the product information incorrectly and rightly so. Today, almost 30 per cent of all searches in India are already voice-based, and this is expected to increase rapidly. Voice commerce also helps build confidence within consumers as they won't have to worry about making spelling mistakes and avoid awkward social situations. Hence, internet platforms will have to innovate to address the vernacular, voice and credit barriers.

This demystification of e-commerce through the above initiatives is essential to get Bharat consumers to try e-commerce through the three phases of consumers' lifecycle — inspire, nudge and hand-holding. Inspiration is a key propeller towards attracting citizens towards trying out something new. Here, social commerce plays a pivotal role as it inspires and offers a social validation to one's selection, thereby aiding the purchase process. This, coupled with video-based offerings for cataloguing, seller connect etc., will be essential to make Bharat consumers learn more about the products and get inspired. Such offerings will also enable them to experience products first and keep them engaged even if they are not ready to make a transaction.

Assisted buying bots will be more crucial than ever in helping consumers navigate through products

Another crucial component of making e-commerce universally acceptable is having a local language interface, particularly for a country like India with 22 scheduled languages. This implies having a mix of translation and transliteration to offer a local language interface in a manner that is much more colloquial. For instance, a Bharat consumer would be more comfortable searching for "formal shoes" in its transliterated version in a Devnagri script instead of a pure translation of "*aupchaarik joote*". Concerted efforts should be put on to make it available in other major languages such as Tamil, Telugu, Gujarati etc., to truly make e-commerce acceptable.

While local-language interface and social commerce are considered the pillars of bringing the Bharat consumers online, they will require a nudge and hand-holding in their purchase journey. Here, assisted buying bots will play a pivotal role in helping them navigate through scores of products and help identify the one which best suits their needs and desires. This becomes essential to emulate the offline retail experience where a salesperson helps the consumer make a purchase. This, complemented by AI-backed voice interface brings in inspiration, convenience and offers a more immersive e-commerce experience.

Such AI-backed systems will also help in the discovery of new products, which otherwise will be difficult for this cohort to find. From advising on buying complementary products to predicting future purchases based on purchase history will assist the Bharat consumers in demystifying e-commerce. However, it's important to offer such abilities across platforms with the same speed and agility and hence, the technology needs to be lite.

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A role reversal on the cards?

With customised content and smart technologies, TV might reclaim some ground it conceded to smartphones

AVNEET SINGH MARWAH
Director & CEO
Super Plastronics Pvt Ltd

Back in 2016, we felt it was the most important year for us as it was the year when smart TVs started gaining the market share. But now, the year 2020 will become one of the most important years as the smart TV ecosystem is getting matured with various new technologies that will disrupt the market and we will see many brands trying to establish themselves in India with the right kind of content for enhanced customer experience.

The biggest disruptor will be AI or Artificial Intelligence. After every few years, there is a big transition of technology, which first started with the PC, then web, then mobile and now AI. AI will play a very vital role in your smart TVs as it will enable the TV to become the hub of your home. You will be able to connect all your devices via AI. Through smartphones, you will be able to connect your laptops, speakers, home security, etc and all your other smart devices and with AI, you will be able to watch all your favourite movies. And why just movies? You will get all the latest news, current temperature and with the integration of Google maps, you will know how much time it will take to reach a destination etc. It is a revolutionising technology that will enable the world to be available at your fingertips or rather at the tip of your tongue. There are 11 new languages being introduced in Google assistant for the people who are not user friendly in typing the command to watch their favourite content in smart TVs. This will also be very helpful to them as this removes the language barrier that stops customers from using the voice command option to search their content.

In a recent survey, it showed that 30 per cent of Indians do not want to write to search their content but through AI and the voice command, they will now be able to enjoy their favourite content. In 2020 we expect Hindi and a few more other local languages to be also included to help people further. With the help of AI, your smart TV will be able to tell you the latest related content that you would want to consume, which will help save a lot of time. In a smart TV, people normally scroll down to 20 to 25 per cent content with whatever average content they can get but with this, you will be able to see that the smart TV is running against time and you'll be able to utilise your time better.

