

SUNDAY, 20 JANUARY 2020
12 pages in 1 section
MUMBAI (CITY)
₹10.00
VOLUME XIII NUMBER 45



WORLD P8
CORONAVIRUS TOLL AT 41 IN CHINA, 99
MORE INDIANS UNDER OBSERVATION

WORLD P9
UNSPOKEN CHARGE THAT MAY
DOOM TRUMP AT SENATE TRIAL



PUBLISHED SIMULTANEOUSLY FROM BENGALURU, KOLKATA, MUMBAI AND NEW DELHI

MAHINDRA, VENU
SRINIVASAN WIN
PADMA BHUSHAN



Anand Mahindra (left) and Venu Srinivasan
Former union ministers Arun Jaitley, Sushma Swaraj and George Fernandes were conferred the Padma Vibhushan on Saturday. Industrialists Anand Mahindra and Venu Srinivasan were awarded the Padma Bhushan, while Naukari.com founder Sanjeev Bikhchandani, and industrialist Bharat Goenka were awarded the Padma Shri.

THE PADMA AWARDEES P12

IN DEPTH
The mental burden
of protests



An unseen consequence of the resilience seen on India's streets is the toll on young minds, writes NIKITA PURI

RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 241 companies (results available of 282)

SALES			
Dec 31, '18	23.3%	₹3.81 trillion	
Dec 31, '19	0.9%	₹3.85 trillion	
PROFIT BEFORE TAX			
Dec 31, '18	10.4%	₹62,551 cr	
Dec 31, '19	14.1%	₹71,387 cr	
NET PROFIT			
Dec 31, '18	10.4%	₹46,522 cr	
Dec 31, '19	20.0%	₹55,848 cr	

Companies with zero sales excluded; given the change in corporation tax rates, to give a fair comparison the profit before tax has been considered; compiled by BS Research Bureau Source: Capitaline



Business Standard wishes its readers on the occasion of the 71st Republic Day

No edition
There will be no edition of the newspaper on Monday (January 27) as the offices of Business Standard will remain closed on account of Republic day. The e-paper of the newspaper can be accessed at epaper.business-standard.com.

Slowing sales may add to inventory pile up

SACHIN P MAMPATTA
Mumbai, 25 January

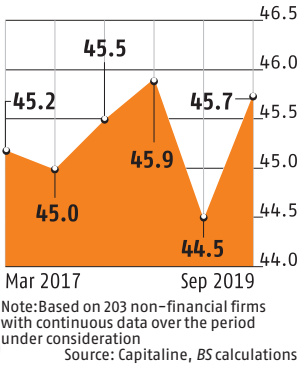
Reduction in net sales growth has raised concerns over the level of inventories with companies. This is because the data on sales comes in the backdrop of an increase in the average number of days companies took to clear their inventory (called days' sales of inventory).
Days' sales of inventory had fallen at the beginning of 2019-20 (FY20), indicating improving sales momentum, but reversed in September, rising to 45.7 days compared to 44.5 days in March. This is based on a sample of 196 S&P BSE 500 companies (excluding financials and oil & gas) with continuous data since at least September 2009.
Net sales growth for the quarter ended December (Q3FY20) was 4.5 per cent on a

year-on-year (YoY) basis for companies that have declared their results so far, compared to an 8.4 per cent rise in the first half of the financial year. This indicates that there could be a further rise in days' sales of inventory.
The data on companies' inventory, a balance sheet entry, is only reported on a half-yearly and annual basis and is not available for Q3.
Indian corporate houses could not cut inventory levels in line with lower sales growth seen in September, despite the fall in capacity utilisation, said Deepak Jasani, head of retail research at HDFC securities. "December quarter could be flat in terms of YoY sales and, hence, unless inventory levels have corrected, the ratio would continue to be adverse," he said.
The inventory turnover ratio, a measure of how well companies turn invento-

ON THE RISE
Average days to sell inventory



ry into sales, fell to 8 in September 2019 compared to 8.2 in March. A higher ratio indicates that a company is selling goods faster.



The Reserve Bank of India noted in its Monetary Policy Committee (MPC) meeting that capacity utilisation was at 68.9 per cent in the September quarter, drop-

ping from 73.6 per cent in the previous quarter. Seasonally adjusted numbers also showed a decline.
"Seasonally adjusted CU (capacity utilisation) also fell to 69.8 per cent from 74.6 per cent during the same period," RBI said, according to the minutes of the MPC meeting. Apart from sectors like pharmaceuticals and steel, auto is among the sectors that contributed to higher inventory levels, accounting for over 15.5 per cent of the total value of inventory in the corporate sector.
The transition to Bharat Stage (BS) VI emission norms requires automakers to manufacture vehicles with lower particulate emissions. This requires engine tweaks that make their old inventory obsolete, leading to the possibility of selling existing inventory at a discount.

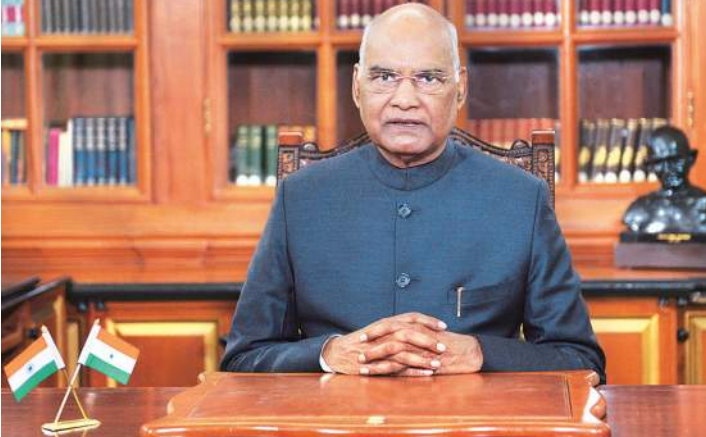
Turn to Page 4

Power to decide rests
with people: President

Says everybody should stick to Constitutional methods

ARCHIS MOHAN & PTI
New Delhi, 25 January

In his customary address to the nation on the eve of 71st Republic Day on Saturday, President Ram Nath Kovind appealed to the youth to remember Mahatma Gandhi's message of *ahimsa*, or non-violence, "when fighting for a cause" and B R Ambedkar's advise to "hold fast to constitutional methods" of achieving social and economic objectives.
The President's comments come amid nationwide protests against the Citizenship (Amendment) Act. For over a month now, protesters across the country have held aloft the photographs of Gandhi and Ambedkar as their guiding lights.
Kovind said Gandhi's talisman for deciding whether an act is right or wrong also applies to the functioning of our democracy. He said the government and Opposition both have important roles to play. "While giving expression to their political ideas, both must move forward in tandem to ensure that development of the country and welfare of its people are promoted consistently," the President said.
He also recalled the words of Ambedkar. "If we wish to maintain democracy not merely in form, but also in fact, what must we do? The first thing in my judgment we must



"WE REMAIN COMMITTED TO ENGAGING THE GLOBAL COMMUNITY TO BUILD A SECURE AND PROSPEROUS FUTURE FOR OURSELVES AND FOR THE ENTIRE HUMANITY"

RAM NATH KOVIND, PRESIDENT

do is to hold fast to constitutional methods of achieving our social and economic objectives," Kovind said, quoting Ambedkar.
Kovind said modern India comprises of three organs — legislature, executive and judiciary — which are necessarily interlinked and interdependent. "Yet, on ground, the people comprise the State. 'We the People' are the prime movers of the Republic. With us... rests the real power to decide our collective future," he said.

In his televised address, Kovind said the current decade will be "the decade of the rise of New India and a new generation of Indian". He said with advances in technology, youth of today are better informed and more confident. "The next generation remains strongly committed to the core values of our nation. For our youth, the nation always comes first. With them, we are witnessing the emergence of a New India," he said.

Turn to Page 4



ICICI BANK PRE-TAX PROFIT RISES 187%

ICICI Bank reported a 187.32 per cent jump in its profit before tax (PBT) at ₹5,465 crore in the third quarter of the financial year 2019-20 (Q3FY20), helped by substantial growth in interest and other income, lower provisions and the resolution of Essar Steel. The private sector lender had posted PBT of ₹1,902 crore in Q3FY19.
Net profit rose 158 per cent to ₹4,146 crore in the quarter, from ₹1,605 crore in Q3FY19. Net interest income of the lender saw an uptick of 24.29 per cent at ₹8,545 crore in Q3FY20 compared to ₹6,875 crore in Q3FY19.
The net interest margin stood at 3.77 per cent in Q3FY20 compared to 3.64 per cent in the quarter ended September 30, 2019 (Q2FY20).

3

FPIs to seek clarity on
debt default resolution

RAGHU MOHAN
New Delhi, 25 January

Foreign portfolio investors (FPIs) are likely to seek clarity from the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (Sebi) on the recourse available to them in case of defaults in their corporate debt portfolio.
This comes after the central bank hiked the short-term investment limit for FPIs in both corporate and government debt, last week, to 30 per cent from 20 per cent.
FPIs do not come under the RBI's June 7 circular on stressed asset resolution, which covers banks, term-financial institutions, small finance banks, and non-banking financial companies (be they deposit taking entities or otherwise). Thus, FPIs can't be a part of the inter-creditor agreement (ICA), which is the first step towards finding a resolution under the June 7 circular before a company is referred to the National Company Law Tribunal (NCLT).
"We may now have a situation where, in the case of a default, FPIs and other secured lenders pull in different directions. We saw this happening after the default on Dewan Housing Finance (DHF) debentures with mutual funds (MFs) and banks taking opposing views," said an investment banker.
"It is one thing to say that FPIs had never sought clarity on the resolution route available to them earlier, another that you are now not to have recourse under the June 7 circular, which was not part of the equation. And that leaves only the NCLT as an option," said a top corporate lawyer.

Turn to Page 4



SEARCH FOR VISIBILITY

- FPIs find no mention in RBI's June 7 circular for stressed asset resolution; position akin to off-shore lenders
- Option for FPIs in case of default is the National Company Law Tribunal
- FPIs and secured lenders may pull in different directions in a default situation
- MFs and banks took opposing views in the Dewan Housing Finance case
- FPIs may not want to be represented via debenture trustee in resolution cases

Pay Google if you have a warrant for data

NOTICE OF REIMBURSEMENT

\$45
Assistance Provided: Production of basic subscriber information
Type of legal process: Subpoena

\$150
Assistance Provided: Production of records or other information associated with a Google account identified by a valid Google identifier
Type of legal process: Order



PRIT: Pen register and trap and trace
Source: The New York Times

\$245
Assistance Provided: Production of communications content, records or other information, and basic subscriber information associated with a Google account identified by a valid Google identifier
Type of legal process: Search warrant

\$60
Assistance Provided: Assistance with installation or use of PRTT
Type of legal process: PRTT order

\$60
Assistance Provided: Assistance necessary to accomplish interception
Type of legal process: Wiretap order

The tech giant has begun charging US government agencies for access to users' information

GABRIEL JX DANCE
& JENNIFER VALENTINO-DEVRIES
25 January

Facing an increasing number of requests for its users' information, Google began charging law enforcement and other government agencies this month for legal demands seeking data such as emails, location tracking information and search queries.
Google's fees range from \$45 for a subpoena and \$60 for a wiretap to \$245 for a search warrant, according to a notice sent to law enforcement officials and reviewed by The New York Times. The notice also included fees for other legal requests.
A spokesman for Google said the fees were intended in part to help offset the costs of complying with warrants and subpoenas.
Federal law allows companies to

charge the government reimbursement fees of this type, but Google's decision is a major change in how it deals with legal requests.
Some Silicon Valley companies have for years forgone such charges, which can be difficult to enforce at a large scale and could give the impression that a company aims to profit from legal searches. But privacy experts support such fees as a deterrent to overbroad surveillance.
Google has a tremendous amount of information on billions of users, and law enforcement agencies in the United States and around the world routinely submit legal requests seeking that data. In the first half of 2019, the company received more than 75,000 requests for data on nearly 165,000 accounts worldwide; one in three of those requests came from the United States.
©2020 The New York Times News Service
Turn to Page 4

IN BRIEF

Maruti Suzuki launches sports variant of Ciaz sedan at ₹10 L

The country's largest carmaker Maruti Suzuki India (MSI) on Saturday launched Ciaz S, the sports variant of its premium mid-sized sedan Ciaz, priced at ₹10.08 lakh (ex-showroom Delhi). The firm said it has introduced BS-VI compliant Ciaz priced between ₹8.31 lakh and ₹11.09 lakh. This will be its 11th offering complying with the stricter emission norm, ahead of its implementation from April 1. "With over 270,000 happy customers and record 29 per cent market share in its segment, Ciaz is popular for its impactful exteriors, sophisticated interiors and strong performance. There was a latent need from our sedan loving customers for a Sporty version of Ciaz," MSI Executive Director (Marketing and Sales) Shashank Srivastava said in a statement. Ciaz S fulfils that need and it adds a sporty quotient to the premium mid-sized sedan, appealing to the customers desiring "the good life", he added. **PTI**

Alliance Air to start Kolkata-Jharsuguda flight from Jan 27

Air India's regional arm Alliance Air said Saturday it will start from Monday its flight service to Jharsuguda in Odisha from Kolkata. The daily direct flight services on the Kolkata-Jharsuguda-Kolkata sector will be operated under the central government's regional connectivity scheme Udan, the airline said in a release. **PTI**

Bhutani Infra gives ₹500-cr contract to BL Kashyap

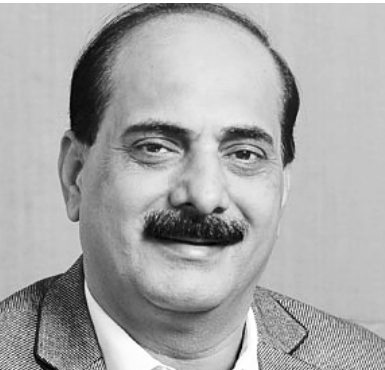
Realty firm Bhutani Infra on Saturday said it has given ₹500-crore contract to BL Kashyap for development of a commercial project in Noida, Uttar Pradesh. The firm focuses on the development of commercial real estate to tap into the rising demand for office space from corporates and co-working players. **PTI**

HZL plans \$15-mn mine digitisation

Move to help company lower cost of production by 10% to \$900 per tonne, from \$1,077 per tonne at present

ADITI DIVEKAR
Mumbai, 25 January

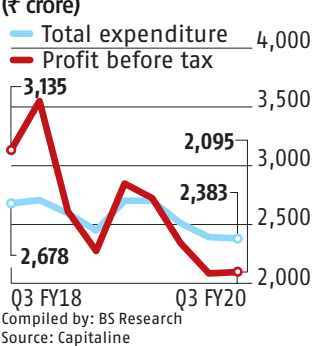
In a bid to lower its cost of production amid the ongoing economic slowdown, Hindustan Zinc (HZL), part of the Vedanta group, is investing \$15 million (₹107 crore) for high-end digitalisation at its mines. "High-end digitisation of mines will bring down our cost of production by 10 per cent directly as it will help monitor the health of machines deployed underground on several parametres," Sunil Duggal, chief executive officer at HZL told *Business Standard*. The company has laid the WiFi network at two of its mines — Sindesar Khurd and Rampura Agucha — with about 60-70 per cent of work completed. "Monitoring health of the machines in turn will help push up productivity and utilisation of the same by at least 10-15 per cent," he added. The company is expecting to see results at the two mines over the next two quarters. In the December



Sunil Duggal, CEO, Hindustan Zinc

quarter, the cost of production of zinc without royalty for the company stood at \$1,077 per tonne (₹76,571 per tonne), up 8 per cent year-on-year. "The plan is to bring down the overall cost of production to \$900 per tonne (₹64,037 per tonne), which will happen gradually," said Duggal. Over the last couple of years, HZL has witnessed an increase in its cost of production without royalty as it stood at ₹76,571 a tonne in December

HIGH COSTS



quarter from about ₹55,000 per tonne about two years ago. Nearly 60 per cent of the company's cost of production is in dollar terms as its realisations and coal imports are in dollars. With all its five mines located in Rajasthan, the company also operates the Rajpura Darbari, Zawar as well as Kayad mines in the state. Currently, only about 3-5 per cent of mines worldwide have high-end digitisation at their mines.

Apart from the digitisation initiative, the company is also focusing on internal efficiency and productivity improvement to lower its costs. "We are focusing on some structural measures such as minor metal recovery which normally gets wasted. We have identified that these minor metals put together hold a (saleable) value of close to ₹1,000 crore," said Duggal. Nickel, cobalt, mercury, silver, magnesium, manganese and copper among others are some of the minor minerals the company gets access to while processing and mining zinc and lead mines. In the quarter gone by, the company's revenue from silver metal stood at ₹692 crore as against ₹678 crore in the same period last year. "We are modifying our plant and processes in a manner that we are able to take full potential of growth. This also includes mining from pillars of old mines which will take utilisation of these pillars to optimum. This will lead to volume gains which will help in upping utilisations at operations end," said Duggal.

Meanwhile, brokerages held neutral stance on the company amid expectation of high volumes. "We expect mine production to recover up 10 percent growth in FY21 and cost of production to decline due to shafts' commission at RA (Rampura Agucha) and SKM (Sindesar Khurd) mine. However, with zinc LME at \$2,500 per cent for FY21, the stock trades at six times of estimated FY21 enterprise value/earnings before interest, taxes, depreciation and ammortisation (EV/Ebitda). We remain neutral with target price of ₹225 per share based on 6.5 times of estimated FY21 EV/Ebitda," said Motilal Oswal in its report. The company's realisations took a hit in the quarter gone by from same period last year even as expenses slipped in the period under review. This hit the operating margins which tumbled 26 per cent in the December quarter from the corresponding period last year. As on December 31, the company's net cash and cash equivalent stood at ₹19,513 crore as compared to ₹16,952 crore at the end of FY19.

