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16 pages in 1 section
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THE MARKETS ON THURSDAY		Chg#
Sensex	41,626.6▲	320.6
Nifty	12,282.2▲	99.7
Nifty futures*	12,339.3▲	57.1
Dollar	₹71.4	₹71.2**
Euro	₹79.9	₹79.9**
Brent crude ($/bbl)##	66.4##	66.3**
Gold (10 gm)###	₹39,058.0▲	₹96.0

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

ECONOMY & PUBLIC AFFAIRS P6

FASTAGS AND JOB LOSS: UNCERTAINTY LOOMS

COMPANIES P2

SMARTPHONE SALES LIKELY TO SURGE 14% IN 2020

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

BOSCH MAY CUT 2K JOBS IN INDIA AMID AUTO SALES SLUMP

Bosch, the Indian unit of the world's largest auto-parts supplier, plans to join its parent, Robert Bosch GmbH, in cutting jobs as the country witnesses one of its worst auto sales slowdowns in decades. The German company will cut "a couple of thousand" jobs in India in the next four years, India Managing Director Soumitra Bhattacharya said. About 10 per cent of 3,700 white-collar jobs and a slightly higher percentage of 6,300 blue-collar jobs will be cut, he added. 3

RBI to conduct special OMO on Monday

The Reserve Bank of India (RBI) will be conducting on Monday another round of special open-market-operations (OMO), this time buying ₹10,000 crore worth of medium- to long-term bonds while selling an equal amount through bonds maturing in this calendar. The government, meanwhile, said it would borrow ₹30,000 crore through cash management bills maturing on March 17.

BACK PAGE P16

Seeking turnaround, Modi to review ministerial work

Over the coming few weeks, Prime Minister Narendra Modi is likely to review each department and ministry's work to evaluate its performance. According to sources, the PMO will appraise the departments on their performance over the last six months, and will seek solutions to revive growth. The commerce and industry ministry, among others, will present its report card to the PMO on Friday.

THE SMART INVESTOR P10

Sensex rallies 320 pts, Nifty ends at new high

The Sensex rallied over 320 points, while the broader Nifty ended at its fresh lifetime high on Thursday, as investors poured money into infrastructure, banking, and energy stocks amid strong global cues. The BSE Sensex ended 320.62 points, or 0.78 per cent, higher at 41,626. The NSE Nifty closed 99.70 points, or 0.82 per cent, up at 12,282.20 — its new closing record.

ECONOMY & PUBLIC AFFAIRS P6

ONGC bags all 7 oil, gas blocks in latest bid

The government on Thursday awarded Oil and Natural Gas Corporation (ONGC) all seven oil and gas blocks that were on offer in the fourth round of Open Acreage Licensing Policy, Union Petroleum Minister Dharmendra Pradhan said on Thursday. The current round added 18,510 square kilometre to India's exploration area.

Tatas petition SC against NCLAT order on Mistry

Challenge his reinstatement as executive chairman; hearing likely next week

DEV CHATTERJEE
Mumbai, 2 January

Tata Sons, the holding company of the Tata group, on Thursday moved the Supreme Court (SC) with an appeal to quash the National Company Law Appellate Tribunal (NCLAT) order that had restored Cyrus Mistry as Tata Sons executive chairman after holding the appointment of the current chairman, N Chandrasekaran, "illegal".

PAGE 2
Tata Trusts nominees did not exceed brief: Tata to SC

The SC is expected to hear the petition next week, when it reopens after vacation.

In its plea, Tata Sons said even the Mistry investment companies had not sought Chandrasekaran's removal as chairman and yet the NCLAT declared his appointment "illegal", causing a disruption in the group's functioning.

It said the conclusion of the NCLAT that there was "oppressive" and/or "prejudicial" interdiction in the affairs of Tata Sons and other Tata-operating companies by group patriarch Ratan Tata and N A Soonawala, then Tata Trusts trustee, was specious and completely contrary to the record.

India's biggest corporate feud started after Mistry was sacked by the Tata Sons board in October 2016, citing "incompetence". Subsequently, Mistry family's investment companies, which hold an 18.5 per cent stake in Tata Sons, moved the National Company Law Tribunal (NCLT), Mumbai, appealing against his dismissal, but lost the case. Later, the Mistry companies moved the NCLAT, which on December 18 last year ordered Tata Sons to reinstate Mistry as executive chairman.

Seeking an urgent hearing from the apex court, Tata Sons said the NCLAT order needed to be set aside as Mistry's actions as a director of Tata Sons were causing grave threat to the integrity of the Tata Sons board, apart from causing prejudice to Tata Sons' interests. Turn to Page 14

TATA SONS' ARGUMENTS

- **No logic in NCLAT judgment to declare** N Chandrasekaran's appointment as executive chairman illegal
- **Under Chandrasekaran, Tata Sons** is on an accelerated growth path with improved financials
- **NCLAT direction to restore Cyrus Mistry as chairman will lead** to disharmony in the working of Tata group
- **Mistry companies had not prayed for his reinstatement** as director of three Tata firms
- **Tata Trusts trustees had no role in running** Tata Sons or group companies
- **Conversion of Tata Sons into private company followed** all company laws and was in accordance with SC's earlier judgment

NCLAT willing to remove strictures against RoC

The National Company Law Appellate Tribunal on Thursday said it was ready to remove the strictures against the Registrar of Companies (RoC), Mumbai, from its order that ruled that Tata Sons' conversion from public to private entity was illegal and directed the RoC to reverse the same. 2

BPCL, Air India, Concor off FY20 divestment list

Govt has so far raised ₹17,364 crore through stake sale against ₹1.05 trillion target

JASH KRIPLANI
Mumbai, 2 January

The government is unlikely to complete the strategic sale of Bharat Petroleum Corporation (BPCL), Container Corporation of India (Concor), and Air India by March-end, said a senior government official.

"The government has to respond to what the potential bidders ask for. Sometimes, they seek time to examine financial statements. Sometimes, they want to do physical due diligence," said the official.

The likely delay in divestment plans comes when the government's fiscal deficit has touched 115 per cent of the FY20 Budget estimate by November. Besides, revenue from other sources such as taxes is also likely to fall short of the target. The government may miss the tax target of ₹24.6 trillion by at least ₹2 trillion on account of the corporation tax rate cut, lacklustre GST collections, and the economic slowdown. As much as 42 per cent of the revenue collections (excluding cess and surcharge) will go to states.

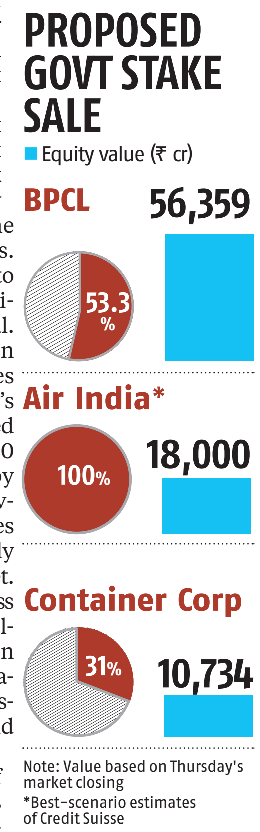
The government had set a disinvestment target of ₹1.05 trillion for 2019-20. However, in FY20 so far, the government has managed to raise ₹17,364 crore through disinvestment; 84 per cent of its disinvestment target is yet to be realised.

The government has been trying to divest its entire stake of 53.3 per cent in BPCL to a strategic buyer, which can at least fetch ₹56,359 crore based on Thursday's closing price.

It also plans to cut its stake in Concor from the current 55 per cent by selling 31 per cent stake to a strategic investor, which can bring ₹10,734 crore based on Thursday's closing price.

Proceeds from these transactions can fetch the government ₹67,204 crore or even higher, depending on the premium the government can get on these assets from strategic bidders.

If Air India's 100 per cent stake sale is also added to the equation, then the proceeds may jump to over ₹80,000 crore. According to a Credit Suisse note, the equity value of Air India in the best-case scenario can be estimated at ₹18,000 crore. However, investment bankers say the airline's final value will depend on the efficiencies that the strategic bidder may unlock and the overall structure of the deal. In 2018-19, the company incurred a net loss of ₹8,556 crore (provisional estimate). Turn to Page 13



Marico domestic volume growth dips, says revival hopes belied

MUTED GROWTH

Revenue figures in ₹crore

	H1 FY19	H1 FY20	Growth (%)
HUL	18,979	20,128	6
Marico	3,864	3,995	3
ITC	24,066	25,525	6
Emami	1,243	1,310	5

Source: Companies

AVISHEK RAKSHIT
Kolkata, 2 January

Fast-moving consumer goods major Marico said on Thursday overall consumption trends during the December quarter did not hold out hopes of a revival in sentiment.

"Category growth across personal care remained under pressure, while the foods and allied categories fared relatively well," Marico said in a statement on the BSE.

The company's stock fell 2.43 per cent to ₹337.45 after it issued its business performance update for the quarter ended December 31, 2019.

Marico said weak performance in its coconut and hair oils portfolio marginally dragged down domestic volume growth during the third quarter, signalling that consumers continued to avoid discretionary spending.

Marico's concerns reflect the mood in the FMCG sector, which was hoping for a turnaround in sentiment following a good monsoon and the announcement of government measures.

Hindustan Unilever (HUL), while declaring its results for the second quarter of the 2019-20 financial year, had said that the near-term outlook for demand, especially in rural India, remained challenging.

Emami, which has the largest exposure to rural India among its peers, said despite a good monsoon, the rural market was yet to pick up fully. Turn to Page 13

NEW ORDERS BOOST MANUFACTURING IN DECEMBER, PMI AT 7-MONTH HIGH

A sudden boost in new orders helped the beleaguered manufacturing sector surge ahead in December even as business optimism fell to a three-year low, with firms remaining spooked by weak market conditions, said a monthly global survey released on Thursday. The widely tracked Nikkei India manufacturing Purchase Managers' Index (PMI) rose to 52.7, a seven-month high, from November's 51.2. In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction. The rebound in growth comes after October's two-year low PMI performance at 50.6. 4

Forensic auditors in a fix over data protection Bill

RUCHIKA CHITRAVANSHI & NEHA ALAWADHI
New Delhi, 2 January

The Personal Data Protection Bill, 2019, has thrown up a fresh set of challenges for forensic auditors, who want the proposed law to carve out exceptions for their services, which entail accessing personal data such as bank details, emails, and medical insurance.

A forensic audit requires a deep inspection of the auditee company's records by accessing its hard drives, laptops, and desktop computers. The data on the hard drive contains both official and personal information, which forensic auditors have to sift through to find what they are looking for.

The data protection Bill, introduced in the Lok Sabha in the winter session, says, "Personal data shall not be processed, except on the consent given by the data principal at the commencement of its processing." It further says personal data should not be processed by any person, except for any specific, clear and lawful purpose, and the burden of proof that consent has been sought from the person for use of his or her data lies with the person processing the data.

While processing such data, the employer needs to take formal consent from the individual for carrying out procedures such as the digital evidence recovery exercise — forensic imaging of electronic devices.

"Formal consent may impact the element of secrecy that such procedures might involve. Additionally, on the basis of a preliminary reading of the Act, it also appears that individuals have the right to withdraw consent, which has the potential to hamper any corporate investigation," said Samir Paranjpaye, head of forensics, Grant Thornton.

Auditors warn that a lot of cascading issues will arise under the proposed law. Performing investigation on a fund trail, for instance, will lead the auditor to the personal bank account of an individual. "If there are deterrents to companies initiating forensic audit, their ethical ecosystems will get impacted. Appropriate exceptions need to be made in the Bill," said Jayant Saran, partner, Deloitte India. Turn to Page 13

FLAGGING CONCERNS

- **Forensic audit entails accessing personal data such as** bank statements and emails, as well as company's records, hard drives, and computers
- **According to the Bill, person whose data is being used** has to give explicit permission for each separate use
- **Burden of proof that consent has been sought from the person** for use of his/her data lies with the person processing the data
- **The Bill has been referred to a joint** select committee of both Houses
- **Subordinate legislation** may bring more clarity to specific cases

Investment talk tops EU list for bilateral pact

New Delhi signals duty cuts on wine, automobile, but EU wants more

SUBHAYAN CHAKRABORTY
New Delhi, 2 January

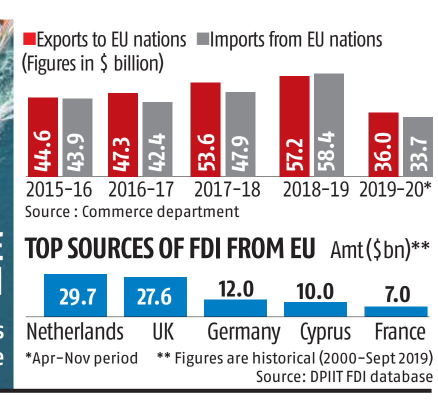
Despite India's willingness to slash tariffs on wines and automobiles from the European Union (EU), the bloc remains firm that its concerns on investment protection will need to be addressed in any future bilateral deal.

After deciding not to join the proposed Regional Comprehensive Economic Partnership (RCEP), New Delhi has reached out to the EU to restart stalled talks on the Broad-based Trade and Investment Agreement (BTIA). But EU trade policymakers are in no mood to discuss the pact until India starts discussion on investment protection, a key concern for European firms in India, a senior EU diplomat said.

After being mooted in 2007, the BTIA saw 16 formal rounds of talks till 2013. But talks had hit a wall after India decided to terminate the existing bilateral investment treaties (BITs) with 23 European countries in 2016, he said. The EU had warned that the move would stop investment from its member countries, while asking India to keep individual agreements in force until a new pact was signed.

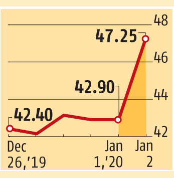
Investment protection supreme

However, the government has maintained that all future investment pacts will be negotiated under the framework of the model BIT issued by the government in 2015. Turn to Page 13



STOCKS IN THE NEWS

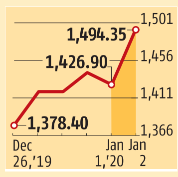
Steel Authority of India



December sales up 47% at 1.68 mt YoY

₹47.25 CLOSE
▲10.14% UP*

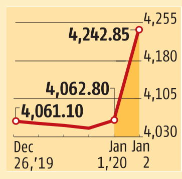
Apollo Hospitals Enterprises



Irdai okays stake sale in Apollo Munich Health Insurance Company to HDFC

₹1,494.35 CLOSE
▲4.73% UP*

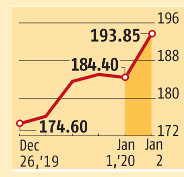
UltraTech Cement



Cement stocks gain on likely demand pick-up

₹4,242.85 CLOSE
▲4.43% UP*

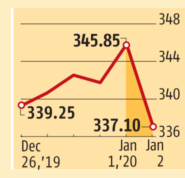
Tata Motors



December domestic sales up 16% at 44,254 units against 38,057 in Nov

₹193.85 CLOSE
▲5.12% UP*

Marico



India business posts a marginal decline in volume growth in Q3FY20

₹337.10 CLOSE
▼2.53% DOWN*

* OVER PREVIOUS CLOSE

IN BRIEF

Focus on cost of business, Tata Steel CEO tells govt

The Chief Executive Officer and Managing Director of Tata Steel, TV Narendran (*pictured*), has suggested to the government to focus on "cost of business" to make industries, particularly the manufacturing sector, more competitive. "As the government has focused on ease of doing business, it should also focus on 'cost of business' to make industries, particularly the manufacturing sector, more competitive in the prevailing market," Narendran told reporters on Wednesday. "We have been controlling the cost of business inside the work but outside the plant, it is not in our hands but the Central and state governments," the Tata Steel CEO said. He said that such an initiative would certainly improve competitiveness of the domestic industries, particularly the manufacturing units. Referring to the prevailing scenario in the steel sector, Narendran said 2019 had been a difficult year for the steel sector and "the Tata Steel is not an exception as we have our own set of challenges to deal with". **PTI**

Taiho Pharma moves US court against Natco on generic cancer drug

Taiho Pharmaceutical, a Japanese pharmaceuticals company and its group company have moved a US court against Natco Pharma, alleging that the Indian drug maker was attempting to come out with a generic version of itscancer medicine 'Lonsurf,' before expiration of its patent. In a petition filed in the US District Court for the District Court of Delawareon December 30, Taiho alleged that Natco's proposed generic Lonsurf (trifluridine and tipiracil) would infringe the patent and sought the court to pass an injunction order against manufacturing, importing and selling that drug in the US. **PTI**

Aurobindo Pharma recalls Mirtazapine tablets in US

Aurobindo Pharma USA said it was voluntarily recalling Mirtazapine tablets, used for the treatment of major depressive disorder, in the US. The product is being recalled due to a label error on declared strength. Bottles labelled as Mirtazapine 7.5 mg may contain 15 mg tablets, as per the company's announcement posted on the website of the US Food and Drug Administration. **PTI**

IHCL to manage Fateh Prakash Palace in Udaipur

Tata Group hospitality arm Indian Hotels Company (IHCL) on Thursday said it had added Fateh Prakash Palace in Udaipur to its collection of authentic palaces, which has now been renamed as Taj Fateh Prakash Palace. **PTI**

Toyota Kirloskar rejigs regional team into 3 strategic units

Toyota Kirloskar Motor on Thursday announced rejig of its regional offices into three new strategic business units (SBUs) with an eye on strengthening agility of regional management team. Atul Sood will become associate vice-president (north & east SBU); R Venkatakrishnan, vice-president (south SBU and institutional sales); and B Padmanabha, vice-president (west SBU). **PTI**

Novo Nordisk names Vikrant Shrotriya MD for India business

Global healthcare firm Novo Nordisk on Thursday said it had appointed Vikrant Shrotriya managing director and corporate vice president for its India business. **PTI**

MTNL begins ₹23,000-cr asset monetisation through Dipam

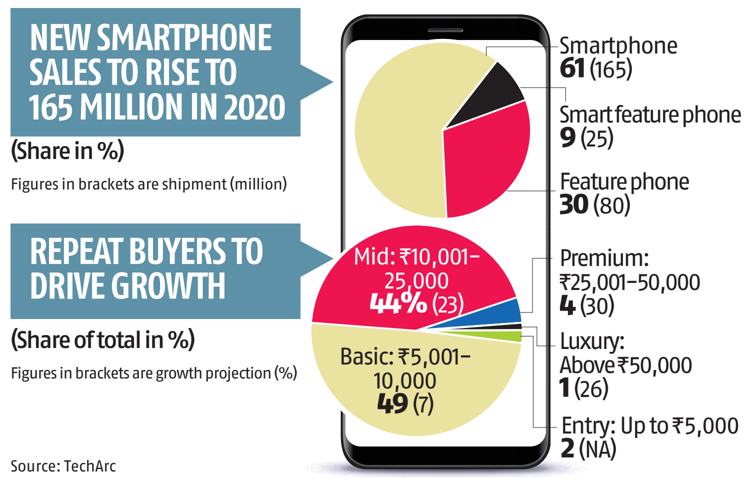
State-run telecom firm MTNL has started the process to monetise assets of ₹23,000 crore as it aims to turn profitable in the next fiscal year, a top official of the firm said on Thursday.

The company has submitted plans to the Department of Investment and Public Asset Management (Dipam) to monetise ₹6,200 crore worth assets that include 36 acres of land bank in Mumbai, shops-cum-offices in Delhi, and residential quarters in Noida. "We have identified assets worth ₹23,000 crore that can be monetised. These are all prime properties in Mumbai and Delhi. With the completion of VRS and asset monetisation, we expect to become profitable in the next fiscal," MTNL Chairman and Managing Director Sunil Kumar said. **PTI**

Smartphone sales likely to surge 14% in 2020

Shipment growth may be in single digits due to heavy stock pile-up

ARNAB DUTTA
New Delhi, 2 January



Source: TechArc

Notwithstanding the slowdown gripping most consumer goods categories, the sale of smartphones in India — the largest market for handsets after China – is expected to grow by up to 14 per cent in 2020, according to analyst firm TechArc.

The sale of smartphones in 2019 surged 12 per cent to 145 million units, and according to early projections, with repeat buyers looking to upgrade their existing handsets, this figure may jump to unprecedented 165 million units in 2020, recording 13.8 per cent growth year-on-year, it said.

Shipments of smartphones, however, may remain tepid – thanks to over-enthusiastic vendors who shipped in a significantly higher number of handsets during the second half of 2019 than what they could sell. According to Faisal Kawoosa, lead analyst at TechArc, players like Realme shipped in millions more than their retail offtake during the September quarter, in anticipation of the peak festive demand. Estimates suggested 7-10 million smartphone units were lying in the inventory at the end of 2019.

Navkendar Singh, research director at IDC India, said it was unlikely that smartphone shipment growth would overtake that of 2019. "For 2019, smartphone shipment growth may be in mid-to-high single digit. This year, the shipment growth rate may not surpass that," he said. The inability of top smartphone players to lure feature phone users to upgrade to smartphones is a key factor. None of the top brands like Xiaomi, Samsung, Vivo, Oppo, and Realme is focused on the entry-level segment (₹3,000 to ₹5,000). Thus, the cost of acquiring a smartphone remains at least 60 per cent higher than a feature phone.

Further, rising telecom tariffs and, consequently, the cost of mobile data has emerged as a new barrier for the shift, he said. In last one month, all the three major telecom companies raised tariffs by 40 per cent, taking the cost of ownership even higher.

This, according to experts, has driven many willing first-timers towards the secondary market. The sale of refurbished and second-hand smartphones has surged in double digits. The share of pre-owned handsets is likely to rise to 23 per cent (48 million units) of the overall market in 2020. "For the first-timers, because of lack of good options, pre-owned smartphones will be the favourite choice as they are offering better experience in an affordable range," TechArc noted.

Consequently, the sale of feature and smart feature phones (Jio phones) is expected to drop 13 per cent and 34 per cent in 2020, respectively. In the new devices space, repeat buyers who are already driving smartphone growth in India are expected to further bolster growth in the mid-to-premium segment (₹20,000 to ₹35,000). The segment is already the fastest growing.

"The push by leading players in the ₹10,000 to ₹20,000 price segment for the past two years have created a large pull on consumers who are now ready to upgrade to higher price points. This may further drive growth," said Kawoosa.

According to Madhav Seth, chief executive officer of Realme, while shipment growth until mid-2020 may remain similar to that of 2019, the firm will launch new models and venturing into IoT.

Qualcomm gets ready for major 5G play in India

Chipset maker Qualcomm sees 5G-ready phones entering India in the next two quarters as manufacturers are keen on tapping the digital consumer well before telecom operators roll out the supporting network. The chip manufacturer, which has its second largest workforce based out of India, is confident of driving the 5G rollout with partner ecosystem in the country, said Rajen Vagadia, vice-president and president Qualcomm India and SAARC. "We see as early as this quarter or the next when affordable 5G phones will start launching in India. People are looking for long-term investments in devices and will be using those when the rollout happens," he said. The firm has lined up a series of chipsets for 5G and 4G in the coming months, in addition to the ones launched.

ROMITA MAJUMDAR

TATA-MISTRY FIGHT REACHES APEX COURT

NCLAT ready to remove strictures against RoC

RUCHIKA CHITRAVANSHI
New Delhi, 2 January

The NCLAT has adjourned the hearing till Friday and sought clarification from the RoC on what constitutes a private company

The National Company Law Appellate Tribunal (NCLAT) on Thursday said it was ready to remove the strictures against the Registrar of Companies (RoC), Mumbai, from its order that ruled that Tata Sons' conversion from public to private entity was illegal and directed the RoC to reverse the same.

The NCLAT adjourned the hearing till Friday and sought clarification from the RoC on what constitutes a private company. A two-member Bench, headed by NCLAT Chairman Justice S J Mukhopadhaya, also sought an explanation on the due process for allowing the conversion from public to a private company. The RoC Mumbai had sought the removal of the words "illegal" and "with the help of RoC" in the tribunal's order pertaining to Tata Sons' transition from a public to private company, in September 2017.

