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THE MARKETS ON WEDNESDAY		Chg#
Sensex	40,817.7▲	51.7
Nifty	12,025.3▲	27.6
Nifty futures*	12,063.5▼	38.2
Dollar	₹71.7	₹71.8**
Euro	₹79.8	₹80.3**
Brent crude ($/bbl)##	67.7##	68.5**
Gold (10 gm)###	₹40,687.0▼	₹312.0

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

WORLD P6

FOR CARLOS GHOSN, 'IT WAS ESCAPE OR DIE IN JAPAN'

COMPANIES P2

AUTO SCRAPPAGE POLICY A WAY TO START REVIVAL: SAJJAN JINDAL

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Breather for India Inc likely on CMD norm

Sebi may extend March 31 deadline for splitting of roles

SHRIMI CHOUDHARY
New Delhi, 8 January

The Securities and Exchange Board of India (Sebi) is considering relaxing the March 31 deadline for listed companies to separate the positions of chairman and managing director (CMD).

While the market regulator gave ample time to India Inc to adhere to the rule, not many corporate houses have complied with it. Many tycoons do not want to relinquish the position of chairman, who heads the board of directors. Instead, they want to give up the role of managing director, who manages the day-to-day affairs of the company.

"The government and the market regulator have started consultations and are reviewing the implementation of the rule, considering certain apprehensions they have received from stakeholders," said a person privy to the development.

While the degree of relaxation in the deadline or final rules governing the issue is yet to be decided, there will be no change in the basic nature of the regulation, the person added.

The development has come following hectic lobbying by corporate groups and industry bodies in the past two months. India Inc had petitioned the government and Sebi in November to review the rule mandating the split of posts and also barring relatives from holding key positions.

After the last board meeting, when queried, Sebi Chairman Ajay Tyagi had neither accepted not denied that the regulator was considering any relaxation.

He had said the norm was aimed at improving corporate governance, and that corporates had been given enough time to meet the requirement. Sebi is not favourable to concentrating powers in one individual, particularly when the individual is the promoter of a company, said source.

According to the new governance norms, the top 500 listed firms by market capitalisation have to comply with the provisions by April 1. Turn to Page 17

RESPITE ON THE CARDS

Mukesh Ambani RIL | Sanjiv Mehta HUL | Sanjiv Puri ITC | Kiran Mazumdar-Shaw Biocon

247 companies of the top 500 that are yet to decide on creating independent roles for chairman & MD

- Sebi feels separate roles will allow the board of directors to act more independently
- Corporate groups and industry bodies have been lobbying against the norm for the past two months
- They argue the move will not guarantee effective board leadership
- Many do not want to relinquish the position of chairman

Overseas probe against Adani firms revived

SC stays HC order quashing LRs issued in coal import case

AGENCIES
New Delhi, 8 January

The Supreme Court has revived the revenue department's bid to investigate billionaire Gautam Adani's companies, which it claims got undue tax benefits by overvaluing coal imports.

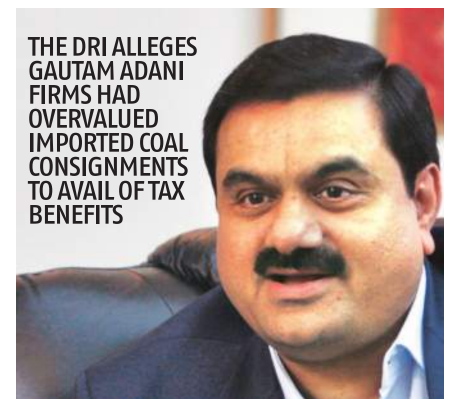
A three-judge Bench headed by Chief Justice S A Bobde on Wednesday put on hold the Bombay High Court's decision to quash all letters rogatory (LRs) sent by the Directorate of Revenue Intelligence (DRI) to Singapore and other countries. This will allow the revenue office to seek information on the case from overseas. The apex court also asked Adani Enterprises and Adani Power to submit their stance.

LRs are sent to investigative or judicial agencies in other countries when some information is required during a probe of off-shore entities.

The DRI alleges that the Adani group companies had overvalued about 1,300 consignments of coal imported from Indonesia to avail tax benefits in India between 2010 and 2016.

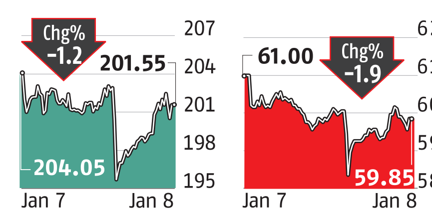
The group routed the imports through several countries and siphoned off money, according to the agency.

Requests to cooperate with the investigation were sent to Singapore, the UAE, Hong Kong, and the British Virgin Islands in 2016. Turn to Page 17



THE DRI ALLEGES GAUTAM ADANI FIRMS HAD OVERVALUED IMPORTED COAL CONSIGNMENTS TO AVAIL OF TAX BENEFITS

GROUP STOCKS FALL



ECONOMY P4

SEBI REVIEWS PENALTY ON RATING AGENCIES

Rating agencies CARE, ICRA and India Ratings may have got away lightly for their lapses in assigning ratings to the non-convertible debentures of Infrastructure Leasing and Financial Services (IL&FS), feels the Securities and Exchange Board of India. The markets regulator is planning to review the ₹25-lakh penalty, which had been imposed by its adjudicating officer on the three rating firms last month. Sources said the settlement amount could be revised up to four times upwards.The crisis at IL&FS, whose board was superseded by the government, had come to the spotlight in September 2018. **Shrimi Choudhary** writes

IRAN SAYS KILLED 80 'US TERRORISTS'; TRUMP DENIES

US President Donald Trump said on Wednesday that no Americans were harmed in the attack by Iran on US bases in Iraq. His remarks came hours after Iran launched over a dozen ballistic missiles in a pre-dawn attack targeting at least two bases where US military and coalition forces are stationed in Iraq. The Iranian state television claimed that "at least 80 terrorist US soldiers" were killed in the strikes. 6

WORLD P6

Passenger jet crash in Iran kills all 176 on board

A Ukrainian airliner crashed shortly after take-off from Tehran on Wednesday, bursting into flames and killing all 176 people on board. Debris and smouldering engine parts from the Boeing 737 were strewn across a field southwest of the Iranian capital where rescue workers in face masks laid out scores of body bags.