TVS enters e-mobility space with new scooter

PEERZADA ABRAR
Bengaluru, 25 January

Two-wheeler maker TVS Motor on Saturday announced its entry into electric mobility with the launch of a new scooter, TVS iQube Electric, in Bengaluru. TVS iQube Electric is powered by advanced electric drivetrain and next-gen TVS SmartXconnect platform. "TVS Motor is driven by customer-centric innovation. As India moves ahead, its mobility solutions would increasingly be total experience-led, nowhere is this felt sharper than among the youth of India," said Venu Srinivasan, chairman, TVS Motor. "Our focus on the 'green and connected' youth of India, is embodied, in the first of the TVS Electric portfolio. TVS iQube Electric is a blend of an advanced electric drivetrain and the next-gen TVS SmartXconnect platform." The scooter is equipped with 4.4 kilowatt electric motor to deliver both high power and efficiency with no transmission loss. The scooter has a maximum speed of 78 kilometres per hour (kmph) and traverses 75 km

in full charge. It comes with an impressive acceleration of 0 to 40 kmph in 4.2 seconds. The connected vehicle has multiple features such as geofencing, remote battery charge status, navigation assist, last park location, Incoming call alerts and SMS alerts. It also comes with innovative features for delivering convenience such as Q-park assist, multi-select economy and power mode, day and night display, regenerative braking and provides a noiseless ride. It is also equipped with crystal-clear LED headlamps, all-LED tail lamps and sports an illuminating logo. Nitin Gadkari, Minister for Road Transport and Highways of India and Micro, Small and Medium Enterprises, who was present at the launch, said it is a dream for the country to have electric bikes, cars, motorcycles and buses. "I am confident that the sce-

nario (for transportation sector) is definitely going to change, which is very helpful for the economy and create more jobs and most importantly it is going to reduce pollution," said Gadkari. "I am thankful to TVS (for this initiative). It is really important that you are making new decisions and new innovations and encouraging engineers. I am really confident by exporting these scooters, you are going to create more jobs." India's electric vehicle ecosystem market is expected to reach \$216.3 billion by 2030, according to a report by BIS Research.



Republic Day sales: Retailers bank on last-minute shoppers

VIVEAT SUSAN PINTO
Mumbai, 25 January

Offline retailers across categories and formats are hoping that last-minute shoppers will boost sales on Republic Day at a time when the overall environment remains weak. The trend is similar to what retailers had experienced during Diwali last year, when sales had picked up. Some admit this is the new normal in offline retail, prompted by e-tailers launching their online festivals around the same time, cannabalisising sales. "This year, Amazon and Flipkart came out with Republic Day festivals a week ahead. Despite this, we expect to see a sales growth of around 7-8 per cent this Republic Day over last year," said Nilesh Gupta, managing director, Vijay Sales, an electronics chain with operations in Mumbai and other cities. Last year, the spurt in Republic Day sales for offline retailers was to the tune of 10-15 per cent over the previous period. This came just before the economic slowdown had set in. Executives at electronics retailers, such as Reliance Digital and Kohinoor, said discounts on products are in the region of 20-25 per cent across categories. Moreover, attractive cashbacks are available on HDFC and ICICI Bank credit cards as well as finance schemes of Bajaj Finserv. "Occasion shopping is important. Republic Day can offer good deals if you know what you are looking for and are keen to loosen your purse strings," said Eric Braganza, president, Haier Appliances India. Retailers in fashion, apparels and lifestyle are pushing the pedal even



Occasion shopping is important. Republic Day can offer good deals if you know what you are looking for and are keen to loosen your purse strings
ERIC BRAGANZA
President, Haier Appliances India



The response has been good. We will make an assessment of our sales once the festival concludes. But it has helped to tie up with Amazon this year
KISHORE BIYANI
CEO, Future Group

harder, offering 30-35 per cent discount. Grocery retailers such as Big Bazaar, Reliance Smart and Reliance Fresh have gone the whole hog to attract shoppers on Republic Day with ads in print, television and outdoor. Kishore Biyani, chief executive officer (CEO), Future Group, said consumers can select from over 65,000 deals in categories such as grocery, home, kitchen, furniture and apparels during its 'Sabse Saste 5 Din' initiative that ends on Sunday. "The response has been good. We will make an assessment of our sales once the festival concludes. But it has helped to tie up with Amazon this

year," he said. The Future Group tied up with Amazon as an online partner for its Republic Day sales for the first time. It made available all deals during the festival to online shoppers besides those walking into its stores. Biyani said this "offline-online" model will be tested further in the coming months once the group has studied the full impact of the current partnership. But group sources said the spurt in sales from the online-offline partnership has been "significant", implying that the model will be pushed to the next level.

CIL adheres to environmental, sustainable standards: CMD

PRESS TRUST OF INDIA
Kolkata, 25 January

Coal India (CIL) on Saturday said its coal producing subsidiaries follow environmental and sustainable standards but there could be "some stray cases" of lapses. The miner's comment came after the Comptroller and Auditor General (CAG) of India, in a report, said six, out of seven coal producing subsidiaries of CIL, did not formulate environmental policies as mandated by Ministry of Environment, Forest and Climate Change. The ministry stipulated that a well-laid down environment policy, duly approved by the board of directors of the subsidiaries, needs to be in place, the CAG report said. "I have not seen the CAG observation report but we have environmental and sustainable standards. We have also put our sustainability report in the public domain," CIL Chairman and MD A K Jha said on the sidelines of ICAI conference. Jha further said: "You cannot operate such a large PSU without following these. By and large, all the subsidiaries follow standards. Our operation is in 8 states, there may be some stray cases (of lapses)." The world's largest coal miner is expecting to achieve a double-digit growth in production for January 2020, he said.

Supertech delivers 200 units in Noida

PRESS TRUST OF INDIA
Noida, 25 January

Real estate group Supertech has said it handed over possession of 200 units in its residential project Romano to buyers on Saturday. The flats handed over are in B2 Tower of Romano located in sector 118 of Noida and range from 2BHK to 4BHK, costing ₹50 lakh to ₹1.50 crore, the group said. "The coming year promises to be one where the real estate sector soars to new heights and all the investments made by the sector in terms of technology and initiatives to improve transparency come to fruition. This is a very proud moment for us, especially as many new home owners can start their new year in their new homes," Supertech Chairman R K Arora said in a statement. Spread across 18 acres, Romano has 17 residential towers with 2,200 units, of which the possession on the first 200 homes was handed over on Saturday. The multi-crore premium residence project of Supertech was initially supposed to be delivered in 2016 but the delivery date was subsequently revised to May 2018, according to sources.

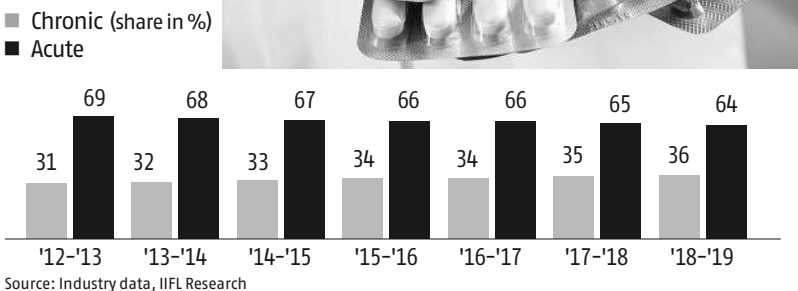
Chronic illness medicine demand grows faster than acute segment

SOHINI DAS
Mumbai, 25 January

Demand for medicines used in chronic illnesses is growing at a faster clip compared to acute therapy drugs that are used usually for a shorter duration. Data shows that the share of chronic medicines in the Indian pharma market has grown from 31 per cent in FY13 to 36 per cent in FY19. During this period, the domestic pharma market, too, has grown from ₹75,071 crore to ₹1.3 trillion. The market is broadly split into acute and chronic segments, depending on the duration of patient's use of medicines. Anti-infectives, a category of medicines used to treat infections (primarily antibiotics), pain and acidity, are in the acute segment. Long-term treatments like diabetes, high blood pressure and lipid-lowering drugs are classified into the chronic category. According to latest data from market research firm AIOCD AWACS, as on December 2019, drugs in the acute category are growing at 9.2 per cent, while the chronic segment is growing at 11.2 per cent. The anti-infectives category is the largest in the domestic drug market. It is growing at 9.2 per cent. In comparison, the anti-diabetes and cardiac categories are growing at 11.7 per cent and 12.6 per cent, respectively. India Infoline (IIFL) analysts noted that due to product introductions, improving diagnosis rates for lifestyle diseases and better compliance (where patients are continuing treatment), the chronic segment has been growing faster than acute since the early 2000's. "Chronic therapies have also been

SHIFTING TREND

Share of chronic medicines has grown from 31% in FY13 to 36% in FY19



more profitable for established players, such as Sun Pharma and Torrent," IIFL noted. The brokerage feels companies in acute care have lesser room to indulge in aggressive promotion activity. "Most product launch activities in the past two decades have also focussed on chronic care, as very few antibiotics or pain products have come to the fore," IIFL noted. R K Baheti, chief financial officer (CFO) and director (finance), Alembic Pharmaceuticals, told *Business Standard* the firm had not been launching many products in the anti-infectives space. Alembic's major presence in the segment is in a category called macrolides (a first line treatment but with better efficacy and lower dosage frequency). The category as such is not growing very fast and new introductions have been low. Alembic said it has managed to grow bet-

ter than the industry in this category. After the government's ban on certain fixed dose combination (FDC) drugs, growth in the acute category has slowed down. "One has to channelise the marketing budget carefully. Following the footsteps of MNCs (multinational corporations), Indian companies, too, are rationalising their portfolio and not going for aggressive launches. New product launches eat up much of the marketing and promotional budget. Focus on chronic has thus increased. This means, once the physician starts writing prescriptions, there is a higher stickiness for the product," said the cardio-diabetic sales head of a mid-sized pharma firm in Mumbai. IIFL, too, said firms are now focussing on building brands — once a brand is established, the promotion activity falls off. This leads to improved margins.

ICICI Bank pre-tax profit soars 187%

Higher interest income and lower provisions propel Q3 profit

SUBRATA PANDA
Mumbai, 25 January

ICICI Bank reported a 187.32 per cent jump in its profit before tax (PBT) at ₹5,465 crore in the third quarter of the financial year 2019-20 (Q3FY20), helped by substantial growth in interest and other income, lower provisions and the resolution of Essar Steel.

The private sector lender had posted PBT of ₹1,902 crore in Q3FY19.

Net profit rose 158 per cent to ₹4,146 crore in the quarter, from ₹1,605 crore in Q3FY19. The net interest income of the lender saw an uptick of 24.29 per cent at ₹8,545 crore in Q3FY20 compared to ₹6,875 crore in Q3FY19.

The net interest margin stood at 3.77 per cent in Q3FY20 compared to 3.64 per cent in the quarter ended September 30, 2019 (Q2FY20) and 3.40 per cent in Q3FY19. Non-interest income, excluding treasury income, was ₹4,043 crore, up from ₹3,404 crore in Q3FY19.

The gross non-performing assets (GNPA) of the bank saw an improvement at 5.95 per cent, compared to 7.75 per cent during Q3FY19 and 6.37 per cent in Q2FY20. Fresh addition to NPAs stood at ₹4,363 crore at the end of December 2019 as against ₹2,482 crore in the previous quarter.

Recoveries, upgrades and other deletions, excluding write-offs, from NPAs were ₹4,088 crore in the quarter.

The provisions (excluding taxes) declined 51 per cent year-on-year (YoY) to ₹2,083 crore in Q3FY20 from ₹4,244 crore in Q3FY19.

The provision coverage ratio on NPAs, including cumulative technical write-offs, was 85.7 per cent, compared to 76.3 per cent at December 31, 2018, the bank said in a release.

Bank executives, in a conference call with the media, said they have classified their exposure to a certain broking company as NPA and made full provisions for it. They have also categorised restructured loans to a South-based industrial company as NPA.

Moreover, the fund-based and non-fund based outstanding to borrowers rated BB and below (excluding NPAs) was ₹17,403 crore compared to ₹17,525 crore at the end of March 2019 and ₹16,074 crore at the end of September 2019.



ICICI BANK Q3 PERFORMANCE		
Key parameters	(₹ cr)	
	Q3FY20	Q3FY19
Net interest income	8,545	6,875
Net interest margin (%)	3.77	3.4
Profit before tax	5,465	1,902
Gross NPAs (%)	5.95	7.75
Source: Press release		

There has also been a slight uptick in NPAs in the retail segment owing mostly to adverse effect of farm loan waiver scheme on the Kisan Credit Card portfolio.

Its total advances increased 13 per cent YoY to ₹635,654 crore at the end of December 31, 2019.

The lender saw a 16 per cent YoY growth in its domestic advances. The retail loan portfolio of the bank registered a 19 per cent growth while the domestic corporate book saw a 12 per cent rise.

Total deposits increased 18 per cent YoY to ₹7,16,345 crore. It also saw 15 per cent growth in average current and savings account (CASA) deposits, while the average CASA ratio stood at 42.8 per cent.

The capital adequacy ratio was at 16.50 per cent and Tier-1 capital adequacy ratio stood at 14.98 per cent on a standalone basis at the end of December 31, 2019.

Rajasthan Assembly passes resolution against CAA

The Rajasthan Assembly on Saturday passed a resolution urging the Centre to repeal the Citizenship (Amendment) Act (CAA), amid opposition by the BJP which accused the ruling Congress of pursuing appeasement politics. It is the second Congress-ruled state after the Punjab to pass such a resolution. Earlier, the Kerala too had passed a resolution against the CAA. The Rajasthan Assembly passed

by voice vote the resolution which also asked the Centre to withdraw the new fields of information proposed to be included in National Population Register (NPR), 2020.

“The House resolves to urge upon the government of India to repeal the CAA to avoid any discrimination on the basis of religion in granting citizenship,” Parliamentary Affairs Minister Shanti Dhariwal said.

PTI

India, Brazil target \$15-bn trade by 2022

PRESS TRUST OF INDIA
New Delhi, 25 January

Hit by economic slowdown, India and Brazil on Saturday drew up an ambitious plan to boost their stuttering economies by expanding cooperation in oil, gas and minerals sectors, and set a target of \$15 billion in bilateral trade by 2022.

The decisions were taken during wide-ranging talks between Prime Minister Narendra Modi and Brazilian President Jair Messias Bolsonaro here.

On Brazil approaching the WTO against India for extending support to sugarcane growers, sources said it was agreed to

address the issue through bilateral consultations.

The two leaders recognised that there were great synergies between India and Brazil, the two large economies with a combines GDP of around \$4.5 trillion and having a total population of 1.5 billion.

The volume of bilateral trade in 2018-19 was \$8.2 billion which included \$3.8 billion worth of Indian exports to Brazil and \$4.4 million as imports by India.

The two sides inked an investment cooperation and facilitation treaty providing for a framework to increase trade and investment in high growth areas. A separate pact was inked

for cooperation in the field of oil and natural gas while another one was sealed in the bioenergy sector.

The areas identified for expansion of cooperation included oil and gas, agriculture, bio-fuels, animal husbandry, health and science and technology.

“The two sides also agreed to set a target of \$15 billion in bilateral trade by 2022 given the complementarities between the two economies,” External Affairs Ministry Spokesperson Raveesh Kumar said.

He said the two leaders recognized agriculture to be a key focus area for bilateral cooperation and important part of both economies.



PM Narendra Modi shakes hands with Brazil's President Jair Messias Bolsonaro at the Hyderabad House, in New Delhi

PHOTO: SANJAY K. SHARMA

BUDGET COUNTDOWN

Put more money in tax payers' hands

Altering personal tax rates with this goal in mind will help boost consumption

VINAY KHATTAR

India has been facing a broad-based slowdown in economic growth. Private consumption in the first half of FY20 grew at a meagre 4 per cent on year-on-year basis, compared to over 8 per cent in FY17. While this is worrying, the situation has been further exacerbated by the growth in investments being projected at a meagre 1 per cent in the current year—a significant low since FY03. All eyes are now turned to the Union Budget, hoping for a much-needed fiscal nudge that can revive the Indian economy and correct its growth trajectory.

TWEAK TAX SLABS: The anatomy of this slowdown throws up several factors. While there are deep-rooted structural reforms that need to be undertaken, the Budget should focus on providing shorter-term economic buoyancy. Reflating the economy is the need of the hour. To do so, reviving sentiment is a prerequisite. After the cut in corporate tax rate on the supply front, the Budget could opt for cuts in income tax to tackle slow demand, strategically targeting the middle-income strata earning ₹5-20 lakh per annum. This is also the strata where the tax slab jumps suddenly from 5 per cent for those earning below ₹5 lakh to a steep 20 per cent for those earning between ₹5 and 10 lakh. This will increase disposable income and translate into incremental consumption from the highest-spending strata. Going the direct tax way is critical to bring the “feel-good factor” back into the economy. Secondly, this Budget needs to target two sectors on priority basis—real estate and credit. These are the two sectors that were critical catalysts of the economic cycle. When they dried up, the current logjam we see was created.

REALTY NEEDS A BOOST: The last Economic Survey highlighted that private investment is a key driver for creating a self-sustaining virtuous cycle in India. About 40 per cent of private investment comes from households, and the majority of it is for creation or repairing of dwellings. The real estate sector’s



SILVER BULLETS FOR REVIVING SENTIMENT

- The Budget should target the middle-income strata earning between ₹5 and 20 lakh per annum
- The tax slab jumps suddenly from 5 per cent for those earning below ₹5 lakh to a steep 20 per cent for those earning between ₹5 and 10 lakh
- Increasing the disposable income of this strata will translate into incremental consumption
- Rebates for investing in property could revive demand and lead to asset-price reflation in real estate

contribution to the Gross Domestic Product has fallen from around 9 per cent in FY2000-2004 to a mere around 6 per cent in the past four years—a drop of 33 per cent. Both supply and demand-side constraints prevail in the sector today. There is a dearth of liquidity and capital for builders in the post-RERA (Real Estate Regulatory Authority) world. To further add to woes, credit issues of realtors have become more pro-

nounced after the adverse developments at IL&FS, when NBFC funding to the sector dried up completely. On the demand side, the genuine buyer is constrained by low purchasing power and investors are dealing with a strong recency bias of no asset-price reflation. Hence, the average citizen has lost the will and the money to invest in real estate. This is one sector that will contribute significantly to the next bull phase of

the Indian economy. Income tax cuts coupled with rebates on investing in property could be the key to bringing back demand. This could also stimulate asset-price reflation and mark the reversal of the real estate cycle.