In the December 18 order , the NCLAT had passed serious strictures against the RoC, stating that Tata Sons had hurriedly changed its status to a private company from public "with the help of the RoC", which was illegal. Justice Mukhopadhaya said: "The finding may be wrong but the judgment is not." The appellate tribunal asked the RoC to furnish details on the paid-up capital requirement for a private firm.

The Bench has sought explanation on the due process for allowing the conversion from public to a private company

The NCLAT had said that the RoC, in the Certificate, had struck down the word 'public' and shown 'Tata Sons Limited' as a 'Private' company, even in the absence of any order passed by the Tribunal under Section 14 of the Companies Act, 2013.

The RoC said there were factual and legal errors in the verdict, and hence appealed to the appellate tribunal to amend the order so that it correctly reflected the conduct of the RoC, Mumbai, as not being illegal and acting in accordance with the provisions of the Companies Act 1956/2013. "The appellate tribunal be pleased to delete the aspersions made regarding any hurried help accorded by the RoC, Mumbai, to Tata Sons except what was statutory required from the RoC, Mumbai," the petition stated.

The RoC added that it was not party to the petition filed by Mistry investment companies in both the National Company Law Tribunal (NCLT), Mumbai, and later at the NCLAT, Delhi.

Trusts nominees did not exceed brief: Group to SC

DEV CHATTERJEE
Mumbai, 2 January

The National Company Law Appellate Tribunal (NCLAT) direction restraining Tata Group patriarch Ratan Tata and other Tata Trusts nominees from taking any decision in advance about Tata Sons affairs is nebulous and stifles the rights of Tata Sons shareholders, the Tata Group holding firm said in its petition to the Supreme Court.

The NCLAT order requires majority decision of the board of directors or in the annual general meeting which, the Tata Sons petition said, will result in the disenfranchisement of majority shareholders and cripple corporate democracy.

The Trusts holds 66 per cent stake in Tata Sons — the holding firm of Tata Group companies — and Ratan Tata is the chairman of the Trusts. Tata, along with other Trusts nominees, played an important role to remove Cyrus Mistry as Tata Sons chairman. This led to a three-year-old feud between Mistry and Ratan Tata.

The petition says that Article 118 of Tata Sons has been given a go-bye by the order without even giving a reason on how it is illegal

The petition says that Article 118 of Tata Sons — which provides for selection of the chairman — has been given a go-bye by the order without even giving a reason on how it is illegal. In the case of Tata Sons (since Tata Trusts holds approximately 66 per cent of the share capital, but is not involved in the day-to-day management), Article 121 was inserted in the articles of association to protect the interests of majority shareholders. "There was nothing per se offensive, illegitimate or immoral about the existence of the affirmative vote and incidentally, even the impugned judgment does not hold so. Yet, the verdict is full of adverse observations about the fact that the Trusts-nominated directors had an affirmative right over matters to be resolved in a board meeting of Tata Sons," says the petition.

Tata Sons said the rights not provided under the articles of association have been conferred upon the Mistry investment firms and in the same breath, taken away from Trusts by the NCLAT, which is legally not permissible.

JSW Energy to convert JP Power loan into equity

AMRITHA PILLAY
Mumbai, 2 January

More than three years after JSW Energy extended loans to debt-laden Jaiprakash Power Ventures (JP Power), the company has decided to convert part of the outstanding debt exposure into equity and write off the remainder.

JP Power availed of the loan as advance payment for the proposed sale of its power unit to JSW Energy in 2016. The deal, however, was later called off. On Thursday, JSW Energy informed the exchanges it had entered into an agreement to restructure the outstanding principal amount that JP Power owes.

JSW Energy had in 2016 signed a deal with JP Power to buy the Bina plant in Madhya Pradesh. It also agreed to extend a loan of about ₹1,000 crore to the firm as part of the deal. It was called off, while the debt continued to sit on JP Power's books. JP Power's current dues from JSW Energy are ₹751.77 crore.

As part of the restructuring plan, JSW Energy on Thursday said, "An amount of ₹351.77 crore will be converted into equity shares of JP Power at par value of ₹10 each. Another ₹280 crore would be written off and ₹120 crore to continue as debt to be paid by JP Power to the firm, quarterly on priority basis, out of the available cash flows after JP Power has paid 10 per cent of the restructured sustainable debt to its secured lenders."

More pay channels may become free-to-air after Trai order

Analysts feel cap on bouquet discounts might affect Star India and Sony Pictures

SOHINI DAS
Mumbai, 2 January

Consumer will have to pay ₹130 + tax or ₹153 for each connection

- Will get 200 free to air channels, apart from the 25 DD channels
- So far, the consumer got 100 free-to-air channels

For multi-TV homes, now the fee for the second connection is capped at 40% of the first

- Consumer pays ₹130 for first TV, so network capacity fee charged for second one is now ₹52
- Earlier, consumer was paying another ₹130 + tax for the second connection

Broadcasters get more freedom to pick the free-to-air channels, which can vary according to geographies

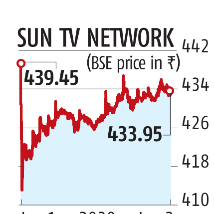
Ceiling price of pay channels to be included in bouquet is brought down to ₹12 from ₹19

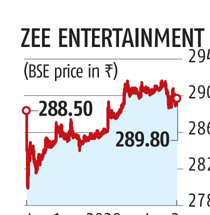
- This would revise MRP of flagship channels of networks

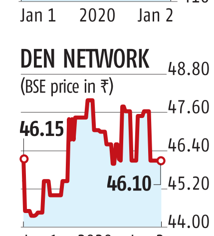
No. of channels per bouquet would reduce and so would bouquet prices, expect analysts

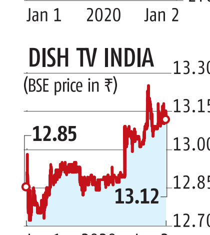
Broadcasters would club not-popular channels with popular ones in bouquet

- With tariff order amendments, broadcasters have to relook at this strategy
- Gives more choice to consumers









The Telecom Regulatory Authority of India (Trai)'s amendments to its tariff order of February 2019 might result in broadcasters making several not-so-popular channels free-to-air (FTA), to make them a part of the 200 channels on offer at ₹130 (plus taxes) per month, analysts say.

Trai's amendment has forced broadcasters to go back to the drawing board as they revise pricing for channels. Analysts believe, broadcasters like Sony Pictures Networks India and Star India could be impacted more as their bouquet offerings were at discounts of 35-54 per cent. In fact, sources said, Star India, which was expected to come out with its new channel pack on Thursday, has now deferred the same.

According to Trai's amendments, which will come to force from March 1, a broadcaster cannot price channels in a bouquet such that the maximum retail price (MRP) of all a la carte channels in the bouquet is more than 1.5x the price of the bouquet. The telecom regulator also laid down a second condition that the MRP of any a-la-carte channel cannot be more than 3x the average price of any channel in that particular bouquet.

"Broadcasters would find it difficult to club a ₹12 channel with a much lower priced 50 paise or ₹1 channel in the same bouquet. The general tendency in bouquet formation was that a clutch of not-so-popular channels were clubbed with a few flagship channels that have takers. Now, broadcasters would consider taking out some of the less popular channels that may not have takers a-la-carte and make them free to air. This way these channels can be a part of the 200 channels bucket," said a senior official at a broadcasting firm.

The official admitted that Trai's move definitely gave more power to consumers to choose. Moreover, with Trai capping discounts that broadcasters can offer for bouquets over a-la-carte at 33 per cent, analysts said firms like Star India (35 per cent) and Sony Pictures (54 per cent) would be the most impacted.

Karan Taurani of Elara Capital said the size of bouquets, too, will come down from about 8-10 channels to 3-4 channels. He expected that some channels like Zee Anmol – which were earlier free-to-air before the February order and became a pay channel, losing viewership – to go the FTA route.

Moreover, Trai decided that only those channels that had an MRP of ₹12 or less would be permitted to be part of the bouquet offered by broadcasters. The earlier cap was ₹19.

Analysts felt this could lead to price revision of flagship channels. Abneesh Roy of Edelweiss said most broadcasters have an a-la-carte price of ₹19 and Trai's move could lead to price revision of even these channels. Roy added that while average revenue per user (ARPU) was definitely coming down, it was too early to estimate the loss in subscriber revenue for networks.

Taurani, however, felt broadcasters like Sun TV had better prospects because of digitisation in Tamil Nadu. He expected subscriber revenue growth to decline in low single digits and ad growth, too, to slow down. The subscriber revenues for broadcasters have grown at about 30-40 per cent because of higher share and increased ARPU after the new tariff order came in.

Trai increased the number of free-to-air channels at a monthly cost of ₹130 (plus taxes) to 200 from 100 earlier. Cable operators would charge ₹130 per month as network capacity fees (NCF) for which they would provide these 100 channels. This has now been capped at ₹160. Trai has also kept out channels declared mandatory by the Ministry of Information and Broadcasting from the 200-channels list.

Bosch to slash around 2K jobs in India amid slump

Carmakers will shed 80,000 jobs across the world in the coming years

BLOOMBERG
Chennai, 2 January

Bosch, the Indian unit of the world's largest auto-parts supplier, plans to join its parent Robert Bosch GmbH in cutting jobs as the South Asian nation witnesses one of its worst auto sales slowdowns in decades.

The German company will cut "a couple of thousand" jobs in India in the next four years, India Managing Director Soumitra Bhattacharya said. About 10 per cent of 3,700 white-collar jobs and a slightly higher percentage of 6,300 blue-collar jobs will be cut, he added in an interview in Bengaluru on December 30.

"There is a transformation happening across the industry," Bhattacharya said. "We looked at that as an opportunity to transform the company even before the downturn started."

Carmakers across the world will shed 80,000 jobs in the coming years amid shrinkings. That will hit sales at autopart makers. In India, Bosch expects auto sales to only recover in the next two-three years after plummeting in 2019 because of regulatory changes, threat of electrification, a liquidity crunch and an economic slowdown.

Still, the German component maker sees the demand for internal combustion engine vehicles leading growth in the auto industry in India. Both ICE and electric powertrains will coexist for a long time, Bhattacharya said. He forecast that 80 per cent of the vehicles will run on ICE the rest on electric by 2030 in the nation.

Bosch India's profit fell 66 per cent in the quarter ended Sept. 30, from a year earlier. Its share price dropped 22 per cent last year. India's auto sector is going through a cyclical and structural changes because of electrification, technological shift and the advent of shared mobility, Bhattacharya said.

"THERE IS A TRANSFORMATION HAPPENING ACROSS THE INDUSTRY,...WE LOOKED AT THAT AS AN OPPORTUNITY TO TRANSFORM THE COMPANY EVEN BEFORE THE DOWNTURN STARTED"
SOUMITRA BHATTACHARYA, MD, Bosch India

Jet lenders give time till Jan 15 for EoI submission

SUBRATA PANDA
Mumbai, 2 January

Lenders to the beleaguered Jet Airways have extended the deadline for submitting fresh expressions of interest (EoIs) to January 15 amid reports of Hinduja Group showing interest in investing, sources privy to the development said.

Earlier, the resolution professional of Jet, Ashish Chhawchharia, had informed the bankruptcy tribunal that two new investors had shown interest for investing in the airline. One of them is a foreign investor from West Asia and the other is an Indian-entity-backed by a UK investor.

Sources, however, said no fresh EoI had been submitted so far. The Hindujas have not formally submitted any EoI to the resolution professional and neither have the two other entities, which had earlier showed interest.

In the last committee of creditors' meeting, the lenders had decided to call for fresh EoIs and set a deadline of January 6 for submission of EoIs. This came after South America-based Synergy Group, which emerged the sole bidder in the first round of bidding, failed to come up with a definitive resolution plan to revive the airline. The Synergy Group has also not submitted any fresh EoI.

Jet has completed 180 days of its insolvency proceedings and has extended the corporate insolvency process by another 90 days.

The Synergy Group had sought clarity on the availability of slots in the domestic as well as the international routes from the ministry of civil aviation before submitting a resolution plan. The ministry, however, wanted a resolution plan on the table before giving any assurances on slot allocation.

Interestingly, Jet stocks have gained 15 per cent in the past five trading days. It closed at ₹32.60 on Thursday, up 5 per cent. Jet was admitted under the insolvency process on June 20 after bankers failed to find any takers despite months of negotiations. The airline stopped flying on April 17, leaving over 14,000 employees high and dry.

Hinduja Group has shown interest in investing, but has not formally submitted any EoI to the resolution professional

Apollo Hospitals to cut promoters' pledged shares

GIREESH BABU
Chennai, 2 January

Apollo Hospitals Enterprise (AHEL) may see the promoter pledged shares in the company coming down to 25-30 per cent by the end of January, with the HDFC's proposed acquisition of the Apollo Hospitals group's shares in Apollo Munich Health Insurance Company (AMHI) getting necessary regulatory approvals.

AHEL on Thursday said that AMHI, HDFC and HDFC Ergo General Insurance Company have received requisite approvals for the acquisition from the Competition Commission of India, the Reserve Bank of India and the Insurance Regulatory and Development Authority of India or IRDAI (on January 1).

The acquisition of shares by HDFC is expected to be completed by January 9, said AHEL. With this, it is expected that the promoters and promoter group companies will release a portion of the pledged shares, bringing it down to 25-30 per cent from the present 58 per cent, according to a senior official. This procedure is expected to be completed before the end of January.

The promoters had at one point pledged more than 70 per cent of their shares, and later raised around ₹700 crore by selling around 5 million shares to bring down the pledged shares.

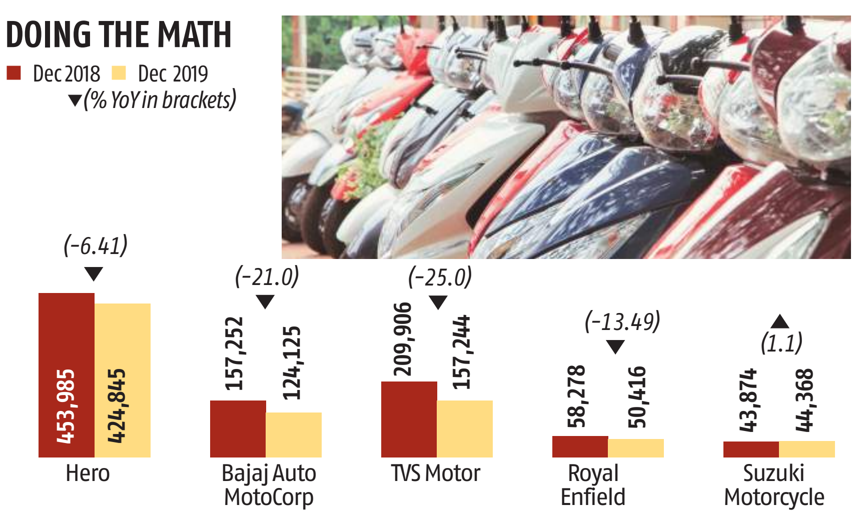
Of the 51.2 per cent stake Apollo Hospitals Group and a few employees selling in AMHI to HDFC, for ₹1,347 crore, the listed entity AHEL holds around 9.96 per cent. This is expected to bring the listed entity a cash consideration of ₹261.52 crore (subject to indemnity related and other contractually agreed deductions), besides ₹38.22 crore from Munich Health Holding towards joint venture termination fee. This money will be used to bring down the debt.

Also, the transfer of the front-end of the pharmacy business of AHEL to Apollo Pharmacies is expected to over before the end of the current financial year. This will also bring in some funds, which will be used to pay the debt. The company is expecting to bring down the net debt from the current level of around ₹3,100 crore to around ₹2,600 crore by the end of the financial year, once the Apollo Pharmacy deal is also over.

TWO-WHEELER MAKERS END 2019 ON A BLEAK NOTE

Extending the downhill trend of previous months, two-wheeler companies ended the year on a bleak note. Combined sales volumes of top five manufacturers, including Hero MotoCorp, Bajaj Auto, TVS Motor, Royal Enfield, and Suzuki Motorcycle skidded 11.39 per cent to 1.1 million units during the month over the corresponding period. Companies maintained a tight leash on dispatches to align supplies to demand. Auto companies in India count deliveries to dealers as sales. The controlled dispatches come ahead of the switchover to BS-VI emission norms, which take effect on April 1. Volumes are expected to remain in negative terrain for the next two months as companies make way for the models compliant with the new norms.

SHALLY SETH MOHILE

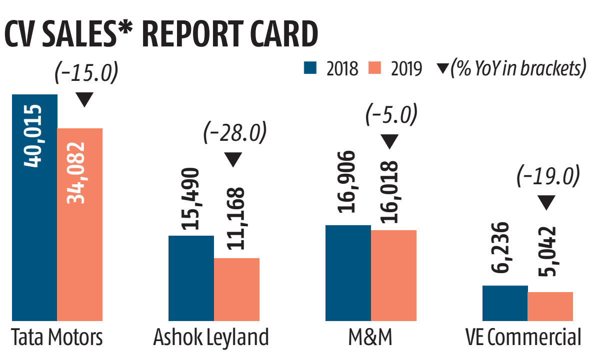


Auto industry yet to submit study on EV transition

The automobile industry is yet to submit its report on road map to transition two- and three-wheelers to full electric vehicles, according to a senior government official.

At a meeting with industry representatives in June last year, the Niti Aayog had asked the industry to come back within two weeks with concrete steps towards the transition but manufacturers had stated they would need a minimum of four months to work on the same. Hero MotoCorp, Bajaj Auto, TVS Motor, and Honda have opposed the Niti Aayog's plan to push for 100 per cent electric vehicles by completely banning conventional two- and three-wheelers. Tata Sons Chairman N Chandrasekaran had also stated that migration to EVs needs to be planned to ensure that the entire ecosystem is ready through a multi-year road map.

Commercial vehicle sales down in December



Note: Data available only for the four companies; *Domestic & exports; **In units
Source: Companies' monthly update

T E NARASIMHAN
Chennai, 2 January

Domestic sales of commercial vehicles (CVs) in the country were down year-on-year in December as the economy continues to bear pressure, resulting in demand slowdown for trucks.

However, thanks to pre-buying before the planned switch to higher emission standards (due April 1) and heavy discounts to clear inventory, month-on-month, sales saw 10-15 per cent growth.

Tata Motors, India's largest CV maker, has reported a 13 per cent drop in domestic CV sales to 31,469 units in December, from 36,180 units a year before. However, this was also 13.8 per cent higher compared to November 2019, which was 27,657 units. The company's sales of medium and heavy CVs was down 40 per cent to 6,957 units in December, from 11,506 units the same month last year, while it rose by 15 per cent from 6,050 units sequentially. Girish Wagh, president of Tata Motors' CV business, said overall sales had grown for a second month in a row, with medium and heavy CV sales also having seen 23 per cent growth in November than the previous month.

"Enquiries continued to increase gradually, with fleet owners realising the economic benefits of replacement now of their older vehicles. Increasing enquiries and lower stocks augur well for future volumes and realisations, early indication of which can be seen in December," he added.

Heineken may raise stake in United Breweries

Banks have got court nod to liquidate assets

DEBASIS MOHAPATRA
Bengaluru, 2 January

Dutch brewing giant Heineken is likely to increase its stake in the United Breweries (UBL) in its bid to attain controlling stake of 51 per cent or more from the current level of around 46 per cent in the beer company.

Sources said after the special Prevention of Money Laundering Act (PMLA) court in Mumbai on Wednesday allowed consortium of 15 banks led by State Bank of India (SBI) to utilise moveable assets of former liquor baron Vijay Mallya, Heineken is looking at approaching these banks to buy out the pledged shares that the creditors are planning to liquidate for recovering debt.

"There is no tearing hurry for Heineken to increase its stake in UBL as it is already the single-largest shareholder in the company. However, if the pledged shares come to market for liquidation, the company will definitely be interested to buy these out for having a controlling stake. It can even approach the banks as it has done in previous instances," said a source close to the functioning of the company.

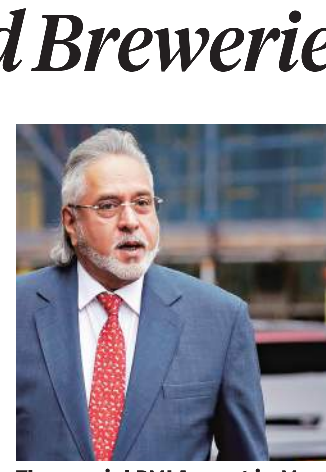
A detailed email sent to UBL remained unanswered at the time of going to press.

By the end of September quarter of FY20, Heineken, through its various associate firms, had a stake of around 46 per cent in UBL. Mallya, with his related entities, held 11 per cent in the beer company. However, out of Mallya's 8.08 per cent holding in the company, 98.11 per cent of shares were pledged or encumbered in one or other forms.

Similarly, Kamsco Industries, one of the related entities of Mallya, with 1.24 per cent of shareholding, had around 70 per cent of its total shares pledged. With a market capitalisation of around ₹34,000 crore, 11 per cent stake is translated into around ₹3,740 crore, which the creditors can offload to recover their debts. The lenders' consortium has to recover over ₹6,000 crore with interest from the former liquor baron.

"It has to be seen how much of these shares, which are encumbered, come for liquidation by banks. Heineken has bought shares both from banks and market through bulk deals in previous occasions. So, it can also do a similar deal now," said a Mumbai-based analyst.

In March last year, Heineken had purchased 7.5 million shares representing 2.8 per cent of total paid-up equity of UBL through a block deal for ₹1,007 crore. In 2016, the Dutch firm had bought 1.855 million shares from YES Bank for ₹152 crore.



The special PMLA court in Mumbai had on Wednesday allowed consortium of 15 banks led by SBI to utilise moveable assets of former liquor baron Vijay Mallya

Earlier, reports suggested that the global beer maker might launch a voluntary open offer for 10-15 per cent stake in UBL. Share price of UBL ended 0.73 per cent higher at ₹1,283 on the NSE on Thursday.

Senior counsel Amit Desai, appearing for Mallya, said on Wednesday the court has ordered lifting of attachment of assets, which are UBL shares. "However, we do not know if the court has ordered for the assets to be restored to SBI or the consortium. We are waiting for the order copy for further clarity," Desai said. Mallya, who is accused of money laundering by the Enforcement Directorate, fled India in March 2016 and is now based in London.

"When our government was formed in 2014, our economy was $2 trillion, and we were at 11th place in world rankings. By 2019, we added $1 trillion to the economy"

AMIT SHAH,
Home minister

"The death of 100 children in Rajasthan's Kota is sad and painful. CM is insensitive, disinterested... What is more saddening is lady general secretary (of Congress) maintaining silence"

MAYAWATI,
BSP president

"We reached out to countries across all geographical regions (on Citizenship Amendment Act and the National Register of Citizens)... to share our perspectives to the host government"

RAVEESH KUMAR,
MEA spokesperson

Phones, visitors not allowed: Inside story of central registration centre

RUCHIKA CHITRAVANSHI
New Delhi, 2 January

Away from the hustle and bustle of city glare, on the outskirts of Gurugram, sits the office of the Central Registration Centre (CRC) where all applications for registering a company's name and incorporation are processed and given a final stamp of approval.

The address of the office, set up by the ministry of corporate affairs three years ago, is not exactly a secret but officials do not want to publicise any specific details of the organisation housed on the premises of the Indian Institute of Corporate Affairs, Manesar. Reason? Formed with the purpose of taking away human interface and making the process of registration and incorporation speedier, the centre forbids interaction with any outsider.

The centre also has its own dedicated registrar. All officials, some working on contract and others recruited from the Indian Company Law Services, are told to leave their phones outside before they step into the office. No internet, except that on the desktop, is provided. And none of the employees are allowed to have any visitors during working hours.

A senior government official said a confidentiality agreement is signed by the employees to protect any information leak, which may affect the transparency of the process.

