WEDNESDAY, 8 JANUARY 2020 16 pages in 1 section MUMBAI (CITY) ₹9.00 VOLUME XXIV NUMBER 104

THE MARKETS ON TUESDAY		Chg#
Sensex	40,869.5 🔺	192.8
Nifty	12,053.0	59.9
Nifty Futures*	12,106.7 🔺	53.8
Dollar	₹71.8	₹71.9**
Euro	₹80.3	₹80.6**
Brent crude (\$/bbl)** 68.6**	69.0**
Gold (10 gm)***	₹40,375.0▼	₹303.0
*(Jan.) Premium on Nifty # Over previous close; #		

Market rate exclusive of VAT; Source: IBJA

NIRBHAYA CASE CONVICTS TO BE HANGED ON JAN 22

Four convicts in the 2012 Nirbhaya gangrape and murder case will be hanged on January 22 at 7am in Tihar jail, a Delhi court said on Tuesday. The order was pronounced by Additional Sessions Judge Satish Kumar Arora, who issued the death warrants against the four convicts -Mukesh (32), Pawan Gupta (25), Vinay Sharma (26) and Akshay Kumar Singh (31). During the hearing, the prosecution said there was no application pending before any court or the President right now by any of the convicts and the review petition of all the convicts was dismissed by the Supreme Court.

ECONOMY & PUBLIC AFFAIRS P14 Dissuade staff from joining strike today: Govt to PSUs

The government has asked public sector undertakings to dissuade their employees from participating in the 'Bharat Bandh' called on Wednesday and advised them to prepare a contingency plan to ensure smooth functioning of the enterprises. Ten central trade unions have said around 250 million people will participate in the nationwide strike to protest against the government's "anti-people" policies.

THE SMART INVESTOR P8 Sensex gains 193 points; Nifty reclaims 12K-mark

The benchmark Sensex recovered by 192.84 points and the broader Nifty reclaimed the 12,000-level on Tuesday. Given that there were no fresh aggressive moves by either the US or Iran, crude oil prices eased on the day. After rallying 553.51 points during the session, the Sensex closed 192.84 points, or 0.47 per cent, higher at 40,869.47. Similarly, the broader Nifty rose 59.90 points, or 0.50 per cent, to finish at 12,052.95.

ECONOMY & PUBLIC AFFAIRS P5 **IBBI: Disqualified parties** barred from liquidation

Promoters or related parties disqualified from taking part in the insolvency resolution will now be debarred from participating in the liquidation process, according to a notification issued by the Insolvency and Bankruptcy Board of India (IBBI) on Tuesday. Such persons will also not be eligible to enter into any settlement with creditors of the insolvent company under Section 230 of the Companies Act, the IBBI has clarified, writes RUCHIKA CHITRAVANSHI



BACK PAGE P14 WON'T LET INDUSTRIES MOVE OUT OF MAHARASHTRA: UDDHAV

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GDP growth may hit decade's low this year

NSO sees investment growth at 0.97%, lowest in 15 years

ABHISHEK WAGHMARE New Delhi, 7 January

ndia is set to clock economic growth of 5 per cent in the current fiscal year, sharply down from last year's achievement of 6.8 per cent, showed the data released by the National Statistical Office (NSO), on Tuesday.

This will be the lowest pace of growth since 2008-09 (FY09), the year of the global financial crisis. The estimate is, however, in line with the Reserve Bank of India's (RBI) projection for the year.

Importantly, manufacturing is expected to grow at 2 per cent in FY20, the lowest since at least FY06, and would make the current industrial slowdown



the worst in nearly two decades. Similarly, investments are projected to grow at only 0.97 per cent — the lowest in at least 15 years. In fact, investments

as represented by gross fixed capital formation (GFCF at constant prices) were slated to contract by 0.5 per cent in H2FY20, the sharpest decline in about two decades. The share of investments in the economy has reduced to one-fourth in two decades, from one-third. The investment rate (or rate of GFCF to GDP in nominal terms), at 28.1 per cent, is slated to be the worst since FY05.

Industrial activity and investment had not declined to such a low even in the year of the financial crisis and the subsequent years during, which the Indian economy was among the "fragile five".

This points to rising uncertainty regarding economic growth and jobs,

ECONOMY & PUBLIC AFFAIRS PAGE 4



especially in FY21.

In nominal terms, India's gross domestic product (GDP) is expected to grow at 7.5 per cent, a multi-decade low, suggesting that tax revenues and individual incomes may remain under stress.

