

How markets performed last week				
	Index on Jan 24, '20	*One-week	% chg over Dec 31, '19 Local currency	in US \$
Sensex	41,613	-0.8	0.9	0.9
Nifty	12,248	-0.8	0.7	0.7
Dow Jones	28,990	-1.2	1.6	1.6
Nasdaq	9,315	-0.8	3.8	3.8
Hang Seng	27,950	-3.8	-0.9	-0.6
Nikkei	23,827	-0.9	0.7	0.1
FTSE	7,586	-1.2	0.6	-0.8
DAX	13,577	0.4	2.5	0.8
*Change (%) over previous week Source: Bloomberg				

## CORONAVIRUS DEATH TOLL REACHES 56; 2K CASES CONFIRMED

The death toll in the coronavirus in China rose to 56 on Sunday with confirmed cases reaching 1,975 and 324 of them being critical, Chinese health authorities said. The new type of pneumonia, officially being described as 2019-nCoV, has resulted in 56 deaths. A total of 2,684 suspected cases have also been reported so far.

### ECONOMY & PUBLIC AFFAIRS P4

#### Success fee gains currency with RPs, raises concerns

Success fee is becoming an increasingly popular way of payment model among corporate insolvency resolution professionals (RPs) for carrying out the transaction. No official data is available on the charges, but Insolvency and Bankruptcy Code experts say fee is being paid in more than half of the overall cases going for resolution. RUCHIKA CHITRAVANSHI writes

## BS ON MONDAY SPECIALS

### ISSUES AND INSIGHTS: 6▶ The next big development challenge

The latest economic forecasts from the IMF and the World Bank are sobering, pointing to protracted slowdowns across the board. ARVIND SUBRAMANIAN & JOSH FELMAN write

### BANKER'S TRUST:

#### Is it time to revisit the Budget 2000 promise?

Since Yashwant Sinha emphasised on reducing the government's stake in public sector banks, things have only worsened. TAMIL BANDYOPADHYAY writes

### BUSINESS LAW:

#### Regulating AI: Why one size won't fit all

Sectoral approach to AI rules allows greater flexibility to regulators, say experts. KUMAR ABISHEK writes

### POLITICS & PUBLIC AFFAIRS: Opportunity on a platter, but...

UP's main Opposition parties SP, BSP are unable to take advantage of CAA turmoil. RADHIKA RAMASESHAN writes

### STRATEGY:

#### IT firms' product play

TCS, Infosys, and HCL Technologies lead the race with huge investments to fuel next phase of growth. DEBASIS MOHAPATRA writes

### STATSGURU: Challenges before FM: Boosting growth, reining in fiscal deficit

# Smaller towns drive OTT viewership growth

Network-backed OTTs see fast growth alongside an increase in demand for regional content

SOHINI DAS  
Mumbai, 26 January

The next wave of growth for over-the-top (OTT) platforms in India is coming from smaller towns and cities as adoption picks up, boosted by more people watching videos online.

The demographic shift is particularly true of the network-backed OTT platforms which show network content. However, this growth in Tier II and III cities is coming from the advertising-video-on-demand (AVoD) versions and not from the subscription-video-on-demand (SVoD) versions.

AVoD is the free-for-consumer platform, where revenue for the OTT comes from advertising and SVoD is the subscription-driven platform. Most network-backed OTTs follow a free-and-premium mix model, where some content is restricted for subscribers.

For example, Zee5 said that in the last month alone, the views contribution from Tier II and III cities for AVoD had increased from 44 per cent to



49 per cent. For SVoD, this has increased from 55 per cent to 61 per cent in Tier I cities.

A Zee5 spokesperson explained that AVoD grew in Tier II and III towns and that its growth was primarily on the back of Zee5 being present across the Reliance Jio feature phones that run on the KaiOS, while SVoD continued to grow in Tier I towns.

For Hotstar, non-metros roughly accounted for 63 per cent of its online entertainment consumption in 2019, compared to 54 per cent the

previous year. According to the India Watch Report 2019 released by Hotstar, cities like Lucknow, Pune, and Patna surpassed Hyderabad, Bengaluru, and Kolkata in video consumption.