The government keeps a close watch on the employees to monitor their work, productivity, and conduct. "The main purpose of CRC is to provide speedy incorporation-related services in line with global best practices," said the senior government official.

The first layer comprises nearly 100 company secretaries and the second more senior layer has around 25 officials picked from the Indian Company Law Services.

"The government has done away with human intervention in these processes...It has become very fast and the response time is significantly higher than before," said Ankit Singhi, partner, Corporate Professionals.

Ever since it was set up, the centre boasts of smoothing the registration and incorporation process tremendously. Average time taken for registering a name has come down from five days in 2014 to 0.5 day in 2016 to 0.4 day in 2019. The government has engaged Infosys to make the entire process electronic. "There were a few times when we saw a sudden spike in the time taken...October it is usually on account of festive season and public holidays and at other times we faced technical glitches," the senior official said.

The ministry had revamped the whole system, including the manpower and the server, after it received complaints over the conduct of some of the company secretaries.

As soon as an application is filed, a complete random algorithm assigns the application to one of the company secretaries, who vets the documentation and flags off any correction that needs to be made before forwarding it to the ICLS officer. "You will definitely hear from us within four hours of making a name registration request. The response could be positive or negative. We give a couple of days time to come up with an alternative," the senior official said.

Earlier, the same task was being undertaken by the 24 registrars of companies across the country. "Because there was a manual element, many would try to get a specific name cleared, which goes against the prescribed rules...Now these officials are free of any outside influence," the official said.

For instance, in 2006, a person was charged with duping people of ₹5,000 crore after registering a company under the name Bharati Gas — closely resembling Bharat Gas — then getting locals in Rajasthan to invest in fake petrol pumps contracts.

"We get requests for names such as DDA private limited or Google or Reliance spelt differently," the official added.

ILLUSTRATION: BINAY SINHA

HOW THEY STACK UP

CRC office is trying to reduce delays in incorporation and registration of companies. India's performance has been lacking in the area:

Top 5 countries for ease in starting a business

Rank	Country	Rank	Country
1	New Zealand	4	Singapore
2	Georgia	5	Hong Kong SAR, China
3	Canada	136	**India**

Source: World Bank Doing Business Report 2019

CRC'S MAIN MANTRA

Speedier processing of applications	Intensive monitoring for timely approvals	Improve the ease of doing business

IN BRIEF

Jhunjhunwala picks up 2.7 mn shares in IIFL Sec

Ace investor Rakesh Jhunjhunwala (*pictured*) bought 2.7 million shares of IIFL Securities for ₹11.92 crore in a bulk deal on the BSE on Thursday. The shares were bought at a price of ₹42.83 per share. Shares of IIFL Securities closed 4.9 per cent higher at ₹44.95 on Thursday. The retail and institutional broking house was listed on the bourses in September last year, after getting demerged from its parent IIFL Holdings. In the past three months, the share price of IIFL Securities has gained 46 per cent. According to market participants, larger-sized brokers are expected to gain higher market share as investors are shying away from smaller brokers following the Karvy crisis and the case of mishandling of client securities. BS REPORTER

HDFC gains ₹9K cr from sale of stake in Gruh Finance

Mortgage lender Housing Development Finance Corporation (HDFC) on Thursday informed the stock exchanges that it had recorded a fair value gain of ₹9,020 crore from the stake sale in Gruh Finance. Kolkata-based Bandhan Bank has acquired Gruh Finance. At the end of Q2FY20, HDFC's stake in Gruh Finance was 38 per cent. But, after the completion of the merger of Gruh into Bandhan Bank, the shareholding of HDFC in Gruh fell to 9.89 per cent. BS REPORTER

Gold imports dip 7% in Apr-Nov to $20.57 billion

India's gold imports, which have a bearing on the current account deficit (CAD), fell about 7 per cent to $20.57 billion during April-November in the ongoing financial year, according to the commerce ministry data. Imports of the yellow metal stood at $22.16 billion in the same period of 2018-19. PTI

MEIS benefits extended till March 31: FIEO

Benefits to exporters under the Merchandise Exports from India Scheme (MEIS) has been extended till March 31, said the Federation of Indian Export Organisations on Thursday. BS REPORTER

NDTV promoters challenge Sebi notice in HC

Media firm NDTV's promoters Prannoy Roy and Radhika Roy have moved the Bombay High Court, challenging a showcause notice issued to them by the Securities and Exchange Board of India (Sebi) in 2018 for alleged violation of insider trading regulations. The court, while stating that it will pass orders on January 6, said the Roys could "face the notice" and attend hearings before Sebi. PTI

Shriram Transport Fin to raise up to ₹1,000 cr via bonds

Shriram Transport Finance on Thursday said it was looking to raise up to ₹1,000 crore through bonds. The base size of the issue is ₹200 crore with an option to retain oversubscription aggregating up to ₹1,000 crore, the company said in a release. This is the second tranche of bonds to be issued by the non-banking finance company. BS REPORTER

Sebi confirms its order on BMA Wealth

Markets regulator Sebi on Thursday confirmed its interim order banning BMA Wealth Creators, its promoters and four other entities from accessing capital markets. It also asked the BSE and the NSE to take necessary action against BMA Wealth in line with their bye-laws. PTI

9 companies to list CPs on BSE for ₹10,480 crore

The BSE on Thursday said nine firms have filed applications to list their commercial papers for a total issue size of ₹10,480 crore. The firms that have filed applications to list their CPs with the stock exchange are Power Grid Corporation of India, Housing & Urban Development Corporation, Muthoot Finance, Axis Finance, Grasim Industries, Vardhaman Textiles, SBI Cards and Payment Services, Kalpataru Power Transmission, and Kotak Mahindra Prime, the BSE said. PTI

Air India needs to be privatised: Puri tells unions

The government has no option but to privatise Air India as it has ₹80,000-crore debt and needs cooperation of employees for the privatisation process, Civil Aviation Minister Hardeep Singh Puri told the airline unions on Thursday. Puri also said that the Centre was trying to address the concerns of the employees. PTI

MIXED SIGNALS: FACTORY ACTIVITY RISES AS SUPPLY OF SOME COMMODITIES SLUMPS

Manufacturing rises to highest in 7 months: PMI

But weak market conditions keep firms spooked and business optimism low

SUBHAYAN CHAKRABORTY
New Delhi, 2 January

A sudden boost in new orders helped the beleaguered manufacturing sector surge ahead in December even as business optimism fell to a three-year low, with firms remaining spooked by weak market conditions, said a monthly global survey released on Thursday.

The widely tracked Nikkei India manufacturing Purchase Managers' Index (PMI) rose to 52.7, a seven-month high, from November's 51.2.

In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction. The rebound in growth comes after October's two-year low PMI performance at 50.6.

However, official data shows that contraction remained entrenched in the manufacturing sector till November. India's overall industrial production fell 3.8 per cent in October, after contracting 4.3 per cent in September, lowest in eight years.

On the other hand, the output of eight core sectors of the economy fell for a third straight month in November, contracting by 1.5 per cent. Output had crashed by a record 5.8 per cent and 5.2 per cent over the preceding two months as a broad-based decline gripped most sectors.

But for December, PMI painted a favourable picture with factories pumping up production to a 10-month high. This was attributed to new orders rising at their fastest pace since July, companies ramping up production and resumed hiring efforts.

At the sub-sector level, growth was led by consumer goods, though intermediate goods also made a stronger contribution to the headline figure. But, the crucial capital goods segment remained in contraction, the survey pointed out.

Companies that signalled growth commented on the securing of new work, the successful launch of new products and improved technology. New work increased solidly, with the pace of expansion picking up to the fastest since July. Where growth was noted, firms reported marketing successes, new product drives and better demand conditions.

However, new export orders contributed a small part of rising sales. In 2019, manufacturers had fallen back to demand from overseas to rescue them at times of lax domestic demand. Foreign orders expanded for the twenty-sixth month in a row, albeit modestly, the survey said.

As a result of rising fortunes, more firms reported they have stepped up hiring efforts at the strongest pace since February. Despite this, outstanding business rose further. In November, the survey had noted massive layoffs by firms.

Firms also increased input buying at the year-end, following contractions in each of the prior four months. The rise was only marginal, however, and failed to have an impact on vendor performance.

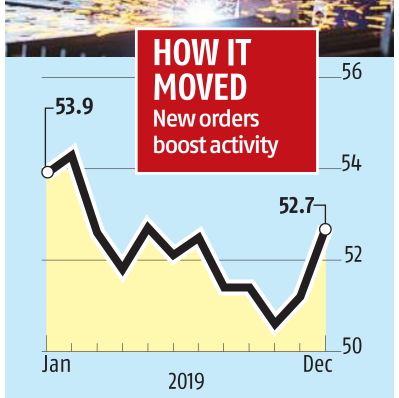
Although stocks of purchases continued to decline, the contraction lost strength. In fact, the pace of depletion was only fractional. On the other hand, holdings of finished products decreased sharply in December.

Amid reports of higher prices paid for chemicals, food, metals, paper, plastics and textiles, average cost burdens increased further. Moreover, the overall rate of inflation reached a 13-month high. In order to protect margins, goods producers lifted their fee again in December. The rate of charge inflation was solid and the quickest in close to three years.

Business sentiment had strengthened in November, with panel members expecting advertising efforts and product diversification to support output growth in the year ahead. That said, the Future Output Index was well below its average, as a number of firms were concerned about the state of the economy.

Despite the improvement in operating conditions during December, companies were cautious regarding the year-ahead outlook. "However, a note of caution is evident from the survey's measure of business confidence. The degree of optimism signalled at the end of 2019 was the weakest in just under three years, reflecting concerns over market conditions, which could restrict job creation and investment in the early part of 2020," said Pollyanna de Lima, principal economist at IHS Markit.

But on an average, the survey pointed out, production is expected to expand in the coming 12 months.



Source: IHS Markit

Power supply falls for 5th mth

REUTERS
New Delhi, 2 January

India's electricity supply fell for the fifth straight month in December, provisional government data showed, potentially reflecting sluggish industrial activity amid an overall economic slowdown.

Power supply fell to 101.92 billion units in December, down 1.1 per cent from 103.04 billion units last year, an analysis of daily load despatch data from state-run Power System Operation Corp (POSOCO) showed.

India's Central Electricity Authority (CEA), an arm of the federal power ministry, is expected to release official data on power demand later this month. POSOCO releases provisional load despatch data every day.

Lower electricity supply could mean a fifth consecutive fall in power demand, as electricity deficit in India is marginal.

Electricity supply fell 4.2 per cent in November and 12.8 per cent in October, according to the CEA. The October decline in electricity demand and supply was the fastest in at least 12 years.

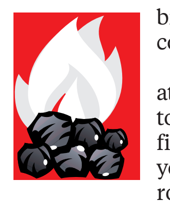
Electricity demand is seen by economists as an important indicator of industrial output and a deceleration could point to a further slowdown.

Annual consumption of electricity by industry accounts for more than two-fifths of India's annual electricity consumption, according to government data, with residences accounting for nearly a quarter and commercial establishments for another 8.5 per cent.

Coal India's shipments drop for 1st time in 6 yrs

Coal India posted the first decline in annual shipments in at least six years as demand from power producers weakened and its production was hit by heavy rains earlier in 2019.

Shipments fell 3.8 per cent in 2019 from a year ago to 580.8 million tonnes, according to *Bloomberg* calculations based on data from the state-run company dating back to 2013. Production slipped 2.2 per cent to 582.8 million tonnes, the data showed.



On a monthly basis, shipments rose 1.9 per cent in December from last year to 53.63 million tons, the Kolkata-based miner said late Wednesday. Output climbed 7.2 per cent to 58.02 million tons. Coal India is the biggest coal-producing company in the world.

India's power generation from coal is poised to shrink in 2019 for the first time in at least 14 years. The decline mirrors a global trend as nations embrace cleaner forms of energy in a bid to cut emissions and reduce air pollution. BLOOMBERG

DoT may back cut in levies in meeting with industry

PRESS TRUST OF INDIA
New Delhi, 2 January

The Department of Telecom (DoT) will meet industry players and various associations on January 6 to discuss the Budget wishlist and outstanding issues of the sector which is confronted with thousands of crores in unpaid statutory dues and burgeoning debt, according to sources.

A government official told *PTI* that DoT will be "supportive" of the industry's demand for reduction in levies, both licence fee and Spectrum Usage Charges (SUC), and will formally communicate its Budget-related suggestions to the finance ministry after holding a detailed consultation with the telecom players.

"Telecom department supports reduction in licence fee and SUC... SUC should be reduced because money is being given by players in the auctions... they are making auction payments," the official said, adding that discussions will span various stakeholders in the industry like service providers, associations and others.

The telecom department plans to formally write to the Ministry of Finance in the first half of January, after the meeting. Mobile operators as well as industry bodies like the Cellular Operators' Association of India (COAI) and Tower and Infrastructure Providers Association (TAIPA) will be present at the meeting slated for January 6, a source said.

COAI had, last month, raised the issue of adjusted gross revenue (AGR) and sought cut in levies like licence fee and SUC during a meeting with Finance Minister Nirmala Sitharaman. Industry has also asked the government to create an infrastructure bank that will raise tax-free bonds, the proceeds of which can be used to lend to the companies at lower rates. COAI had also raised the issue of AGR and higher levies (like licence fee and SUC that are being paid by the industry) during the recent meeting.

"We represented that they be brought down... We urged that licence fee which is currently at 8 per cent be lowered to about 3 per cent, and SUC which is presently at 5 per cent be brought down to 1 per cent... and to see if it could be done over an appropriate period of time," COAI Director General Rajan Mathews had said after the meeting on December 20 at North Block.

RUN-UP TO THE BUDGET 2020-21

Industry has also asked govt to create an infra bank that will raise tax-free bonds

SBI to create unit for rural and semi-urban business

ABHIJIT LELE
Mumbai, 2 January

State Bank of India is creating a unit to manage the vast network of semi-urban and rural branches in the country to provide a thrust to scale up farm lending, micro finance and financial inclusion.

"We are making major changes in the retail banking vertical, the national banking group. The bank has decided to create a separate network for micro-finance and financial inclusion under each circle. The new unit will be headed by a general manager," said Rajnish Kumar, chairman, SBI.

The purpose is to enhance oversight on financial inclusion initiatives and the Business Correspondents (BC) channel. Kumar said the management of these initiatives was scattered earlier and would be focused now.

Around 35 per cent of branches in rural and semi-urban areas will be managed by this unit. The bank has started a pilot project in the Chandigarh circle. At present, SBI runs its national operations through 17 circles. Each circle in headed by a chief general manager.

Senior SBI executives said the volumes resulting from the financial inclusion (FI) initiative had put pressure on branch networks and affected services to regular customers. Now, customers coming through FI initiative would be served by the new unit.

Under financial inclusion, the bank has about 58,000 BCs and 22,010 branches across the country to offer banking services. SBI recorded 397.5 million transactions amounting to ₹1.73 trillion in 2019-20, translating to around 1.5 million transactions per day.

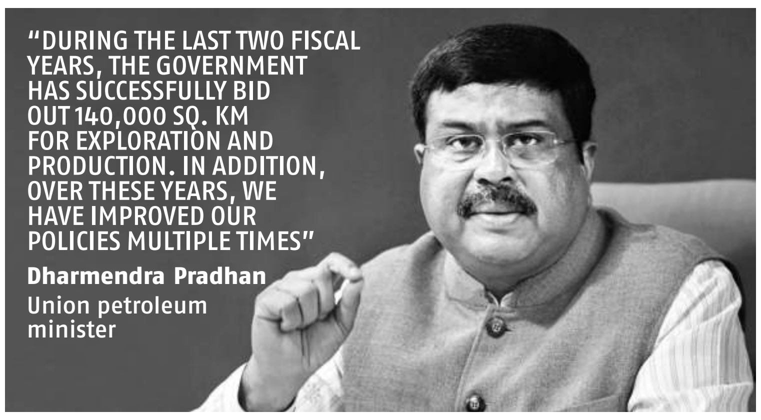
The bank has worked out strategies and leveraged technology to expand financial services to the doorsteps of the unbanked to bring them under the ambit of the formal banking system.

The circles work under retail and digital banking group, the largest business vertical of SBI, constituting 97.05 per cent of its domestic deposits, and 54.89 per cent of its domestic advances, as of March 31, 2019. The group comprises of eight strategic business units that drive the largest branch network across the country.

SBI recorded 397.5 million transactions amounting to ₹1.73 trillion in 2019-20, translating to 1.5 million transactions per day

ONGC bags all 7 oil & gas blocks in fourth round of OALP auction

SHINE JACOB
New Delhi, 2 January



The government on Thursday awarded Oil and Natural Gas Corporation (ONGC) all seven oil and gas blocks that were on offer in the fourth round of Open Acreage Licensing Policy (OALP), said Union Petroleum Minister Dharmendra Pradhan.

The current round added 18,510 square kilometre (sq. km) to India's total exploration area. Pradhan said bids for another 20,000 sq. km area will be finalised soon as part of the fifth round.

Of the seven blocks, five are located in Madhya Pradesh and one block each in Rajasthan and West Bengal. The blocks are spread over three sedimentary basins with resource potential of around 33 billion barrels of oil and oil equivalent gas. The first four rounds are expected to generate an investment of around $2.35 billion over the next three to four years in exploratory work alone.

"During the last two fiscal years, the government has successfully bid out 140,000 sq. km for exploration and production. In addition, over these years, we have improved our policies multiple times," said Pradhan. Only 90,000 sq. km was under exploration till 2018.

As many as 55 blocks were awarded in the first round of OALP, followed by 32 blocks in the second and third rounds, which were awarded together.

Earlier this week, Finance Minister Nirmala Sitharaman unveiled a National Infrastructure Pipeline of ₹102 trillion, of which the energy sector is expected to contribute about 24 per cent of the projected capital expenditure in infrastructure. "We will see more investment than mentioned in that plan for petroleum and natural gas," said Pradhan.

Pradhan added that the major change in government policy was from revenue maximisation to production maximisation. The current rounds provide more sops to investors, including reduced royalty rates and uniform licensing, following a revenue-sharing model.

Speaking about technology infusion, Pradhan said, "Technology, science have seen tremendous progress in recent times. Our oil and gas companies are adopting digitisation, new technologies for leapfrogging growth."

The cumulative exploratory work commitment after four rounds of OALP comprise 29,270 line kilometres of 2D seismic survey, 43,272 sq. km. of 3D seismic survey, 369 exploratory wells, and 290 core analyses to establish shale resources.

A total of 94 blocks have been awarded in the four OALP rounds conducted so far, covering an area of 136,790 sq. km to leading exploration and production companies. The operators of these blocks have since either initiated exploration or are in the final stages of obtaining petroleum exploration licences.

The fifth cycle of submitting expressions of interest (EoIs) closed on November 30, 2019, while the sixth cycle of EoI is open till March 31, 2020.

FinMin to discuss ways to plug GST leaks

INDIVJAL DHASMANA
New Delhi, 2 January

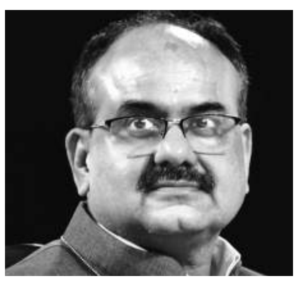
Against the backdrop of a steep goods and services tax (GST) collection target for 2019-20, Revenue Secretary Ajay Bhushan Pandey will hold a day-long meeting with tax commissioners on January 14 to discuss ways for streamlining the GST system and plug leaks because of fraud.

Sources said the meeting with state tax commissioners and chief central tax commissioners will deliberate on enhancing GST compliance by plugging loopholes and discouraging tax evaders and those gaming or misusing the system.

The meeting assumes significance as the GST Council in its last meeting held on December 18, 2019, wanted a detailed study on these issues before taking any call on a rate hike.

Even as the GST collection crossed the ₹1-trillion mark for the second month in a row in December last year, the receipts were nowhere near ₹1.10 trillion required every month from December onwards to meet the target for 2019-20. At least in one of the four months, the GST collection must reach ₹1.25 trillion.

The sources said this multi-faceted brainstorming meeting is being organised with the purpose of curbing fraud and evasion, checking fake or huge input tax credit claims, seeking bank account details of businesses to tally with their filings, stopping misuse of refund, and sharing best practices in revenue augmentation.



Revenue Secretary Ajay Bhushan Pandey will hold a day-long meeting with tax commissioners on Jan 14

The discussions will focus on the road ahead with e-invoicing, new return system and feedback, e-way bill linking with FASTag, pendency of refunds, linkage of Aadhaar number to GST registration, enforcement module use without over-reach, and QR code, they said.

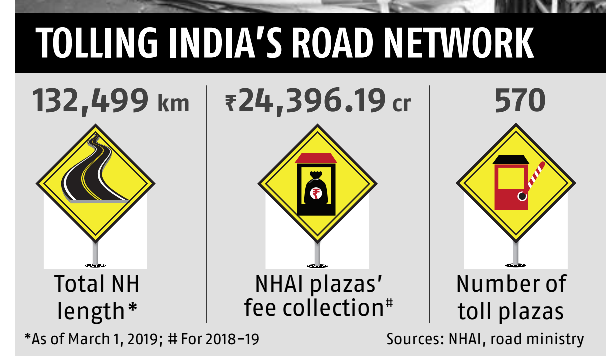
A detailed review of further use of data analytics and artificial intelligence in the process of enforcement and flagging tax evaders and fake refund claimants will also be taken up to augment revenue and better compliance without over-reach, sources said.

This meeting will also be attended by senior officers of the Central Board of Indirect Taxes and Customs, Central Board of Direct Taxes, Financial Intelligence Unit, Directorate General of Analytics and Risk Management, and the GST Network.

Targeted approach to stop tax evasion without any over-reach or harassment to the genuine taxpayer will be deliberated with field officers concerned and also the enforcement wings, they added.

FASTags & job loss: Uncertainty looms

AMRITHA PILLAY
Mumbai, 2 January



For attendants collecting toll at Navi Mumbai's Vashi Bridge, queries on FASTags and its impending roll-out on this state-run stretch are now routine.

Some say they are uncertain about the timeline. What also remains uncertain, for now, is the job security of thousands manning toll plazas in India.

At present, FASTags are being rolled out on national highways. Maharashtra State Road Development Corporation operates the Vashi Bridge. Even with the present roll-out, concerns on whether there would be job losses have no clear answers.

"None of the employees has been discontinued so far. They are helping guide the system and attend to other teething problems," said K K Mohanty, managing director, Gammon Infrastructure Projects.

Launched under the National Electronic Toll Collection programme, FASTags provide for collecting user fees based on radio frequency identification technology.

The move is expected to save fuel and time, and ensure seamless movement of traffic. With manual cash collection reducing, the number of people required, too, may come down. Mohanty estimates this reduction at 10-15 per cent of the work force.

According to the Union road ministry, 570 fee plazas are operational on national highways. It is not accurately known how many work there. Industry executives have estimated the number of employees at a toll plaza on a four-lane national highways at 100-125.

"I do not expect job losses, but the type of work will change. Companies may absorb them," said Kushal Singh, partner at Deloitte India.

However, a majority of the workers may not be on the payrolls or permanent employees. Mohanty said the supervisory staff would be on the company's rolls, but the rest are outsourced or contract employees.

"Companies will need to revisit these contracts, depending on new needs," he said.

A top executive at a leading road development company does not see job losses as a problem. "I do not expect job losses to be a problem. This is skilled labour with an expertise to classify vehicles and ensure seamless cash collection," he said. The executive expects the country's retail industry to easily absorb this workforce.

According to the road ministry, ₹24,396.19 crore was collected as user fee at the plazas of the National Highways Authority of India in 2018-19.

On December 31, the road ministry said the daily FASTags transaction number had crossed 300,000.

Others, like Mohanty, say workers need to upgrade their skills.

"There will be a need for software and hardware professionals to address issues of any malfunctioning of the FASTags system. Those who can upskill may get absorbed."