TARP-LIKE PROGRAMME REQUIRED: The lack of credit flow in the economy has choked its functioning. Its total credit book stands at around ₹124 trillion, of which around ₹97 trillion comes from banks, while the rest comes from NBFCs. Of total bank credit, 61 per cent is from public-sector banks (PSBs) and 39 per cent from private banks. The drying up of NBFC and PSB credit has impacted ₹84 trillion of the credit book. According to Reserve Bank of India’s (RBI) annual report, the total flow of credit in the economy in the first half of FY20 was just 12 per cent of what it was in the first half of FY19. With 88 per cent of credit vanishing, economic growth and growth of

large-ticket items like housing and automobiles has come to a standstill. This slowdown, which has been driven by the current squeeze in credit, needs urgent repair. Credit spreads have been elevated owing to high risk premiums. Lenders are scared. Lending has failed to pick up despite interbank liquidity shooting up to a surplus of ₹4 trillion. The RBI has eased rates by 135 basis points (bps), but transmission has been meagre—just 44 bps for new loans. Rates have, in fact, gone up by 2 bps for outstanding loans. Getting the flow of liquidity in the economy is the key as it is getting stressed-out NBFCs back into the game. What could be most effective here is a Troubled Asset Relief Programme (TARP) like framework, as was implemented by the United States and the European Union in 2008. Providing liquidity to NBFCs with lower-rated collateral could get both sentiment and credit flowing back into the economy. The bigger question with regards to the Budget always is: Can the fiscal afford it? The Centre’s fiscal deficit, including internal and external budgetary resources (IEBR), is hovering at around 5.5 per cent of GDP. It is high, no doubt, but the idea to go countercyclical for FY21 stays intact. The government should rationalise social-sector spending and opt for ways and means to curb leakages further. The PM KISAN amount could be made substantial, but at the same time subsuming of some subsidies should be considered. This will be more effective in boosting consumption. More importantly, it should be clear in its guidance that it aims to spend more to fix the current slowdown. A clear but higher fiscal deficit number will be perceived more positively by the markets, when compared to another year of unsure fiscals and uncertainty over expenditure.

Historically, we have seen that government expenditure drives growth recovery and leads private consumption. An expansionary fiscal policy after monetary easing could be the boat on which the Indian economy could sail through these troubled waters and chase its \$5 trillion dream.

The writer is head of research, Edelweiss Wealth Management

BS TUTORIAL

Jayant Pai
Financial literacy

1. SWIFT codes are mainly used by _____.
A. Stock exchanges
B. Credit rating agencies
C. Banks
D. Travel agents
2. Smart Beta Funds are usually an extension of _____.
A. Actively-managed funds
B. Index funds
C. Angel investors
D. Private equity funds
3. The term 'Terms of Trade' is defined as the ratio of _____ to _____.
A. Import prices, export prices
B. Import volume, export volume
C. Export volume, import volume
D. Export prices, import prices
4. Which scam is known as Operation Car Wash?
A. American Express Salad Oil
B. Petrobras Bribery
C. Volkswagen Emissions
D. BP Oil Spill
5. Which Indian signed the Giving Pledge first?
A. Mukesh Ambani
B. Kiran Mazumdar Shaw
C. Azim Premji
D. Nandan Nilekani

Solutions:

1. C. It is an identification code used by banks for international wire transfers.
2. B. Smart-beta funds follow indices based on volatility, earnings, book value, etc.
3. D. 'Terms of Trade' is defined as the ratio of export prices to import prices. It can be interpreted as the amount of imported goods an economy can purchase per unit of export goods.
4. B. Petrobras executives allegedly accepted bribes in return for awarding contracts to construction firms at inflated prices. This criminal system is known as Petrolo or Operation Car Wash.
5. C. He came on-board in July 2015. The Pledge, sponsored by Warren Buffett and Bill Gates, invites the world's wealthiest to donate the majority of their wealth to charity.

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

ECONOMY

PEOPLE IN THE NEWS BINAY SINHA



Aiming to be the world's largest company for solar power by 2025, and renewables by 2030, Gautam Adani-led Adani Group will invest 70% of its capex in clean energy and energy-efficient systems



Electric carmaker Tesla's market value recently hit \$100 billion for the first time, triggering a payout plan that could be worth billions for co-founder and chief executive Elon Musk

► FROM PAGE 1

Slowing sales may add to...

This could lead to a temporary spike in sales, according to Abhiram Eleswarapu, head of India equity research at foreign brokerage firm BNP Paribas Securities India. All the old stock must be sold by April 1, 2020.

“In autos, we’ve had a prolonged slowdown already, but the call is whether it will recover sharply or not. Looking at this inventory situation, we may probably see a sales recovery because if there is a fire sale (or big discounting) what happens is that many buyers’ reschedule purchases and you’ll see a false uptick and immediately followed by sales decline,” Eleswarapu said. Jasani added that there are indications of overall improvement from January. Things could go back to better levels if the trend continues, according to him.

Others are hoping that the Budget will provide some succour. Foreign brokerage Jefferies India noted that the market seems to be pinning hopes on what the finance minister may do for a recovery, according to its India strategy report, authored by equity analysts Somshankar Sinha and Piyush Nahar.

“The markets hope that India’s Budget will bury the macro gloom with magical fiscal stimulus. Personal tax cuts may achieve little, though, and GST (goods and services tax) cuts look unlikely, leaving higher spend as the likely source with an emphasis on infrastructure,” the report said. It has, however, maintained a defensive stance on Indian equities.

Pay Google if you have a...



Google has previously charged for

legal requests. A record from 2008 showed that the company sought reimbursement for a legal request for user data. But a spokesman said that for many years now, the tech firm had not systematically charged for standard legal processes.

The money brought in from the new fees would be inconsequential for Google. Just last week, the valuation of its parent company, Alphabet, topped \$1 trillion for the first time. Alphabet is scheduled to report its latest financial results on February 3.

The new fees could help recover some of the costs required to fill such a large volume of legal requests, said Al Gidari, a lawyer who for years represented Google and other technology and telecommunications companies.

The requests have also grown more complicated as tech companies have acquired more data and law enforcement has become more technologically sophisticated.

“None of the services were designed with exfiltrating data for law enforcement in mind,” said Gidari, who is now the consulting privacy director at Stanford’s Center for Internet and Society.

Gidari also said it was good that the fees might result in fewer legal requests to the company. “The actual costs of doing wiretaps and responding to search warrants is high, and when you pass those costs on to the government, it deters from excessive surveillance,” he said.

In April, The Times reported that Google had been inundated with a new type of search warrant request, known as geofence searches. Drawing on an enormous Google database called Sensorvault, they provide law enforcement with the opportunity to find suspects and witnesses using location data gleaned from user devices.

Those warrants often result in information on dozens or hundreds of devices, and require more extensive legal review than other requests.

A Google spokesman said that there was no specific reason the fees were announced this month and that they had been under consideration for some time. Reports put out by the company show a rise of just over 50 per cent in the number of search warrants received in the first half of 2019 compared with a year earlier. The volume of subpoenas increased about 15 per cent. From last January through June, the com-

pany received nearly 13,000 subpoenas and over 10,000 search warrants from American law enforcement.

Google will not ask for reimbursement in some cases, including child safety investigations and life-threatening emergencies, the spokesman said.

Law enforcement officials said it was too early to know the impact of the fees, which Google’s notice said would go into effect in mid-January.

Gary Ernsdorff, a senior prosecutor in Washington State, said he was concerned that the charges for search warrants would set a precedent that led more companies to charge for similar requests. That could hamper smaller law enforcement agencies, he said.

“Officers would have to make decisions when to issue warrants based on their budgets,” he said.

Mr. Ernsdorff said there was a potential silver lining, noting that the time it takes for Google to respond to warrants has significantly increased in the past year. Other law enforcement officers also said the time they had to wait for Google to fulfill legal requests had grown.

“If they are getting revenue from it, maybe this will improve their performance,” Mr. Ernsdorff said.

Other law enforcement officials said the effects of the reimbursement fees would be minimal.

“I don’t see it impacting us too much,” said Mark Bruley, a deputy police chief in Minnesota. “We are only using these warrants on major crimes, and their fees seem reasonable.”

Telecommunication companies such as Cox and Verizon have charged fees for similar services for years. At least one of Google’s biggest peers, Facebook, does not charge for such requests. Microsoft and Twitter said they were legally allowed to request reimbursement for costs but declined to explicitly address whether they charged law enforcement for such requests. Michael H. Keller contributed to reporting.

FPIs to seek clarity on debt...

ICA did not initially offer a seat to MFs, even as some indicated that they may back a resolution proposal put forward by banks for DHFL.

Later, Sebi said MFs could be part of an ICA after they had carved out the stressed portion. This also takes care of Sebi’s stance that MFs are not to enter into “standstill” agreement with promoters of stressed groups, giving them extended timelines to repay their debt.

A way out for FPIs is to be part of the ICA through the debenture trustee. This was first seen in the DHFL case, where Catalyst Trusteeship – the debenture trustee – sought the nod of retail investors to take a stand on the ICA.

FPIs are set to follow in the footsteps of offshore lenders, who as a class are also not part of the ICA at present. “This can become an issue if a company wants to source external borrowings, and this risk will get priced into the loan,” said a banker, hinting, in effect, that FPIs may seek a higher coupon rate on debentures, or alternatively even see special covenants be written in to protect their interests.

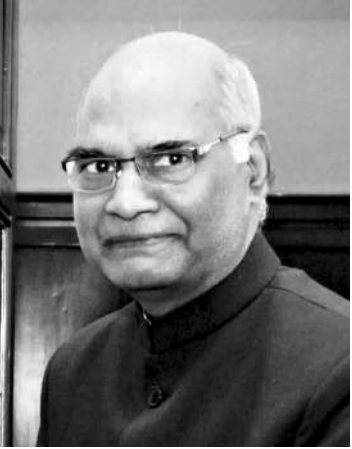
The development comes even as regulatory circles are abuzz with speculation that RBI, Sebi, Insurance Regulatory and Development Authority of India, and Pension Fund Regulatory and Development Authority may work together to fine-tune ICA so that all financiers are on the same page.

Power to decide rests with...

Speaking about security, he said strong internal security is essential for the development of the country. “I have nothing but unreserved praise for our armed forces, paramilitary and internal security forces. Their sacrifices to preserve the integrity and unity of our country present a saga of unparalleled courage and discipline,” he said.

Kovind said as India and Indians march forward, “we remain committed to engaging the global community to build a secure and prosperous future for ourselves and for the entire humanity”.

He made a mention about the achievement of Indian Space Research Organisation and said they were making further progress in Mission Gaganyaan. “... The nation excitedly looks forward to the Indian Human Spaceflight Programme gaining further momentum this year.” Speaking about number of wel-



fare scheme launched by the government, Kovind highlighted the ‘Swachhh Bharat Abhiyan’ which has achieved astounding success in such a short time.

He said the same spirit could be seen in other endeavours and added “be it giving up cooking fuel subsidy or pushing digital payments, the common man has made the government programmes his own, making them truly effective.”

He said along with the welfare of needy, every policy initiative of the government is guided by the “nation-first” principle and there is a consistent effort by the government to ensure overall development of each and every part of the country – be it Jammu and Kashmir and Ladakh, the states in the Northeast or our Islands in the Indian Ocean.

The president also spoke about sound education system built in ancient times, with the setting up of great universities like Nalanda and Takshashila.

“In India, knowledge has always been considered more valuable than power, fame or riches. In our tradition, educational institutions are respected as temples of learning.” He said the educational system merged as path of empowerment after a long colonial rule.

“Even though the development of our educational institutions commenced soon after Independence, in an environment of scarcity of resources, our achievements in the field of education have followed a remarkable trajectory,” he said.

The President added that the endeavour was to ensure that no child or youth was denied education. “At the same time, we need to strive to reach global education standards by continuous reform of our educational systems.”

Withdrawal of incentives to hit textile exporters

DILIP KUMAR JHA
Mumbai, 25 January

The government’s decision to withdraw the Merchandise Exports from India Scheme (MEIS) with retrospective effect is likely to erode profit margins of textile players. It will also impact exports and fresh investment in the sector.

The government has removed the benefit of 4 per cent MEIS on exports of made ups and garments with retrospective effect, that is, from March 7. Moreover, the MEIS that had been granted to exporters of made-ups and garments till July 31 will be recovered, said a government notification.

“Withdrawal of 4 per cent MEIS with retrospective effect has caused an extremely serious situation for the exporters of made ups and has indeed come as a shock to the industry,” said K V Srinivasan, chairman, The Cotton Textiles Export Promotion Council (Texprocil).

“Exporters of made ups are facing serious working capital problems, affecting their day-to-day business,” added Srinivasan.

Exporters of cotton made ups were already passing through a tough situation financially due to the non-implementation of the Rebate of State and Central Taxes and Levies (RoSCTL) scheme even after its announcement 10 months ago. This scheme, announced for export of made ups and garments, is yet to be operationalised.

Also, MEIS of 4 per cent was also frozen for made ups and garments from August 1, 2019. The textiles industry also faces some pending



Exporters of cotton made-ups were already going through a tough situation financially because of the non-implementation of the Rebate of State and Central Taxes and Levies scheme, even after its announcement 10 months ago

claims under the erstwhile Rebate of State Levies (ROSL).

“How can the government withdraw any incentive scheme of which the benefits have been passed on to consumers,” asked an industry leader. India’s exports of made ups and garments have declined severely in the last one year due to the global economic slowdown.

With countries like Pakistan, Bangladesh, Vietnam and Turkey enjoying benefits of the generalised system of preferences with developed countries, India has been left behind. Thus, India’s exports of made ups and garments became beneficial only through incentives like the MEIS.

Exporters are working against tough competition from countries like Bangladesh, Sri Lanka, Vietnam and Pakistan. This is combined by high import duties in leading export markets like the US, European Union and China.

Meanwhile, exporters have already factored in the availability of 4 per cent MEIS along

with the RoSCTL scheme which is expected to be to the tune of 8.2 per cent while quoting export prices to foreign buyers.

M Senthilkumar, managing director of BKS Textiles, believes that the withdrawal of MEIS with retrospective effect would erode profit margins of textile companies.

“The MEIS benefit has already been passed on to consumers. Hence, exporters would have to pay it back to the government from their profits which would have an impact on their balance sheet,” Kumar added.

Many exporters have also paid advance tax on these export receivables as required under the I-T Act which has further aggravated the problem. All exporters have been badly affected by this decision, especially the MSME sector where bulk of the made ups meant for exports are being manufactured.

Srinivasan urged the government to restore the benefit of 4 per cent MEIS on exports of made ups and garments.

Retailers, malls spar on Mumbai’s 24X7 rule

VIVEAT SUSAN PINTO & RAGHAVENDRA KAMATH
Mumbai, January 25

Mumbaikars may not get to fully experience a vibrant nightlife next week as differences emerge between retailers and mall owners over implementation of the ‘24 hours’ retail policy. Mills and malls will be the first to take off as part of the Maharashtra government’s ambitious Mumbai ‘24X7’ initiative, which will begin on Monday. The policy envisages putting Mumbai on the global map in terms of night life, akin to other cities in the world.

While food and beverage operators are excited, including names such as Amit Jatia, vice-chairman, Westlife Development and Riyaaz Amlani, chief executive officer (CEO), Impresario Entertainment and Hospitality, mall owners remain cautious.

Many say they will need to study the feasibility of the exercise before imple-



Phoenix Market City in Kurla is the only mall that has announced it will remain open throughout the night, starting 25 Jan

PHOTO: KAMLESH D PEDNEKAR

mentation. “I am not sure about the roll out currently. We are in touch will our retailers to understand which days of the week they wish to keep their outlets open and what is the manpower requirement for this,” said Rajneesh Mahajan, CEO, Inorbit Malls, which has operations in Malad, Vashi and Sahar in the Andheri

suburb of Mumbai. Sachin Dhanawade, chief operating officer (COO), retail and real estate, Grauer and Weil India, which runs the Growel’s 101 mall in Kandivali, Mumbai, said its retailers are working out the financial impact of the initiative.

“We may try this out on weekends,” said Dhanawade, without specifying a date when his mall would begin overnight operations. Experts feel that mall owners anticipate an increase in costs to the tune of 15-20 per cent annually, prompting a mixed response to the ‘24 hours’ initiative.

A mall owner said while the policy is good in spirit, implementing it would be a challenge as night shopping or eating out wasn’t a habit in Mumbai yet.

“It makes no sense that we keep our mall open for only food and beverage operators, who constitute just 15-20 per cent of our retail base. If this has to work, all retailers have to be on board. Currently retail players in fashion, lifestyle, grocery and appliances are not

that excited. We will have to wait and watch to see how this works,” he said.

Jatia, who runs McDonald’s stores in the west and south of India, said habits develop over time and that mall owners would have to take the initiative at some stage. “Whether mall owners are on or not, we are. We are working out which of our stores we can keep open as part of the initiative,” he said. Some McDonald’s stores in the city will be open overnight this Saturday. As of now, Phoenix Market City in Kurla, near the suburb of Kalina, Mumbai, is the only mall that has announced it will remain open in the night starting this Saturday.

Industry sources said Infiniti Mall, located in Andheri and Malad, is also experimenting with overnight operations during Republic Day. Amlani said he sees greater co-operation from mall owners in the coming months. “Developing a night life takes time and this habit will form slowly. In about six to eight months, the situation should improve,” he added

HEALTHCARE

Budget 2020-21 WISH LIST

Key challenges

- Relative increase in NCD burden proportion
- Returns lower than cost of capital
- Lack of skilled human resource impedes healthcare delivery especially in tier 2, 3 cities and rural areas
- Imports of medical devices and equipment leads to forex loss and lack of country-specific innovations
- Continuing low reimbursement rates under PMJAY
- Delay in notification of e-Pharmacy rule continues to cause confusion



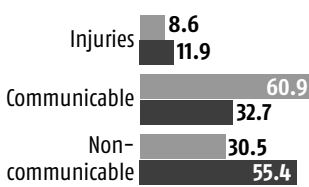
■ Shortage of beds, especially in rural areas, coupled with low spend on healthcare

Industry-ask

- Need fiscal concessions. This could be in the form of low cost financing and flexible interest interventions
- Implement single-window clearance
- Move healthcare from the exemption list to 0% list under GST
- Dedicated land bank at affordable rates and accessible locations to set up medical facilities

BUDGET INSIGHT OUT 2020-21

CONTRIBUTION OF MAJOR DISEASE GROUPS TO TOTAL DALYS (%)



Source: India: Health of the Nation's States - ICMR, PHFI, IHME; DALYS: Disability-adjusted life years

INCREASE IN IMPORT OF MEDICAL DEVICES (%)



Source: Industry

- Finalise and implement data privacy law
- A dedicated fund for healthcare start-ups
- Adequate budgetary allocation to Ayushman Bharat and improve participation
- Mandate PPP in other clinical procedures and hospitals
- Revisit incentives for domestic manufacturing of medical equipment channels

PwC POINT OF VIEW



DR RANA MEHTA
Partner and Leader, Healthcare, PwC India

“Demand for health services is rising. This is likely to put further stress on an already overstretched delivery system. Lower reimbursement rates

add to the problem. Concessions to ensure flow of capital as well as fiscal incentives should be put in place. Public-private partnerships need to be further institutionalised”

INDUSTRY VOICE



SUNEETA REDDY
Managing Director, Apollo Hospitals Group

“We look forward to seeing an increase in public health spending to 2.5% of GDP. Also need to address the NCD risk with early detection,

incentivised via a separate deduction of ₹10,000 for each individual. A tiered insurance programme with meaningful cover by employers for employees, mandatory insurance for self-employed professionals, and affordable healthcare policies for elders is also needed”

HEALTH

FIT & PROPER

Your weekly health guide

Tips for healthy joints



RAVIRAJ A
Senior Orthopedics and Joint Replacement Surgeon
Medall Clumax Diagnostics & Consultant
Apollo Hospitals, Bengaluru

Obesity is a well recognised global epidemic. In the last 30 years, obesity has doubled worldwide. The prevalence of obesity in India is about 12 per cent to 31 per cent in various age groups. About 22 per cent to 39 per cent of the Indian population suffers from osteoarthritis of the knee. The most significant impact of excess weight on bones and joints is associated with degenerative osteoarthritis of the knee. The treatment of end stage osteoarthritis of knee is surgical — Total Knee Replacement (TKR). A good lifestyle, which incorporates a balanced diet, physical fitness and regular exercise, lowers the risk of obesity and thus the risk of osteoarthritis of the knee.