All OTT players are now developing content to provide better experience on larger screens

Another survey conducted by Nielsen in the US showed that a large number of the audience prefers to watch their favourite content on smart TVs and people in the United States have started watching content for more than four hours on TVs and less than two hours on smart phones. I feel when the technology really matures in a few years, India will also try to adapt the same kind of behaviour. I also feel that in 2020, the viewing hour of content on TV will increase and it may also surpass smart phone. Till 2018, most of the content that was available was, only for smaller screens, but with smart TVs first and then with the integration of android TVs, the experience of content on a larger screen has improved.

All the OTT players are now developing content for larger screens and for all the content, they are putting designs for the large screen since user

experience is always better compared to the small screen.

As android TVs have the maximum market share in India in terms of certified TVs, it is estimated that they will have 1.1 billion subscribers by 2024. So, you can imagine the kind of integration that is required to switch a consumer from smart to Google TV stores. Currently, Google offers 5000 games and application and in 2020 there will be more than 7000 applications and games for televisions that android will provide.

Another technology that we are looking forward to is the Cloud technology.

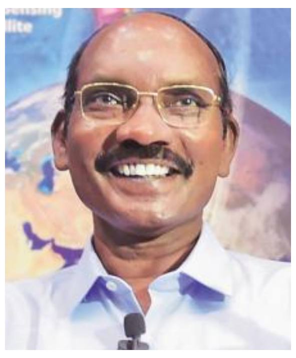
More on www.business-standard.com

Chandrayaan-3 next year, 4 chosen for Gaganyaan

PEERZADA ABRAR
Bengaluru, 1 January

The year 2020 is going to be very crucial for the Indian Space Research Organisation (Isro) for two of its most important missions — Gaganyaan, the Indian human spaceflight programme, and Chandrayaan-3, the third lunar mission.

Isro Chairman K Sivan on Wednesday said the organisation has identified four astronauts who would be part of the Gaganyaan mission and their training would start from the third week of this month. The astronauts were selected based on the results of the medical examinations including fitness tests conducted at the Institute of Aerospace Medicine (IAM) a premier institute of the Indian Air Force and in Russia.



Isro Chairman K Sivan said the four astronauts have cleared fitness tests at IAM and in Russia. They will start training this month PHOTO: PTI

"They are all from the Indian Air Force. Now the training of astronauts will begin in the third week of January in Russia," said Sivan.

Isro has set up a Human Space Flight Centre in Bengaluru to help make the country's maiden manned space mission a success. Gaganyaan, an Indian crewed orbital spacecraft is intended to be the foundation of the Indian Human Spaceflight Programme.

In its maiden crewed mission, it will send three astronauts to orbit the Earth at an altitude of 400 km, for up to seven days. Gaganyaan is a ₹10,000-crore project and the space agency has kept a target to conduct the mission by 2022.

It will, however, conduct two unmanned missions before that. This includes sending a humanoid robot resembling a human to display the ability to send humans into space and bringing them back safely. "We are sending humanoid to simulate the (impact) on humans," said Sivan.

The mission involves building expertise in areas such as space medicine, astronaut health monitoring, life support, radiation protection, space debris protection and personal hygiene systems. The mission would help to conduct several experiments for applications related to areas such as microgravity, bioscience and space operations. The agency has sought an allocation of ₹14,000 crore from the Centre in the budget for 2020-21.