Per capita data consumption in West Bengal and Bihar is higher than that of Maharashtra and Karnataka.

The share of regional content has predictably grown: 40 per cent of Hotstar's overall video content consumption comes from regional languages. Tamil, Telugu, and Bengali are

the top regional languages. Interestingly, 35 per cent of Bengali consumption comes from outside the state.

Another network-backed OTT, Voot (from the Viacom18 stable), said that regional content was driving close to quadruple growth in contribution to views.

Akash Banerji, business head, Voot AVoD, recently told Business Standard that regional content was contributing close to 25 per cent of Voot's total consumption and that around

## THE BIG PICTURE

- Platforms like Zee5 are witnessing growth in view contribution from Tier II and III cities
- Non-metros account for nearly 63% of Hotstar's entertainment consumption online
- 40% of all video consumption of Hotstar comes from regional languages
- 60% of Viacom18's Voot audiences come from non-metros
- More consumption from smaller towns is influencing content strategy of OTTs

23 per cent of the platform's monetisation is coming from regional.

'Regional' denotes the non-Hindi-speaking markets. More than 60 per cent of Voot's audience comes from Tier II and III cities.

This trend is obviously shaping the way the OTTs plan their content strategy. Voot, for example, launched Voot Telugu ahead of Viacom18 launching Colors Telugu.

Zee5, too, comes out with at least one original web series on average in five different languages every month: Marathi, Bengali, Telugu, Tamil, besides Hindi.

Demographically, India has thrown up some interesting trends. For example, 36 per cent of the views for Zee5 from Karnataka are from non-Kannada language users and 43 per cent of the views from West Bengal are for Hindi.

With an average monthly per capita consumption of 9.8 gigabyte per month, online video consumption is now a mass phenomenon.

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# Business Standard

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## CENTRE NOT IN A POSITION TO BAIL OUT BANKING SECTOR: BANERJEE

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## FINANCE MINISTER'S CHOICES ON LONG-TERM CAPITAL GAINS



# Bhatia to back Gangwal on exit norm relaxation

Thaw likely in IndiGo feud after EGM on January 29

ARINDAM MAJUMDER  
New Delhi, 26 January

Rahul Bhatia-owned InterGlobe Enterprises (IGE) is likely to vote in favour of the resolutions proposed by co-promoter Rakesh Gangwal, at the extraordinary general meeting (EGM) on IndiGo on January 29. Support from Bhatia, who owns around 38 per cent in the company, is crucial for the resolutions to pass because they require 75 per cent of shareholder support.

The resolutions seek to relax rules on the sale and purchase of shares by its main shareholders, making it easier for the promoters to raise or cut stake in the company.

The Bhatia family and IGE together own 37.89 per cent, while Gangwal, his wife, and a trust hold 36.97 per cent.

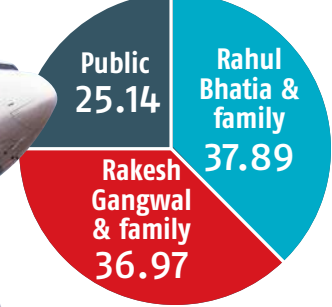
Among the 16 clauses Gangwal intends to remove are restrictions that confer the right of first refusal on the partner that is prepared to stay on in the event of a stake sale by the other partner; a clause that prevents either of the co-founders from buying publicly listed shares of the company, potentially triggering an open offer for the rest of the shares; and one that prevents staggered sale by a partner.

A person aware of the matter said the IGE group had deliberations with lawyers on the proposed resolutions and felt that despite relaxing the rules on selling or acquiring shares, Bhatia would have controlling powers in the company and that would prevent any hostile takeover attempt.

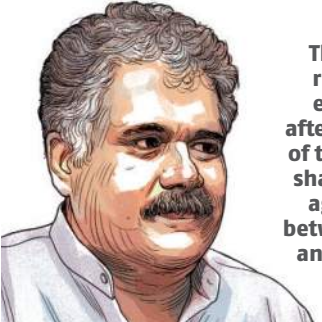
Among the critical rights that IGE enjoys are the ones to appoint managing director, chief executive officer, and president of the company, and induct five of the 10 directors to the company's board.