In India, the risk of osteoarthritis and need for Total Knee Replacement surgery increases after the age of 50. The rise in the rate of life expectancy and the increase in prevalence of obesity in our country poses a new health hazard of obese patients requiring knee replacement. Those who encounter obesity during early adulthood are predisposed to osteoarthritis. Obesity is a leading driver of knee replacement demand and imposes increased risks of surgical complications. Obesity is the greatest modifiable risk factor for OA knee. A body mass index (BMI) of more than 30kg/m2 was seven times more likely to develop osteoarthritis knee. The relationship of body mass index to osteoarthritis is more significant in women than men.

Excess weight causes degeneration of joints, especially the knee by not only increasing the mechanical loading of the joint but also the hormonal dysregulation in the body. Osteoarthritis is limiting in most aspects of life due to body pain and limitation of mobility. It is estimated that the economic burden of osteoarthritis was only second to diabetes in USA, and we in India are not far away from this situation.

Weight reduction or maintaining a healthy lifestyle by doing regular exercises — walking, jogging and sporting activities — can keep the knee and other joints healthy along with providing articular cartilage nourishment. This can prevent early degeneration of the joints. Following a balanced diet can help in maintaining a good metabolism, especially for patients suffering with obesity, diabetes and cardiac illness, which often coexist in individuals.

It has been proved in multiple studies that weight reduction helps in relieving pain and improving functions in patients suffering from crippling knee degenerative arthritis. High impact exercises such as running, jogging and treadmill are not advisable in patients, once the degeneration in the joints is already set in. The exercises for patients with knee arthritis include strengthening the muscle around the knee, including quadriceps and hamstring. Joint mobilisation exercises help prevent stiffness and possible development of deformity, helping relieve the patient from arthritis pain.

Once knee arthritis becomes severe, doing various exercises to reduce weight and maintain an active lifestyle become a challenge. Hence, a good awareness of modifiable risk factors for obesity and arthritis of the knee can help us lead a happy, healthy and pain-free life. Avoiding obesity through a good lifestyle, balanced diet and exercise not only reduce an array of medical disorders such as diabetes and heart disease but also reduce the risk of knee replacement surgery.

Cancer-fighting potential in non-cancer drugs, says study

JULIE STEENHUYSEN
25 January

US researchers who tested the cancer-fighting properties of more than 4,500 non-cancer drugs found nearly 50 drugs for other conditions showed at least some cancer-killing ability.

“We found that a surprising number of non-oncology drugs are able to kill cancer cell lines in the lab,” said Steven Corsello of Dana-Farber Cancer Institute and the Broad Institute of MIT and Harvard University, who led the research.

Bruce Bloom of Cambridge, Massachusetts-based Healx, a company that uses artificial intelligence to discover drugs for rare diseases, told *Reuters Health* by email the new drug targets and mechanisms of action identified by the researchers could be valuable both for new treatment approaches and for repurposing older drugs.

Published this week in *Nature Cancer*, the work is the largest yet to use the Broad Institute’s Drug Repurposing Hub, a collection of samples



of more than 6,000 drugs and compounds that are either approved by the US Food and Drug Administration or have

gone through early-stage clinical trials proving they are safe in people.

The researchers tested the drugs on more than 550 different cancer cell lines. Earlier efforts at this kind of discovery have been painstaking because researchers had to grow cell lines one at a time and test each drug individually. This time, they used DNA barcodes - introducing unique snippets of DNA with a virus to label

the cell lines. This technique allowed them to pool the cell lines, shortening screening time.

“We tested 4,518 compounds in this experiment in total,” Corsello, founder of the Drug Repurposing Hub, said in a telephone interview. “We found 49 non-oncology drugs that were able to selectively kill cancer cell lines - killing some but not other cancers, which is an ideal property.”

The researchers selected four of these drugs to undergo more testing to better understand how they attacked and

killed cancer cells. These included a treatment for diabetes, a drug for inflammation, a treatment for alcohol abuse and one for treating arthritis pain in dogs.

Most of the drugs they tested attacked cancer in novel ways.

The drug tepoxalin, for example, which was originally developed for use in people but later approved for treating osteoarthritis in dogs, worked by attacking a target called MDRI that’s expressed on the surface of cells and protects them from chemotherapy.

Corsello said cancer patients who develop resistance to chemotherapy often have high levels of this protein.

Antabuse, a drug approved to treat alcohol dependence, showed activity in cancers that lack a portion of chromosome 16, which commonly occurs in some breast cancers.

Other drugs showing anticancer properties included a compound originally developed to treat diabetes called vanadium, and levonorgestrel, a hormone used in contraceptives.

REUTERS

Scientists begin work on a vaccine to tackle coronavirus outbreak

JULIE STEENHUYSEN, KATE KELLAND
25 January

When a newly organised vaccine research group at the US National Institutes of Health (NIH) met for the first time this week, its members had expected to be able to ease into their work. But their mandate is to conduct human trials for emerging health threats — and their first assignment came at shocking speed.

In just three months time, they likely will be testing the first of a number of potential experimental vaccines against the new SARS-like coronavirus that is spreading in China and beyond.

“I told them, ‘you are going to have your baptism of fire, folks,’” Anthony Fauci, director of the US National Institute of Allergy and Infectious Diseases within NIH, said of his inaugural address to the group this week.

Three months from gene sequence to initial human testing would be the fastest

the agency has ever gotten such a vaccine off the ground, Fauci said.

The outbreak, which began in the central Chinese city of Wuhan in December, as of Friday had infected more than 800 people in China and killed 41. Cases have also been confirmed in Thailand, Vietnam, Singapore, Japan, South Korea, Taiwan, Nepal and the United States.

Chinese scientists were able to quickly identify the genetic sequence of the new coronavirus and officials posted it publicly within a few days, allowing scientific research teams to get to work right away. With the genetic code in hand, scientists can start vaccine development work without needing a sample of the virus.

During the deadly 2003 Severe Acute Respiratory Syndrome (SARS) outbreak, it took US scientists 20 months to go from genetic sequence to the first phase of human trials. By that time, the outbreak was under control.

REUTERS

Breastfeeding, childbearing may reduce menopause risk

LISA RAPAPORT
25 January

Women who have babies and breastfeed may be less likely to go through menopause early than those who don’t have children or nurse their infants, a US study suggests.

Researchers tracked 108,887 women, ages 25 to 42, who had not yet gone through menopause. Just over half had experienced at least one pregnancy lasting at least six months and more than half of these mothers exclusively breastfed their babies for at least one month.

During follow-up for up to 25 years, women who had one preg-

nancy were 13 per cent less likely to experience menopause before age 45, and the risk declined with subsequent pregnancies, the study found. Breastfeeding appeared to explain at least some of the reduced risk; after accounting for that factor, a single pregnancy was still associated with an 8 per cent lower risk of early menopause.

“While most women may not be thinking about menopause timing when deciding how many children they plan to have, we feel our breastfeeding findings add new insight into ways to prevent early menopause,” said lead study author Christine Langton of the

University of Massachusetts Amherst. “And they align nicely with recommendations of both the American Academy of Pediatrics and World Health Organization that US women exclusively feed their infants breast milk for at least six months and continue breastfeeding for up to one year.”

Women go through menopause when they stop menstruating, which typically happens between ages 45 and 55. As the ovaries curb production of the hormones estrogen and progesterone, women can experience symptoms ranging from vaginal dryness to mood swings, joint pain and insomnia.

About 10 per cent of US women go through menopause before age 45, the authors note, and this has been linked to an increased risk of heart disease, osteoporosis, diabetes, cognitive decline and sleep problems, previous research has found.

Both pregnancy and breastfeeding by temporarily halting monthly ovulation cycles to release eggs, Langton said by email. Women are born with a set number of eggs, and depletion of this egg supply contributes to the end of menstrua-

Researchers tracked 108,887 women, aged 25 to 42, who had not yet gone through menopause

A total of 2,571 women, or 2.5 per cent, went through menopause before age 45.

Women who had one pregnancy and only exclusively

breastfed for less than one month still had a lower risk of early menopause than women who didn’t get pregnant. The risk of early menopause also declined more with subsequent pregnancies and longer periods of exclusive breastfeeding, researchers report in *JAMA Network Open*.

With two pregnancies, women were 16 per cent less likely to go through early menopause, after researchers accounted for the duration of exclusive breastfeeding, while the risk was 19 per cent lower with four or more pregnancies.

REUTERS

The mental burden of protests

An unseen consequence of the resilience seen on India's streets is the toll on young minds, writes NIKITA PURI

A young woman in Delhi finds herself re-examining her relationship after three years of being together with her partner. “You can’t break up with someone because of a difference in political beliefs,” her friends tell her. She’s conflicted, unsure of what to do. Elsewhere, there’s the case of a digital content writer who is seriously considering changing jobs as he is tired of the “toxic environment” at his workplace in the current era of “political polarisation”.

Even within families, traditionally considered safe spaces, youngsters are finding themselves at odds with their elders. These differences in opinions are far more evolved than squabbles usually attributed to differences in their generations.

All these instances have occurred, some more unexpectedly than others, since India’s streets erupted in protests staged against the Citizenship Amendment Act and the National Register of Citizens. Mental health practitioners say, the unintended fallout of this scenario, where the political has now become deeply personal, has been an increase in the number of students who find themselves facing a situation where their mental health is under duress.

A fresh college graduate from Delhi is beginning to realise she no longer wants to be in the same physical space with her childhood friend because they are now on opposing sides of the divisive citizenship law. It’s no longer a question of whom you voted for or whose policies on *vikas* you once supported, say mental health practitioners. “The debates with friends and family members are not over economic policies anymore. It’s a difference in value systems,” says Itisha Nagar, a professor of psychology at Delhi University.

Anticipating a need for therapy following the outbreak and continuance of protests, and how they’ve been handled, a group of mental health practitioners have put out their contact details on social media platforms to lend their service for free to those affected by the turmoil roiling society currently.

“The demographic involved with the protests is young, they may not have the necessary skills to deal with the situation,” says Srividya R, an independent psychologist based in Delhi who is among those who’ve volunteered their services.

The pro-democracy student protests in Hong Kong, which started in June last year, saw a third of the adults in the region reporting symptoms of post-traumatic stress disorder, found a survey carried out by the University of Hong Kong. Published in *The Lancet*, a UK-based medical journal, the survey found an increase in symptoms of post-traumatic stress disorder last year. One in five adults have reported depression or display indications of post-traumatic stress disorder, leading the authors of the survey to summarise that the protests in Hong Kong have resulted in mental health conditions comparable to that in conflict zones. At least two million adults in a city of 7.4 million have been affected.

Since minors were not part of the survey, the Hong Kong study says their figures are conservative.

The Hong Kong protests have seen two deaths in clashes with the police. At least 25 Indians have died since the protests began here. No assessment on mental health is in place in India, yet. The only study on India is one published in 2015 by Doctors Without Borders, the Médecins Sans Frontières. After studying 5,428 households in 399 villages, the study says about 45 per cent of the population in Kashmir have symptoms of post-traumatic



stress disorder, leading the authors to call Kashmir one of the saddest places on earth. Depression and anxiety were found to increase with age in the conflict areas, with depression being more common among women.

In the face of lathi-charge and detentions, lawyers and activists were the first responders at march sites and police stations across India. Therapists have emerged as the second line of defence.

Sometime in December, Nagar and a few like-minded people made a Google form and invited students interested in talking to someone if they wanted help getting through

the ongoing protests. Within two to three days they had about 100 students. “It was too much volume for five of us to handle,” she recalls. They then put out a call for trained mental health practitioners who were willingly to go pro bono. The group has 30 professionals on board at present. Members of this group are based in cities across India and some even in the United States and Singapore. Since meetings may not be possible, they are now offering therapy via phone as well as skype. (This group can be contacted at mentalhealth-forstudents@gmail.com.) Zehra Mehdi, a psychoanalytic psy-

(Left) Women at a demonstration against the citizenship law; (above) a rally in Bengaluru in support of JNU students

chotherapist based in Delhi who answered Nagar’s call for pro bono services, talks of how the violence that has taken place inside campuses, such as the one in Delhi’s Jamila Milia Islamia, has really hit a nerve with students. “So many of them are scared, and angry at the disregard shown for spaces of learning,” says Mehdi. She’s been counselling close to 50 students over the last few weeks, most of them women.

Conversations in her sessions have changed from “I” to “India” since mid-December, says Priyanka Varma, a clinical psychologist, counsellor and psychotherapist based in Mumbai. Varma is also the founder of The Thought Co, a Mumbai-based organisation that works towards mental health awareness and accessibility. “For ‘I’ to exist, ‘India’ has to exist. What I am getting from my clients is the sense that their idea of belonging is being threatened,” says Varma.

It’s not just those who’ve directly faced detentions or violence who are at risk of the anxiety and sleeplessness many Indians are reporting. “Even watching other people being beaten or being shoved around can be overwhelming. It’s traumatic to watch friends facing violence or a threat of violence,” says Srividya.

The constant deluge of news reports and social media posts has certainly not helped the cause of mental health. “The backlash on social media for a post you are putting up, or how you are responding to a post, can be dev-

astating for some if they feel forced to choose sides,” says Srividya. What echoes among students is the realisation that their friend isn’t the person they thought she was. “Unverified, unfiltered information flowing from social media, without any perspective or context, has led to the cesspool of information responsible for this,” says Srividya.

Given India’s current scenario, where demonstrations against the government are still going strong, there’s almost an immediate need to reduce the sense of isolation and loneliness felt by the country’s young. One way therapists are hoping to mitigate the fallout of the ongoing political milieu is to hold support group sessions. There’s safety in knowing one isn’t all alone.

Many students, counsellors and therapists confirm, are also continuously continuing to interact with trolls online. They caution against this and underline the importance of taking regular breaks from social media to shut out negativity.

“The fact that students don’t feel safe enough to tell their stories has added to their aggravation. Just being able to talk about things instead of bottling it up will go a long way in protecting these students against future detrimental mental health consequences,” says Nagar. Allowing oneself to pause to heal in difficult circumstances can be challenging, but it’s worth a stronger tomorrow.

“Even watching other people being beaten or being shoved around can be overwhelming. It’s traumatic to watch friends facing violence or a threat of violence”

Cut back on email to fight global warming

Data storage could balloon to 8 per cent of planetary energy use by 2030

EMILY CHASAN
25 JANUARY

Everyone has seen the warning. At the bottom of the email, it says: “Please consider the environment before printing.” But for those who care about global warming, you might want to consider not writing so many emails in the first place.

More and more, people rely on their electronic mailboxes as a file organiser. Old emails, photos, and files from years past sit undisturbed, awaiting your search for a name, lost address, or maybe a photo of an old boyfriend. The problem is that all those messages require energy to preserve them. And despite the tech industry’s focus on renewables, the advent of streaming and artificial intelligence is only accelerating the amount of fossil fuels burned to keep data servers up, running, and cool.

Right now, data centres consume about 2 per cent of the world’s electricity, but that’s expected to reach 8 per cent by 2030. Moreover, only about 6 per cent of all data ever created is in use today, according to research from Hewlett Packard Enterprise. That means that 94 per cent is sitting in a vast “cyber landfill,” albeit one with a massive carbon footprint.

“It’s costing us the equivalent of maintaining the airline industry for data we don’t even use,” says Andrew Choi, a senior research analyst at Parnassus Investments, a \$27 billion environmental, social, and governance firm in San Francisco.



Storing old emails, photos and files on servers has a huge climate cost

Kirk Bresniker, chief architect of Hewlett Packard Labs, said these server farms use energy both to retain your data, and when you use it in some way. “If I want to actually do something with my data, I have to warm it up and move it through the data centre,” he says. And for those who think you’re erasing email when you empty the trash, you probably aren’t. Multiple copies of even decade-old emails are stored on servers around the world. And energy is being used to keep them alive.

The sum of all the world’s data in 2018 was 33 zettabytes (a zettabyte is 1 trillion gigabytes), but by 2025 it could increase fivefold, to 175 zettabytes, according to International Data Corp. Every day, the world produces about 2.5 quintillion bytes of data.

This is a sector “where emissions are increasingly getting out of control,” says Philippe Zaouati, chief executive officer of Paris-based Mirova, a \$15 billion sustainable asset manager. “We need to decrease carbon emissions, and what we see in the IT sector is increasing emissions.”

Indeed, socially conscious investors have historically been attracted to tech stocks, based on the assumptions that it’s a low-emissions industry. Some are starting to rethink that.

Choi says the problem is getting too big too fast: How many photos are sitting untouched in the cloud? Is there a net benefit from an internet-connected toothbrush? Is an AI model that enables slightly faster food delivery really worth the energy cost? (Training an AI model emits about as much carbon as the lifetime emissions associated with running five cars.)

Parnassus has been focusing on Advanced Micro Devices and Nvidia, companies that are researching more efficient storage technology. But Choi says real solutions may require more radical thoughts.

“Data is possibly overstated as an advantage for business, and no one’s really asking the question,” he says. “If a small group of people are the only ones really benefiting from this data revolution, then what are we actually doing, using all of this power?” So far, the tech industry’s main

response has been to buy more renewable energy — contracting for almost 6,000 megawatts of non-fossil fuel power last year, triple what it bought in 2017, according to BloombergNEF.