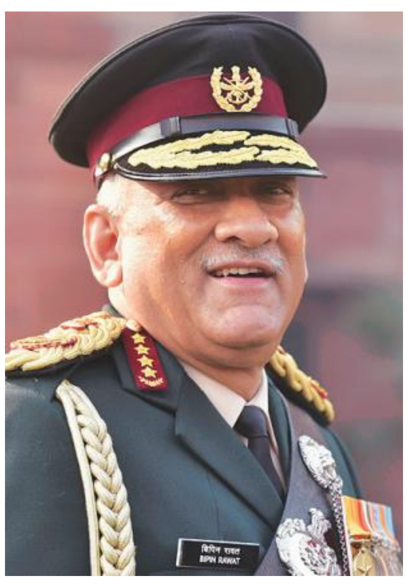
Chandrayaan-3

Isro is aiming another attempt for a soft landing on the moon with Chandrayaan-3 by 2021, but without an orbiter. Sivan said Chandrayaan-3 mission to the moon, comprising a lander and a rover, has been approved by the government and activities for its realisation are in progress.

TRAFFIC JAMS, PROTESTS AND FIREWORKS MARK NEW YEAR

A huge crowd gathered at India Gate in New Delhi on Wednesday to celebrate the beginning of the New Year. The visitors were joined by those protesting against the Citizenship (Amendment) Act, leading to massive traffic jams. On New Year's Eve, dazzling fireworks were witnessed across the country, with millions holding celebrations throughout the night PHOTO: DALIP KUMAR

India has a chief of defence staff: Here's what Bipin Rawat can do



Chief of Defence Staff Gen Bipin Rawat inspected the Guard of Honour at South Block in New Delhi on Wednesday. He said the armed forces stay away from politics, and work in line with the directives of the government PHOTO: PTI

AJAI SHUKLA
New Delhi, 1 January

On New Year's Day, the Army got its 28th chief, General Manoj Mukund Naravane, and the military its first Chief of Defence Staff (CDS), General Bipin Rawat.

Congratulating Rawat, who he described as "an outstanding officer who has served India with great zeal", Prime Minister Narendra Modi tweeted: "This institution (CDS) carries tremendous responsibility of modernising our military forces."

Modi also acknowledged that the Ministry of Defence (MoD), as it earlier existed, was short of military domain expertise. He tweeted: "Creation of the Department of Military Affairs (DMA) with requisite military expertise and institutionalisation of the post of CDS… will help our country face the ever-changing challenges of modern warfare."

Several questions remain, however, over Rawat's role and functions.

Is the CDS the commander of all three services — Army, Navy, and Air Force?

Yes, at a purely ceremonial level. In rank and salary, Rawat will remain the equal of the Army, Navy, and Air Force chiefs, with the government having notified the CDS in "the rank of a four-star General with salary and perquisites equivalent to a Service chief." However, he will also be the ex officio permanent chairman, Chiefs of Staff Committee (PC-COSC) — a body that includes all three Service chiefs.

As its permanent chairman, Rawat will be the first among these equals, like an elder in a gentlemen's club. However, the government has specifically stated: "CDS will not exercise any military command, including over the three Service chiefs."

Rawat's second and more consequential role, from where he will draw substantive power over the Services, will be as head of a new DMA in the MoD. In this capacity, he will oversee substantive matters relating to the three Services, including promotions, postings, and foreign assignments. This will translate into enormous clout.

Who will be senior, the CDS or the defence secretary?

In rank, precedence, and salary, Rawat — like the three Service chiefs — will be senior to the defence secretary, since Service chiefs are the seniority equivalent of the Cabinet secretary.

Traditionally, the defence secretary, who heads the Department of Defence, enjoys greater importance than the MoD's other four secretaries — who head the Department of Defence Procurement, Defence Research and Development, Ex-servicemen Welfare, and Defence Finance. In the allocation of business rules, the defence secretary is responsible for the 'defence of India'.

Though the defence secretary has shed many of his responsibilities to the DMA, he retains responsibility for the defence of India and for making defence policy. He also remains responsible for all capital procurements from the defence budget. It is likely that, while the CDS will be nominally senior to the defence secretary, the latter will remain more influential.