State Bank of India reduced its annual growth forecast from 5 per cent to 4.6

ADVANCED ESTIMATES SHOW

per cent, after the release of the NSO data. "The NSO estimate has a shelf life of two months, and is used only for Budget

arithmetic. At this pace, GDP in FY25 would be close to \$4.5 trillion, short of the \$5-trillion target," the bank said in its report, authored by chief economist Soumya Kanti Ghosh. Turn to Page 11

| GROWTH IN FARM LIKELY TO | GROWTH PROSPECTS LOOK DIM FISCAL SLIPPAGE A CERTAINTY REMAIN SUBDUED AT 2.8% FOR FY21 TOO: ECONOMISTS

AI sale on runway as GoM clears tender

Govt gives nod to hive off another ₹20,000 cr in debt and liabilities

BRANDS GATHER AROUND

FOR THE RAJINI STARDUST

BRAND WORLD P11

ARINDAM MAJUMDER & ANEESH PHADNIS New Delhi/Mumbai, 7 January

A group of ministers (GoM) on Tuesday finalised the sale of the entire government stake in state-owned Air India (AI). The alternative mechanism for AI, led by Home Minister Amit Shah, approved the Expression of Interest (EoI) for prospective suitors in the airline. The public announcement through newspaper advertisements will be done within two weeks, officials involved in the sale process said. The GoM also gave in-principle

approval to hive off around ₹20,000 crore of additional debt and liabilities to a special purpose vehicle, to nake it more attractive

	make it more attractive	
E 12	to prospective buyers.	
	"The committee	
ILOTS'	has approved the	
ON CALLS	Expression of Interest,	
VOTE ON	share purchase agree-	
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DLVENCY	ing of further debt	
	today. The FoI will be	

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he EoI will be open to bidders and public shortly," a senior government official said.

This is the third time the government is trying to privatise AI. The Centre had in 2017 tried and failed to sell the carrier as no bidders responded to the EoI. According to the audited accounts of the carrier, at the end of FY19, it had ₹58,351 crore of debt. A successful sale will help the government save money for welfare schemes, from its already stretched revenue. Till FY19, it had infused ₹30,000 crore in the airline but failed to revive its fortunes.



FUELLING THE MAHARAJA Infusion (₹/crore)

TOTAL: ₹29,720 CR 7,000



COMPANIES PAGE 2

Roadshows for BPCL, Concor veer off the beaten track

SHINE JACOB

No information memorandum, no data room and selective invitation. This may appear unconventional for any stake sale, but this was how the roadshows abroad were conducted by Dipam.

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Stressed power assets: 25 still in lurch RBI may put weak SHREYA JAI New Delhi, 7 January

FAULTY LINES

The power generation sector, which has the highest load of non-performing assets (NPAs), worth ₹2 trillion, saw a minimal resolution of stressed projects in the current financial year despite the relaxed norms of the Reserve Bank of India (RBI) in this regard. Of the 36 identified stressed assets, seven have been resolved debt-restructuring through schemes by lenders. These include Jaypee's Praygaraj, which was bought by a joint venture of Tata Power and ICICI Bank; the Lanco Teesta Hydropower project, which was taken over by state-owned NHPC; and Rattan India Power's Amravati power project, which was sold to a consortium led by Goldman Sachs. Adani Power has bought two assets GMR's stressed Chhattisgarh power project and Avantha Group's Korba West power project. With the RBI's extended resolution deadline of January 7 getting over, 25 are awaiting favourable debt restructuring.

RESOLVED Asset aypee Prayagrai Lanco Teesta

KS Binikote

UNRESOLVED

Essar Tori

GMR Chhattisgarh

GMR Kamalanga

Avantha Jhabua

Rattan India Nashik

YES Bank board to discuss fund raising on January 10

Private lender YES Bank will hold a board meeting on January 10 to discuss fund raising. The bank has been in discussions with potential investors to raise funds for a long time. In an exchange filing, YES Bank said it would discuss and consider raising of funds by issue equity shares or depository receipts/ convertible bonds/debentures or any other equity-linked securities.

Mumbai saw 7% jump in home launches in 2019

Mumbai saw the highest number of homes launched in calendar year 2019, at 79,810 units – a 7 per cent increase over the previous year. It was followed by Pune at 44,660 units (a 37 per cent rise), and Bengaluru at 33,772 units 14 (a 23 per cent increase).

GMR Warora Source: Power Finance Corporation, private power producers, finance ministry

for 9-12 cases. Their lead lender is Power Finance Corporation, which is a non-banking financial company (NBFC) and exempt from the RBI's deadlines, which are mandatory for banks.

Of the 25 projects waiting to see resolution despite the pit stop measures taken by the Union government, 14 have been submitted for insolvency proceedings at the current financial year. It also initi-National Company Law Tribunal (NCLT). There are four assets — However, there is a silver lining GMR Kamalanga, GMR Warora, for 14 assets totalling ₹14,762 crore.

Essar Tori, and Rattan India Power Nashik — which are undergoing debt resolution outside the NCLT. Of the ones not resolved, there are close to 10 assets of 11.000 Megawatt (Mw), which are incomplete and are unlikely to find any takers

PFC submitted 15 projects worth ₹14,704 crore to the NCLT in the ated a resolution process outside the NCLT, along with other lenders,

PFC made a provision of ₹16,275 crore in its account book for its outstanding loans during 2019-20 (as of the second quarter/first half FY20).