“Data-centre need is moving so quickly that most companies can’t keep up,” says Kevin Hagen, vice president of ESG strategy at Iron Mountain, a data-centre real estate company. Iron Mountain bought up so much renewable power last year that it started using it as a selling point, telling potential customers how much they could reduce their carbon footprint by using its servers.

But eventually there may not be enough renewable energy to satisfy the industry’s demand. Iron Mountain’s overall electricity use has been doubling from year to year, Hagen says.

Being aware of the problem may help focus more companies on the climate cost of electronic storage. Microsoft Corp. this month unveiled a first-of-its-kind sustainability calculator for its cloud customers so they can see the emissions generated by their data use.

“It’s a question customers were increasingly asking,” says Microsoft President and Chief Legal Officer Brad Smith. “I don’t think there’s much doubt in our minds about this as a decade-long, global phenomenon where we are going to see an inexorable rise in demand for technology.”

BloombergNEF warns that energy efficiency upgrades or other technological improvements are unlikely to offset data’s greenhouse gas emissions, even if they are deployed quickly. Energy computing workloads are likely to more than double as more AI comes online, more devices are connected, and people do more work in the cloud.

(With assistance by Dina Bass)
BLOOMBERG

IMO

CORONAVIRUS SCARE

Tim Cook@tim_cook
As people in China and around the world celebrate the Lunar New Year, we send our love and support to the many impacted by the Coronavirus. Apple will be donating to groups on the ground helping support all of those affected.

Jim Acosta@Acosta
Trump in Davos asked about coronavirus: “We have it totally under control. It’s one person coming in from China, and we have it under control. It’s—going to be just fine.”

David Frum@davidfrum
The only good news in this China coronavirus outbreak is that we don’t have a Donald Trump out there exploiting bigotry to incite fear to defame a president who traces some ancestors to elsewhere on the same continent 6,000 km away from where the disease is centred

Andrew Strohlein@astrohlein
Weeks ago, China arrested 8 people for spreading “hoaxes” about what is now known as #coronavirus. How much time was lost? Authoritarianism is bad for your health.

Soutik Biswas@soutikBBC
41 dead, 1287 confirmed cases in China
New 1000-bed hospital being built in six days in Wuhan. Virus spreads to Europe – 3 cases confirmed

in France. Wuhan under lockdown. Tourist sites in Beijing shut. McDonald’s shut

GEORGE SOROS ON MODI
Rupa Subramanya@rupasubramanya
George Soros icon of global capitalism, Holocaust survivor, fierce anti-communist, and philanthropist publicly criticizes the Modi government at Davos. India has gone from being the darling of Davos to being called out for ethno-nationalism in just 10 years. What a slide.

Dr David Frawley@davidfrawleyed
Isn’t Soros himself guilty of being authoritarian, using his money to influence public opinion worldwide? Does he know anything about India’s great civilization and its vast dharmic traditions that @narendramodi is honoring?

Ashok Swain@ashoswai
Modi is NOT being missed in Davos! Modi is creating a Hindu nationalist state, imposing punitive measures on Kashmir, and threatening to deprive millions of Muslims of their citizenship

Nupur J Sharma@UnSubtleDesi
Good news for anti-Modi industry and ‘liberals’ worldwide, 1 Billion USD help coming in to fight ‘Nationalism’. George Soros has directly declared war against PM Modi, along with USA, Russia and China.

J B NADDA APPOINTED BJP PRESIDENT
SSrivatsa@srivatsayb
Modi’s man Nadda is nominated as National BJP President replacing Shah. NO internal election held. NO other competitor. NO one questioning BJP if Congress had done it, front page articles & 24*7 debate by- Arnab- Navika – BnD- Sardana & entire Media. Double Standards??

Narendra Modi@narendramodi
I do not think words can do justice to the rich contribution of @AmitShahji as @BJP4 India President. During his Presidency, BJP got opportunities to serve in several parts of India. We also got our highest ever tally in a Parliamentary election. He is an outstanding Karyakarta.

China coronavirus toll hits 41, Australia reports first four cases

TONY MUNROE & ROXANNE LIU
Beijing, 25 January

The death toll from China's coronavirus outbreak jumped on Saturday to 41 as the Lunar New Year got off to a gloomy start, with Hong Kong declaring a virus emergency, scrapping celebrations, and restricting links to mainland China.

Australia on Saturday confirmed its first four cases, Malaysia confirmed three and France reported Europe's first cases on Friday, as health authorities around the world scrambled to prevent a pandemic.

Hong Kong leader Carrie Lam on Saturday declared a virus emergency in the Asian financial hub, with five confirmed cases, immediately halting official visits to mainland China and scrapping official Lunar New Year celebrations.

Inbound and outbound flights and high speed rail trips between Hong Kong and Wuhan, the epicentre of the outbreak, would be halted, and schools, now on Lunar New Year holidays, would remain shut until February 17. The territory was also treating 122 people suspected of having the disease.

The death toll in China rose to 41 on Saturday from 26 a day earlier and more than 1,300 people have been infected globally with a virus traced to a seafood market in the central city of Wuhan that was illegally selling wildlife.

Hu Yinghai, deputy director-general of the Civil Affairs Department in Hubei province, where Wuhan is located, made an appeal on Saturday for masks and protective suits. Hospitals in the city have made similar pleas.

"We are steadily pushing forward the disease control and prevention... But right now we are facing an extremely severe public health crisis," he told a news briefing.

Vehicles carrying emergency supplies and medical staff for Wuhan would be exempted from



People line up outside a drugstore to buy masks in Shanghai on Friday

tolls and given traffic priority, China's transportation ministry said on Saturday.

Wuhan said it would ban non-essential vehicles from its downtown starting Sunday to control the spread of the virus, further paralysing a city of 11 million that has been on virtual lockdown since Thursday, with nearly all flights cancelled and checkpoints blocking the main roads leading out of town. Authorities have since imposed transport restrictions on nearly all of Hubei province, which has a population of 59 million.

In Australia, three men, aged 53, 43 and 35 in New South Wales were in stable condition after they were confirmed to have the virus after returning from Wuhan earlier this month.

A Chinese national in his 50s, who had been in Wuhan, was also in stable condition in a Melbourne hospital after arriving from China on January 19, Victoria Health officials said.

State-run China Global Television Network reported in a tweet on Saturday that a doctor who had been treating patients in

Wuhan, 62-year-old Liang Wudong, had died from the virus.

It was not immediately clear if his death was already counted in the official toll of 41, of which 39 were in the central province of Hubei, where Wuhan is located.

US coffee chain Starbucks said on Saturday that it was closing all its outlets in Hubei province for the week-long Lunar New Year holiday, following a similar move by McDonald's in five Hubei cities.

Protective suits

In Beijing on Saturday, workers in white protective suits checked temperatures of passengers entering the subway at the central railway station, while some train services in eastern China's Yangtze River Delta region were suspended, the local railway operator said.

The number of confirmed cases in China stands at 1,287. The virus has also been detected in Thailand, Vietnam, Singapore, Japan, South Korea, Taiwan, Nepal, and the United States.

The US Centers for Disease Control and Prevention said on Friday it had 63 patients under

investigation, with two confirmed cases.

While China has called for transparency in managing the crisis, after cover-up of the 2002/2003 Severe Acute Respiratory Syndrome spread, officials in Wuhan have come in for criticism over their handling of the current outbreak.

In rare public dissent, a senior journalist at a Hubei provincial newspaper run by the ruling Communist Party on Friday called for a "immediate" change of leadership in Wuhan on the Twitter-like Weibo. The post was later removed.

Reinforcements to Wuhan

The World Health Organization (WHO) declared the new coronavirus an "emergency in China" this week but stopped short of declaring it of international concern.

Human-to-human transmission has been observed in the virus, China's National Health Commission said it had formed six medical teams totalling 1,230 medical staff to help Wuhan.

Hubei province, where authorities are rushing to build a 1,000 bed hospital in six days to treat patients, announced on Saturday that there were 658 patients affected by the virus in treatment, 57 of whom were critically ill.

The newly-identified coronavirus has created alarm because there are still many unknowns surrounding it, such as how dangerous it is and how easily it spreads between people.

It can cause pneumonia, which has been deadly in some cases. Symptoms include fever, difficulty breathing and coughing.

Most of the fatalities have been in elderly patients, many with pre-existing conditions, the WHO said.

New Year disruptions

Airports around the world have stepped up screening of passengers from China, though some health officials and experts have questioned the effectiveness of such screenings.

There are fears the transmission could accelerate as hundreds of millions of Chinese travel during the week-long Lunar New Year holiday, which began on Saturday, although many have cancelled their plans, with airlines and railways in China providing free refunds. The virus outbreak and efforts to contain it have put a dampener on what is ordinarily a festive time of year.

Sanya, a popular resort destination on the southern Chinese island of Hainan, announced that it was shutting all tourist sites, while the island's capital city, Haikou, said visitors from Wuhan would be placed under 14-day quarantine in a hotel.

Shanghai Disneyland was closed from Saturday. The theme park has a 100,000 daily capacity and sold out during last year's Lunar New Year holiday.

Beijing's Lama Temple, where people traditionally make offerings for the new year, has also closed, as have some other temples.

Huawei reprieve as Trump aides differ on curbs



US semiconductor makers have argued a total clampdown is counterproductive as many of the parts Huawei needs can be bought from non-US providers

TODD SHIELDS
25 January

A US proposal to further restrict sales to China-based Huawei Technologies has encountered objections within the Trump administration and is being held up as officials debate whether the step could harm exporters, a person familiar with the process said.

Commerce Secretary Wilbur Ross on Thursday said new rules coming soon will put more limits on technology sales to Huawei, which American officials suspect of making gear that could be used for espionage — an allegation the company has denied. The proposal, however, has foundered at least temporarily amid objections, said the person who spoke on condition of anonymity because the discussions aren't public.

The *Wall Street Journal* reported on Friday that the Treasury Department and Pentagon opposed the tightening. Asked Friday about the matter, Defence Secretary Mark Esper seemed to acknowledge administration discussions. Esper didn't specifically address Huawei but said there's always a "back-and-forth" during interagency talks about proposed rule changes.

At issue are rules to make it harder for American companies to sell to Huawei from their overseas facilities. Some US companies have kept selling to Huawei by using exemptions if the majority of work to create the products happens outside the US.

The current threshold permitting

sales effectively kicks in when 75 per cent of the work occurs overseas. The administration is debating raising this to 90 per cent.

The chip industry argues that further tightening could reduce its competitiveness and ability to innovate.

Such issues are "never black and white," Esper said in remarks at the Center for Strategic and International Studies, but restrictions generally must consider "second- and third-order effects" on American companies and "sustaining those companies' supply chains and those innovators".

The Commerce Department didn't respond to a request for comment. Rob Manfred, a spokesman for Huawei, declined to comment.

Huawei is one of the world's biggest purchasers of chips. US semiconductor makers have argued that a complete clampdown is counterproductive as many of the parts Huawei needs can be bought from non-US providers. Huawei also buys software and other products from US companies.

Three Republican senators in a letter on Friday asked Esper to explain the Defence Department's stance. "Huawei is an arm of the Chinese Communist Party and should be treated as such," the lawmakers said in the letter, which was distributed by email. "We are concerned that the Defence Department is not appropriately weighing the risks."

The letter's signers were Nebraska's Ben Sasse, Tom Cotton of Arkansas, and Marco Rubio of Florida.

YouTube gets streaming rights to major esports leagues

GERRIT DE VYNCK
25 January

YouTube secured the exclusive rights to broadcast some of the biggest esports leagues, giving Google a boost in its efforts to push into the lucrative world of video games.

The deal, inked between Alphabet's Google and video game publisher Activision Blizzard, gives YouTube the rights to broadcast the new Call of Duty League and the already-popular Overwatch League, which was broadcast on Amazon.com's Twitch for the past two years at a reported cost of \$90 million. As part of the deal, Google will provide cloud infrastructure for Activision's online games. Financial terms of the multiyear deal were not disclosed.

Gaming is a significant new frontier for Google. Last year, it released a game-streaming service called Stadia, which lets people play games through the internet without having to buy a console or high-powered computer. YouTube has been a major destination for watching people play video games, but the firm is trying to take even more territory by poaching well-known game players from Twitch.

"In 2020 Google is going all out to claim a piece of the \$120 billion games market," said Joost van Dreunen, managing director of Nielsen's video-game research arm. "Google is off to a great start to building strong relationships with content creators which it will need to differentiate as it tries to penetrate the indus-



Last year, Google released a game-streaming service called Stadia

try via different avenues."

The news isn't good for Amazon, which hasn't announced a competitor to Stadia and still faces uncertainty about its in-house gaming studio, van Dreunen said. "The longer Amazon remains on the sidelines of technological shifts in the games business, the harder it will be to capture share down the line."

The deal offers a strong boost to the central thesis of Activision's esports efforts. The publisher pitched investors on the Overwatch League and the Call of Duty League, which launches later this month, as esports equivalents to traditional sports leagues like the National Basketball Association or National Football League. Selling media rights to companies like YouTube is a central piece of how these leagues make money.

Chinese theatres oppose deal to stream movie for free

REUTERS
Beijing/Shanghai, 25 January

Chinese theatres and film studios are protesting a deal by Huanxi Media Group to premiere its new movie "Lost in Russia" on Bytedance's online platforms, with some saying it was "trampling" and "destroying" China's cinema industry.

The week-long Lunar New Year holiday usually sees audiences flock to cinemas with distributors taking advantage of the crowds to launch films but the premieres of at least seven movies, including "Lost in Russia", were postponed due to a virus outbreak which by Saturday had killed 41 people and infected more than 1,300 people globally.

But Huanxi Media Group announced on Friday that it would show "Lost in Russia" for free on Beijing Bytedance Network's platforms on Jan. 25, and that the social media giant would in turn pay it at least 630 million yuan (\$91.25 million) for new movies and dramas.



On Friday, a South Korean official said Trump had asked the South Koreans to pass on birthday greetings to North Korea

Financial magazine *Yicai* reported on Friday on a statement issued by the film industry of eastern China's Zhejiang province, which threatened to boycott films made by Huanxi and one of the actors in "Lost in Russia" if the online premiere went ahead.

Another letter signed by 23 theatres and films studios was also circulated heavily in Chinese social media and reported by media outlets like the government-backed Beijing Youth Daily newspaper. Two industry sources familiar with the letter confirmed its authenticity to *Reuters*.

The second letter, which was addressed to industry regulator China Film Administration, said the movie would mark the first time in history a Spring Festival blockbuster would be screened for free online, and while it was legal to do so, it would break the current industry model.

"This goes against the payment and revenue model that the movie industry has cultivated over many years, is trampling

and intentionally destroying the movie industry and premiere models, and play a lead role in causing destruction," said the letter, whose signatories include Wanda Film Holding, Bona Film Group, and Henan Oscar Theatre Chain.

Wanda confirmed to *Reuters* that it had signed the statement but declined to comment. Bona Film Group and Henan Oscar Theatre did not immediately respond to calls for comment. Many offices are shut in China due to the national holiday.

A Bytedance spokeswoman said that its cooperation with Huanxi was a normal commercial deal to benefit the creators, adding it also allowed more people to stay at home, rather than go out, given the viral outbreak.

Huanxi did not immediately respond to a request for comment. Many public areas including cinemas in Shanghai, the city's Disneyland resort and even Beijing's Forbidden City have been shut due to concerns about the virus.

Bodies of US firefighters retrieved in Australia

REUTERS
Melbourne, 25 January

The bodies of three US firefighters who died in a plane crash earlier this week in Australia's remote bushland while battling a fierce wildfire have been recovered, the police said on Saturday.

"I can confirm that the bodies have been recovered," a New South Wales Police spokesperson told *Reuters* in an e-mail. "They have been taken for a post-mortem examination to confirm ID." Coulson Aviation, the private Canadian firm that employed the trio, named them as US military veterans Captain Ian H McBeth, 44, of Great Falls, Montana, First Officer Paul Clyde Hudson, 42, of Buckeye, Arizona, and Flight Engineer Rick DeMorgan Jr., 43, of Navarre, Florida.

The crash of the C-130 tanker plane on Thursday added to national grief in Australia over bushfires that have since October killed 33 people and millions of animals as well as charred vast swathes of land.

Officials said it was too early to speculate on the cause of the crash of the plane that went down just after it dumped a large load of retardant on a huge wildfire in a national park in the mountains south of Canberra, the Australian capital.

The Americans were a part of a multi-national contingency that has been helping Australia to combat the devastating bushfires that have in three months scorched a land area about one-third the size of Germany, razing thousands of homes.

There were 57 bush and grass fires burning in New South Wales, 23 of which were yet to be contained as of early Saturday, New South Wales Rural Fire Service said on Twitter.

Fire conditions have eased in Queensland, Victoria and New South Wales, three of the states burned badly in the blazes, with severe storms expected to bring heavy rainfall to some fire-grounds over the weekend, meteorologists said.

London restaurateur reaches out to other cancer sufferers

RICHARD VINES
25 January

Saima Thompson was running a Pakistani restaurant with her mother in southeast London and had started a new bar business with a friend when she began suffering from upper back pain and fatigue.

The diagnosis? Stage IV non-small-cell lung cancer.

She was 29 years old and told she had six to 12 months to live. That was in April 2018 and she is still very much alive and positive even as she undergoes a second round of chemotherapy treatments and takes drugs to manage the pain.

Now 31, she's juggling a busy working life at the family restaurant, Masala Wala Cafe in Brockley, with encouraging debate about cancer in the black, Asian and minority ethnic communities in which she initially found there was little understanding or communication.

"It took me quite some time to absorb the information when I was diagnosed," she says. "I

thought it was an old man's disease, and I was so young. I'd just got the flow of running the restaurant with my mother, just getting the hang of things, and I had just opened the new place. All these dreams and aspirations and, obviously, they all came crashing down.

"I actually had quite irrational thoughts. One of the first things I thought was, 'No one's going to come to my restaurant. I've got lung cancer. That's disgusting.' So it was quite a big process for me to digest. I actually suffered post-traumatic stress with the diagnosis.

"There is a lot of stigma and a lot of unspoken conversations" (in the Asian community). "My mother didn't know what cancer meant, for instance. She came here in the '80s (from Pakistan). She never, ever had health awareness amongst her community, amongst her friends, amongst her family. And then when I turned to the online community, I saw there was literally nobody online, people of colour, talking about these issues. Black, Asian. There was a very big lack of conversation."