Is the appointment of a CDS a masterstroke that will achieve defence modernisation?

As CDS, Rawat can improve tri-service coordination and economise by eliminating duplication of military resources and facilities. He can also improve the military's operational readiness by prioritising procurement of more urgently needed equipment. However, while obtaining more bang for the buck, he can do little about the primary obstacle to modernisation — which is a defence budget that is under 16 per cent of the central government's expenditure. This is inadequate for equipping the military with sufficiently modern weaponry. Nor is the defence allocation likely to rise in absolute terms, given the current 4.5 per cent economic growth rate.

Is the appointment of a CDS likely to achieve the creation of battle-ready, tri-service military commands, from the current 17 single-service commands?

The government has formally given the CDS the task of 'restructuring of military commands for optimal utilisation of resources by bringing about jointness in operations, including through establishment of joint/theatre commands'.

This would greatly improve the operational posture of the three Services and create a culture of integrated tri-service operations. However, there is deep institutional resistance to creating theatre commands, especially from the Air Force. Asked on Wednesday whether he would be able to change entrenched mindsets, Rawat was cautious. "That is something we will have to study. We will work with the three Services and I am sure we will come out with a mechanism that will suit the Indian system. We don't have to copy systems (of tri-service integration) from other countries. We will do what suits us best," said Rawat.

In 2001-02, a Group of Ministers recommended that a CDS be appointed to serve as a single-point military advisor to the government. Has that been achieved?

Not really. The CDS notification states he "will act as the principal military advisor to Raksha Mantri on all tri-services matters. The three chiefs will continue to advise Raksha Mantri on matters exclusively concerning their respective services". This compromise serves a dual purpose. It reduces resistance within the three Services to creating a CDS, by preserving the three chiefs' access to the Raksha Mantri. At the same time, it reduces the government's reliance on a single-point advisor. The Army, Navy, and Air Force chiefs would be able to provide the Raksha Mantri with greater domain knowledge about their respective Services, allowing the CDS to focus on tri-service coordination.

800,000 pay tribute at Koregaon Bhima war memorial

PRESS TRUST OF INDIA
Pune, 1 January

Two years after caste clashes marred the Koregaon Bhima battle commemoration event in Pune district of Maharashtra, at least 800,000 people on Wednesday visited the "Jaystambh" (victory pillar) in Perne village on the occasion of the 202nd anniversary of the historic battle in a peaceful manner amidst heavy security.

No untoward incident was reported throughout the day at the event which passed off peacefully, officials said.

As a precautionary measure, internet services in and around Koregaon Bhima remained suspended for the day. Services were resumed in the evening.

"The entire programme of commemoration took place as per our plans. We wanted this entire event to be free of any dispute or incident, and it happened as per the plans," Pune district collector Naval Kishore Ram said.

Police officials put the number of people who have visited the victory pillar at 800,000.

Elaborate security was also maintained at historic Vadhu Budruk village, located near Perne.

The district administration and police officials held a string of meetings with villagers in the area over last one month to put in place the confidence-building measures to ensure peaceful commemoration of the 202nd anniversary of the January 1, 1818 battle.

In early morning, Maharashtra Deputy Chief Minister Ajit Pawar, Vanchit Bahujan Aghadi (VBA) president Prakash Ambedkar, Union minister Ramdas Athawale and several other leaders visited the 'Jay Stambh'. Violent clashes had broken out in the area around Koregaon Bhima on the 200th anniversary of the historic battle on January 1, 2018, in which one person was killed and several others were injured.

Pune superintendent of police Sandip Patil said local residents cooperated with officials to ensure that the event passes off peacefully.

Smarter by the previous experience, police had made elaborate security arrangements in the area.

"Apart from a large number of police personnel, companies of State Reserve Police Force (SRPF), teams of Bomb Detection and Disposal Squad (BDDS) were deployed in the area," a police official said, adding that drone cameras were also used to monitor crowd.