Judgement + character + humility = Board wisdom

Not just decisions but their implementation should also be wise

THE WISE LEADER

R GOPALAKRISHNAN

The year 2019 was full of boardroom debacles. Usually, we all tend to live in the uplands of activity obsession. The lull during the holiday season offered me a quiet period when I retreated with my books into the valley of humility. I realised that what company directors owe to their board is wisdom, soaked in a sauce of judgement, character and humility. Wisdom means that not only should a decision be wise but its implementation should also be wise.

This is soft stuff, surely not a conference subject. After all, how much can law mandate? It is a good time for India Inc to contemplate how to get more wisdom into the boardroom. Several powerful individuals are good beings and not inherently immoral or degraded. In the quagmire of conflicting demands, such an individual could act in an aberrant and seemingly immoral way. It is at that moment when there is a temporary loss of judgement that one needs the crutch of wisdom to be around. Wise directors are a huge help.

Wisdom is born in the crucibles of experience and humility. You cannot be trained to be wise, you must learn to be wise. Wisdom comes from failure, more than from success. A wise person possesses character and judgement that bring about better outcomes.

Character: David Brooks' book, *The Road to Character*, is a fabulous read. We live in an "I" world rather than a "We" world. There is research evidence on how social and corporate culture has shifted — from people regarding themselves with humility in the 1950s to thinking of themselves being at the centre of the universe nowadays. He suggests that there is a You (Image) and a You (Real).

You (Image) is competitive; you clamour long to promote yourself — being better than others, highly regarded, acquiring accolades, and advancing.

You (Real) witnesses your vulnerabilities. It builds your character by winning against yourself, by focusing on your weaknesses and demanding improvement.

Non-executive directors should be at a life stage when their thinking is dominated more by You (Real) rather than You (Image). They should be dependable, both ethically and professionally. After all, who can be sure when a board colleague could lose balance!

Judgement: *Harvard Business Review* of January/February 2020 carries two relevant articles, one by Andrew Likierman and the other by Mariam Kouchaki & Isaac Smith. We must recognise that we all have the potential to transgress our own standard of morality. Good judgement comes out of (i) managerial experience, (ii) active listening, and (iii) welcoming diverse viewpoints.

Managerial experience may be function-rich, relationship-rich or domain-rich. Active listening means you argue as though you are right but listen as though you are wrong. Welcoming diverse views is as tough as active listening because leaders have touchy egos — they get accustomed to perfunctory discussions and quick convergence to a decision.

Wisdom: This is born out of both explicit knowledge as well as intuition. Intuition comes out of experience and people-connectedness. Suspicious, aloof and untrusting leaders have difficulty in acquiring and demonstrating their intuition.

Bundle these characteristics together: Real (You) + managerial experience + active listening + welcoming diverse viewpoints, and you get the job description for a wise director. It is demanding, but worthy as an aspiration. Remember that a competent director is not necessarily wise.

i. A board has legal rights, for instance, to approve an acquisition or dismiss an existing CEO, but the implementation must meet the test of morality. A director is not supposed to vote on a resolution that she does not subscribe to. Comprehension, competence, compliance and conscience must all be tightly interwoven. The corporation should have a clear delineation of roles among owners, board and management. A shareholder can and should act only through the board. Board directors should place the interest of the company ahead of themselves or the dominant shareholder.

ii. When a leader moves from being CEO to non-executive chairman, one must modify the style from being directorial to observing and advising; this demands a conscious effort on how to change and making the change. Marico's Harsh Mariwala has approached this transition quite well. Directors should not leave taking the "final" decision on a family person.

iii. A brouhaha is brewing about an impending requirement to separate the roles of chairman and CEO. Wisdom suggests that it should not be controversial. Of course, where *niyat* and *niti* are not in place, there will be resistance.

Temporary loss of judgement can produce unexpectedly harsh consequences. The valiant Alexander was gracious to those whom he overcame. However, when the local chief of Gaza, Batis, refused to give up the fight or bend his knee, an infuriated Alexander slaughtered Batis ruthlessly and dragged his body around the city. In the *Mahabharata*, when the valiant Abhimanyu entered the Kaurava formation of *Chakravyuha*, he was isolated from Pandavas by Jayadratha; thereafter, several Kauravas mercilessly killed Abhimanyu.

May the new year nurture wise directors.

The writer is an author and corporate advisor. He is distinguished professor of IIT Kharagpur. During his career, he was a director of Tata Sons and vice-chairman of Hindustan Unilever.
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CHINESE WHISPERS

Rahul back as Congress chief?

The Congress is likely to see an organisational overhaul in the coming days. Sources say the overhaul could pave the way for Rahul Gandhi's return as the party chief, and a rapprochement has been reached between him and party veterans. These changes are likely to reflect a mix of the younger leaders and the veterans. Sonia Gandhi, the party's interim president, and General Secretary Priyanka Gandhi Vadra have played key roles in bringing the two factions together. That the veterans helped revive the party in Haryana, kept the Bharatiya Janata Party out of power in Maharashtra with the help of Nationalist Congress Party chief Sharad Pawar, and led the party to an electoral win in Jharkhand have nudged Rahul Gandhi to turn to them for counsel.

Party spoiler Yogi

Uttar Pradesh Chief Minister Adityanath (*pictured*) is reckoned not only for his unapologetic stance on various public issues but also for getting up early and working late into the night. However, his long working hours on this New Year's Eve proved to be a party spoiler for the state's top police and civil brass. On December 31, he convened a video conference meeting with all senior district-level officials, including divisional commissioners and district magistrates, apart from divisional and district police officials, to review a gamut of issues, including the protests against the Citizenship Amendment Act (CAA). The meeting went on well past 10 in the night, which meant that the officials had to abandon New Year celebrations.

God help Air India!

Is the government looking skywards to save Air India from being grounded? At least that is what one would make of a succinct response from a senior bureaucrat on the sidelines of an off-record press briefing. A journalist asked what would happen if the embattled national carrier failed to get a bidder by July. Would it mean Air India going the Jet Airways way and suspending operations? There have been reports that the finance ministry is unwilling to fund Air India and that it will be shut down if not sold by July. The bureaucrat was quick to say, "*Sab bhagwan bharose hai* (It all depends on the almighty)." All further efforts to draw him out met with a formidable wall of silence.

Quantifying the social burden on railway finances

The operating ratio of Indian Railways should be bifurcated into commercial and social parameters

INFRA TALK

VINAYAK CHATTERJEE

Is the Railways a "for-profit" enterprise, or a "non-profit" one?

The correct answer is: "Both."

There are operations of the railways which are clearly run on a for-profit basis, and there are activities which do not have a profit objective. Successive railway ministers, with Piyush Goyal being the latest, have argued that this creates a special problem when trying to assess the railways' financial performance. The argument has merit.

Earlier this month, the Comptroller and Auditor General of India in its annual report on the Railways' financial performance, pointed out that the Operating Ratio (OR) of the railways, a key metric of efficiency, was 98.44 per cent as of 2017-18. Put simply, the Railways spent ₹98.44 for every ₹100 it earned. This was the highest level in 10 years. The CAG also argued that had it not been for cash advances from two public sector units, the Railways would have been effectively in the red — it would have spent ₹102.6 to earn ₹100.

In his response to Parliament on the report, the railway minister made two points. First, he pointed out the effect of an additional ₹22,000 crore hit on railway finances due to the implementation of the Seventh Central Pay Commission recommendations. Secondly, he said, the railways had undertaken to invest substantial funds in areas such as the north-east, border and hill areas and other parts of the country for connectivity and social cohesion. In such decisions, cost recovery was not the governing criteria.

Untangling the two elements (for-profit operations vs non-profit operations and services) is hardly easy.

Subsidies are offered across the railway system and are deeply embedded in its operations. These include pricing of passenger fares below cost, operation of uneconomic lines, losses on suburban services, concessions in passenger fares for special classes, essential commodities carried below cost etc. The total net impact of these social service obligations borne by Indian Railways in 2017-18 have been estimated to be around ₹32,000 crore.

Moreover, the Seventh Central Pay Commission (CPC) recommendations with regard to pay and pension which were implemented during 2016-17 abruptly increased staff cost by 17.2 per cent, and pension expenditure by 31.8 per cent. Specifically, the alarming burgeoning of pensions requires attention. There are 1.3 million pensioners (as against 1.2 million employees!) and pension expenses have risen from 14 per cent of operating revenues (OR) in 2008-2009 to 28 per cent in 2017-2018. Beyond Pay Commission mandates, there is also increased longevity. The worry is that the pension burden may cross 40 per cent of OR in another 10 years. The Railway Board has often requested the finance ministry to contribute towards this pension burden in an effort to ease the OR.

It is politically sensitive to raise passenger fares beyond a certain point. Ultimately, the burden of profitability falls on freight which ends up subsidising passenger operations. For 2016-17, losses incurred by passenger services was almost ₹38000 crore, just about offset by profits on freight operations of about ₹40000 crore. But even in its freight operations, the railways charges lower freight rates than what would be warranted by a purely commercial perspective on certain essential commodities.

A NITI Aayog paper by Bibek Debroy and Kishore Desai attempted to dig further, to estimate the impact of the social service obligation on railway revenues. As of FY14-15, Debroy and Desai, estimate that the total loss incurred by the railways (around ₹33,000 crore) amount to 67 per cent of total passenger revenues for the year. Around 77-80 per cent of these losses arise from various classes of passenger fares in non-suburban services. Losses on suburban train services (e.g. local train services in Mumbai), account for another 12-13 per cent of losses. Even AC1, whose fares are sometimes comparable to plane fares, runs at a loss.

There are flaws in this approach toward profitability estimation, as the report's authors themselves point out. This approach assumes that all the difference between cost and revenue in a line of business is attributable to social service obligations rather than other reasons such as operational inefficiencies. Further, the logical conclusion from such an approach would be for the railways to raise fares to match unit costs for each passenger class till the loss was wiped out. In practice, this is hardly feasible, even without the political sensitivities involved.

What then is the bottomline?

It is certainly a discussion worth having, as to the extent to which the railways should be judged on pure profitability criteria, given that it does have social service obligations. However, it is also true that there is a substantial component of costs attributable to inefficiencies. A focus on the former should not obscure attempts by the railways to focus on the latter and do what it can to manage losses under its control.

However, the time has come to segregate the OR into two segments, Commercial Operating Ratio (COR) and Social Obligation Ratio (SOR). A deep-dive on railways' finances is necessary to objectively assess this.

And it is also important for the people of India to be made aware of the cost of the social obligations that Indian Railways discharges on its behalf.

The author is the chairman of Feedback Infra

INSIGHT

Citizenship protests can change politics

It has both footprint and depth among youth but remains a movement in search of a name

YOGENDRA YADAV

Events of the last week and the past few months suggest that we may be looking at a new phenomenon in youth politics that has the potential to change our national politics. This incipient youth movement has the required footprint and some depth. It is still in search of the icons and the ideas that can capture the imagination of this generation.

Just look at the geography of reaction to police action in the Jamia Millia Islamia protests. The spontaneous reaction was not limited to minority-dominated institutions like Jamia, Aligarh Muslim University (AMU), Maulana Azad National Urdu University (MANUU) or Nadwa College. It was not just the usual centres of political action like Jawaharlal Nehru University (JNU) or Jadavpur University or The Tata Institute of Social Sciences. This time, students from the IITs, IIMs, AIIMS, Indian Institute of Science and even the private universities joined their counterparts in premier public universities in Delhi, Kolkata, Chennai, Pune, Chandigarh, Lucknow and Bhopal, besides institutions in small-town India, to express solidarity with the students in Jamia.

Higher education

Ever since my own student days, I cannot recall many instances of such widespread support for students of any university and that too on an issue like the Citizenship Amendment Act (CAA) that did not hurt the student community as a group. As I spoke to the protesting students in AMU, Jamia, JNU and those present at the extraordinary gathering at the India Gate, I was struck by the massive participation of youth who were not mobilised by any political group. A majority of the youth gathered at the India Gate protest did not belong to either of the two communities directly affected by the CAA: The Muslims and those from the northeast.

And what is more, women students have participated in these protests in a big way. Any major movement needs precisely such a nucleus of self-mobilised persons ready to go beyond their self-interest.

This is what allowed the Jamia students to win the war of perception against all odds. The media-backed official narrative of arson, stone-throwing and rioting by the students was soon overshadowed by stories of police brutality against students. Of course, the omnipresence of mobile cameras, the reach of social media and the disproportionate presence of Jamia alumni in mainstream media helped. So did the support from many artists and actors. The videos of the students being chased into the university library, hostels and residential areas were too powerful to be overlooked. Still, all this would have come to nought if this version were not to be backed by the common sense of ordinary students.

Going deeper, these protests also reflect something that has been brewing in India's campuses for quite some time. Universities are gradually turning into arms of the central or the state governments, irrespective of who the ruling party is. More often than not, the heads of higher educational institutions act like bureaucrats, petty and vindictive, willing to bend to powers-that-be and thus expecting every subordinate person to do the same. Far from inspiring trust and confidence, these institution leaders invite ridicule from the students, the faculty and the staff. Campus life is becoming suffocating.

Students find themselves surrounded by all kinds of restrictions. Student union activities are discouraged if not outlawed. You need permission to hold any talk or seminar. Social media communication is monitored and students penalised for offensive Facebook posts. Women are made to adhere to ridiculous hostel timings and restrictions. And there is always the fear of vigilante groups that monitor relationships. The protest against police atrocities in Jamia is also a protest against suffocating authority figures who seek to infantilise university students. These students, often first-generation learners from rural areas and disadvantaged communities, have tasted freedom and they don't want to let go of it. No wonder "azadi" is the favourite clarion call of the youth today.

Higher principles

Let us note that this round of protest has gone beyond a mere expression of solidarity with the students of Jamia and AMU on the issue of police repression. The youth are also voicing their opposition to the CAB. This has political significance. The students, including a significant proportion of non-Muslim students, are rejecting the CAB on principle — specifically, its non-secular and discriminatory nature.

The youth protest has thus added to the third strand of anti-CAB protests, beyond the opposition in the northeast and from the Muslim community. Here again, the problem is not just the CAB or the NRC. The youth is impatient with the business of settling past scores. They are tired of the projects of righting the wrongs of Partition or the wrongs perpetrated by the Muslim rulers. They want to get on with their lives. They wish to live in the present and look forward to the future.

Higher aspirations

Finally, there is the issue of unequal educational and employment opportunities. The ongoing JNU agitation against the hostel fee hike was really about this fundamental issue. Higher education is unaffordable and unrewarding, especially given the state of the economy. Successive governments have done little except hold back fee hike, which is a small component of the expense of higher education, and that too under duress. Our student aid programmes continue to be a national scandal. And if the quality of higher education has not become a public scandal, it is only because no one cares to gather systematic information on this issue.

The new generation of students who have entered higher education is not satisfied with just getting an entry. They bring new aspiration. And they can see that university education is unlikely to land them half-decent jobs. Our unemployment rate continues to be unacceptably high, even higher among the college graduates, and the highest among college graduates in the age group 19-24. This rate drops after 24, not because they get the jobs they were looking for, but because they begin to settle down in whatever job they can land. The sudden and spontaneous eruption of the student community this week expressed this deeper frustration of aspirations as well.

So, we are at the point of departure of something significant. But we have not arrived there yet. The movement is spontaneous and can get dispersed sooner than we think. It does not yet have an organisational instrument that can widen and deepen its impact. There are many emerging youth icons, but no one who can bind the movement together. It is also looking for a new set of ideas. It would be a mistake to read their desire to break free of shackles as liberalism, or their aspiration for a dignified livelihood as the harbinger of a socialist revolution. It is still a movement in search of a name.

By special arrangement with ThePrint

The author is the national president of Swaraj India. Views are personal

LETTERS

Implementation key

This refers to the editorial "Push for infrastructure"(January 2). The National Infrastructure Pipeline (NIP) is a big step towards the ambitious dream of $5 trillion economy in next five years. This massive ₹102 trillion worth of projects are spread across 18 states and Union Territories and from energy to road and from urban development to railways, each will get its share of the pie from this huge cake. Needless to say various sectors of economy would be benefited from this move. As we have seen in the past, announcing big-ticket projects is fairly common but it's the implementation where we falter big time. Hence, it is a welcome step that the government aims to be pragmatic enough to drop laggard projects out of this pipeline as it progresses. Now action on task force's recommendation would be keenly watched as government cannot afford to be lax and need to learn fast from the failures of past big infrastructure projects.

Two things defining the fate of NIP will be close monitoring and financing of these big-ticket projects and for later bond market would be the key, as traditional lenders may not be too eager to jump into this huge opportunity. Last but not the least, the Bharatiya Janata Party has lost a few critical states in the recent past and coordination between states and the Centre can directly impact the progress of these projects. Thus it's better if political differences are kept aside.

Bal Govind, Noida

Boosting confidence

This refers to "Prudent commercial decision taken by bankers will be protected" (December 29). A good credit supply by banks is necessary to keep the wheels of economy rolling and it is essentially related to two factors: One, the ability of the banks to lend more and two, their willingness to lend. While the banks should be sufficiently capitalised to meet the future expansion plans including broadening the asset base, the willingness to lend essentially results from the confidence. The confidence in the public sector banking system has suffered a bit owing to some undesirable factors. The credit decisions are taken based on the conditions prevailing at a particular time. They might turn wrong in some cases at a later date due to some external factors and policy changes which are beyond the control of bankers. There was a needless fear of arrest. The investigating agencies should not take the benefit of hindsight and any kind of harassment caused will not augur well for the system. The honest bankers who have exercised their authority and powers well with due diligence carried out should never be punished.

Srinivasan Umashankar, Nagpur

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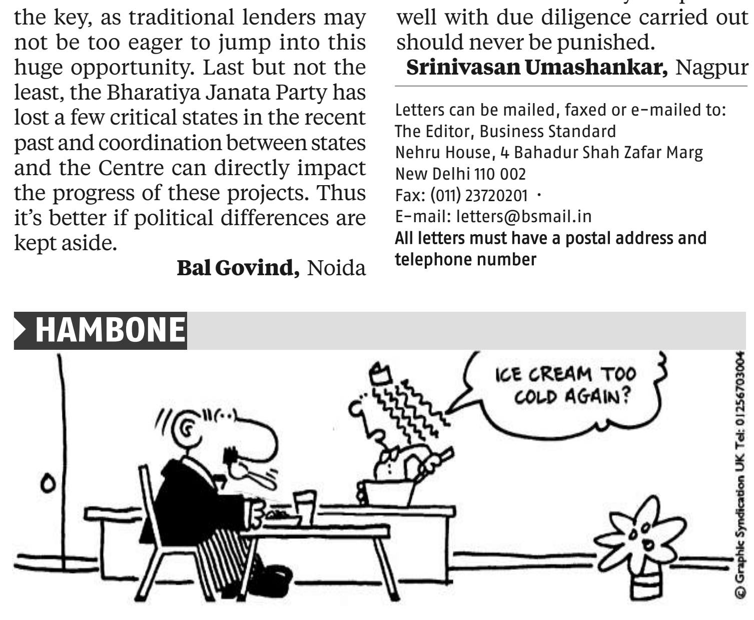
HAMBONE



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Reforming Railways

Passenger fare hike does not go far enough

Indian Railways announced on Tuesday an increase in the base price of passenger travel across its network, except on the suburban segment. The fare hike is not enormous — one paise per kilometre for ordinary, non-air conditioned classes in non-express trains, reaching up to four paise per kilometre in the air-conditioned classes. For tickets, therefore, even in top of the line trains, such as the Rajdhani, the additional payment will usually be less than ₹100. Season ticket holders will also see no increase in fares. While there may well be some grumbling about this increase, the fact is that it only scrapes the surface of what is needed. Indian Railways is going through one of the worst periods in its recent history.

The crucial financial figure as far as the Railways is concerned is its operating ratio — the ratio of operating expenses to operating revenue. This ratio has already crossed 100 per cent in the course of the ongoing financial year. In other words, the Railways is in the red. In both 2017-18 and 2018-19, the operating ratio was over 97 per cent. Even last financial year, the Railways was only bailed out, thanks to an advance payment received from National Thermal Power Corporation and the former Indian Railways Construction Company, according to a report presented to Parliament last month by the Comptroller and Auditor General (CAG) of India. The CAG pointed out there had been a steady decline in the revenue surplus of the Railways as well as of the share of internal resources in its capital expenditure. The costs of this inability to raise revenue were borne by the network through extended depreciation and by the general taxpayer in the Railways' increasing dependence on support from the Union Budget. While so far in the financial year there have been no casualties in the Railways, postponing the renewal of superannuated assets is playing fast and loose with passenger safety. There is no question, therefore, that restoring the Railways to financial health must be an immediate priority. The fact is that the passenger will have to pay. Already almost all the revenue from freight is going to cross-subsidise passenger fare. In that sector, long-haul, air-conditioned chair car services pay for themselves but many other categories make losses. Nor can suburban rail be excluded from the net forever.

In essence, the restructuring of the Railways in order to prioritise its operational independence has become essential. The government has taken a first step towards increasing its internal efficiency by restructuring the Railways cadre in the teeth of opposition from employees. But it will need to go further. It is important to work out a mechanism to separate the Railways' commercial interests from the government's social obligations. If the government wants to impose social obligations on the Railways — whether in the Railways' role as employer, operator, or investor — it will need to compensate the Railways fully for that and allow it to act otherwise as a profit-maximising corporation. This will help the Railways increase investment and improve overall efficiency in the economy with faster freight movement. The Ministry of Railways requires proper independence — and it should ideally be replaced by a holding company. In the absence of deep reform, rail finances and investment will continue to suffer.

Dialogue for growth

Govt should welcome diverse opinions in policymaking

Prime Minister Narendra Modi is reportedly meeting industrialists and entrepreneurs to discuss economic policy measures. This is a welcome move because it will not only help make necessary policy changes but will also allay fears that the government is unwilling to listen. That was evident at a recent media function when industrialist Rahul Bajaj said — with the government's power elite, including Home Minister Amit Shah, on stage — that there was no confidence that the government would appreciate criticism. Mr Shah was sporting enough and assured Mr Bajaj that nobody needed to be afraid. Such meetings have great value because they open up space for discussion and debate. After all, objective criticism and timely course correction are important elements of a vibrant democracy.

Maruti Suzuki India Chairman R C Bhargava recently noted that India needed a political consensus on how to grow the economy. Mr Bhargava was spot on. India lacks a political consensus on the way the economy, including the role of the private sector, should be managed. This makes decision-making more difficult for the government of the day. Even in the present context, a fair and free-flowing discussion among all stakeholders will help generate ideas to revive the flagging economy. Growth in the Indian economy slipped to a six-year low of 4.5 per cent in the second quarter of the current fiscal year. A perception of fear and a lack of clarity on economic policy will certainly affect India's potential. Even though individual observations can be debated, the fact that industry leaders are voicing their concerns and the government is willing to listen are welcome signs.

At a broader level, call it the long shadow of the licence-quota raj, governments in India are generally sensitive to being seen doing things for the private sector. It is puzzling that, despite benefiting significantly from economic reforms over the decades, both the government and public, in general, are not prepared to give the private sector a bigger role. This distrust is reflected in the maze of prevalent rule and regulations, which stifles entrepreneurship and gives the state enormous power that is often used to create fear. The Economic Survey (2016-17) fittingly captured India's ambivalence about the private sector and highlighted: "... India has distinctly anti-market beliefs relative to others, even compared to peers with similarly low initial GDP [gross domestic product] per capita levels." This needs to change if India has to grow at higher rates and create gainful employment for its rising workforce.

While the Central government has taken several steps to improve the ease of doing business, which is also reflected in India's World Bank's rankings, it should now open up the debate and build a larger consensus on deeper reforms. Firms should be able to operate freely and the administration, including state governments, must intervene only in the case of a market failure. On the other hand, the private sector needs to improve governance standards. On balance, however, the private sector has done well over the years, and its role needs to be expanded with an enabling regulatory environment which allows entrepreneurs to take risks. For better policy formation, stakeholders should be able to express their views freely and the government must take decisions after considering different viewpoints. Benefits of such a process are not limited to economic policy alone.