Saima Thompson is still involved with her mother and sister at the Masala Wala Cafe, which aims to showcase the best of Pakistani cuisine

Thompson then discovered a group called Black Women Rising, aimed at creating more cancer awareness in the BAME community.

"I jumped on that campaign because there's no Brown Women Rising," she says. "And I started thinking, Where are all the Asians?" So she started her own blog, Curry and Cancer, in August 2018, talking about her experiences and connecting with more women.

"There's a range of issues with black and Asian – ethnic minorities. I have family members saying, 'Oh don't worry. We're not going to tell anybody.' Again, very isolating and it is something I am

not embarrassed about. I shouldn't have to hide. So me speaking outwardly, and blogging, for me the blogging was a very good therapy process, just to be seen and heard and not feel alone. And especially with a life-changing illness such as cancer to not feel alone is very important. It can be such an isolating condition.

"I just started a BAME Cancer Support network on Facebook. It's a private group in which anybody from the black and Asian ethnic minority going through cancer can share their stories confidentially. And that was important for me. Because I had people reaching out to me and I was a bit overwhelmed so I thought let's set up this group so I can send people that way and then through that group so many friendships have formed. It's absolutely wonderful to see."

Thompson is still keenly involved with her mother and sister at the Masala Wala Cafe, which aims to showcase the best of traditional Pakistani cuisine, and she projects an energy and positivity that's humbling to

those of us who have been luckier with their health. (She suffered a miscarriage shortly before her diagnosis). She is fun to be with, but concedes that while 2018 wasn't a good year, 2019 was no better. So what is her outlook?

"I've outlived my prognosis," she says. "I was given six to 12 months at the time, in April 2018. And I'll be looking at my two-year 'cancersary' in April this year. So I am living well and I feel I am doing a good job. I am doing the best that I can. I feel well in myself. There have been times of chronic pain. Even now, I am on pain management drugs, but I have a good quality of life and that is all I can ask for at this stage. I am looking at prolonging my life as long as I can. And living well with it, comfortably.

"We've all come together as a family through this diagnosis. It was a big blow but we are finding our feet. It's becoming the new normal for us. Traumatic things happen in life and it's how you deal with it. I've reached out. I wanted to put my story out there."

Turkey quake kills at least 22, rescuers dig for survivors

UMIT OZDAL
Elazig, Turkey, 25 January

The death toll from a powerful earthquake in eastern Turkey reached 22 on Saturday, as rescuers searched for survivors trapped under the rubble of collapsed buildings.

The magnitude 6.8 quake late Friday shook Elazig province, about 550 km (340 miles) east of the capital Ankara, and was followed by more than 390 aftershocks, 14 of which had magnitudes over 4.

Eighteen people were killed in Elazig and four more in the neighbouring province of Malatya, said Turkey's Disaster and Emergency Authority (AFAD), adding 1,103 others were injured and in hospitals in the region. It

said rescue efforts were underway at three sites in Elazig.

Turkish broadcasters showed footage of rescuers pulling people out from under the debris, some around 17 hours after the quake. Speaking in Elazig, Interior Minister Suleyman Soylu said an estimated 22 people were still trapped under debris. AFAD later said 40 people had been rescued so far.

Speaking alongside Soylu, Health Minister Fahrettin Koca said 128 wounded people were receiving treatment and that 34 of those were in intensive care, but not in critical conditions. He said additional medical centres would be set up if necessary.

Rescue teams worked through the night with their hands, drills and mechanical

diggers to remove bricks and plaster from collapsed buildings in Elazig, where the overnight temperature dipped to -8 degrees Celsius.

"Our houses collapsed ... we cannot go inside them," said a 32-year-old man from the town of Sivrice, epicentre of the quake which struck shortly before 9 pm (1800 GMT).

"In our village some people lost their lives. I hope God will help us," said the man, who gave only his first name, Sinasi. "Our animals died. Our families gathered around the fire to spend the night, covered with blankets," Sinasi said as he and a relative tried to warm themselves by a small fire.

State media said on Saturday President Tayyip Erdogan had



Search and rescue teams work on a collapsed building after an earthquake in Elazig on Saturday

REUTERS

cancelled his plans in Istanbul and would travel to Elazig.

Rescue effort

State media in Syria and Iran both reported the earthquake

was felt in those countries. Local media in Lebanon said the cities of Beirut and Tripoli also felt the quake.

On Friday night, Soylu described it as a "Level 3" inci-

dent according to the country's emergency response plan, meaning it called for a national response but did not require international help.

He said Turkey, which straddles seismic faultlines and is prone to earthquakes, had learnt lessons from previous disasters which helped it address Friday's incident. Drones were deployed in search operations and to communicate between provinces.

Emergency teams and rescue equipment were sent from other provinces to Elazig, with thousands of rescuers and medical personnel on the ground to look for and help survivors.

Flag-carrier Turkish Airlines started additional flights to Elazig from Ankara and Istanbul to help transport rescuers.

AFAD warned residents not to return to damaged buildings because of the danger of further aftershocks. It said beds, blankets and tents were being sent to the area, where some people sheltered in sports gymnasiums. Turkey's Kizilay aid group also sent food, heaters and other materials to the region.

"I wish God's mercy to our brothers who lost their lives in the earthquake, and urgent healing for those who were injured," Erdogan said on Twitter on Friday.

Environment and Urbanisation Minister Murat Kurum, who spoke alongside Soylu on Saturday, said five buildings in Elazig had collapsed in the quake and there were several heavily damaged

structures.

Soylu also said on Saturday a prison in the nearby Adiyaman province was being evacuated due to damage to the building.

Justice Minister Abdulhamit Gul said the inmates were being transferred to prisons in three nearby provinces.

Turkey has a history of powerful earthquakes. More than 17,000 people were killed in August 1999 when a 7.6 magnitude quake struck the western city of Izmit, 90 km (55 miles) southeast of Istanbul. About 500,000 people were made homeless.

In 2011, an earthquake struck the eastern city of Van and the town of Ercis, some 100 km (60 miles) to the north, killing at least 523 people.

REUTERS

Unspoken charge that should doom Trump: lawlessness

JONATHAN BERNSTEIN
25 January

For three days, the House managers serving as prosecutors in the Senate impeachment trial of President Donald Trump set out the details of his effort to strong-arm Ukraine into aiding his 2020 re-election, and then argued that those details constitute reason to remove him from office. They made a strong case. Using the power of the presidency to push a foreign power to smear a political opponent is an abuse of that power, a "high crime and misdemeanor" in the constitutional phrase setting forth the standard for removal.

What of the case made by law professor Josh Blackman in the *New York Times* on Thursday: that presidents often pursue policies in hopes of improving their political prospects? It is true, of course, that presidents consider domestic politics, including electoral politics, in everything they do. There's nothing wrong with that. Presidents should act to increase their influence, and that includes taking actions with their professional reputation and personal popularity in mind.

So what's different about Ukraine?

For one thing, as Representative Adam Schiff and the other House managers explained, Trump's actions weren't taken with politics as one consideration. They were taken, as Schiff said, with electoral concerns as the primary goal.

But that's not enough to make it impeachable. Trump ordered a hold on congressionally approved military aid to Ukraine last summer, according to high-ranking officials who testified in the House impeachment investigation, as the president and his allies were ratcheting up the pressure on the Ukrainian government to announce a criminal investigation of a leading Democratic presidential candidate, former Vice President Joe Biden, along with another investigation into a bizarre, evidence-free theory about Ukraine and the 2016 election.

The aid freeze wasn't part of a legitimate reconsideration of US policy towards Ukraine,



Trump is accused of soliciting foreign election interference

which Trump would have been free to initiate. Instead, it was an effort to undermine the consensus plan to support Ukraine as he squeezed that country's government to help him get re-elected. The president certainly has the right to change his policies and to work to get the rest of the government to go along. It's much less legitimate to attempt to subvert the official policy. And given that it appears the freeze on aid to Ukraine was illegal, Trump's scheme wasn't legitimate at all.

Blackman's analysis is also wrong because it matters how a president uses policy for political advantage. Trump is accused of soliciting foreign election interference! Unlike manoeuvring to get a Supreme Court justice to resign, or even deploying troops, Trump tried to get a foreign nation to influence an election. That's not just a likely violation of US law; it's contrary to his oath to "preserve, protect and defend the Constitution of the United States."

So: Could a president legitimately base Cuba policy in part to win the support of a key group of voters in a swing state? Absolutely. Even if national security experts think the resulting policy would be a bad one. But could a president base Ukraine policy on whether or not the Ukrainian government gets involved in U.S. domestic politics? No. Because that involves something which is itself both illegal and a violation of the president's oath of office. It is, indeed, an abuse of power — the use of his formal powers to do something illegal and unconstitutional.

The truth is, however, that for all of the strength of the

House managers' case, what really clinches it is something they didn't say, and which isn't part of the two articles of impeachment that the Senate is considering: Trump's overall lawlessness.

The articles make only a glancing mention of Trump's obstruction of justice, as laid out in Special Counsel Robert Mueller's report on Russian interference in the 2016 election. They don't say that Trump is probably violating the Constitution's emoluments clauses when foreign and domestic governments spend money at his hotels and resorts. They say nothing about his threats against the media or his threats to prosecute political opponents. If impeachment was purely a legal matter, those things would therefore be irrelevant and jurors would be directed to ignore them.

Impeachment isn't a judicial procedure. US senators are not mere jurors. Impeachment and removal or acquittal is a political act, even when expressed in judicial language. I don't mean "political" here only in terms of elections and ordinary partisanship, although those are necessarily part of it, but as the broader idea of politics as the way a polity collectively governs itself. As political scientist Julia Azari has written: "There is no nonpartisan, apolitical mechanism to evaluate abuses of power and remove a president from office. Our Constitution places this responsibility with the people's elected representatives (and senators, to be precise)." And that's because the framers thought that politics at its best was very much a good thing — that neither elites who were not ultimately responsible to the people nor any kind of automatic formula was as good as purposeful self-government.

Therefore, it is appropriate that members of the House take into account what they know about the president's fitness for office and his compliance with his oath of office when deciding whether to impeach or not. Senators can — and should — take all of that into account when deciding whether to vote to remove or acquit.

BLOOMBERG

Mnuchin says optimistic about US-UK trade deal

REUTERS
London, 25 January

US Treasury Secretary Steven Mnuchin said he was optimistic about the chances of a trade deal between the United States and Britain this year, adding that he met Britain's finance minister on Saturday to discuss it.

"I'm quite optimistic," Mnuchin said when asked about the potential for a deal between the two countries at an event held at the Chatham House think tank



Mnuchin conceded Britain may need to finalise some issues with the EU, but didn't see this as a cause for delay

in London. Mnuchin said he had a breakfast meeting with British finance minister Sajid Javid earlier on Saturday, having also spoken to him this week at the World Economic Forum in Davos.

"We're focused on trying to get this done this year because we think it's important to both of us," he told the audience. He said that after the United States recently concluded the initial phase of a trade agreement with China, deals with Britain and the European Union were now the focus.

While he conceded that Britain may need to finalise some issues with the European Union before it could discuss them with Washington, he didn't see this as creating a delay.

"I think a lot of the issues can be dealt with simultaneously and again we look forward to continuing a great trade relationship, and, if anything, I think there will be significantly more trade between the US and the UK," he said.

Asked by a reporter if Britain's plan to implement a digital services tax on US technology giants such as Facebook and Google could hinder trade negotiations, Mnuchin said that he discussed the issue on Saturday with Javid.

US peace plan may polarise the West Asia it seeks to calm

STEPHEN FARRELL & RAMI AYYUB
Jerusalem, 25 January

As US President Donald Trump prepares to host Israeli leaders in Washington to reveal details of his long-delayed Middle East peace plan, Palestinians warned on Friday that no deal could work without them on board.

Trump invited Israeli Prime Minister Benjamin Netanyahu and his chief rival centrist former general Benny Gantz to the White House next week, saying he would unveil the plan before his Tuesday meeting with Netanyahu.

But Nabil Abu Rudeineh, spokesman for Palestinian President Mahmoud Abbas, said there had been no communication with the Trump administration, and that no peace deal could be implemented without "the approval of the Palestinian people and the Palestinian leadership".

"This is the only way if they are serious, if they are looking for stability in the whole region," Rudeinah said. Israeli-Palestinian peace talks collapsed in 2014 and Palestinians have called Trump's proposal

dead in the water, even before its publication, citing what they see as his pro-Israel policies.

The Palestinians have boycotted political dealings with the Trump administration since it reversed decades of US policy on the conflict, splintering the international consensus.

It has refused to endorse the two-state solution — the long-time international peace formula that envisages a Palestinian state established in territory that Israel captured in the 1967 Middle East war.

The Trump administration also recognised Jerusalem as Israel's capital and moved its embassy there, and announced that Washington no longer views Israeli settlements on occupied West Bank land as "inconsistent with international law".

Palestinians and most of the international community see the settlements as illegal under the 1949 Geneva Conventions that bar populating land captured in war. Israel disputes this, citing historical, biblical and political connections to the land, as well as security needs.

Palestinians obtained limited self-rule in parts of the West

Bank under mid-1990s interim peace accords. They now seek East Jerusalem as the capital of a future state comprising the West Bank and Gaza Strip. Israel withdrew from Gaza in 2005.

Trump, speaking to reporters on his flight home from the World Economic Forum in Davos, acknowledged Palestinians might react negatively to his plan at first but that "it's actually very positive for them".

"It's a great plan. It's a plan that really would work."

By contrast Netanyahu immediately accepted Trump's invite. "I think the president is seeking to give Israel the peace and security that it deserves," Netanyahu said on Thursday.

Gantz's office did not immediately confirm whether he accepted Trump's invitation.

The political aspects of Trump's peace initiative have been kept under wraps. Only the economic proposals have been unveiled, anchored by a \$50 billion regional development plan - which Palestinians spurned as it did not address an end to Israeli occupation.

Israeli headlines on Friday referred to the "Trump Sum-

mit" and "Trump Deal". Nahum Barnea, a political analyst in Yedioth Ahronoth newspaper, expected "an American green light" for Israel to annex West Bank settlement blocs and the Jordan Valley, which forms the border with Jordan to the east.

Palestinian newspapers highlighted warnings that such moves would end peace chances and pitch the region into a "new phase".

In Tel Aviv, Israelis appeared generally supportive of their leaders going to Washington, even without Palestinians.

"We don't have to go back to the previous peace process that was signed over 25, 30 years ago," said Yael Rozencwajg, 41, a tech executive from Tel Aviv. "The situation has completely changed since then. Trump has started recognising that."

In explaining the US change of stance on settlements this month, US Secretary of State Mike Pompeo said the new approach would actually advance peace with the Palestinians "by (speaking) the truth when the facts lead to it".

Palestinians challenged the US and Israeli stances.

REUTERS

ETCHED IN MEMORY



Brazilian artist Mundano works on a mural with different colour paints made with dirt and mud brought from the site of the January 25, 2019, collapsed tailing dam owned by Brazilian mining company Vale SA to honour victims of the disaster, in Sao Paulo on Friday

REUTERS

Flight shaming isn't just a problem for airlines

THOMAS SEAL
25 January

It's a problem that Davos can't solve.

The World Economic Forum tried to mitigate the environmental impact of all those private jets travelling to and from this year's conference in the Swiss town by giving them the option to fill up on so-called sustainable aviation fuel, which is designed to lower carbon emissions compared to normal flights. Many attendees who left the conference after the last session on Friday will nevertheless have had to take commercial planes that use conventional fuel.

Given the WEF's effort this week to tackle the risks facing the world economy from climate change — environmental issues topped its agenda for the first time in the event's 50-year history — it's an uncomfortable situation on its own doorstep. It's also a high-profile example of an issue confronting the entire conference industry: as concern about environmental damage from air travel has given birth to a "flight shame" phenomenon which has darkened carriers' outlook, there's the potential for a knock-on impact on the

business of organising business meetings.

An average conference attendee emits as much as 2,000 pounds of carbon dioxide per meeting, according to TerraPass, a sustainability consultancy — about the same as driving from San Francisco to New York City. Some of the environmental impact comes from piles of brochures that might not get recycled, the food that gets wasted and the marketing swag that can end up in landfills. But the vast majority of carbon emissions come from air travel.

"We must get ahead of change and public perception," Jason Geall, vice president for Northern Europe at American Express Global Business Travel, said in a speech to business travel and meetings executives in London on Monday. "A failure to act now could leave us vulnerable to existential threats, such as flight caps and increased taxation and regulation."

For now, environmental concerns haven't hit events companies. Shares of Relx, which derived about 18 per cent of revenue from events in the first half of 2019, and Informa, whose events unit contributed about eight per cent, were at or close to all-time highs on Friday. UBS AG analysts led by Adam Berlin forecast four



While organisers are recognising the need to mitigate the damage their events can cause to the environment, the industry hasn't settled on an approach for tackling air travel

STOCK

per cent annual growth in the global exhibitions sector in the coming year, about the same pace as in recent years.

While more organisers are recognising the need to mitigate the damage their

events can cause to the environment, the industry hasn't settled on an approach for tackling air travel. Some conference holders include carbon offsetting in the cost of the event tickets. Others leave attendees to

address the problem themselves.

Take MWC, the annual meeting for the telecommunications industry in Barcelona. This year's event starts February 24, and in 2019 more than 100,000 people attended. For four of the last five years, Guinness World Records named it "The World's Largest Carbon Neutral Trade Show".

MWC lists among its main achievements the creation of a green logo, and the use of recycled post-consumer bottles in the lanyards for attendees' badges. Guests are also directed to a website where they can calculate and offset their emissions from attending the event, a spokeswoman said. The GSMA, the mobile industry lobby group that hosts the conference, calculates and offsets any emissions remaining, including from travel.

Though the events industry has been slow to tackle the problem of CO2 emissions from air travel, images of the Australian wildfires and calls for action from activists like Greta Thunberg have sparked interest in making meetings more green, said Nancy Zavada, president of environmental consultancy MeetGreen in Portland, Oregon. Demand for her service-

es, which includes helping meeting organisers arrange teleconferencing and carbon offsetting for attendees' flights, jumped about 20 per cent in the last quarter, she said. "The climate, the storms, the weather, are really starting to wake people up to what's going on," she said. "It's also the Greta effect."

Marcia Balisciano, director of corporate responsibility at Relx, says it's important not to underestimate the efficiencies that can be achieved by big business events. "If you come to this marketplace where your customers are going to be, or your suppliers, then it's going to be a lot easier for you to do your business by travelling once," she said.