As part of preparations, ample space was provided for installing stalls where various souvenirs and other items were sold, he said.

Talking to reporters after visiting the victory pillar, Ajit Pawar said he offered tributes on behalf of the people of Maharashtra.

"This pillar has history and every year lakhs of people come here. Some untoward incidents took place two years ago, but the government is taking utmost care and elaborate police bandobast has been made here to ensure that no untoward incident takes place," he said.

Pawar urged people visiting the site to maintain peace.

"I appeal to people to come here and offer their tributes, but also maintain peace and do not believe in rumours," the senior NCP leader said.

As per the Dalit narrative, around 500 soldiers from the dalit Mahar caste, who were part of the British Army, defeated forces of Peshwas (who were Brahmins), in the 1818 battle.

Every year, lakhs of people, especially Dalits and those from Ambedkarite movement, visit the Jaystambh on January 1 to pay their respects.

Pawar said Maharashtra has a tradition of maintaining peace and harmony.

2 soldiers martyred along LoC

Two soldiers lost their lives as army personnel battled heavily armed terrorists, foiling an infiltration bid by the ultras on New Year's day along the Line of Control (LoC) in Rajouri district of Jammu and Kashmir. The infiltrators were intercepted in Khari Thrayat forest in the wee hours when they were trying to sneak into India from Pakistan-occupied Kashmir (PoK), a defence spokesman said.

"In the intervening night of December 31 and January 1, a contact was established with infiltrators in a forest in Naushera Sector. The heavily armed terrorists retaliated and in the ensuing exchange of fire two soldiers of the Indian Army were critically injured and later succumbed," Army's Public Relations Officer said here in a statement on Wednesday.

PTI

ONGC gets cracking at Panna-Mukta field

PRESS TRUST OF INDIA
New Delhi, 1 January

State-owned Oil and Natural Gas Corp (ONGC) has begun an exercise to shed excess cost at the Mumbai offshore oil and gas fields of Panna-Mukta, whose control it regained after two and half decades and has already saved ₹1 crore in the shipping cost.

ONGC has changed the contract for bringing oil produced from the fields lying in the Arabian Sea to land, resulting in saving of about $5,000 per day, sources with direct knowledge of the development said.

It is expecting an upside in production too after a reappraisal.

Sources in the know said the previous operators, Shell India and Reliance, had engaged a floating storage and transportation vessel from Mercator Ltd for shipping oil.

Soon after taking over the field last month, ONGC changed the shipper to state-owned Shipping Corporation, resulting in saving of about $5,000 per day, they said adding the saving totals to ₹1 crore-plus.

Sources in the know said the company will lay a small undersea pipeline soon to completely do away with the requirement of hiring ships for transporting oil to land.

ONGC had originally discovered the Panna-Mukta and Tapti (PMT) oil and gas fields in the Arabian Sea off the Mumbai coast in the early 1990s. These were, however, taken away from the company and in 1994 awarded to a consortium of US energy giant Enron and Reliance Industries. ONGC as a government nominee was given 40 per cent back-in rights.

Enron during its bankruptcy was taken over by BG Group of UK in 2003. BG Group's interest was subsequently taken over by Shell in 2016.

The 25-year production sharing contracts for the PMT fields expire this week and Reliance and Shell had decided not to seek an extension for Panna-Mukta fields, resulting in them being reverted to ONGC on December 21, 2019.

Reliance and Shell-owned BG Exploration and Production India) held 30 per cent stake each in PMT.

The Tapti fields had ceased production earlier in 2016 and the Tapti process platform facilities were handed over to ONGC (Government of India nominee) in 2016.

Sources said ONGC sees an upside in oil and gas production from the Panna-Mukta field which it will firm up after doing a reappraisal of the reserves.

The fields produce about 10,000 barrels of oil per day and 4 million standard cubic meters per day of natural gas.