ILLUSTRATION: BINAY SINHA

Let's stop making cash the villain

A New Year resolution for our policy-makers

As we step into 2020 and battle for new ideas on how to grow our economy and create jobs, it is probably time to find inspiration in this piece of advice given nearly a hundred years ago by French writer/philosopher Marcel Proust: "The real voyage of discovery consists not in seeking new landscapes, but in having new eyes."

This line of thinking may be useful in redefining the role of cash in India's economy. Indian policymakers and politicians seem to agree that the main villain that stands between India and a super-high growth economy with abundant tax revenue and jobs is the extensive role of cash in the economy. If only cash could be banished and all transactions in every sphere of life be done through digital/electronic means, they believe we would reach utopia. This belief is as widespread today as "socialism" used to be in the 1960s.

AJIT BALAKRISHNAN

Let's follow Proust's advice and take a relook at these assumptions. To start with, let's do an analysis that is the staple of data mining — the co-occurrence of words in the Indian public discourse with the word "cash". You will find words such as "money-laundering", "black money", "bribery", "tax evasion" and not "convenience", "cheap" or "ease-of-use" associated with cash. This shows how deeply embedded our vilification of cash is in the English-language media discourse in India.

How did such a simple tool as a currency note come to acquire a Ravana-like reputation for capturing our innocent Sita-like businessmen and forcing them into such morally corrupt things as tax evasion, money laundering and bribery?

Anecdotes about the bad things cash enables one to do are aplenty, with the implied note that if cash did not exist, such corrupt practices as donations to political parties, paying for real estate or selling real estate partly in cash, paying or receiving bribes would not be possible.

But dig a little deeper and the crimes possible with cash are really bizarre: Setting up entities in special economic zones, creating fake invoices to foreign parties and receiving remittances from them, thereby creating tax-free incomes or creating fake start-ups and booking and receiving revenue into them from non-existent customers who are given cash but pay the money back by cheque. A 2017 book, *The Curious Case of Black Money and White Money,* by Varun Chandna lists and describes such bizarre practices in detail.

What is the world-view that drives the pursuit of such business models? To dive deep into this, through the good offices of a journalist friend who comes from a traditional Indian business, I spent a few days listening to the perspectives of such businesspeople. Here are some of their strongly held beliefs that I unearthed.

Belief 1: Never pay taxes because the only purpose of taxes is to provide and maintain jobs for bureaucrats who serve no useful function in society. The taxes I evade I will use in my business, which creates jobs for ordinary people and provides useful products and services for society.

Belief 2: Never try and use technology to win against competition and grow your business. The most reliable way to succeed in business is to cultivate personal relationships and use that goodwill to get orders, and this is best done by approaching potential customers who have some family or have community connection with you.

Belief 3: Always be ready to reward people who send orders your way, or help you in collecting money faster, even more so if they are government officials— they are poorly paid and need to be compensated by you for the help they give you. If some people call this corruption, disregard this; they don't know how business is done in real life.

If this is the ingrained belief among traditional Indian businesses who, incidentally, account for 60 per cent of the country's gross domestic product and employment, then who are the main voices in the anti-cash chorus?

First come the banks. They hope that the banishment, or at least a reduction in cash use, would reduce the demands on them to open more ATMs. ATMs, which started out as a cute and customer-friendly innovation, have turned out to be expensive and complex to manage, what with the need to keep ATMs filled with currency notes at all times. Thus, commercial banks are the first voice in the anti-cash chorus. They are joined by the foreign private equity and venture capital providers who operate in India: These folks fund fintech start-ups whose future depends on the size and scale of non-cash transactions in India.

Then come the e-commerce retailers. Indian e-commerce customers seem adamant about paying for goods they order on e-commerce sites by cash once the goods are delivered to their homes — the so-called cash-on-delivery model. Except that Indian e-commerce customers, who use the cash-on-delivery model, also tend to return goods if the delay in delivery is more than a couple of days, and this happens with 70 per cent of the orders. This leaves the e-commerce company with the labour and cost of carting the goods back to their warehouses. The return rate among customers who use credit or debit cards or bank transfers, though, not surprisingly, is just 3 per cent.

While the anti-cash and pro-digital slogans and placards private equity and venture firms hold, on the face of it, seem to be driven by a desire to modernise the Indian economy, the hidden reality is that they want to "flip" their start-ups (fintechs) to foreign companies, mainly American and Chinese— who gain a back-door entry into the Indian economy.

This is why we need a balanced view about the role of cash in the economy and not one of these two extremes.

The writer is an entrepreneur in the Internet industry.
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Back to the public sector?

Implementing a recent announcement, the Ministry of Finance released the National Infrastructure Pipeline Report (NIP). The exercise is similar to that undertaken in the now discarded Five-year and Annual Plans: List projects under implementation/development/conceptualisation, specify which of these are to be implemented by the central and state governments and by the private sector, and specify financing targets. But unlike in a Plan, the NIP exercise is a standalone one, since there is no macroeconomic and fiscal framework within which it is nested. It also has no relationship with the medium-term "strategies" produced by the NITI Aayog from time to time, possibly because these are too general to be of operational use.

RATHIN ROY

Of the ₹102 trillion to be deployed through to FY25, 78 per cent is to be mobilised by the public sector and 22 per cent by the private sector. This is a Nehruvian aspiration and a quiet admission that the private sector is unlikely, given past experiences, to be a dominant player in the infrastructure space. Other than renewable energy and, to some extent, roads and airports, the private sector is a minor player. In agriculture, health, education, rural and urban infrastructure, and irrigation, the private sector has no role at all. In substantial measure, India's infrastructure aspirations are to be delivered by the governments of India. This is a major policy reversal from the heydays of public-private partnerships, and possibly a realistic one.

Currently, 42 per cent of the NIP consists of projects already under implementation, but there is high variance by sector— 100 per cent for atomic energy, 60 per cent for railways, 34 per cent for irrigation, 8 per cent for agriculture, 3 per cent for renewable energy. This is worrying given that investments are front-loaded with 53 per cent of the investment to happen by FY 2022. Thus, India's infrastructure aspirations are dependent on the ability of the government to immediately execute investments at a far higher level of timeliness and efficiency than is presently the case.

I was hoping this would be addressed in the section on reforms, but many of the action points listed are simply homilies with sentences beginning with "it is critical to have..." and "we need to establish..." without specifying when and how these critical things will be part of the strategic framework. There are welcome concrete proposals on optimal risk-sharing, contract enforcement and dispute resolution, revitalising the credit and bond markets, and asset monetisation, but implementation challenges are not addressed. The project monitoring framework is very general with a vague promise of a forthcoming "governance framework for monitoring".

This is disappointing, given the poor track record of government implementation (which was the reason, in the first place, for the emphasis on the private sector over the past 20 years). How these rapid efficiency and punctuality improvements are going to be secured by the public sector, should be immediately made explicit in a companion white paper, if the NIP is to be taken seriously. In this context, it is reassuring that it is intended, as I understand, to make a list of project proposals available shortly. If these issues are addressed, at least at the project level, then that would be an improvement over the present, and it would help the cause if this project level documentation is quickly placed in the public domain for wider analytical scrutiny.

The weakest sections of our Five-year Plans were on financing, because resource envelopes were designed to fit plan aspirations and not the other way round. This seems true of the NIP as well. There is no fiscal picture of how the states and the private sector will finance their part of the NIP. There is one slide on financing for the Centre and this has many problems, which commentators have already begun highlighting, such as the rationale behind the assumed gross domestic product (GDP) growth rates, and the reasoning behind the forecasted fivefold increase over FY 20 in incremental budgetary support through to FY 25. These underlying assumptions can be interpreted to be fairly reasonable depending on the medium-term macroeconomic outlook and the Centre's fiscal stance. The trouble is precisely that no entity in the central government delivers a medium-term macroeconomic outlook or a medium-term fiscal framework that explicates these things. Therefore, the assumptions in the NIP are opaque and thrown open to questions as the basic medium-term analytical machinery that every functional finance ministry should possess is not available to the Government of India. Thus, even though these numbers could be plausible when nested in a medium-term framework, the GDP estimates and the budgetary support numbers appear to be plucked from thin air. It is my fervent hope that this will not be compounded in the forthcoming Budget, which should explicitly and plausibly link this NIP with the fiscal numbers presented.

The NIP is a laudable initiative. But as presented, it is far from being either a strategy or a demonstrable attempt to address poor performance in the infrastructure space. In this sense, it is in continuity with the tradition of indicative planning whose time, I thought, was over. And as in that methodology, the weakest link is the specification of the public financing challenges. A lot of groundwork and hard analytics are needed to establish the credibility of the NIP with stakeholders in the Indian economy.

The writer is director, National Institute of Public Finance and Policy. Views are personal

India from the archives

BOOK REVIEW

T C A SRINIVASA RAGHAVAN

Like other social sciences, history has also become victim of two post-1945 trends. One is the transformation of the expert into a popular writer. The other is the transformation of the popular writer into a expert.

This, in turn, has had two other consequences. One is the emergence of the generalised history where details are ignored as a nuisance. The other is the submergence of the real scholar in a murky pond of charlatans. That, regrettably, includes people like me and my friends.

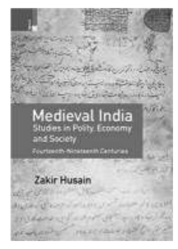
Without overtly seeking to do so, this book somewhat corrects that imbalance. Until he retired, the author was an assistant director at the National Archives. In this book, he brings to bear his expertise on some of the micro details of how India was in the five centuries till 1800.

It's entirely based on a painstaking study of archival material. The author's commentary is minimal and designed to guide rather than influence. And that's why it's a pleasure to dip into it from time to time.

Of course, all of it happened long, long ago. And the nano details can be very forbidding. This is a book for the experts amongst experts.

The book has 28 chapters in nine sections: the Tughluqs, Mughal diplomacy, Mughal documents, politics in the Empire, contemporary powers, administering the Deccan, society and culture, decline of empire, and 1857. Each chapter deals with some micro detail.

There is no central theme aimed at proving a point. It's simply what it was. You are not asked to approve or disapprove. It's enough if you just know.



MEDIEVAL INDIA: Studies In Polity, Economy And Society
Author: Zakir Husain
Publisher: Primus Books
Price: ₹1,600
Pages: 540

Did you know?

Thus, it turns out — thanks to a new *farman* of 1541 discovered by the author in the National Museum in Delhi — that Babur's other son, Mirza Kamran, had declared himself a sovereign after his brother Humayun lost a major battle at Chausa. He had also issued coins.

So what, you might ask. Nothing really, except that it's good to know how fragile sovereignty was till so recently. We have forgotten that in 1947 India had nearly 600 "sovereigns", plus British India which was the paramount power controlling these fellows.

Harassment of businessmen by petty officials was also common. Indeed, at one point Shah Jahan even had to issue a *farman* saying the transportation of elephants would henceforth be totally tax free and harassment free.

One also discovers that land grants were then what government jobs are now, a way to ensure regular incomes to the poor and needy, including women in some cases. Doubtless it was this that led Aurangzeb to exclaim towards the end of his reign "*Ek anaar, sad* [100] "*bimaar*". Like governments now, he too had run out of patronage.

Mr Husain also informs us that Gorakhpur was renamed Muazzamabad by Aurangzeb. Prince Mu'azzam was one of his sons. But the old name stayed on except in official documents for a few decades.

Then there is the chapter on Dost Mohammad Khan who founded the state of Bhopal. He was an Afghan adventurer who came here from near Peshawar after murdering the boss's son. The story of his ascent with all the killing, treachery and deceit is fascinating. The house he founded lasted for nearly 200 years. One of India's best cricketers was his descendant.

And the Taj Mahal. How was this magnificent mausoleum built? There's an utterly fascinating chapter on it, despite the author's warning that very few of the official documents pertaining to its construction have survived. The details of procurement of land and materials are all there. The author also refers to correspondence between Aurangzeb and his father about maintenance issues.

To sum up, this is not a book that you read on a flight. It's something every educated Indian should keep on his desk or near his bed to read during a lull in the day. It reveals how the Mughal empire was run as a well-oiled machine.

It was only towards the end of Aurangzeb's reign that things started to fray. The author has devoted an entire chapter to the last decade of his rule in the Deccan, which, the received wisdom says, was the undoing of the Mughal empire.

He has gone through the archives, especially Aurangzeb's personal orders. It becomes clear that the cost soon became unsustainable. The annual financial statement for 1701 shows an excess of expenditure over revenue of ₹10,32,054.

The deficit had to be made up by fiscal transfers from north India to the south, an exact reversal of the current situation. A substantial portion of the cost of electorally dominating the north is today being borne by the south.

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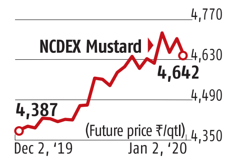
MUMBAI | FRIDAY, 3 JANUARY 2020

The Smart Investor

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: DECLINING TREND IN MUSTARD SEEDS



The rally in mustard seed prices over the past six months may end soon. Analysts expect the recent correction to continue in the medium term, as NAFED has decided to increase supply in the open market, while demand from poultries has declined

"Markets are not perfect, but we must learn to trust competition. Price regulation and intervention should not be the norm. Should be used only in cases of market failure,and strengthen the anti-competitive framework. This is best done by easing rules of entry"

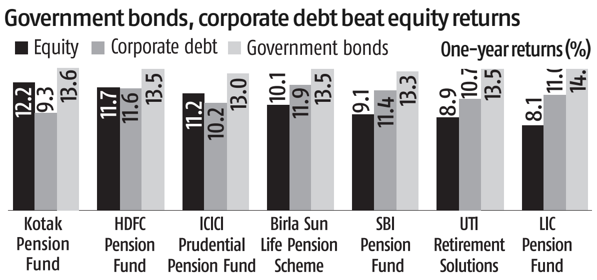
VETRI SUBRAMANIAM
Head (equity funds), UTI AMC

Corp debt, govt bonds improve returns of NPS

Double-digit returns from these instruments boost tier-1 plans

ASHLEY COUTINHO
Mumbai, 2 January

PERFORMANCE OF TIER-I NPS SCHEMES
Government bonds, corporate debt beat equity returns



Source: Value Research

The National Pension Scheme's (NPS') tier-I equity plans have delivered high single-digit to low double-digit returns over the past year, beating several categories of equity mutual fund schemes. Returns from government bonds and corporate debt were even higher, pushing overall returns for investors.

Government bond plans returned 13.6 per cent on an average, nearly 3.4 percentage points higher than the 10.2 per cent delivered by equity schemes. Corporate debt plans returned an average of 10.9 per cent over the same period.

Kotak Pension Fund was the best performer in the equity category, with returns of 12.2 per cent for a one-year period, while LIC Pension Fund, with returns of 8.1 per cent, was the worst.

Average returns for equity schemes have improved in the last quarter of 2019 afterthe market rally that began in September.

Active NPS managers follow a multi-cap strategy, with investments restricted to the top 150-200 stocks by market cap. Returns have beaten several diversified equity mutual fund schemes, including the multi-cap (average return of 9.6 per cent), large & mid-cap (7.9 per cent), mid-cap (2.9 per cent) and small-cap (-1.2 per cent) categories.

A large universe of diversified equity MF schemes has also been underperforming its benchmarks over the past two years.

Market observers attribute this to the large sums of money chasing too few stocks, and the impact of regulatory changes, such as categorisation of schemes, and the introduction of total returns index in lieu of a simple price index.

The NPS' equity funds were passively managed earlier, with investments in Nifty and Sensex stocks.

This changed in 2015, with the regulator allowing fund managers to invest in firms listed on the BSE or the NSE with market cap of at least ₹5,000 crore, and also trading in the derivatives segment. According to experts, performance will improve going forward, as fund managers diversify their portfolios.

"The cost differential of 75-100 basis points between MFs and the NPS has helped the latter's cause. MFs have also lost out because of the acute polarisation of stocks in the past year," said Amol Joshi, founder, Plan Rupee Investment Services. "The capital gains on account of the 135 basis points rate cut last year, on the other hand, has boosted the NPS' debt portfolio."

The fund management charge for the NPS is 0.01 per cent of the assets managed. Equity MFs charge 1-2 per cent as expense ratio. In the past year, the RBI slashed the repo rate five times, aggregating to 135 basis points. In August, the RBI reduced the benchmark lending rate by 35 basis points. Bond prices and interest rates move inversely.

Average returns for a portfolio comprising 50 per cent in equity and 25 per cent each in government and corporate debt schemes work out to be 11.2 per cent for the past year.

CMD ROLE SEPARATION A WORK IN PROGRESS

Recent reports of promoter family members having to step down from key roles in their firms over new governance norms may not be one-off. In fact, they may become more common. Around 247 of India's top-500 companies by market cap are yet to take a call on creating independent roles for chairman and managing director, even as the deadline for doing so is only around 90 days away. Around 253 firms have complied, shows the data as of December 10 from *nseinfobase.com*. Non-compliant companies with the same person in the role include blue-chips like RIL, HUL, and ITC. Compliant firms include TCS, HDFC Bank, and ICICI Bank. Sebi, in its October 2017 report on corporate governance, said listed firms should have a different person heading the management and another in place as chairman of the board. It noted that separation would allow the board of directors to act more independently.

SACHIN P MAMPATTA

MUKESH AMBANI
Chairperson, MD, Promoter-Director
RIL

SANJIV MEHTA
Chairperson, MD
HUL

SANJIV PURI
Chairperson, MD
ITC

SHASHI SHANKER
Chairperson, MD
ONGC

ANIL KUMAR JHA
Chairperson, MD
COAL INDIA

GAUTAM SHANTILAL ADANI
Chairperson, MD
ADANI PORTS & SEZ

SAJJAN KUMAR JINDAL
Chairperson, MD
JSW STEEL

KIRAN MAZUMDAR-SHAW
Chairperson, MD
BIOCON

Source: *nseinfobase.com*

'Don't see fortunes of mid, small-caps changing soon'

While 2019 was a good year for the Sensex and Nifty, mid- and small-caps indices suffered. At the same time, returns from equities (main benchmark indices) have fallen from 13 per cent compound annual growth rate (2000-2009) to 9 per cent (2010-2019). Market experts believe 2020 could be the comeback year for mid- and small-caps. **SAMIR ARORA**, founder and fund manager, Helios Capital, doesn't think things will change much for these stocks. He tells **Joydeep Ghosh** that there needs to be a change in the mindset that classifies every defaulter a thief. Edited excerpts:

Q&A
SAMIR ARORA
Founder, Helios Capital

Why do you think this sharp fall in decadal returns has happened?
India has gone through a significant churn as big investments made between 2007 and 2010 suffered due to various issues: Corruption, judicial activism, poor execution, delays, and others. This led to aversion on the part of the private sector to invest in any new infrastructure/capital expenditure.

Do you think single-digit returns will be the new normal?
Over time, returns will revert to double digits (in fact, mid-double-digits). Gross domestic product in nominal terms should move back to the 12-per cent range. All of this will lead to better returns from the stock markets.

While the Sensex and Nifty hit new highs in 2019, mid- and small-caps suffered. Will fortunes change this year?
I do not see them changing in the first few months unless the Union Budget has some unexpected positives related to equity investments (like removal of long-term capital gains tax). As growth picks up and funding issues improve, the market will have better breadth. This does not mean all mid-cap stocks will do poorly, but mid-caps in aggregate will not do as well so soon.

Which are the sectors you would be looking at in the coming year?
We primarily invest in only three themes and will continue to do so. They are the financial, consumer (broadly defined), and the information technology sectors for the most part.

You have given strong views about foreign investors being sold Indian assets. What is the solution, given the absence of funds with domestic companies?
It is first a mindset issue. If we label every defaulter a thief, there is little chance for them to get funding from other sources. Projects in which the implementation risk is already over and are now annuity-type projects can also be easily sold to Indian pension funds via good domestic managers who can do due diligence. This first needs Indian pension funds/insurance companies to be encouraged/allowed to buy such assets.

THE COMPASS

Operating profitability the Achilles' heel for GIC

Bringing down combined ratio to below 100 a tough task

SHREEPAD S AUTE

The General Insurance Corporation of India (GIC) stock surged 8 per cent to close at ₹245.25 on Thursday. However, it has still shed 7.5 per cent in one month and is trading much below its listing price of ₹400.

A weak performance during H1FY20, with the combined ratio worsening to over 111 per cent, had made investors jittery. GIC — the only Indian and listed reinsurance player — with domestic market share of 87 per cent, is expected to fare better in H2FY20. Bringing down its combined ratio to below 100 per cent will, however, be tough.

Combined ratio is a profitability measure for insurers. It is calculated by dividing the sum of incurred losses and expenses by the earned premium. A ratio below 100 indicates profits.

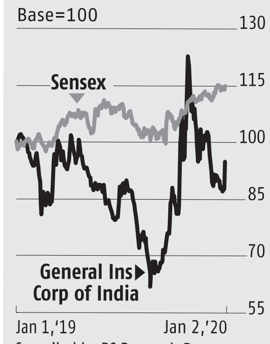
FIGHTING FOR COVER

In ₹ crore

	FY18	FY19	H1FY20
Investment income	5,392	6,401	3,197
Net profit	3,234	2,224	(487)
Underwriting loss	(1,497)	(2,211)	(3,154)

Figures in brackets are negative

Source: Company



Compiled by BS Research Bureau

Avinash Singh, analyst at SBICAP Securities, says: "Combined ratio is likely to improve on account of expectations of less natural catastrophe in H2FY20, which should help improve profitability. However, GIC is still far away from posting a sub-100 per cent combined ratio."

The general insurance industry is currently dominated by public sector units, which purportedly have poor underwriting practices. This, along with expectations of significant losses from existing business, will hinder a sharp improvement in combined ratio, say analysts.

The good news is that the improved Rabi outlook and higher insurance pricing in the fire segment, provide some comfort.

Spark Capital's report following the H1FY20 results stated: "The benefits of higher reinsurance rates and hike in fire insurance premiums shall trickle down to H2FY20, resulting in better combined ratio."

The fire segment contributes 20 per cent to GIC's gross premium. Analysts foresee the combined ratio reducing to 107 per cent in FY20, and further to 104 per cent next year.

Thursday's rise could be attributed to the possibility of a hike in re-insurance premiums in other segments. Reports also suggest a divestment to reduce the government's 85.78 per cent stake in GIC, which could help improve free-float in the counter.

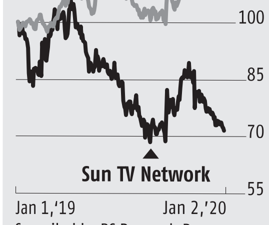
Beyond business operations, the trend in investment income, a major source of income for GIC, has steadily improved and helped post profit.

However, for the stock to see significant gains, an improvement in combined ratio to below 100 per cent is crucial.

Subscriptions likely to brighten Sun TV's prospects

Investors should await ad revenue growth revival before tuning in

RAM PRASAD SAHU



Compiled by BS Research Bureau

The Sun TV stock has constantly declined for the major part of FY20, shedding 31 per cent to date. Like its peers, the company has been struggling to improve advertising revenue growth, as firms cut back on spending amid the slowdown.

After 13 per cent growth in the December 2018 quarter, sales from this segment have changed a little over the last three quarters.

Sales in the September 2019 quarter dropped for the first time in nine quarters.

While ad revenue growth is pegged at flat-to-negative for FY20, it is expected to improve to 5-8 per cent in FY21. Besides expectations of economic recovery, a rise in viewership share of its flagship channel (Sun TV) to over 41 per cent, from a low of 35 per cent in April, should help keep growth strong. Other factors are investments in new content (Sun Bangla), and stable market share for Gemini TV (Telugu).

The ad revenue segment has accounted for 40 per cent of revenues in FY20 so far.

Subscriber revenues overtook ad revenues to become the single-largest contributor in the June 2019 quarter, which was a positive. Subscriber revenues had been increasing since FY17, given the digitisation of the Tamil Nadu market, as well as phase III and phase IV implementation in other southern states.