MeetGreen's president also cautions against being too quick to criticise the environmental measures taken at Davos. The WEF doesn't serve drinks in single-use plastic containers, uses 100 per cent renewable energy, and to encourage walking in the Alpine snow, offers shoe grips and maps.

"They're trying," said Zavada. "They're putting some stuff in place. They are just so public, they're easy to pick on."

BLOOMBERG

CHATTERBOX

JNU, anti-national? Think again!

Indira Gandhi's assassination on October 31, 1984, brought forth tales of cowardice but also unparalleled bravery.

Violence broke out almost immediately. Shekhar Gupta recalls the scene in Delhi: "Along the radial roads emanating from Connaught Circus, fires blazed as if in a choreographed show. Furniture shops on Panchkuian Road were set on fire...at a glass-and-mirror shop, a Sikh...was impaled by shards of large glass sheets that rained on him as the shop was looted..."

The violence spread almost geographically. In upscale areas of Vasant Vihar, homes of affluent Sikhs were targeted.

Jawaharlal Nehru University (JNU) is not far from Vasant Vihar. From the campus, you could see smoke rising. The teachers banded together and worked out how to protect Sikhs — both employees in the administration and students. Faculty members patrolled the campus and made sure no students and faculty were harmed.

One professor invited Sikh families to take shelter in her home. She dispatched her son, also a student, to the hostels to locate and bring her Sikh students to safety to her home. The son returned with a student in tow who stayed with his teacher's family for two days, until it was judged safe for him to return to the hostel. He was traumatised and confused but his teacher comforted him. The episode was a testament to the spirit of JNU teachers as well as students.

That boy was named India's Ambassador to the United States last month. JNU, a den of sedition and anti-nationals? Really, PM?



OPINION
GRETA THUNBERG

‘My generation will not give up without a fight’

One year ago, I came to Davos and told you that our house is on fire. I said I wanted you to panic.

I've been warned that telling people to panic about the climate crisis is a very dangerous thing to do. But don't worry. It's fine. Trust me, I've done this before and I assure you it doesn't lead to anything.

And for the record, when we children tell you to panic we're not telling you to go on like before.

We're not telling you to rely on technologies that don't even exist today at scale and that science says perhaps never will.

We are not telling you to keep talking about reaching "net zero emissions" or "carbon neutrality" by cheating and fiddling around with numbers.

We are not telling you to "offset your emissions" by just paying someone else to plant trees in places like Africa while at the same time forests like the Amazon are being slaughtered at an infinitely higher rate.

Planting trees is good, of course, but it's nowhere near enough of what needs to be done, and it cannot replace real mitigation or rewilding nature.

Let's be clear. We don't need a "low carbon economy." We don't need to "lower emissions." Our emissions have to stop. And until we have the technologies that at scale can put our emissions to minus then we must forget about net zero — we need real zero.

Because distant net zero emission targets will mean absolutely nothing if we just continue to ignore the carbon dioxide budget — which applies for today, not distant future dates. If high emissions continue like now even for a few years, that remaining budget will soon be completely used up.

The fact that the USA is leaving the Paris accord seems to outrage and worry everyone, and it should. But the fact that we're all about to fail the commitments you signed up for in the Paris Agreement doesn't seem to bother the people in power even the least.

Any plan or policy of yours that doesn't include radical emission cuts at the source starting today is completely insufficient for meeting the 1.5-degree or well-below-2-degrees commitments of the Paris Agreement.

And again — this is not about Right or Left. We couldn't care less about your party politics.

From a sustainability perspective, the right, the left as well as the centre have all failed. No political ideology or economic structure has been able to tackle the climate and environmental emergency and create a cohesive and sustainable world. Because, in case you haven't noticed, that world is currently on fire.

You say children shouldn't worry. You say: "Just leave this to us. We will fix this, we promise we won't let you down."

And then — nothing. Silence. Or something worse than silence. Empty words and promises which give the impression that sufficient action is being taken.

All the solutions are obviously not available within today's societies. Nor do we have the time to wait for new technological solutions to become available to start drastically reducing our emissions.

So of course the transition isn't going to be easy. It will be hard. And unless we start facing this now together, with all cards on the table, we won't be able to solve this in time.

In the days running up to the 50th anniversary of the World Economic Forum, I joined a group of climate activists who are demanding that you, the world's most influential business and political leaders, begin to take the action needed. We demand that at this year's World Economic Forum participants from all companies, banks, institutions and governments:

- Immediately halt all investments in fossil fuel exploration and extraction.
- Immediately end all fossil fuel subsidies.
- And immediately and completely divest from fossil fuels.
- We don't want these things done by 2050, 2030 or even 2021, we want this done now.
- It may seem like we're asking for a lot. And you will of course say that we are naïve. But this is just the very minimum amount of effort that is needed to start the rapid sustainable transition.
- So either you do this or you're going to have to explain to your children why you are giving up on the 1.5-degree target.
- Giving up without even trying.
- Well I'm here to tell you that unlike you, my generation will not give up without a fight.
- The facts are clear, but they're still too uncomfortable for you to address. You just leave it because you think it's too depressing and people will give up. But people will not give up. You're the ones who are giving up.
- Last week, I met with coal miners in Poland who lost their jobs because their mine was closed. And even they had not given up. On the contrary, they seem to understand the fact that we need to change more than you do.
- I wonder, what will you tell your children was the reason to fail and leave them facing a climate chaos you knowingly brought upon them? The 1.5-degree target? That it seemed so bad for the economy that we decided to resign the idea of securing future living conditions without even trying?
- Our house is still on fire. Your inaction is fuelling the flames by the hour. We are still telling you to panic, and to act as if you loved your children above all else.

Speech by climate change activist Greta Thunberg at the World Economic Forum Davos, January 21

DID THEY REALLY SAY THAT?



"Freebies, in limited dose, are good for the economy. It makes more money available to poor, hence boosts demand. However, it should be done in such limits so that no extra taxes have to be imposed and it does not lead to budget deficits."
Delhi Chief Minister Arvind Kejriwal in New Delhi on January 24



ILLUSTRATION BY BINAY SINHA

Madhav Khosla teaches law and politics at Columbia Law School and Ashoka University. He is the author of *India's Founding Moments*. He tells Aditi Phadnis equality and freedom are fundamental to the Constitution but could face challenges in the future

‘Constitutional questions raised by CAA need answers’

Across the country over the past month, lawyers, students and activists have been reading out the Preamble to the Constitution to assembled crowds: Both as an affirmation of values and as protest. What is it about the Preamble that is so evocative of Indian democracy?

Constitutions do many things: They create institutions, they separate power among different branches of the government, they describe the rules that govern politics, but — above all — they constitute the citizen and the nation. The Preamble is a powerful statement of how the Constitution conceives of citizenship and nationhood. It evokes an idea of India that is committed to treating people as free and equal beings, and the constitutional provisions that follow the Preamble are an attempt to work out what freedom and equality mean.

What is unconstitutional and undemocratic: the Citizenship Amendment Act (CAA) or the protests against a piece of legislation passed by Parliament?

I think that it is fair to say that the Citizenship Amendment Act (CAA) raises grave constitutional concerns, both in terms of the Constitution's guarantee of equality and secularism. Of course, the constitutionality of the law, as of any law, will have to be determined through the processes that exist, namely by way of adjudication by the judiciary. But what can we say is that the law raises several serious constitutional questions that need to be addressed.

As far as the protests are concerned, the Constitution gives us the right to assembly. Being able to protest, to register disagreement, is a crucial feature of any democracy. It does not allow, of course, for that disagreement to take specific forms, such as violence. But the striking feature of the protests have not only been their reach and their resilience but also that they have been, by and large, silent and orderly. They have highlighted what a constitutional sensibility might look like: A procedural commitment to peace, and a substantive commitment to equality.

Elaborate discussion and thought went into constitutional provisions relating to the status of Jammu and Kashmir. These have now been diluted as they were “temporary provisions” but have been challenged in court. What did Constitution-makers have in mind when they drafted the provisions?

As we know, the accession of the State of Jammu and Kashmir to the Indian Union was a complex and, in some ways, fraught endeavour. The granting of some degree of autonomy to the State of Jammu and Kashmir was crucial to the State becoming part of India. As Faizan Mustafa has rightly argued, Article 370 enshrines the contractual rules that were part of the accession. In other words, you might say that without the provision, there is nothing that ties the State of Jammu and Kashmir to the Indian Union. The provision was thought to be “temporary” in the sense that its continuance and the future relationship between the State of

CHECKLIST
NRC & CAA: THE POLITICAL AFTERMATH

- **January 12:** Forty eight members of the BJP's Minority Cell in Bhopal district — including the state media in-charge, spokesperson and district ministers — quit the party on the issue of NRC-CAA.
- **January 9:** Naga People's Front's Rajya Sabha MP KG Keyne had to resign after protests.
- **January 6:** The All India Anna Dravida Munnetra Kazhagam (AIADMK) faced dissensions in its ranks as members from the minority community in the party wore black bands in the Assembly to protest against the CAA and the NRC.
- **January 2:** Four Goa Congress leaders resigned from the party to protest against its stand on the Citizenship Amendment Act (CAA) and the National Register of Citizens (NRC). Three of them joined the Bharatiya Janata Party (BJP) hours later.
- **December 25, 2019:** Shiromani Akali Dal (SAD) —

the oldest ally of the BJP after Shiv Sena — walked out of the alliance. The SAD announced it will not support the pan-India NRC. Interestingly, soon after voting for the CAB in Parliament, SAD leadership demanded that Muslim illegal immigrants should be included in the CAA

- **December 20, 2019:** the Lok Janshakti Party (LJP) of Union minister Ram Vilas Paswan distanced itself from the proposed NRC. It wanted concerns of the Muslims to be addressed by the Modi government. The LJP had voted for the Citizenship Amendment Bill (CAB) in Parliament.
- **December 16, 2019:** Asom Gana Parishad (AGP) voted for the CAB in Parliament and after protests began over CAA, it moved the Supreme Court challenging the CAA. The AGP is demanding a stricter NRC in Assam but has said it will not support a pan-India NRC.

Jammu and Kashmir and the Indian Union was left to the Constituent Assembly of the State of Jammu and Kashmir. But it was not meant to be “temporary” in the sense that it could unilaterally be made inoperative.

The removal of Article 370 could only occur with involvement of the Constituent Assembly of Jammu and Kashmir. That is a body that no longer exists. Upon its dissolution, it left us with both a separate constitution for the state (a fact that captures Jammu and Kashmir's unique place in Indian constitutional setup, as no other state has its own constitution) and it also left Article 370 in place. On one account, Article 370 can never be removed because the body that was essential to its removal — Constituent Assembly of Jammu and Kashmir — is no longer present to make this possible.

I'm not entirely sure if this account is correct — that is, whether there is no way at all to render Article 370 inoperative — but the present means by which this has been done seems to have very little constitutional basis. There are three separate aspects of the ongoing controversy that merit attention. First, there is the nullification of Article 370 without any involvement of the State of Jammu and Kashmir. Thus, a decision that could not, as per the Constitution, be taken by even an ordinary legislature of the State of Jammu and Kashmir has been taken without any involvement of the State whatsoever, as the Governor is a central appointee. Second, there is also the bifurcation of the State of Jammu and Kashmir without any reference to the State's legislative Assembly. Under the Constitution, the Union does not have to take the consent of states before altering boundaries and creating new states, but it does need to refer the Bill for such a change to the relevant state legislature. The Supreme Court has placed great emphasis on such a reference, and on the rights of states to debate the matter and offer recommendations. That has not happened in this instance. Finally, there are questions about the restrictions in the State of Jammu and Kashmir, from preventive detention to communications blackouts, after the decision to bifurcate it and make Article 370 inoperative. These restrictions, in turn, raise their own constitutional concerns.

Finally, one should note that it is hardly the case that Article 370 has been working as planned in prior decades. In reality, several presidential notifications have undermined the provision in crucial ways. But the present moment involves a constitutional departure of a whole new order.

Conventional wisdom is: When the judiciary is strong, the government is weak; when the government is weak, the judiciary is strong. Is this correct, or is judicial overreach just a phrase?

I think the statement is probably too simple and succinct to capture the complex realities of judicial power in India. But, I think, what can be said is that the Indian judiciary has had some remarkable historical moments. It has often powerfully recognised rights, defended a certain framework of government, and been sensitive to questions of injustice. Yet, it is currently going through a phase

which many commentators — correctly, I think — regard as among its weakest moments as a guarantor of the Constitution. As those who regularly observe the Indian judiciary and track its developments closely, commentators such as Gautam Bhatia and Suhrith Parthasarathy, have captured, the higher judiciary has been astonishingly silent and non-interventionist in its review of state action. The examples are almost too many to populate, and they range from electoral bonds to civil liberties. If this continues, it is hard to see how the Supreme Court's authority can sustain. Over time, the risk is that actors will begin to challenge the outcome of court decisions, and the entire constitutional apparatus will be called in question.

Support for affirmative action for India's religious minorities is interpreted as pseudo secularism. Do you think insufficient constitutional assertion for the rights of the majority has led to this belief? What were the issues when this matter came up during the drafting of the constitution?

As I have argued in a new book, *India's Founding Moment*, the Constituent

Assembly rejected special treatment for religious groups. It had very good reasons for this. The constitutional vision had a conception of citizenship unmediated by identity. It hoped to move us away from the colonial imagination, which had seen Indians as condemned to specific groups, and instead institute a framework where we could be treated as individuals, capable of agency and of acting by ourselves. This vision not only enabled freedom — I could not be free if my interests were already pre-determined by some group identity — but it could also provide for a sustainable political environment. The partition of British India was, after all, a constitutional breakdown, and it revealed the instability and impossibility of a politics that was structured around identity, around constantly accommodating one identity against another. The only way to a working political situation was to escape this framework.

Despite constitutional safeguards, state governments from the opposition feel they live in a rough neighbourhood, threatened by the governor. Are these engineered controversies?

It's hard for me to say too much about which specific controversies are real and which ones are exaggerated. But we can recognise that the Constitution grants considerable powers to the Centre. Many of these powers had their origins in the fact that when India was born, there was little basis on which one could be confident of governance in its various regions. Over time, this has of course changed, but those powers remain. Whether extraordinary powers are limited to extraordinary situations will depend, not on the Constitution, but on politics. It is, after all, politics that determines the shape and application of constitutional provisions. The question is not whether the Constitution — whether one sees its fiscal provisions or the powers of governors — will empower regional governments, but whether regional government can create a new constitutional conversation around their powers.

Paving the way for a better tomorrow

How a school student in Rajasthan is using non-biodegradable waste constructively to build a greener future, writes Swarnami Mondal

Through their words and actions, teenagers are trying to express their ecological concerns for the future. Among the numerous such efforts is an initiative taken by Nidhi Kalal, a Class XII student in Rajasthan.

Kalal has built a 100-foot road from non-biodegradable waste material within her school premises.

This trend started brewing in 2015 when the Central government made it mandatory for builders to include plastic waste among other materials while building roads, keeping Swachh Bharat Abhiyan in mind. Around 100,000 kilometres of roads in at least 11 states have been built by using plastic waste among other materials. A professor of Madurai's Thiagarajar College Of Engineering, Rajagopalan Vasudevan, was the first one to lay down a process of building roads by recycling plastic waste.

Kalal's mother Susheela Kalal says that Kalal always has had a knack for doing something for the environment. Her first eco-friendly task was cleaning a small portion of a polluted river near our house in Dungarpur.

When she was in Class VI, Kalal joined Udaipur's Heritage School and her attempts at

doing her bit for the environment started taking a more concrete shape. What followed was active participation in recycling- and tree plantation-drives conducted by the school. As the teenager rewinds, she adds that some problems specific to her cities (Dungarpur, from where she hails and Udaipur, where she is currently studying), also “provided raw materials” for the road. “Udaipur is famous for its marbles. Marble mining in and around the city leaves behind marble slurry that acts as a soil pollutant. I thought of doing something to mitigate this problem.”

Guidance came in the form of her teacher-mentor Mamata Lodha. Many sessions of research and brainstorming helped the student-teacher duo in figuring out a way to use marble slurry productively.

Constructing the road

After months of research, came the part to implement the learnings for creating a palpable area of impact. The area of impact, in this case, was roads — designing better and more pot-hole-resistant roads by using waste materials. A small mud pathway was picked near the school garden to build the road. Plastic waste



Kalal (left) with Lodha standing on the road built by them

materials such as empty bottles, packets of chips, cartons were collected over a span of time.

Fly ash, dye-containing water, marble slurry and small bits of plastic were used to build the road. Kalal says: “During the trial runs, we figured these materials won't give us the tenacity and durability. A layer of concrete was topped with sand which was further topped with a mixture of fly ash, marble slurry, plastic, and dye-containing water. This was topped with a layer of coal tar and asphalt. Asphalt was used as the final layer of the road to make the end product robust.”

“Using molten plastic to build roads is a common practice globally. The mix used to build the 100 feet-long road will help us tackle the problem of marble slurry which is unique to Udaipur. Reports suggest that polymer roads are surprisingly durable and have gained support among policymakers and scientists in India.”

Recognition and patent

According to Nidhi, after the road was paved in October, they still had to test its durability. “A road-roller is being used to on that patch to asses that. The road has been named Green Path and what began as creating “dump yard for waste”, is now a full-fledged road. Using non-biodegradable waste material to construct the road will help in bringing down the cost involved in building and will be a positive step towards saving the environment.”

Heritage School Headmistress Tulsi Bhatia says: “The project has been proposed to Ministry of Highways. The ministry has acknowledged the efforts and further research is going on around this. We have also sent the project to The Organisation of Patents in New Delhi.”

What next?

After she is done with her Class XII boards, Kalal aims to begin two other projects: Scaling up the Green Path initiative for which she has sought the permission of the Dungarpur Municipal Corporation chairman. She also plans on launching a river clean-up drive in Dungarpur to restore its marine ecosystem.

Mumbai never sleeps

Global cities should be open 24/7

The new government in Maharashtra has taken an important step forward. State Tourism and Environment Minister Aaditya Thackeray has announced that January 27 onwards, some commercial establishments will be permitted to stay open around the clock. Malls, restaurants, and multiplexes in India's commercial capital of Mumbai will be allowed to define their own opening hours, which, Mr Thackeray said, would boost tourist income and help "make Mumbai an international city". To start off, the transformed mill complexes of central Mumbai, the modern Bandra Kurla

Complex, and the old downtown of Nariman Point would be granted this dispensation; presumably, this would be extended further if it worked. The Bharatiya Janata Party, a former ally of Mr Thackeray's Shiv Sena and is now in the Opposition, has objected to the proposal, saying that people would "drink all night", although the 1:30 am deadline for serving alcohol has not been extended. Hopefully, that deadline too will be relaxed in time.