Buyer

NHPC

Rattan India Amravati > Goldman

▶Tata Power

Agritrade

Adani Power

Resolution outside NCLT

Resolution outside NCLT

Resolution outside NCLT

Resolution outside NCLT

Bids received in NCLT

ONGOING

"PFC is hopeful of resolution of four projects by January 2020 and one by June. There are nine projects with debt exposure of ₹2,629 crore which will not be impacted by the RBI's circular," said the lender's investor presentation in September 2019. These are the ones where PFC is the lead lender.

Turn to Page 11 🕨

New Delhi, 7 January

In a first, the Reserve Bank of India (RBI) is planning to auction private sector banks that have been suffering from poor financial health for a prolonged period.

This is part of the RBI's plan to adopt a differentiated regulatory regime for public and private banks under the Prompt Corrective Action (PCA) framework.

The banking regulator is seeking an early exit mechanism for private banks under PCA. One measure it is exploring is to auction these banks, said an RBI executive, requesting anonymity.

"Private banks cannot remain under the PCA

framework forever. If the promoters are unable to revive the bank for a long period of time, the RBI may look to auction the assets, liabilities, and operations of the bank," the executive said.

At present, there are six

lenders under the RBI's PCA

framework that includes two

private banks - IDBI Bank and

DISTRESS SIGNAL RBI considering

auction of private banks that have been under PCA for long

PCA norms for both private and public sector banks are common

Of six lenders under PCA at present, private ones are IDBI Bank and Lakshmi Vilas Bank

Banks placed under PCA framework if they breach thresholds related to NPA and capital adequacy

Lakshmi Vilas Bank. While IDBI Bank came under the PCA in May 2017, Lakshmi Vilas Bank followed suit in September 2019. To date, the RBI has adopted

the merger route to address the fragile health of private banks.

In the last such instance, the RBI had put a moratorium on the erstwhile United Western Bank in September 2006, in view of its poor capital base. Following this, 17 entities had submitted an expression of interest and the RBI decided to merge UWB with IDBI, after imposing a month's restrictions on operations.In 2004 too, it had merged private lender Global Trust Bank with state-owned Oriental Bank of Commerce after imposing a three-month moratorium. However, no weak private bank has been auctioned so far.

'The regulator is empowered to do so under existing laws. Earlier, the RBI would use its discretion to address the fragile health of private banks through forceful mergers. But it didn't include a plan to auction banks. This seems to be a progressive approach followed by the RBI, as the shareholders will be able to extract the best value out of the failing bank. It's good for the svstem," said Ashvin Parekh, managing partner at consulting firm Ashvin Parekh Advisory Services.

The Federal Deposit Insurance Corporation, an independent agency in the US with the mandate to look into bank resolution, auctions failing financial institutions to healthy banks. Turn to Page 11

Move over Siri, Alexa: Say hello to NEON

Pranav Mistry-led Samsung STAR Labs unveils 'artificial' human at Consumer Electronics Show in Las Vegas

BIBHU RANJAN MISHRA Bengaluru, 7 January

You have experienced the world of artificial intelligence (AI) through chatbots and personal assistants like Siri and Alexa. But the countdown has begun for AI-powered artificial humans, who can 'converse and sympathise' like real people.

Samsung's STAR Labs, headed by well-known computer scientist Pranav Mistry, has unveiled a new kind of AI called NEON, which looks and behaves like a real human. The technology allows for the creation of customised digital beings, which can be designed to be 'television anchors, financial advisors, or movie actors' or simply 'companions and friends'. The announcement was made at the opening of the 2020 Consumer



The artificial human called NEON, which is yet to enter the beta testing phase, will be made to look and behave like a real human

Electronics Show (CES) in Las to come into being as the Labs is Vegas on Tuesday. building the key technologies in Mistry, however, made it clear phases. "We are doing this technolthat the NEON will take some time ogy for a long time and we wanted to keep it to ourselves until we thought this is the prime time to give the world a preview," said Mistry, who is known for his inventions of SixthSense and Samsung Galaxy Gear among others.

"Of course, it may take a couple of years, or maybe decades for the product to be complete. That is what I am so excited about because it is not about building something which won't last for two-three years. A lot more interesting things can keep coming and that is what will make the NEON different," he said.

NEON, he said, is not like an AI assistant or any other voice assistant. While those act as an interface to the internet to deliver answers or search for the best answer to a query one is looking for, human emotions and expressions are at the core of NEON, which is powered by the company's proprietary CORE R3 technology platform that also gives visual shape to the visual virtual character. They can be somewhat similar to a living being or even a unique look, depending on the task it performs.

CORE R3 is a blend of technologies, including behavioural neural network, evolutionary generative intelligence, and computational reality, which bring lifelike reality and real-time responsiveness to NEONs. Unlike the prevalent video manipulation techniques, Mistry savs the platform can give a voice or face to any earlier captured data and create unique behaviour or interaction in less than 20 milliseconds, which is almost similar to humans. Turn to Page 11

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