In addition to the amended new tariff order, the ongoing digitisation in Tamil Nadu is expected to add 4-5 million households to the direct-to-home market.

The company is also looking to grow digital revenues by integrating its TV content with over-the-top platforms.

It has tied up with Jio Cinema and MX Player, and is in talks with telcos/broadband players to port its content to their platforms.

While calibrated investments in original content should help maintain profitability, new movie launches and the upcoming IPL season will be important revenue contributors.

Analysts at B&K Securities are positive on long-term prospects, given the healthy free cash flows and return ratios, steady contributions from subscriptions and IPL, and the undemanding valuations of 12x its FY20 earnings per share estimates.

Investors should, however, await a meaningful improvement in advertising revenue growth before considering the stock.

Sensex rallies 320 pts, Nifty ends at new high

PRESS TRUST OF INDIA
Mumbai, 2 January

The Sensex rallied over 320 points, while the broader Nifty ended at its fresh lifetime high on Thursday, as investors poured money into infrastructure, banking, and energy stocks amid strong global cues.

The BSE Sensex ended 320.62 points, or 0.78 per cent, higher at 41,626.

Similarly, the NSE Nifty closed 99.70 points, or 0.82 per cent, up at 12,282.20 — its new closing record.

Sentiment remained bullish for the second straight day after PMI data showed that the country's manufacturing sector activity improved in December, driven by new orders that rose at the fastest pace since July, traders said.

GST collections remaining above the ₹1 trillion crore-mark in December also indicates that consumption recovery has taken hold, they added.

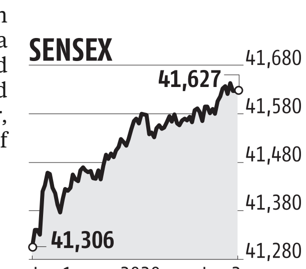
Additionally, global markets were buoyed by the Chinese central bank's fresh stimulus for the country's slowing economy.

UltraTech Cement was the top gainer in the Sensex pack, surging 4.37 per cent, followed by Tata Steel, IndusInd Bank, L&T, Reliance Industries, SBI, HDFC, HDFC Bank, Axis Bank, ONGC, and ITC.

On the other hand, Bajaj Auto, TCS, Infosys, NTPC, Nestlé India, Kotak Bank, and Hero MotoCorp fell up to 0.89 per cent.

"The government's more than double capex plan for the next five years, and uptick in steel prices with the announcement of the US-China deal signing date, pushed the market higher, led by sectors such as infrastructure, commercial vehicles, cement, and metals.

"Strong expectation in the Union Budget, positive data like GST revenue, and India factory production at a 7-month high brought a broad -based rally," said Vinod Nair, head of research, Geojit Financial Services.



Sectorally, the BSE basic materials, metal, capital goods, industrials, energy, realty, and finance indices ended up to 2.94 per cent higher, while IT and teck closed with losses.

Broader BSE MidCap and SmallCap indices rallied up to 1.44 per cent.

Global equities soared after China eased it's monetary policy to spur growth.

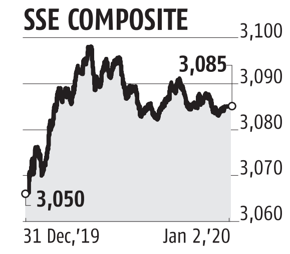
Bourses in Shanghai and Hong Kong spurted up to 1.25 per cent, while Seoul ended in the red.

Stock exchanges in Europe also opened significantly higher. On the currency front, the rupee depreciated 11 paise against the US dollar to 71.33 (intra-day).

Brent futures, the global oil benchmark, advanced 0.42 per cent to $66.28 per barrel.

China's central bank stimulus brings big gains this new year

SSE COMPOSITE



HANG SENG

Global indices powered ahead on Thursday as investors welcomed 2020 with a raft of strong gains, after China's central bank announced fresh stimulus, dealers said.

Asia kicked off the new year on the front foot, with most rallying out of the blocks Thursday on lingering trade optimism and the stimulus news. Shanghai and Hong Kong led gains after the People's Bank of China said it would lower the amount of cash lenders must keep in reserve, freeing up more than $100 billion for loans to small businesses. The move comes as leaders try to kickstart growth in the world's number two economy, which is running at its weakest for almost three decades.

Dealers also cheered Trump saying that the mini China-US trade deal would be signed off in Washington on January 15. Seoul was down 1 per cent after Kim Jong-un declared a self-imposed moratorium was no longer needed, raising the possibility that the North could resume nuclear tests. **AFP/PTI**

Tata Power may have hit a trough

Mundra plant tariff, elevated debt are worries but winning Odisha electricity distribution licences provides comfort

SHREEPAD S AUTE
Mumbai, 2 January

The stock of Tata Power has underperformed the BSE Power Index for a long time now. While it has lost 2.3 per cent in the past three months, the index has gained 2.7 per cent during the same period.

Concerns over tariff hikes for its 4,000-megawatt Mundra power plant in Gujarat and balance sheet deleveraging are among the major issues hurting investor sentiment.

In the case of Mundra plant, the Central Electricity Regulatory Commission has allowed tariff hike after the company negotiated with the five states it supplies power to from this plant. However, three states (Rajasthan, Maharashtra, and Haryana) are yet to give their approval. Haryana and Gujarat have given in-principle approval for tariff hikes. And, Tata Power, according to the clause, cannot take the new rates unless approval from all states is in place, say analysts.

The other issue for the Mundra plant could arise from coal supplies from Tata Power's Indonesian mines. In a report in November last year, analysts at Motilal Oswal had said, "The upcoming new regulations for Indonesian coal mines (concerning tax and royalty) could be an overhang for the stock."

Odisha's supply and distribution licence is not a sizeable one, but has grown at a healthy pace of 7 per cent in the past five years

The licences of these mines are due for renewal in 2021. Unless clarity emerges on this front, the degree of improvement in Mundra plant's underrecoveries would be keenly watched.

Also, elevated debt levels due to continuing capital expenditure or capex (net debt-to-equity ratio of 2.2x) and higher receivables for renewable portfolio is another overhang for the stock.

The bad news ends here. Analysts say, much of the Mundra plant concerns are priced in the stock. Secondly, the company is on the path to deleverage its balance sheet with the sale of its non-core assets, such as a South African entity Cennergi, ITPC Zambian Entity, among others.

While these could help raise over ₹2,600 crore (according to ICICI Securities estimates), the Street is awaiting progress on this front.

The other positive news is that Tata Power has recently won licences for distribution and retail supply of electricity in Odisha's five circles, including the main cities of Bhubaneswar and Cuttack. Gains from these will be felt in the medium- to long-term.

According to analysts at Edelweiss Research, Odisha's supply and distribution licence is not a sizeable one, but has grown at a healthy pace of 7 per cent in the past five years.

They believe returns could gain significant heft over the next three-four years. Moreover, there is scope for reducing the aggregate, technical and commercial (AT&C) loss, estimated at over 30 per cent, in these circles.

The domestic broking house has a 'buy' rating, with target price of ₹87 apiece for the stock trading at ₹58. The Odisha's electricity supply and distribution operations will be through a special purpose vehicle (SPV) in which Grid Corporation of Odisha will own 49 per cent and Tata Power 51 per cent.

Analysts at ICICI Securities estimate the entity's (the SPV's) annual profit after tax to reach ₹300 crore per annum from the fourth year onwards. The SPV will have to take additional debt to undertake capex to improve operations.

Given that these operations will help Tata Power earn fixed and regulated returns of around 15.5 per cent on the equity capital invested, it should add to the overall kitty in the coming years.

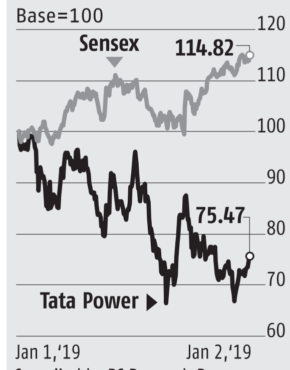
Unless key issues of Mundra and debt linger for long, long-term growth opportunities, mainly in distribution, seem to be improving for Tata Power.

The stock is also currently trading at a reasonable 10x its 2020-21 estimated earnings.

EARNINGS TRAJECTORY

	FY18	FY19	FY20E	FY21E
Revenues	26,840	29,559	30,942	31,772
Ebitda	6,273	6,423	7,128	7,373
Adjusted profit*	1,580	820	1,628	1,795

E: Estimates; *net profit excluding exceptional items
Source: Edelweiss Securities



Compiled by BS Research Bureau

China halts link between Shanghai, London exchanges

The move was prompted by political considerations, and no timeline was given for when the scheme would resume

BLOOMBERG
Beijing, 2 January

China has temporarily halted a tie-up between the Shanghai and London stock exchanges, according to people familiar with the decision.

The move to suspend the Shanghai-London Stock Connect program was prompted by political considerations, and no timeline has been given for resumption of the scheme, the people said, asking not to be identified as the discussions were private.

The China Securities Regulatory Commission and the Shanghai Stock Exchange did not immediately respond to requests for comment, while representatives for the London Stock Exchange and UK treasury declined to comment.

The link between the two exchanges, designed to allow companies listed on one venue to issue shares on the other, has so far underwhelmed with just a single Chinese company listing in London and no UK companies coming to the Shanghai bourse.

The suspension signals deteriorating relations between the UK and China, at a time when British Prime Minister Boris Johnson's government aims to strengthen trading ties with the world's second-largest economy. The decision was previously reported by *Reuters*.

"I'm not aware of the specifics and would refer you to the competent authority and relevant businesses," China foreign ministry spokesman Geng Shuang told reporters in Beijing on Thursday. "I would just like to stress that we hope the UK will provide a fair and just and open, non-discriminatory environment for Chinese businesses to invest there, and we hope it will create fair conditions for practical cooperation between the two countries."

The UK's stance on the Hong Kong protests was one of the issues that prompted the suspension, and a final decision on the Shanghai-London link would depend on how relations with the UK proceed, said one of the people.

The UK has repeatedly urged authorities to show restraint in Hong Kong, and has also accused China of torturing a former employee of the British consulate, drawing a rebuke from the Asian nation.

Existing borrowers should move to new benchmark

While there will be some cost, it will be limited to administrative and legal expenses

JOYDEEP GHOSH & BINDISHA SARANG

Existing home loan borrowers and micro, small, and medium-scale enterprises have a new option — loans linked to an external benchmark.

The Reserve Bank of India (RBI) mandated in October that all new floating rate loans will be linked to an external benchmark — this is the new normal for loan seekers.

With the State Bank of India announcing a 25-basis point cut in the external benchmark from January 1, borrowers linked to this would reap the benefits soon.

Old borrowers can explore this option because calculations are much more transparent than the benchmarks that they are currently linked to, such as the marginal cost of funds-based lending rate (MCLR) or the more archaic, base rate or benchmark prime lending rate.

This nudge to move is important because the Janak Raj Committee, set up by the RBI to review MCLR in 2017, had found that 30 per cent of the customers of four leading banks had not shifted to the MCLR despite its implementation 18 months back, and worse, many were still on the base rate or benchmark prime lending rate.

Clearly, once borrowers avail of a long-term home loan, they forget to keep abreast with the latest developments or are simply lazy.

Says Vishal Dhawan, founder and chief executive officer, Plan Ahead Wealth Advisors: "We recommend moving to the external benchmark rate. One of the consistent challenges around rate cuts in India has been that the transmission to existing borrowers has always been much weaker. The rationale behind moving to an external benchmark from an RBI perspective came from there. We think that for investors still sitting on either a base rate, MCLR or MCLR lending mechanism, should shift to an external benchmark."

Adds Swapnil Kendhe, a Securities and Exchange Board of India-registered investment advisor and founder of VivekTaru: "Whenever you stand a chance to get a better rate, you should take that opportunity — either by switching to another lender or negotiating with the same."

Currently, most banks have chosen the repo (repurchase) rate as the external benchmark. Given that the RBI monetary policies regularly give borrowers an idea of the repo rate, there would be a lot of transparency. There are several other advantages, too. For one, while the bank is free to decide the spread of a loan, it can only change the credit-risk premium when the borrower's credit assessment undergoes substantial change. Also, other components of the cost, including operating cost, can only change once in three years. There is unlikely to be high volatility in the equated monthly instalments, because the rates will change once a quarter.

As far as the process goes, existing borrowers who can prepay will be eligible to shift to the benchmark-linked rate without any additional charges, except reasonable administrative and legal costs, says the RBI.

Adds Dhawan: "The cost may or may not be there depending on whether customers are moving to the new rate mechanism with the existing player. There is additional cost also involved. For instance, documentation cost, which resurfaces during this process. While it is easy to try and do this with their existing lender, the ideal thing to do is go into the marketplace and look at alternatives. And then make a choice, rather than just trying to restrict yourself to the existing lender."

Of course, shifting may not make much sense if you are in the last couple of years of repayment. But if you have taken a loan two-three years ago, it might be worth going for it.

IMPACT OF CHANGE IN INTEREST RATE

₹50 lakh
loan

20 years
tenure

8.10%
interest

₹42,134
EMI

7.85%
interest rate (after change)

₹41,356
EMI

₹778 difference

Bharat Bond ETF makes NSE debut, lists at ₹1,000

The Bharat Bond ETF on Thursday got listed at ₹1,000 on the NSE. At around 10 am, the ETF was trading at ₹1,001 — a premium of ₹1 to the offer price. The ETF, which opened for subscription on December 12, was offered in two series.

The three-year category received applications for ₹6,982 crore worth of units, a subscription of 2.3x, against the issue size of ₹3,000 crore. The ten-year category received ₹5,413 crore, a subscription of 1.4x, against the issue size of ₹4,000 crore.

With approximately 55,000 applications received, the new fund offer saw robust retail participation, with strong support from digital channels.

To allow access to investors without a demat account, the ETF was offered through a fund of fund structure by Edelweiss AMC.

Further, people in the know said the ETF saw strong participation from non-resident investors, high networth investors, top-tier corporates, and foreign institutional investors.

JASH KRIPLANI

COMMODITIES

PRICE CARD

As on Jan 2	International		Domestic	
	Price	%Chg#	Price	%Chg#
METALS ($/tonne)				
Aluminium	"1,800.00"	6.1	"1,961.50"	-1.8
Copper	"6,156.00"	9.4	"6,501.10"	8
Zinc	"2,293.00"	-1	"2,578.00"	-2
Gold ($/ounce)	"1,528.3*"	1.9	"1,702.10"	4.5
Silver ($/ounce)	18.1*	3	20.2	4.1
ENERGY				
Crude Oil ($/bbl)	66.5*	15.2	67.1	14.4
Natural Gas ($/mmBtu)	2.2*	-3.2	2.2	-5
AGRI COMMODITIES ($/tonne)				
Wheat	193	14.3	312.4	6.2
Sugar	359.6*	4.8	485.8	-1.3
Palm oil	777.5	49.5	"1,222.50"	43.9
Rubber	"1,632.9*"	15.1	"1,835.40"	5.4
Cotton	"1,531.10"	15.3	"1,617.90"	-0.1

* As on Jan 2, 1800 hrs IST, # Change Over 3 Months"
Conversion rate 1 USD = 71.4 & 1 Ounce = 31.1032316 grams.

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

Source: Bloomberg
Compiled by BS Research Bureau

Steel prices rise as demand perks up

ADITI DIVEKAR & T E NARASIMHAN
Mumbai/Chennai, 2 January

Responding to cost pressure and greater demand, domestic steel producers have raised prices by ₹1,000-1,500 a tonne across products for January.

"Iron ore miners have increased prices by ₹600 per tonne and so this increases the cost of production by ₹1,000 a tonne. Hence, we have hiked prices from today (Thursday)," V R Sharma, managing director, Jindal Steel & Power (JSPL), told *Business Standard*. With this, domestic steel players have raised prices for the fourth consecutive month in a market in which consumption is expected to pick up after the government announced a mega push for infrastructure projects.

Stock prices of all steel firms were up on Thursday in anticipation of rise in demand for the commodity, mainly from the infrastructure sector, in coming months (*see chart*). "Restocking, which was minimal earlier, coupled with demand coming back, is leading to a hike in product prices," said Jayant Acharya, director (commercial and marketing), JSW Steel.

During October-December, long product producers such as Naveen Jindal-led JSPL and state-owned Steel Authority of India (SAIL) have recorded strong production figures, indicating a demand pick-up in infrastructure. JSPL recorded 30 per cent sales growth in the December quarter at 1.66 million tonnes compared with the same period in the previous financial year. "We are most likely to cross our production guidance of 6.5 million tonnes for FY20 and produce around 7 million tonnes," said Sharma.

Demand for domestic iron ore has gone up after the increase in global ore prices, said industry officials.

Domestic iron ore prices are estimated at around $65 a tonne as against $85-90 a tonne for imported ore. Odisha-based miners have raised iron ore prices by around 10 per cent even as supply from the state hit an all-time high as steelmakers stocked the mineral in anticipation of a disruption when multiple mine leases expire at the end of this financial year.

Iron ore and coking coal are key raw materials used in making steel.

India's iron ore imports tumbled 90 per cent year-on-year during April-October, after a sharp escalation of 172 per cent in the comparable period last year, said CARE Ratings in its report.

This is the lowest level of imports recorded in the past seven years. Elevated global iron ore prices during the period prompted domestic steel players to opt for locally produced iron ore instead of importing the mineral at inflated prices, it said.

Industry representatives expect ore prices to rise further by 10-15 per cent in the next three months because the difference in prices of domestic and imported iron ore is high.

"We are sourcing ore from captive mines and from local markets at present and have reduced dependence on imported ore," said Acharya.

Meanwhile, SAIL achieved the highest ever sales in a month in December at 1.68 million tonnes, up 47 per cent over the corresponding period in 2018. In November, too, the company recorded a 36 per cent jump in sales on a year-on-year basis.

Tata Steel, Sajjan Jindal-led JSW Steel, and state-owned Rashtriya Ispat Nigam Ltd are among other top steel producers in the country. While the tide has changed for Indian steel exports since beginning of the current financial year amid weak domestic demand, companies said they would continue to export but keep domestic sales as first preference.

HOW COMPANIES FARED

As on January 2, 2020

	Price (₹)	% change in one-day
Steel Authority of India	47.3	10.1
Jindal Steel & Power	173.4	4.3
Mishra Dhatu Nigam	161.7	4.1
Tata Metaliks	645.2	3.8
Tata Steel	485.0	3.7
Maharashtra Seamless	395.2	3.2
JSW Steel	276.5	3.1
Ratnamani Metals & Tubes	1,099.7	2.9
Jindal Stainless Hisar	80.5	2.5
Jindal Stainless	39.5	1.2
APL Apollo Tubes	1,898.7	0.3
Welspun Corp	146.3	-0.4
Jindal Saw	85.0	-0.4

Source: Exchange
Compiled by *BS* Research Bureau

Firms accelerate iron ore buying

JAYAJIT DASH
Bhubaneswar, 2 January

Steel manufacturers and other end-user industries have accelerated their buying of iron ore, as they dread a marked disruption in supply after the scheduled end of lease tenures at merchant mines in the state by March 31. More than half the country's output of iron ore comes from this state.

Almost all leading integrated steel makers and secondary producers have intensified iron ore sourcing. They are aiming at building stocks for three to six months. Steel companies are weighing options to stash the ore in stockyards, by availing of land on lease.

The Odisha government has previously allowed storage permits for both end-user industries and merchant ore producers whose validity runs till March 2022. The grant for merchant miners was warranted by the huge inventory of minerals within lease areas. Disposal and sale of this stockpile was needed to facilitate a smooth transition for the ownership of mines and also to avert any obstruction in their production after takeover by the new bidders following auctions.

"We are now witnessing brisk buying from steel players and secondary steel producers. Merchant miners have not gone for any significant hike in prices of lumpy ore or fines of late, as we need to liquidate the piled-up ore. An uptick in domestic steel demand and the impending expiry of lease tenure has spurred intense buying of ore," said a leading merchant miner. Industry sources have estimated the accumulated ore at merchant mine heads in Odisha at 70 million tonnes.

More on business-standard.com

Sugar mills sign export contracts worth 2.5 mt

VIRENDRA SINGH RAWAT
Lucknow, 2 January

While sugar production in the current 2019-20 crushing season has fallen by 30 per cent to 7.8 million tonnes (mt) till December 31, compared to 11.2 mt during the same period last year, mills have signed export contracts worth 2.5 mt.

The season officially began in October, though cane crushing began later in various states.

The central government is reviewing the actual export by mills against their 'Maximum Admissible Export Quantity' (MAEQ) and, as announced in the latest policy, is to re-allocate the unexported MAEQ to mills which have made shipments and are willing to take on additional quotas.

Indian Sugar Mills Association Director General Abinash Verma said it would be difficult to forecast the final export figure. He'd earlier said if the global market remained favourable, there was potential for five mt of export this season. The major destinations have been Iran, Sri Lanka, Afghanistan and Africa. At present, 437 mills are in operation across India, compared to 507 during the 2018-19 season. Maharashtra, the country's second largest producer after Uttar Pradesh, saw a big delay in the start of crushing, due to inundated fields in cane growing areas following heavy rain and floods.

Brands unscramble the game of influence

With brands of all sizes, and across categories, leaning heavily on influencers, the world of online persuaders is in for a makeover

T E NARASIMHAN
Chennai, 2 January

Having leveraged the power of influencers to gain visibility and reach, brands are looking at a deeper and wider engagement with the community to convert their fans into loyal consumers. Be it PepsiCo India, or Marico or local confectionary brand Pulse (DS Chemicals), influencers are an integral part of their brand campaigns. In 2020, brands say they will build on the engagement and create a more strategic partnership even as they drive efficiency and accountability into their contracts.

Social media influencers are of immense interest to brands. They open up a demographic that most brands are uncertain about and mostly left out by traditional celebrity endorsers. Harish Bijoor, founder, Harish Bijoor Consults, says, "Celebrity brand endorsements are so yesterday! The new age of brand messaging push is the trusted social media influencer. Celebrities have hijacked consumers a bit too often onto the path of hype and the trust element has been sullied."

Influencers help with microtargeting, allowing brands to reach specific communities. No surprises then that in 2020, according to a recent survey by social data analytics software company Talkwalker in association with local analytics firm Social Samosa, more than 70 per cent of participants said that they would increase their budgets for influencer marketing. (The survey was conducted among 800 marketers from across India).

The big question that brands are grappling with however, is how to ensure their influencer marketing strategy is efficient and more importantly, insulated from fake followers and controversial statements by influencers. India ranks third among the countries with the maximum number of fake followers after the US and Brazil.

For 80 per cent of those with a formal influencer programme, the answer lies in transparency. This means simply using the influence that the influencer wields over his or her community, but stating upfront that the association is a commercial one. While 51 per cent of the respondents felt this reduces the impact of the association between the brand and the influencer, 68 per cent said that it doesn't actually affect the overall performance of the campaign as long as the content created is good. The marketers also said they were being more selective, measuring influencers by the quality and creativity of content, followed by engagement levels and coherence with brand messaging and finally size of their communities.

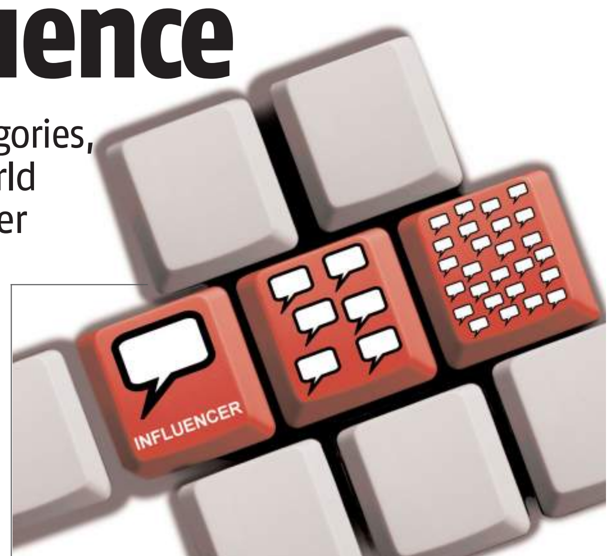
Brands are also hedging their risks by employing a large team of influencers — 34 per cent hire anywhere between 10 and 50 people. Shashank Surana, V-P, new product development, DS Group, says depending on the brand requirement and product life cycle, various above-the-line tactics and digital influencers are deployed. Since its launch, he adds, Pulse candy has used both macro and nano-influencers to build its case online.