The fact is that Mumbai has long had the reputation of being one of those global cities that never sleep. This has been the subject of song and story, including in some

Bollywood movies — which are always ready to praise and mythologise the city of their conception and birth. An artificial deadline for commercial establishments ran counter to Mumbai's own notion of itself, and could never last. Other cities in India have blown hot and cold on the subject of late hours. Kolkata, once the nightlife capital of India, experimented with early closing hours after some well-publicised law and order incidents; but these have gradually been relaxed again, though they are yet to approach the freedoms enjoyed in its heyday. The fact is, while 24/7 hours are desirable, much depends upon the institutional capacity of the city in question to maintain the security of night-time revellers. Not only will the police have to work harder to ensure safety, but other regulatory agencies — those that keep an eye on fire safety, for example — will also need to step

up their game. Nor should, ideally, these longer opening hours be restricted to those able to afford private transport to the commercial centres of the city. Mumbai's legendary suburban trains traditionally ran till past 1 am — the last train used to pull into Borivali station after 2 am, in fact. Indian Railways should consider if one or two additional trains could be arranged for the dark hours between 2 and 4 am. There is no reason why maintenance cannot occur alongside, as happens in many other major cities around the world.

It is significant, however, that Mr Thackeray's Shiv Sena is the party to push for this change. The Sena has long been associated in the public mind with a more restrictive image of the city once called Bombay. Yet there have long been signs that it has sought to evolve in certain ways. Across the world, urban right-wing parties have also

been in some ways more permissive about the basics of city life — which is not as strange a contradiction as it appears. Even parties concerned about the defence of identity have to respond to evolution in the nature of that identity, and the "indigenous" Mumbaikar that the Shiv Sena has always laid claim to is not the same in the 2020s as in the 1970s. There has been some comment that the Sena wishes to reinvent itself as the sort of regional party that has shown resilience in other states in the face of the BJP's creeping hegemony, and perhaps this is one of the way-stations on that transformation. Much depends upon how it administers this and any subsequent moves in a more liberal direction. Mumbai is already a great global city. It not only deserves a nightlife in keeping with this status, but also political parties that recognise this status and want to burnish it.

Funding India's infrastructure gap

To achieve a truly transformational infrastructure push, resources such as land will have to be leveraged and innovative financial structures deployed to attract private capital

DIVA JAIN

The finance minister recently outlined an ambitious ₹102 trillion plan to boost India's infrastructure. Like many previous announcements, the plan was loud on intent but mum on critical economic details. Specifically, no insight was provided on how the central government would fund the ₹40-odd trillion that it has committed to contribute. Neither have details been shared about what was driving the government's confidence in assuming that private players would be willing and able to invest close to ₹20 trillion in India's infrastructure over the next five years.

Mobilising funds for transformational infrastructure development has been a challenge the world over. Investing in infrastructure carries unique risks which are made all the more peculiar in India owing to the weakness of our institutions and the fractured nature of our polity. Infrastructure projects are lumpy, difficult to diversify, long in gestation and illiquid. This makes infrastructure investments unfeasible for most investors except for patient capital that is not excessively risk-averse. Such investors are rare. Moreover, as the recent brouhaha over Amaravati shows, infrastructure projects in India also carry a significant political risk premium.

The government faces two challenges in funding its infrastructure push. One, with government finances stretched to their limit and the economy slowing, it has little fiscal space to fund infrastructure projects through budgetary allocations. Second, the private sector's appetite for infrastructure projects is probably at an all-time low and it is unlikely to commit the quantum of funds that the government is assuming. However, these problems are not insurmountable if we learn from the experience of China and South Korea.

At the beginning of its economic miracle in the early 1990s China faced a similar gap between infrastructure aspirations and finances. In a detailed paper, George E Peterson of the World Bank explains how China transformed its infrastructure by employing a land lease model [*Land Leasing and Land Sale as an Infrastructure Financing Option (2006)*]. This model originated in Hong Kong and was later adopted by the Chinese government.

To raise funds for infrastructure development, Chinese municipalities used their land bank. Land development rights were sold outright to private parties on long-term leases, or, in many cases, realising that the development of infrastructure would enhance the market value of land, the government issued debt secured by land and repaid it by selling land parcels at enhanced prices after the project was complete.

Unlike China, all land is not public in India. Even so, the Indian government is sitting on large swathes of land that can be leveraged to fund infrastructure projects. By some estimates, the Indian Railways alone has a land bank of 12,066 acres of surplus land, which can be developed to fund capital expenditure. Additionally, urban development authorities in India can also acquire land and sell development rights to fund infrastructure just as the Mumbai Metropolitan Region Development Authority did quite successfully with the Bandra Kurla Complex.

While this model is attractive, safeguards will have to be instituted to protect the interests of current land owners/users and to ensure that land revenue is used exclusively to fund infrastructure and not operational inefficiencies. Specifically, the interests of landless and tenant farmers need to be protected. This can be done by using land pooling schemes which give landless and tenant farmers a permanent stake in the assets of the pooling agency. Creation of such pooling agencies, as distinct from municipalities, will also ensure that these funds are used

The Indian government is sitting on large swathes of land. It is estimated that the Indian Railways alone has a bank of 12,066 acres of surplus land



Investing in infrastructure carries unique risks the world over, but they are all the more peculiar in India owing to the weakness of our institutions and the fractured nature of our polity

only for infrastructure development and not pilfered or wasted by local corporators.

While China has implemented a state-funded model of infrastructure development, South Korea upgraded its infrastructure largely with the help of private capital. Since private investment in infrastructure is unfeasible for most risk-averse investors, the Korean government introduced measures to de-risk the projects for private investors in order to attract more capital. This is particularly salient for India, where infrastructure projects are riskier than those in other parts of the world owing to our unique institutional political structure.

Specifically, the Korean government undertook two steps to make infrastructure investment feasible for private investors. In order to de-risk revenue uncertainty from infrastructure projects, the Korean government offered minimum revenue guarantees which assuaged concerns of project feasibility in the minds of private investors. Secondly, it set up a Korea Infrastructure Credit Guarantee Fund to enhance the credit of infrastructure projects, thereby encouraging private lending for these projects.

Given the reluctance of private capital to participate in

infrastructure projects in India, these are steps that the government will have to take urgently if it is to meet the funding target for its ambitious infrastructure push. In fact, it could be argued that de-risking revenue uncertainty and credit guarantees will not be enough to attract private investment in Indian infrastructure. Steps will also have to be taken to insulate infrastructure projects from political shenanigans and administrative bottlenecks and harassment.

One way to mitigate the political and bureaucratic risk to projects would be to follow the Korean model and institute a put option in infrastructure projects, where the concessionaire has the right to request a government buyout of the project at cost if it is terminated or delayed owing to non-economic factors.

Overall, while the government's intent on infrastructure development is commendable, it is unfeasible in the current economic and regulatory climate. If India is to have a truly transformational infrastructure push, it will have to leverage resources like land and deploy innovative financial structures to attract private capital.

The writer, director, Arrjavv Group, is a 'probabilist' who researches and writes on behavioural finance and economics. diva@arrjavv.co.in

Debt investors face a tax maze in India

BHAVIN SHAH

With a lower than estimated rate of growth of gross domestic product, and the economy in the midst of a downturn, the Union Budget due to be presented on February 1 is an important juncture in India's vision of becoming a \$5 trillion economy by 2024-25.

While debt is an important source of funds for the Indian economy, investors — especially foreign investors — have to navigate through various complexities associated with the taxation of debt investments.

Multiple tax rates

First, the applicable tax rates. Depending on the type of instrument and the route under which investment is made, interest income is taxed at varying tax rates. For domestic investors, there is no concessional tax rate for interest income, which is taxed as per applicable rates. For foreign investors, interest is taxed at 5 per cent for (i) investment by a foreign portfolio investor (FPI) in rupee bonds (subject to certain conditions); and (ii) foreign currency external commercial borrowing (ECB) and masala bonds (subject to certain conditions).

Interest on foreign currency convertible bonds (FCCBs) is taxable at 10 per cent. Interest received by FPIs and interest on foreign currency debt is taxable at 20 per cent. Lastly, interest income is taxed at 40 per cent for foreign companies investing under the foreign direct investment (FDI) route.

The above rates are subject to the beneficial rate, if any, provided under a tax treaty. The beneficial tax rate under a treaty is generally subject to the "beneficial ownership" test. However, the term "beneficial owner" has not been defined under the treaty or the domestic tax law and the lack of clarity in this regard has been used to deny treaty benefits in some cases.

While interest income is taxable for the investor, the deductibility of the interest expenditure is subject to the quasi thin capitalisation rules in section 94B of the Income-tax Act, 1961 (ITA).

Challenges faced by debt AIFs

Private debt funds are typically set up in the form of Category II alternative investment funds (AIFs). Such AIFs have been accorded a tax pass-through status for income other than business income, and such income is

taxed directly in the hands of investors, as per the applicable tax rates. Business income is taxed at the AIF level at the maximum marginal rate (42.74 per cent).

While the tax office has provided clarifications in respect of taxability of income arising from transfer of unlisted shares and listed shares/securities, there is no certainty of the taxability of income earned by debt AIFs. The pass-through status of debt AIFs has also been questioned by the tax office in a few cases and hence investors are cautious about investing in such AIFs.

Taxation of debt mutual funds

On the other hand, income distributed by a debt mutual fund to individuals is subject to a distribution tax of 29.12 per cent, and exempt in the hands of the individual. This creates a significant arbitrage between debt AIFs and debt mutual funds.

Timing of taxation of interest

Another irregularity is the timing of taxability of interest income. The ITA provides that interest should be taxable when it accrues to the investor. Judicial precedents have held that interest accrues only on specified dates when it becomes due, and not on a day-to-day basis. However, the Income Computation and Disclosure Standard (ICDS) IV provides that interest shall accrue on a time basis, and premium on debt securities is to be considered as accruing over the period of maturity of such securities.

Clarifications required

Some changes that are key to increase debt investment flows in India are: (a) Providing a single rate of taxation for interest income on debt securities and providing a concessional rate for domestic investors; (b) extending the sunset clause for the concessional rate of 5 per cent for FPIs and ECBs; and (c) clarifying the nature of income for debt AIFs and removing the arbitrage for debt mutual funds.

An increase in debt investments is likely to help economic growth in India. The Budget may be a good place start in rationalising the tax provisions relating to debt investments, allaying the fears of investors and boosting debt investments in India.

Shah is partner and leader, financial services tax, PwC India. Rachit Motla, associate director, PwC India, also contributed to this article. The views are personal

▶ OTHER VIEWS

It is time to develop deeper relations with Brazil

Stronger economic and strategic links between tier-two powers desirable

India's interest lies in expanding relations with other regional powers and, therefore, it is appropriate for the Brazilian president, Jair Bolsonaro, to be Republic Day chief guest. Brazil has been a close multilateral partner in Indian foreign policy after the Cold War. It has been India's closest partner in BRICS (Brazil, Russia, India, China and South Africa), and cooperated in dealing with the climate crisis, Security Council reform and South-South cooperation. Many of these have been aspirational, and stronger on joint statements than tangible results. One reason for this is the lack of economic and strategic links between tier-two powers. Mr Bolsonaro's visit seeks to address this gap.

In a world marked by increased geopolitical rivalry and reduced multilateral cohesion, many two-tier nations are strengthening relations. Brazil, overwhelmingly dominant in South America, is an obvious country for India to seek a closer engagement with. India could also take some development lessons from Brazil. This is an emerging economy that has implemented universal health care, successfully adopted genetically modified crops and navigated the process of urbanisation. Mr Bolsonaro has made deeply objectionable state-



ments about women and climate. His government is responsible for policy changes that have caused extensive destruction of the Amazon forests. This cannot be endorsed, but it also cannot be the basis for determining inter-State relations. New Delhi's primary interest is that the Brazilian leader takes business seriously and wants to use economics to add muscle to the bilateral relationship.

Hindustan Times, January 24

Unnecessary impatience

Centre wrong on death row convicts

The Centre's application in the Supreme Court for additional guidelines regarding the execution of condemned prisoners betrays a needless impatience to hang the four convicts facing the gallows for the rape and murder of "Nirbhaya" in 2012. The ministry of home affairs essentially seeks the incorporation of measures aimed at reducing the scope for death row convicts to adopt dilatory tactics.

It is strange that the government wants the Supreme Court to frame a rule imposing a seven-day limit on the time that convicts have to file a mercy petition after a death warrant is issued. And that courts, governments and prison authorities should all be mandated to issue death

warrants within seven days of the rejection of mercy petitions and to carry out the sentence within seven days thereafter. To believe that these are matters that contribute to substantive delay in carrying out death sentences is misconceived. Nothing prevents the government from introducing rules to address such situations. However, there is no sign that the apex court delays disposal of curative petitions. Nor is there any need to expedite executions by revisiting sound guidelines. As the death penalty is limited to the "rarest of rare" cases, nothing is lost if those facing execution are allowed to exhaust all possible remedies.

The Hindu, January 24

Growth fears are palpable

Urgent need to focus on the economy

The International Monetary Fund has, in its latest prediction about world economic growth, pruned the previous predictions made last October quite sharply. The prediction for India's economic growth for the current year has been brought down from 6.1 per cent made in October 2019 to 4.8 per cent for the same period, made in January 2020. News from the IMF may be unpleasant, but it drives home the urgency of the need to turn the economy around. It can be done by stimulating private investment, public investment, private consumption and exports.

Expanding government spending is tricky since the fiscal deficit is already climbing up from targets at a frightening rate. Exports are sluggish with

low world demand and the propensity for large economies to indulge in trade wars. It means foreign trade is also unreliable as a stimulus at the present juncture. Private consumption can do the trick of stimulating demand through tax cuts or through cheap credit. The first will have fiscal implications if consumption does not pick up. The second — cheap credit — has not worked well recently, and with rising inflationary pressures, interest rates are set to move north. That leaves only private investment as a durable cure. It is time for the government to do some serious homework to comprehend what exactly is holding private investments down.

The Telegraph, January 24

UNION BUDGET: LOOKING BEYOND THE JARGON AND NUMBERS

In exactly a week from now, Finance Minister Nirmala Sitharaman will rise to present her second Budget, a much-anticipated event amid a deep slowdown. *Business Standard* picks out some trivia from the history of the Union Budgets

FIRST BUDGET IN INDEPENDENT INDIA

RKShanmukham Chetty served as independent India's first FM from 1947 to 1949. On November 26, 1947, he presented the first Budget



FIRST BUDGET OF THE REPUBLIC OF INDIA

John Mathai, the third FM of independent India, presented the first Budget of the Republic of India in 1950, but resigned soon afterwards, because of what he saw as increasing interference by the Planning Commission

MOST BUDGETS

There are many contenders but the top spot goes to former PM **Morarji Desai**. He was FM from 1959-1964 and 1967-1969. He presented eight annual Budgets and two interim ones, making it a staggering total of 10. This is followed by P Chidambaram who presented nine, Pranab Mukherjee (eight), Yashwant Sinha, Yashwantrao Chavan and CD Deshmukh (seven each), while Manmohan Singh and TT Krishnamachari presented six



LONGEST SPEECH

Sitharaman's 2019-20 speech and Jaswant Singh's 2003-04 speech run close in this regard. Singh's speech clocked 2.12 hours, while Sitharaman's, thanks to some mild disruption by the Opposition, came in at 2.15 hours

SHORTEST SPEECH

This was an interim Budget, and in fact the first post-Emergency Budget. With the 1977 polls looming, **Hirubhai Patel** gave the shortest speech in independent India



PMs WHO PRESENTED BUDGET

Three PMs presented Budget when they also held the post of FM. **Jawaharlal Nehru** did it in 1958-59 after Krishnamachari resigned. Indira Gandhi did it in 1970-71 after Morarji Desai put in his papers. Then, Rajiv Gandhi presented Budget in 1987-88 after he shifted VP Singh from the finance ministry to defence



CHANGE OF TIME

Till the 2000-2001 Budget, the time of tabling was 5 pm. It was a Colonial-era practice changed by **Yashwant Sinha**, who started the practice of presenting the Budget at 11 am.

CHANGE OF DATE AND MERGER OF BUDGETS

The 2017-18 Budget, by **Arun Jaitley**, was the first Budget which merged the rail Budget with itself. It was also presented on February 1, a change from the last day of February, which had been the norm till then



THE LIBERALISATION BUDGET

Perhaps the most defining Budget in independent India. As the country was facing an unprecedented economic disaster, former PM P V Narasimha Rao had no choice but to allow then FM **Manmohan Singh** to open up the economy in the 1991-92 Budget

DREAM BUDGET

The 1997-98 Budget, presented by **Chidambaram**, slashed personal income tax rates from 40 per cent to 30 per cent and cut corporation tax rates



Jaitley, Swaraj, Fernandes given Padma Vibhushan

PRESS TRUST OF INDIA
New Delhi, 25 January

Eminent personalities, including former Union ministers Arun Jaitley, Sushma Swaraj and George Fernandes, Olympian boxer Mary Kom, and former Mauritius prime minister Anerood Gugnauth have been honoured with the Padma Vibhushan on Republic Day this year, officials said on Saturday.

Former defence minister Manohar Parrikar, industrialists Anand Mahindra and Venu Shrinivasan, Olympian badminton player P V Sindhu, former Nagaland chief minister S C Jamir and Jammu and Kashmir politician Muzaffar Hussain Baig have been awarded with the Padma Bhushan, they said.

Jaitley, Swaraj, Fernandes and Parrikar have been given the award posthumously.

The Padma Vibhushan for this year has been awarded to a total of seven prominent personalities, while 16 have been given the Padma Bhushan, and 118 have been given the Padma Shri.

Jagdish Lal Ahuja, who serves free food to patients and attendants outside PGI hospital in Chandigarh, Mohammed Sharif from Faizabad, who has performed last rites of over 25,000 unclaimed bodies, and elephant doctor from Assam Kushal Konwar Sarma are among unsung heroes awarded the coveted Padma Shri award.

The awardees also include Javed Ahmad Tak, a specially-abled social worker from Jammu and Kashmir working for specially abled children for over two decades, providing free education, material aid and motivation to over 100 children of 40 villages in Anantnag and Pulwama, they said.