IN THE COCKPIT  
Shareholding of IndiGo as on Q3FY20 (in %)



Source: Company



Rahul Bhatia

The critical rights will exist even after the expiry of the bilateral shareholders' agreement between Bhatia and Gangwal



Rakesh Gangwal

ILLUSTRATIONS: ANJY MOHANTY

## PM ROADSHOW AFTER THE PARADE



Prime Minister Narendra Modi again broke the general security protocol as he walked around greeting the crowd gathered to witness the celebrations of India's 71st Republic Day at Rajpath on Sunday. From a contingent of women bikers of CRPF performing daredevil stunts to the PM paying homage to the fallen soldiers at National War Memorial, the day witnessed many firsts

PHOTO: DALIP KUMAR

PAGE 14 R-DAY PARADE UNDERLINES SHIFT FROM RUSSIAN TO AMERICAN WEAPONRY

# 5,000 firms under I-T lens for income mismatch

SHRIMI CHOUDHARY  
New Delhi, 26 January

About 5,000 mid- and small-sized companies have come under the gaze of tax authorities for alleged income discrepancies and mismatches between their goods and services tax (GST) returns and income-tax (I-T) declarations for 2018-19.

The Central Board of Direct Taxes (CBDT) has directed its tax sleuths to intensify enforcement action and launch search-and-survey operations against these firms, including owners of business houses, for supposedly overstating GST claims and understating

## CRACKING THE WHIP

- Survey and search operations on tax offenders
- Income-tax wing scrutinises list of firms flagged by GST Network
- Mumbai-based firms highest on list, followed by Delhi, Kolkata, Hyderabad, and Bengaluru
- Data shared with 18 regions/states to intensify action
- In some cases, scrutiny notices served, seeking explanation
- Offenders adopt methods to abuse tax system, say officials

income in tax filings.

This list has been prepared after scrutinising broad data mining by the GST Network (GSTN), which had detected

discrepancies in summary sales returns after they did not match the final returns or system-generated purchase returns.

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# Saraswat, Cosmos to seek universal banking licences

HAMSINI KARTHIK & RAGHU MOHAN  
Mumbai/New Delhi, 26 January

Saraswat Co-operative Bank and Cosmos Co-operative Bank are set to seek the Reserve Bank of India's (RBI's) approval to convert into full-fledged commercial banks.

The two leading urban co-operative banks (UCBs) — with over 100 years of history each — will be the first to seek the central bank's nod after the revisit of regulations pertaining to the sector.

Saraswat Bank is expected to put forward its application to the central bank by the second half of 2020-21, while Cosmos Bank is currently in the process of tightening its information technology systems, particularly on the payments and remittances front.

Both banks declined comment on their universal banking ambitions. While Saraswat Bank and Cosmos Bank had approached the central bank with universal banking plans a few years ago, the trigger for them to look anew at the same are the huge changes on the regulatory side.

The RBI has said that UCBs with deposits of ₹100 crore are to set up a board for management with the board of directors carrying out due diligence for their appointment. These internal structures will add another layer of bureaucracy, even as it slows down decision-making.

The small finance bank route is also not an option, given the inherent curbs placed on this model — it would perforce mean they will have to wind down business on both the asset and liabilities side. Given this, it makes sense to directly apply for a universal banking licence.

The business size of Saraswat Bank in 2018-19 stood at ₹61,811 crore (advances of ₹25,797 crore and deposits of ₹36,014 crore),

## RINGING IN THE NEW



HISTORY: Saraswat Bank was set up in 1918; Cosmos Bank in 1905

BUSINESS SIZE: In 2018-19, Saraswat Bank had total business of ₹61,811 crore, while Cosmos Bank's was ₹26,952 crore

WHY BECOME UNIVERSAL BANKS NOW: Reserve Bank regulations for bigger UCBs almost on a par with regular banks. Conversion into small finance banks not an option, as they will have to wind down businesses

THRESHOLD BUSINESS SIZE: R Gandhi Committee was of the view that a threshold business size of ₹20,000 crore can be considered for voluntary conversion of multi-state urban co-operative banks into commercial banks

while that of Cosmos Bank was ₹26,952 crore (advances of ₹11,599 crore and deposits of ₹15,353 crore).

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