In a recent campaign for Pulse candy, Surana says they roped in several influencers. The marketing team looked for people whose posts conveyed a sense of fun and resonated with the young. For Marico's latest campaign *#KhuleBaalBefikar* (Let your hair down), it launched a TikTok challenge with top influencers. The campaign crossed 2.8 billion views within three days.

Dilen Gandhi, senior director and category head, Foods, PepsiCo India says, "We think of our influencer strategy as complementary to our brand ambassador strategy. Influencers act as micro-amplifiers that can drive engagement to the idea. It's the equivalent of your friend relaying a message they've heard on mass-media, your friend will add his own flavour while retaining the essence. This makes the message at once more relatable and sticky — however the original idea still remains core."

Amplifying the message and using the potential of digital media to give wings to a campaign are among the stated goals of every influencer marketing plan. Flipkart, during the festival season partnered with regional and local influencers; it used them to not just spread word about the sale but also help first-time buyers.

Bijoor believes that the relationship between brands and influencers will evolve further in the year ahead, as brands get more selective about who they ally with and how they measure the power of their influence.



FOLLOW THE HERD

- 72% respondents said they would spend significantly more on influencer marketing in 2020
- Weeding out the fakes is a problem for most marketers, especially since India has the third-largest number of fake followers, after the US and Brazil
- There is a need to measure the impact of influencers, currently 61% respondents have no tools for measuring their influence

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FROM PAGE 1

Marico domestic...

However, Mohan Goenka, director at Emami, said, "We can see that the wheels are slowly turning and it should pick up steam in the coming two to three quarters.

Rural India accounts for 45-50 per cent of Emami's annual sales.

CARE Ratings has estimated overall growth may shrink to only 2 per cent in the current financial year and a revival, much to the disappointment of the FMCG industry, is expected as late as September this year. This compares poorly with the 5 per cent growth in the sector in 2018-19.

The ratings firm is of the view that expectations of a personal income tax reduction in the Union Budget 2020 may lead to improved consumer sentiment. Besides, increase in reach and the distribution network and targeting untapped rural markets may be another growth driver for the sector.

"The effects of a good monsoon and government initiatives to boost consumption may not reflect on the third-quarter results of major FMCG companies," said Abneesh Roy, executive vice-president of institutional equities, research, Edelweiss Securities. In its note, Marico said even as the traditional channel stayed weak because channel partners continued to face liquidity challenges amid a soft demand environment, growth in modern trade and e-commerce channels also slowed partly due to specific price management measures in these channels.

CARE Ratings said the government came up with many initiatives to address the slowdown, especially after August, but they would take time to work out because typically policies had an impact after two-three quarters. Hence, a rebound in demand is expected in 2020-21.

"We are confident consumption demand will pick up over time, given the low levels of penetration and per capita consumption as well as the slew of recent measures announced by the government," an ITC spokesperson said.

BPCL, Air India...

The company has over ₹30,000 crore of debt burden. So far in the current fiscal year, the government has heavily relied on the exchange-traded funds to divest its stake. It has raised ₹10,000 crore from the fifth follow-on offer of CPSE ETF during the fiscal year and ₹4,368 crore from the second follow-on offer of Bharat 22 ETF.

In November, the government had approved strategic stake sales in BPCL and Shipping Corporation of India (SCI), along with a 31 per cent stake sale in Concorp.

The government's 64 per cent SCI stake — that is proposed for strategic sale — is valued at ₹1,772 crore at the close of the markets on Thursday.

Investment talk...

This was meant to form the basis for individual deal agreements to be negotiated with other nations. However, four years after unilaterally terminating investment pacts in 2016, only four BITs — with Bangladesh, Belarus, Colombia, and Taiwan — have materialised. Since the negotiations are not time-bound, there's no deadline to conclude currently ongoing talks with 11 other nations, a senior official from the Department of Economic Affairs said.

Among EU nations, the Netherlands has historically been the fourth biggest source of foreign direct investments (FDI) for India, pegged at $29 billion since 2000. Germany, Cyprus and France figure in the list of top 10 FDI sending nations, apart from the Brexit-facing UK.

"The EU's prime concern with the BIT is with the clause stipulating that if an investor-state dispute arises, a foreign investor can only seek the option of international arbitration when all domestic legal routes have been exhausted. While India feels this is required to keep control on litigation and reduce the chances of extremely high penalties from international tribunals, the EU calls the Indian legal system slow and corrupt," a senior Delhi-based trade expert said.

Tariff hurdles remain

On the tariff front, EU officially continues to demand reduced import duties and wider market access for prime, high-value sectors like alcohol and automobiles. After maintaining a trade surplus over the bloc for long, exports to Europe fell below imports in 2018-19 after goods from the continent surged in, competing with their American counterparts.

"There had been a major push to restart the talks back in October 2017 during the 14th India-EU Summit in New Delhi. An offer by India to identify areas for tariff reduction was made then as well but no commitment on investment protection was made," he added. Back then, European Commission president Jean-Claude Juncker, after meeting Prime Minister Narendra Modi, had said that any discussion on trade would only be held once the terms of engagement had changed.

However, New Delhi remains hopeful that its concessions, especially on alcohol, may sway the bloc. In October, the US administration had imposed 25 per cent duties on European whiskies and wines from France, Britain and Spain, among other nations. Now, it wants to double the tariffs. "The pressure on European winemakers is increasing and India has a robust, growing middle class with interest in European products," a senior official said.

Forensic auditors...

Similarly, in a cross-border scenario where a bribe might have changed currency and moved countries, data localisation will again pose a problem for auditors trying to access such information.

"In data analytics and process assessment, a lot of identifiable data will come to the fore, such as vendor information, travel expenses, and payouts," Saran said.

The Bill does provide some exceptions to the processing of personal data of a person without their consent, but a forensic audit is unlikely to be covered by any of the scenarios mentioned.

"Provisions in the Bill are really broad. We will have to wait for subordinate legislation to deal with some of the provisions of the Bill. For several kinds of data, specific permission will have to be taken, and as these cases come up the legislation will evolve over time. Not just forensic audits, regulatory proceedings will also have an impact," said Pratibha Jain, partner at legal advisory firm Nishith Desai Associates.

While in the normal course, forensic auditors keep the personal data aside but if search for a particular item or a keyword takes them into such data, they will have to access it and look into the matter deeper.

Moreover, if a person is allowed to withdraw some content, that too would affect the forensic investigation.

"From a contractual perspective, greater diligence will be required. Investigations have to start immediately...We err on the side of caution else both, our clients and we can be impacted," Saran added.

While a large part of the focus with regard to the Bill has been on technology firms, it will be applicable to every industry that collects individuals' data. In the coming days, it is likely that more such issues will arise as more and more industries realise the impact on them from the Personal Data Protection Bill.

BS SUDOKU # 2938

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SOLUTION TO #2937

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Medium: ★★★

Solution tomorrow

HOW TO PLAY

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Soon, buy standard policies with ₹5-lakh maximum cover

PRESS TRUST OF INDIA
New Delhi, 2 January

The insurance regulator on Thursday issued guidelines on standard individual health insurance, asking the general and health insurers to offer product that can take care of basic health needs of customers with maximum sum insured of ₹5 lakh and a minimum of ₹1 lakh.

The product will be named Arogya Sanjeevani Policy, succeeded by the name of the insurance company. No other name is allowed in any of the documents, Insurance Regulatory and Development Authority of India (Irdai) said in its guideline.

"The health insurance market is having a number of individual health insurance products. Each product has unique features and the insuring public may find it a challenge to choose an appropriate product. Therefore,...the authority has decided to mandate all general and health insures to offer the standard individual health insurance product," the regulator said.

The standard product should have the basic mandatory covers, no add-ons or optional covers are allowed to be offered along with the standard product and the insurer may determine the price keeping in view the covers proposed to be offered subject to complying with Irdai guidelines, it added.

"The standard product shall be offered on indemnity basis only and the policy tenure shall be for a period of one year."

The mandatory covers under the standard health product include hospitalisation expenses, other expenses such as cataract subject to sub-limits, dental treatment and plastic surgery that have been necessitated due to disease or injury, all day care treatments and expenses on road ambulance subject to a maximum of ₹2,000 per hospitalisation. It should also include expenses incurred on hospitalisation under AYUSH treatment, pre-hospitalisation expenses incurred for a period of 30 days prior to the date of hospitalisation, post-hospitalisation expenses for a period of 60 days from the date of discharge from hospital.

With respect to cumulative bonus, Irdai said sum insured (excluding the bonus) should be increased by 5 per cent for each claim-free policy year, subject to condition, the policy is renewed without a break subject to maximum of 50 per cent of sum insured.

"No deductibles are permitted in this product. No plan variants are allowed. Standard product shall be offered on family floater basis also and it should not be combined with critical illness covers or benefit based covers," the regulator said.

Trai seeks views on setting up multi-stakeholder body

Consultation paper also discusses framework for traffic management practices

MEGHA MANCHANDA & PTI
New Delhi, 2 January

The Telecom Regulatory Authority of India (Trai) on Thursday floated a consultation paper seeking stakeholders' views on setting up a multi-stakeholder body for net neutrality. It also sought views on what should be the guiding principles and structure of governance of the body.

Last year, Trai Chairman R S Sharma had hinted that the regulator would come out with a new round of consultations on compliance of net neutrality rules.

"The objective of this consultation paper is to deliberate the issues related to traffic management practices and the multi-stakeholder body... It discusses about establishment of a framework to formulate traffic management practices. The paper also discusses about the issues related to composition, function, governance structure of [the] body," Trai said.

The discussion paper is limited to issues on which additional recommendation were sought by the Telecom Department in a letter in July 2018, Trai said, adding that it had no intention to revisit its principles on Net Neutrality and broad approach recommended earlier. Trai said comments on issues raised in the consultation paper should be submitted by January 30 and counter comments by February 13, 2020.

In its earlier recommendations on net neutrality — in February, 2016, and November, 2017 – had said licensing terms should be amplified to provide explicit restrictions on any sort of discrimination in internet access based on the content being accessed, the protocols being used or the user equipment being deployed. Content included all content, applications, services and data, including end-point information that can be accessed or transmitted over the internet.

Discrimination would include any form of discrimination, restriction or interference in the treatment of content, including practices like blocking, degrading, slowing down or granting preferential speeds. Trai had also said service providers should be restricted from entering into agreements or contracts with any person, natural or legal, that results in discriminatory treatment based on content, sender or receiver, protocols or user equipment.

Trai had barred platforms like Facebook's Internet.Org and Airtel Zero that allowed free access to select websites, to check "gate-keeping" in cyber space. Based on TRAI recommendations, the Telecom Commission in 2018 approved net neutrality rules prohibiting service providers from discriminating against Internet content and services.

Some mission critical applications or services like remote surgery and autonomous cars will, however, be kept out of the purview of the net neutrality framework.

While clearing the net neutrality rules, DoT had sought additional recommendations from TRAI on necessary Traffic Management Practices (TMPs) and composition, functions, role and responsibilities of the multi-stakeholder body for monitoring and enforcement.

ON THE TABLE
- Net neutrality
- Traffic management practices
- Issues related to composition, function, governance structure of the body

DoT's AGR demand from non-telcos twice that from telecom companies

PRESS TRUST OF INDIA
New Delhi, 2 January

The Department of Telecommunications (DoT) has slapped a ₹15,019-crore demand notice on Gujarat Narmada Valley Fertilizers & Chemicals, taking the total amount it has sought from non-telecom companies to ₹3.13 trillion following a Supreme Court ruling.

While the DoT has sought ₹1.47 trillion from Bharti Airtel, Vodafone Idea and other telecom companies after the Supreme Court's ruling on revenues that need to be taken into consideration for payment of government dues, its demand notices on non-telecom companies now total at more than double of the telecom firms.

In a regulatory filing, Gujarat Narmada Valley Fertilizers & Chemicals said it has received a December 23, 2019, demand notice from the Office of Controller of Communication Accounts in DoT, Ministry of Communications, seeking payment of over ₹15,019 crore before January 23, 2020, "in respect of financial years from 2005-06 to 2018-19 in connection with V-SAT and ISP licences held by the company."

"The company is presently examining the said demand notice and judgment of Supreme Court of India by seeking expert legal advice in the matter," it said. "Based on the legal advice, the company will decide the future course of actions." DoT had previously sought ₹1.72 trillion from India's largest natural gas marketer, GAIL, and another ₹1.25 trillion from PowerGrid, which had both national long distance as well as internet licence.

From GAIL, it sought ₹1.72 trillion on IP-1 and IP-2 licences as well as internet service provider (ISP) licence. In response, GAIL has told DoT that it owes nothing more than what it has already paid to the government. The firm told DoT that it had obtained ISP licence in 2002 for 15 years, which expired in 2017. But, GAIL never did any business under the licence and since no revenue was generated, it cannot pay any amount. On IP-1 and IP-2 licences, GAIL has told DoT that it generated ₹35 crore of revenue since 2001-02 and not ₹2.49 trillion that has been considered for levying past dues.

PowerGrid says it has an adjusted gross revenue (AGR) of ₹3,566 crore since 2006-07 and after adding penalty, it comes to ₹22,168 crore.

The Supreme Court had on October 24 ruled that non-telecom revenues earned by firms using spectrum or airwaves allocated by the government will be considered for calculating statutory dues.

Bank credit grows 7%; deposits jump 10%

ABHIJIT LELE
Mumbai, 2 January

The pace of year on year growth in commercial bank credit more than halved to 7.1 per cent at end fortnight (December 20, 2019) from 15.11 per cent a year ago, data released by the Reserve Bank of India revealed.

Between December 6 and December 20, lenders disbursed ₹12,519 crore, taking outstanding of scheduled commercial ₹99.47 trillion, according to Reserve Bank of India data. On the other hand, the deposits in the same period increased 9.09 per cent to ₹130.08 trillion by the end of December 20. However, in the fortnight between December 6 and December 20, the deposits decline 0.7 per cent.

Bankers said that with private investment practically coming to a halt, there was little demand for corporate credit. While activity may show an uptick in the second half, it will hardly compensate for the extended slowdown seen since the beginning of the year. Companies are battling stress and are deleveraging wherever possible. The retail segment is showing steady growth, but it is not in a position to make up for the slump in the industry segment.

Rating agency ICRA in a report last week had said, with the Indian economy caught in a slowdown, bank credit is expected to expand at a muted 6.5-7 per cent in 2019-20 (FY20) from 13.3 per cent in FY19.

This will be the lowest in 58 years, mainly on account of lower working capital requirements by companies and risk aversion among lenders. According to ICRA, even in a high-growth scenario, wherein the second half of FY20 sees the incremental bank credit rise to ₹6.5-7 trillion, there will still be a 40-45 per cent year-on-year (YoY) decline.

PM: Protest against Pak's atrocities on minorities

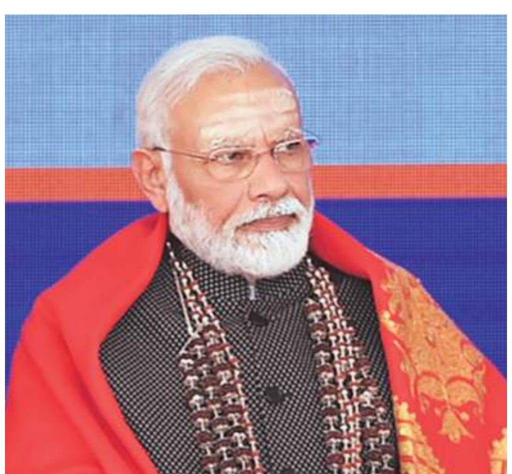
PRESS TRUST OF INDIA
Tumakuru (Karnataka), 2 January

Lambasting Congress and its allies for opposing the Citizenship (Amendment) Act, Prime Minister Narendra Modi on Thursday said the protests were against the Parliament and called on the agitators to raise their voice against Pakistan's atrocities on its minorities for the last 70 years.

"Those who are protesting against the Parliament of India, I want to tell them that the need was to expose Pakistan's deeds on the world stage. If you want to protest, protest and raise voice against Pakistan's deeds for the last 70 years, you should have that guts," he said.

Addressing a gathering at Siddaganga Math, he said, "If you want to shout slogans, shout against the way in which atrocities are happening against minorities there; if you want to hold rallies, hold it in favour of Dalits and downtrodden who have come from Pakistan (to India). If you want to do *dharna*, do it against Pakistans deeds."

There is change in India's policy against terrorism, Modi said, by abrogating Article 370, effort has been made to remove fear of terror and uncertainty from the life of people there and a new beginning of development has been ushered in both in Jammu and Kashmir and Ladakh. He also said the road has been cleared for the construction of a grand Ram mandir at Lord Ram's birth place with peace and cooperation of everyone.



PRIME MINISTER NARENDRA MODI

"It is our duty to help refugees who have come from Pakistan... most of the Hindus who have come from there are Dalits and downtrodden, we cannot leave them like that, protecting them is our cultural and national responsibility"

"They (Congress and allies) don't have time to speak against Pakistan which did the atrocities against its minorities, what is the reason why their mouth is locked"

Former CMs of Karnataka hit out at PM over state visit

Former chief ministers of Karnataka Siddaramaiah and H D Kumaraswamy launched a scathing attack on Prime Minister Narendra Modi as he embarked on a two-day visit to the state. "You did not visit Karnataka when it was devastated by floods, you did not visit Karnataka when our farmers cried for help, but all of a sudden, when you want to launch your political propaganda, you remember the innocent people of Karnataka. *Wah Modi Wah*!!" Siddaramaiah tweeted. Kumaraswamy said Karnataka's coffer has dried up, financial position is in doldrums and the revenue has plummeted. "After swallowing the GDP and development of the country, the wrong policies have affected the state too," alleged Kumaraswamy. PTI

Modi inaugurates 5 DRDO labs for young scientists

AJAI SHUKLA
Bengaluru, 2 January

Prime Minister Narendra Modi inaugurated five new scientific laboratories in Bengaluru, which will employ only scientists under the age of 35 to develop futuristic technologies for military weaponry. Three months after Modi won the 2014 elections, he proposed that the Defence Research and Development Organisation (DRDO) must empower its younger scientists by establishing at least five laboratories where everyone, including the director, was less than 35 years old.

"We need labs in India which utilise raw talent, which employ people only below the age of 35. Let us allow these young scientists full decision-making power," said Modi.

In response to his call, five so-called DRDO Young Scientist Laboratories have come up in Bengaluru, Mumbai, Chennai, Kolkata and Hyderabad.

"Each lab is working on a key advanced tech of importance to the development of futuristic defence systems," the DRDO said. "Research in the area of rapidly evolving artificial intelligence will be carried out at Bengaluru. The all-important area of quantum technology will be based out of IIT Mumbai," announced the DRDO.

More on business-standard.com

YOUTH POWER

Location	Technology domain
DRDO Bengaluru	Artificial Intelligence (AI)
IIT-Mumbai	Quantum technology
IIT-Chennai	Cognitive technology
Jadavpur University, Kolkata	Asymmetric technologies
IIT-Hyderabad	Smart materials

DISBURSES ₹12,000 CR TO 60 MN FARMERS

Prime Minister Narendra Modi slammed states, which have not enrolled with the Pradhan Mantri Kisan Samman Yojana (PMKSY), saying that such petty politics has done great damage to the farming community. "I expect they will at least become a part of it this year," Modi said at a function in Tumakuru where he disbursed ₹12,000 crore to 60 million beneficiaries under the government scheme in one go. PTI

FROM PAGE 1

Tatas petition SC against NCLAT order on Mistry

Several actions taken by Mistry after his removal from the Tata group hurt its interests, Tata Sons said. "This was clearly borne out from the extensive oral and written arguments rendered on behalf of Tata Sons before the NCLAT, pointing out that a purportedly confidential email addressed by Cyrus Mistry to Tata Sons' board of directors was leaked, and confidential board minutes were put in public domain at the instance of Mistry and he had unilaterally, and in a wholly unauthorised manner, corresponded with the income-tax authorities (holding himself out to be a principal officer of Tata Sons) and submitted documents of Tata Sons to the income-tax authorities."

Due to the leaked e-mail, the stock exchanges and other regulators also sought details from Tata companies, and the Tata group had to issue a press statement. "Unfortunately, the NCLAT judgment construes the press statement in an entirely bizarre fashion. It relies on the press statement to show that the decision to replace Mistry had a 'global effect', without making it clear as to what this purported 'global effect' had to do with the legality of the decision to replace Mistry as executive chairman," the petition said.

The NCLAT judgment, the Tata group said, had been passed without appreciating the well-settled position that "no reasons were required to be recorded for Mistry's replacement or removal as chairman or director. At any rate, such reasons were not justiciable in the present proceedings," the petition said.

The Tata petition said a good review by the nomination and remuneration committee (NRC) of Tata Sons of Cyrus Mistry just before his removal in October 2016 overlooked the fact that the NRC was not representative of the view of the entire Tata Sons board, as the NRC only consisted of three directors. Mistry had argued in courts that in spite of a good report by the NRC, the Tata Sons board had removed him at the instance of Tata Trusts trustees. Tata Trusts own 66 per cent in Tata Sons and had three representatives on the board of Tata Sons and have veto power, according to Tata Sons' articles of association.

On Tata Trust trustees who played an important role in removing Mistry, Tata Sons said the NCLAT judgment attributed the so-called loss in Tata companies to the Trusts' nominated directors (on the ground that they enjoy affirmative voting right) and cast blame on them for allowing companies to function in a manner which caused loss. "The Trusts' nominated directors were never in charge of the affairs of Tata companies. The management of Tata Sons vested with Mistry, who was also the chairman of Tata companies. There is no material or evidence on record to suggest that Mistry wanted to cut the losses in the Tata companies and the same was thwarted by the Trusts nominated directors by using the affirmative vote or otherwise," Tata Sons said.

The petition said the NCLAT failed to look at the issue of expiry of tenure – although it appears to have recognised that it lacked the jurisdiction to issue a direction extending tenures. "The judgment also omits to consider the settled legal position that in the case of tenure appointments, the appointment stands concluded upon completion of the respective tenure. In the present case, Mistry's tenure as executive chairman stood expired on March 31, 2017, and thus, the same cannot be restored," it said.

Besides, Tata Sons said the NCLAT order to term the conversion of its status from a public company to a private company as "illegal" was not correct. Tata Sons said the judgment of the NCLAT was contrary to an earlier judgment of the Supreme Court in the case of Darius Rutton Kavasmaneck vs Gharda Chemicals, which settles the issue.

"In an unprecedented move, the NCLAT judgment has converted Tata Sons, undisputedly a 'private company' within the meaning of Section 2(68) of the 2013 Act, to a public company in total and flagrant defiance of the provisions of the 2013 Act. Atop this, the NCLAT has travelled outside its jurisdiction by holding the Registrar of Companies' act of revising Tata Sons' certificate of incorporation as being 'prejudicial' to Tata Sons - a concept unknown to the settled legal principles under Section 241 and 242 of the 2013 Act. The judgment is in violation of the law laid down by the SC in the Gharda Chemicals case," Tata sons said.

"If Tata Sons is accepted to be a 'private company', then the articles of such company which were in play at the time Cyrus Mistry was appointed are beyond any challenge. The suggestion that any of the terms of the Articles are either extreme or could lead to potential prejudice or that exercising powers contained in the plain language of the Articles is in any manner contrary to any principle of Company Law, is a serious error of law in the NCLAT judgment. It is obvious that the error in coming to the conclusion that Tata Sons continued to be a 'public company' has clearly influenced the NCLAT in coming to a number of conclusions which areas of enquiry would perhaps have been beyond its realm in the case of a 'private company'," it said.

IN BRIEF

Five witnesses testify against Saeed, aide in terror financing

Five witnesses testified against Mumbai terror attack mastermind Hafiz Saeed (*pictured*) and his close aide Zafar Iqbal on Thursday for their involvement in terror financing before an anti-terrorism court in Pakistan. The anti-terrorism court Lahore indicted Saeed and his close aides — Hafiz Abdul Salam, Muhammad Ashraf, and Iqbal — on terror financing charges on December 11. A court official after the hearing said a legal team of Saeed and Iqbal comprising advocates Naseerudin Nayar and Imran Fazal Gill cross examined the witnesses. He said ATC-I Lahore Judge Arshad Hussain Bhutta adjourned hearing till Friday and directed the prosecution to produce more witnesses. The Counter Terrorism Department of Punjab police also produced the Jamaat-ud-Dawa (JuD) chief, Iqbal, Abdul Salam, Abdul Rehman Makki, Muhammad Ashraf and the JuD spokesperson Yahya Mujahid in another case in ATC-II. PTI

Ant Financial, Razer join Singapore's digital banking race

China's Ant Financial, an affiliate of e-commerce giant Alibaba, has joined the race for a digital banking licence in Singapore, the company said. Gaming company Razer, too, has teamed up with homegrown Singaporean entrepreneurs and Asian billionaires to apply for a full digital banking license. The Monetary Authority of Singapore has said it will issue five such licences. AGENCIES

Chinese central bank injects cash into economy

China's central bank trimmed the amount of cash that lenders must hold in reserve, injecting funds into the economy and signaling continued action to reduce borrowing costs for firms. The required reserve ratio for commercial lenders will be lowered by 50 basis points from January 6, releasing about 800 billion yuan ($115 billion) of liquidity into the system, the People's Bank of China said. BLOOMBERG

Turkey parliament approves sending military to Libya

Turkey's parliament passed a Bill on Thursday approving a military deployment to Libya aimed at shoring up the UN-backed government in Tripoli, at a time of intensifying international tensions over the conflict. The Tripoli government has been under sustained attack since April by military strongman General Khalifa Haftar, who is backed by Turkey's regional rivals — Saudi Arabia, Egypt and the United Arab Emirates. AFP/PTI

Hillary named first female chancellor of Queen's University

Former US secretary of state Hillary Rodham Clinton has been appointed the first female Chancellor of the UK's Queen's University, it was announced on Thursday. Clinton, who received an honorary doctorate from Queen's in October 2018, will become the University's 11th Chancellor and will serve in the post for a period of five years with effect from January 1, 2020, the university said in a statement. PTI

CARLOS GHOSN, THE ESCAPE ARTIST

Shock turns to dread at Nissan

Now Ghosn is free to talk, armed with potentially damaging details about current executives of the Japanese auto giant

BLOOMBERG
Tokyo, 2 January

News this week that Carlos Ghosn, facing two trials and under heavy surveillance, pulled off a stunning escape from Japan left Nissan Motor executives with jaws agape reaching for their messaging apps.

Just as astonished was Chief Executive Officer Makoto Uchida, who heard about his former boss's getaway from media reports, according to a person familiar with the matter. Ghosn's vanishing act throws up a distraction just when the new CEO needs to be laser focused.

With profits at decade lows and its stock tanking, Nissan is rife with internal divisions over the ouster of its former leader and the way forward. Now Ghosn is free to talk, armed with potentially damaging details about current Nissan executives.

"There must be many people at Nissan and Renault who think this could really be dangerous for them if Ghosn speaks," said Koji Endo, a senior analyst at SBI Securities in Tokyo.

Uchida, who became CEO last month, has a long list of challenges. A top deputy abruptly quit, some 12,500 jobs are on the chopping block, and he needs to refresh an aging line-up of models like the Skyline sedan and GT-R sports car to reinvigorate sales. Then there's the matter of fixing the rocky relationship with French partner Renault SA as autonomous vehicles and electrification threaten to disrupt the industry.

Ghosn has said the charges of financial impropriety brought against him are false, trumped up by Nissan executives, Japanese prosecutors and government officials who opposed his plans to more deeply integrate the two carmakers. Ironically, it was in a previous crisis two decades ago that Nissan, on the verge of bankruptcy, was rescued by Renault, which took a stake in the Japanese carmaker and sent in Ghosn to turn it around. Ghosn later added Mitsubishi Motors Corp. to the pact, forming the world's biggest carmaking alliance.

Ghosn was arrested in November 2018 at Haneda airport, kicking off a legal saga that would result in him being released on bail, re-arrested and bailed out again. He was facing trial for financial crimes when on Dec. 31, as Japan entered a week-long holiday, Ghosn revealed that he had fled to Lebanon to escape what he described as a "rigged Japanese justice system."

It's still a mystery how Ghosn, one of the most recognizable foreigners in Japan, snuck out of the country despite being under round-the-clock surveillance — an escape befitting a Hollywood thriller.

Theories abound, but it appears that Ghosn flew to Lebanon on a private jet operated by a subsidiary of Turkey's MNG Holding, according to a senior Turkish official with direct knowledge of the matter.

Officials from the Tokyo District Public Prosecutors Office carry bags after raiding the residence of former Nissan Chairman Carlos Ghosn PHOTO: REUTERS

Lebanon gets Interpol arrest warrant for him

REUTERS
Tokyo, 2 January

Lebanon received an Interpol arrest warrant on Thursday for former Nissan boss Carlos Ghosn, while Turkey launched an investigation into his daring escape from Japan via Istanbul.

Ghosn has become an international fugitive after he revealed on Tuesday he had fled to Lebanon to escape what he called a "rigged" justice system in Japan, where he faces charges relating to alleged financial crimes.

Sources close to Ghosn said a delay to a trial and a strict ban on communicating with his wife motivated him to go ahead with a plan to use a private security company to smuggle him out of Japan via private jet.

The Interpol red notice, which calls on authorities to arrest a wanted person, was received by Lebanon's internal security forces and has yet to be referred to the judiciary, a Lebanese judicial source told *Reuters*.

A senior Lebanese security official said it was not yet clear if Ghosn would be summoned for questioning over the warrant but said Lebanon does not extradite its citizens to foreign states.

In past cases, where Lebanon has received red notices for Lebanese citizens resident in the country, the suspects have not been detained but their passports have been confiscated and bail has been set, the judicial source said. Ghosn, who holds French, Lebanese and Brazilian citizenship, has deep ties to Lebanon, the country of his childhood, where his investments include a stake in a bank, real estate and a vineyard.

'I did it alone; my family had no role'

Carlos Ghosn, the former automotive titan who fled criminal charges in Japan, said his wife Carole and other family members played no role in his escape to Lebanon. "I alone organised my departure," Ghosn said in a statement issued through French public relations firm Image7. "My family played no role." BLOOMBERG

'HELL ON THE EARTH' IN AUSTRALIA

Wildfires rage under plumes of smoke in Bairnsdale, Australia. Tens of thousands of holiday makers fled seaside towns on the east coast on Thursday as bushfires approached. Military ships and helicopters have begun rescue operations. Fuelled by searing temperatures and high winds, more than 200 fires are burning across the southeastern states of New South Wales (NSW) and Victoria. The NSW government declared a state of emergency. "It is hell on earth. It is the worst anybody's ever seen," said Michelle Roberts, who owns a café in Mallacoota town where 4,000 people are trapped PHOTO: REUTERS

Google shows AI can spot breast cancer better than doctors

BLOOMBERG
London, 2 January

Artificial intelligence can spot breast cancer more accurately than doctors, according to a study by Google Health.

The technology's reading of mammograms reduced both false positives, where healthy patients are mistakenly diagnosed with the disease, and false negatives, where the cancer is missed, the Alphabet unit said in a blog post. The system reduced false positives by 5.7 per cent in the US, according to the data from more than 28,000 mammograms performed there and in the UK.

Artificial intelligence is particularly good at reading scans, often outperforming experts. Last year, Google published research that showed how the technology could be used to tell whether breast cancer had spread to surrounding lymph nodes, helping pathologists make more accurate diagnoses.

Google is also training artificial intelligence to help determine whether a patient is likely to live or die, mining thousands of data points to help make predictions about outcomes. Still, the company found it has to tread carefully when using patient data. In 2017, British regulators said Alphabet's artificial intelligence unit, DeepMind, violated UK data-protection law when it tested an app that analysed public medical records without telling patients.

The initial findings for the breast cancer study were published in the journal *Nature*. The research was done in partnership with DeepMind as well as Cancer Research UK Imperial Centre, Northwestern University and Royal Surrey County Hospital.

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Amazon threatened to fire climate activists

BLOOMBERG
Seattle, 2 January

A group of Amazon.com employees who pushed the company to combat climate change say Amazon has threatened to fire some of them if they continue to speak out about their employer's internal affairs.

Two were threatened with termination, a spokesperson for Amazon Employees for Climate Justice said, and a total of four were told in meetings that they were in violation of the company's policies on workers speaking to the press and on social media.

Maren Costa, a user experience designer, was threatened with termination after speaking to the Washington Post, according to a statement from the group. "This is not the time to shoot the messengers," Costa said in the release. "This is not the time to silence those who are speaking out."

Jaci Anderson, an Amazon spokesperson, said that the company's external communications policy isn't new. Employees are "encouraged to work within their teams," and may suggest "improvements to how we operate through those internal channels."

The tech industry has been roiled by employee activism in the past couple of years. After Google workers raised concerns about bidding on military contracts, the Alphabet Inc. search giant backed out of a US Defense Department drone program and decided not to bid on a contract to build cloud services for the Pentagon. Employees at Microsoft and Salesforce.com pressured executives about their companies' dealings with US Immigration and Customs Enforcement.

The Amazon Employees for Climate Justice in late 2018 began discussing ways to persuade their employer to curb its contributions to climate change. The e-commerce company to that point had committed to powering some of its infrastructure with renewable energy sources, but stopped short of the bigger commitments — and transparency — promised by some other large tech and logistics companies.

Happy New Year for Sanders, Trump in fundraising hauls

REUTERS
Washington, 2 January

Bernie Sanders raised more than $34.5 million in the last quarter of 2019, the largest three-month haul for a 2020 Democratic presidential candidate, while Republican President Donald Trump drew $46 million on the heels of his impeachment, their campaigns said on Thursday.

The new figures brought Sanders' total campaign fundraising last year to $96 million, making him the leading fundraiser so far among 14 Democrats vying to face Trump in November's presidential election. States begin choosing candidates next month with the Iowa Caucuses on February 3.

Trump, a polarising president popular with a large majority of Republicans but vilified by many Democrats, maintained his formidable fundraising edge over Democrats with a surge of donations following his impeachment last month by the Democratic-led House of Representatives.

"Democrats and the media have been in a sham impeachment frenzy and the president's campaign only got bigger and stronger with our best fundraising quarter this cycle," his campaign manager, Brad Parscale, said in a statement.

Some Democrats have not yet disclosed their fourth-quarter fundraising numbers, but those who did had strong showings. Pete Buttigieg raised $24.7 million in the fourth quarter, a hefty total expected to land him among the top fundraisers in the Democratic field, while businessman Andrew Yang raised $16.5 million, well over the nearly $10 million he took in last quarter.

Sanders, a US senator from Vermont who wants to reduce the sway of corporate America and economic inequality, has built his campaign on small donations, largely through online fundraising from an ethnically diverse, mostly young coalition of supporters.

In their kitty

DONALD TRUMP
raised $46 million

BERNIE SANDERS
raised $34.5 million

Hong Kong's iconic HSBC lions caught in protest cross hairs

One of the two iconic HSBC lions defaced by protersters in Hong Kong. The two bronze lion statues — Stephen and Stitt — stand guard over HSBC Holdings' main offices PHOTO: BLOOMBERG

BLOOMBERG
Hong Kong, 2 January

Experts in Hong Kong could be facing a dilemma unseen in more than six months of protests: How to clean a pair of iconic bronze lion statues that have stood guard over HSBC Holdings' main offices for decades as one of the city's foremost symbols of colonial-era largess.

Demonstrators defaced the lions, nicknamed "Stephen" and "Stitt," Wednesday during a mass march intended to show Beijing they would continue to fight its grip into the new year. They splashed the statues with red and black spray paint that depicted bleeding from the eyes, and a phrase in Chinese saying HSBC had been dyed the red of China. At least one statue was set ablaze. Workers struggled to scrub them clean Thursday morning.

The lions' visages adorn local bank notes issued by HSBC and are a remaining symbol of colonial rule and cultural heritage in the former British outpost. "This is terrible! Worse than even a foreign invasion," one woman said as she passed by. Another woman cried.

HSBC was "saddened" by the attempts to vandalize the lions and initial cleaning was being carried out, a spokesperson for the bank said in a statement. "We are engaging conservation experts to advise us on the professional restoration required and the process can take time. We are committed to doing everything we can to conserve the bronze lions, which form parts of the bank's and Hong Kong's history," it said.

The lions were confiscated by the Japanese during World War II and shipped to Japan to be melted down. They were rescued in 1945 from an Osaka dockyard and restored to their former positions the following year

Stephen and Stitt

HSBC first brought the two lions — animals the Chinese believe bring good fortune and prosperity to those they guard -- to watch over its Shanghai office on the Bund in 1923. They were replicated in 1935 and shipped to Hong Kong, where one was named "Stephen" — after A.G. Stephen, who commissioned the sculptures and served as the bank's chief manager from 1920 to 1924 — and the other "Stitt," after G.H. Stitt, its then-manager in Shanghai.

This isn't the first time the venerated statues have seen trouble: The lions were confiscated by the Japanese during World War II and shipped to Japan to be melted down. They were rescued in 1945 from an Osaka dockyard and restored to their former positions the following year, with shrapnel and bullet marks on Stephen.

The bank has become a target of protesters' ire since closing an account linked to the city's pro-democracy movement in November. In a statement late Wednesday, it condemned the acts of vandalism — which included the lighting of a fire at one branch — and called them "unjustified."

Police last month arrested four people for suspected money laundering linked to the pro-democracy protests and froze HK$70 million ($9 million) in funds related to the Spark Alliance, a group that |helps protesters pay legal fees. HSBC defended its decision to close the account, saying the move was unrelated to the December arrests and followed a "direct instruction" from the customer.

Seeking turnaround, Modi to review ministerial work

Starting Today, Modi and his top officials in the Prime Minister's Office will be briefed by various central ministries and departments on their plans as well as agenda for the next five years

ARUP ROYCHOUDHURY & SANJEEB MUKHERJEE
New Delhi, 2 January

Over the coming few weeks, Prime Minister Narendra Modi is likely to review each department and ministry's work to evaluate their performance. The review could culminate in seeking inputs from them to turn around the economy, after the country witnessed its worst slowdown in 26 quarters in the second quarter of 2019-20.

Starting Friday, Modi and his top officials in the Prime Minister's Office (PMO) will be briefed by various central ministries and departments on their plans as well as agenda for the next five years. They will also apprise the PMO of the work they have done so far in realising the agenda of government's second term in office.

According to sources, the PMO will appraise the departments on their performance over the last six months, and will seek solutions to revive growth. The commerce and industry ministry, among others, will present its report card to the PMO on Friday.

A part of the performance review started last month during the Council of Ministers meeting, with a few key ministries such as agriculture and aviation making their presentations.

The PMO will appraise the departments on their performance over the last six months, and will seek solutions to revive growth

The fresh set of review meetings are scheduled to take place on January 3 and 4, 7 and 8, and 13 and 14, depending upon the time taken by each ministry, *Business Standard* has learnt from government sources.

Officials said there is some talk that the exercise could form the basis for some sort of rejig of portfolios of ministers, but this could not be separately confirmed.

The stock-taking exercise could also throw up valuable inputs for the upcoming Union Budget.

Gross domestic product (GDP) growth fell to 4.5 per cent during July-September. The finance ministry had said the slowdown has bottomed out and that it expects a gradual recovery from the October-December quarter. Others disagree.

The Reserve Bank of India now sees GDP growth for the first financial year under the second Modi government at 5 per cent, compared to the 6.1 per cent it projected earlier. While the finance ministry hasn't put out any revised estimates, officials say it is in line with the RBI.

If GDP growth for the year does come in at around 5 per cent, it will be the slowest growth rate since 2008-09.

On the issue of reviving growth and demand across sectors, officials say some of the topics likely to be discussed at these meetings are the need to boost capital expenditure for infrastructure ministries and revenue expenditure for rural and agricultural departments.

The PMO has debated whether to maintain fiscal discipline or provide stimulus to a flagging economy by sharply increasing expenditure, at meetings with economic advisors and finance ministry bureaucrats. "Fiscal discipline has always been a priority for the political leadership. But the situation this year is extraordinary in some ways. There have been discussions, but no decision has been taken," said an official.

Commission hike fear alarms restaurants

NEHA ALAWADHI
New Delhi, 2 January

There could be yet another war brewing between restaurant owners and aggregators as food ordering apps are believed to be planning an increase in commissions, restaurateurs feel. However, both Swiggy and Zomato have denied such plans.

While restaurants are trying to confirm the rise in commissions, they feel they might have to stop using these services altogether if there is an increase.

Business Standard has learnt that aggregators Swiggy and Zomato might be looking at increasing their commissions by 5 to 10 per cent. At present, aggregators can charge between 5-40 per cent commissions from restaurants listed on their platforms.

"We have heard about this (increase) from some of our members but neither of the aggregators has approached us directly. We have now sought this information from a larger section of our members and, depending on the feedback, we will decide our next course of action," said Anurag Katriar, president, National Restaurant Association of India (NRAI).

The aggregators however, refuted the claims. "Swiggy denies that there has been any unusual increase in commissions for any specific restaurant partner base. Commissions are worked upon at an individual restaurant level and are in line with factors like average order value, delivery costs and other costs that are incurred. Every contract is renewed as per a pre-decided time frame and all terms and conditions, including commissions are mutually aligned with the restaurant partner. This is nothing but business as usual in a marketplace such as ours," said a Swiggy spokesperson.

Zomato also denied increasing commissions. "That is untrue. We are not raising commissions for restaurants." Zomato further said it follows a different payment method for delivery partners and they are not charged a commission. The commission increase would apply to restaurant partners.

HEADED TOWARDS A TUSSLE?

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- At present, aggregators can charge between 5–40% commissions from restaurants listed on their platforms

The previous year was a stormy one for restaurant aggregators and the NRAI, as they were engaged in a public war of words over aggregators' deep discounting programmes. The NRAI had also taken issue with high and uneven commission charges, arbitrary terms and conditions, lack of transparency, customer data masking, aggregators developing their own brands based on customer data, and non-transparent ways of ranking restaurants on their platforms.

No consensus was reached at a meeting held in September.

"As far as NRAI is concerned, we have made it clear to both aggregators that the delivery commission has to be transparent and based on certain measurable metrics like Average Order Value and total volume of business. However, as things stand today, the margins in the business don't give us any scope for upward revision of commission rates to aggregators," added Katriar.

HAL, Wipro join hands for 3D printing in aerospace

Hindustan Aeronautics (HAL) and Wipro 3D, the metal additive manufacturing (AM) business of Wipro Infrastructure Engineering (WIN), have joined hands to design, develop, manufacture and repair aerospace components, using metal 3D printing technology. Prove-outs and certification of components developed using metal 3D printing are other key elements of this pact. The companies hope the initiative will bring metal 3D printing into the mainstream of Indian aerospace. "This further strengthens our collaborative efforts to create additive technology leadership in aerospace," said Pratik Kumar, CEO, Wipro Infrastructure Engineering. SAMREEN AHMAD

UK court remands Nirav Modi to appear on January 30

Fugitive diamond merchant Nirav Modi, fighting extradition to India on charges over the nearly $2-billion Punjab National Bank fraud and money laundering case, was remanded in custody at a hearing and asked to appear on January 30.

Modi appeared for his regular 28-day "call-over" appearance from London's Wandsworth prison at Westminster Magistrates' Court. His extradition trial is scheduled for May 11. Deputy Chief Magistrate Tan Ikram who was the judge, asked if there are any other issues to be discussed now. Modi said no.

The 48-year-old had moved yet another bail application last November with an "unprecedented" house arrest guarantee, akin to those imposed on terrorist suspects, as well as citing mental health issues from being behind bars at Wandsworth Prison in south-west London. PTI

Sri Lanka extends free tourist visa facility until April 30

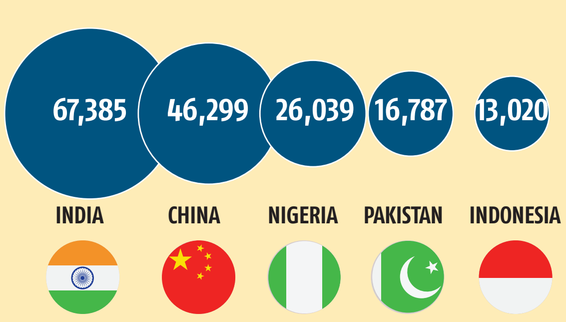
Sri Lanka on Thursday extended the free visa-on-arrival scheme till April 30 for the citizens of 48 countries, including India, Tourism Minister Prasanna Ranatunga said, as the country tries to revive the tourism sector which was hit by the Easter Sunday bombings.

In April, Sri Lanka suspended its plans to grant visa-on-arrival to citizens of 39 countries after the devastating bombings that killed 258 people.

In July, the nation added more countries, after it relaunched the free visa on arrival scheme, which was implemented from August 1. "We have decided to extend this facility due to requests from the stake holders. A Cabinet paper would be submitted for this purpose," Ranatunga said. In the aftermath of the Easter Sunday bomb attacks, the $20 visa fee for South Asian travellers and $35 fee applicable to visitors from the rest of the world were waived off. PTI

AT 67,385, INDIA RECORDS HIGHEST NUMBER OF BABIES BORN ON NEW YEAR'S DAY

India recorded the highest number of babies born worldwide on New Year's Day with the world's second most populous country registering an estimated 67,385 births out of the nearly 400,000 babies born globally on that day, according to UNICEF. An estimated 392,078 babies were born around the world on New Year's Day, according to UNICEF. Of this, an estimated 67,385 babies were born in India, the most globally. China comes in second with 46,299 births. The babies born will add to the world's current population of about 7.8 billion – a population that the United Nations expects could peak at nearly 11 billion around 2100. PTI



RuPay will offer 40% cashback to overseas users

PRESS TRUST OF INDIA
New Delhi, 2 January

The National Payments Corporation of India (NPCI) on Thursday said the home-grown payments technology RuPay will offer 40 per cent cashback for its international card users for transactions in select countries. Indians travelling to the UAE, Singapore, Sri Lanka, the UK, the US, Spain, Switzerland, and Thailand will be able to earn up to ₹16,000 cashback per month by getting their RuPay International Card activated, the NPCI said in a release.

To avail the cashback benefit, customers will have to do a minimum transaction of ₹1,000 and the maximum cashback is capped at ₹4,000 for a single transaction

With RuPay International cards — JCB, Discover, and Diners Club — customers using multiple cards can earn more cashbacks under the 'RuPay Travel Tales' campaign. To avail of the cashback benefit, customers will have to do a minimum transaction of ₹1,000 and the maximum cashback is capped at ₹4,000 for a single transaction. The offer can be availed of by customers using RuPay International Card four times a month. Praveena Rai, COO, NPCI, said, "The campaign is not only for travellers to earn cashbacks but also motivating them to migrate towards digital transactions nationally, globally".

Apart from earning cashbacks, RuPay International cardholders can access to RuPay affiliated domestic/international airport lounges. They also can avail attractive offers on booking international fights and hotels in association with Thomas Cook and MakeMyTrip, the release said. RuPay has a partnership with Discover Financial Services and Japan-based JCB International, allowing RuPay users the access to across 190 countries.