COMPANIES P3

Jet receives another EoI after Synergy Group

Jet Airways has received a second expression of interest for reviving the grounded airline. This comes after South America based Synergy Group submitted an EoI for Jet late last week. The Resolution Professional of Jet Airways informed the bankruptcy tribunal — NCLT —that they have received two EoI's so far and the second EoI they have received is from a non-aviation company with high net worth.

Maruti Suzuki production up 7.9% in December

The country's largest carmaker Maruti Suzuki India on Wednesday reported a 7.88 per cent increase in production in December at 1,15,949 units, the second successive month of hike after reducing it for nine months in a row due to demand slump.

BS SPECIAL ON THURSDAY

TECHNOLOGY:
From farm to fork 14

Supply chain firm Ninjacart is using technology to connect farmers with retailers and cart 1400 tonnes of fresh produce every day, writes **PEERZADA ABRAR**

COMPANIES P2

Telcos seek open court hearing in SC on AGR

Telecom majors, including Bharti Airtel and Vodafone Idea, on Wednesday sought an open court hearing of their pleas seeking review of certain directions of the Supreme Court on recovery of past dues amounting to ₹1.47 trillion from telecom service providers. The recovery of past dues by the government was based on adjusted gross revenue of about ₹92,000 crore.

BHARTI AIRTEL LAUNCHES $2 BN SHARE SALE 2

Cabinet eases rules to mine, sell coal

Ordinance removes end-use restrictions

SHREYA JAI
New Delhi, 8 January

The Union Cabinet on Wednesday relaxed the qualification criteria and regulations for mining and selling coal in the country. With this, the entry of foreign players and non-coal dependent companies in the coal mining sector has been eased. So far, only companies involved in the power, metals and mining industry could participate in bidding for coal blocks.

The amended rules will also imply more sellers of coal, which is currently in the hands of state-owned Coal India Limited. Also, all end-use restrictions have been removed. Under the new regime, existing private coal block owners would be able to sell surplus coal in the open market.

The Centre has promulgated an Ordinance in Coal Mining Special Provisions (CMSP) Act, 2015, and also Mines & Minerals Development Act (MMDR), 1957, to introduce changes in the auction of coal blocks and their end-use relaxations. The Ordinance is yet to be signed by the President.

The announcement comes four years after the Centre enabled commercial mining and sale of coal by private companies under the CMSP Act, 2015. A year later, it approved the methodology for auctioning coal mines for commercial purposes to private companies. In 2019, around 25 blocks were earmarked for auction but the bidding did not take place.

The Coal Ministry had then allowed 25 per cent of coal to be sold in open market by prior owners, a move that was questioned by the Finance Ministry.

Turn to Page 17

MINING BOOST

- Any company/industry can bid for coal blocks, mine and sell coal
- Foreign companies with Indian registration also allowed
- Existing coal block owners allowed to sell coal
- Unexplored mines to be auctioned

DECEMBER QUARTER PREVIEW

Corporate earnings may worsen

Banks, OMCs are expected to bring most of incremental growth

KRISHNA KANT
Mumbai, 8 January

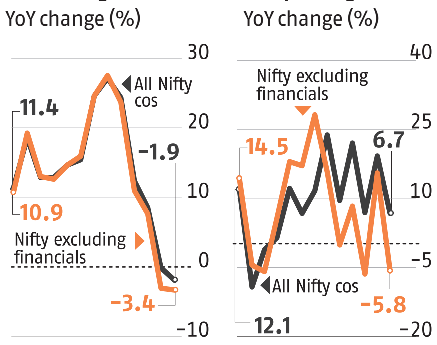
Corporate earnings during the October-December 2019 quarter (Q3FY20) are likely to give a contrasting picture. Analysts expect an improvement in net profit growth, thanks to the gains from the cut in corporate tax and a better showing by retail lenders, but the contraction in revenues is likely to get worse, indicating a further weakness in aggregate demand in the economy. This, analysts say, rules out a quick growth recovery, presenting a fresh challenge for corporate planners.

The combined net profit of the Nifty 50 companies is expected to grow by 6.7 per cent year-on-year (y-o-y) during Q3FY20, as against 19.3 per cent growth in the second quarter. This translates into a combined net profit of ₹1.01 trillion compared with ₹0.95 trillion a year ago.

In contrast, their combined net sales (net interest income in the case of lenders) are expected to decline by around 2 per cent y-o-y during the third quarter, as against 0.2 per cent decline in the second quarter of the current fiscal year, making it the worst slowdown for the country's top-listed firms in many years. Companies are expected to report the combined net sales of ₹9.30 trillion for Q3FY20, as against ₹9.45 trillion a year ago.

The above analysis excludes Tata Motors, which reported a one-time net loss of around ₹27,000 crore during Q3FY19 on account of the write-down of its equity in JLR. Turn to Page 17

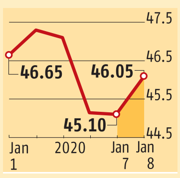
LONG WAY TO RECOVERY



Note: All quarters exclude Tata Motors as it reported a large one-time loss in Q3FY19
Sources: Capitaline, brokerage estimates

STOCKS IN THE NEWS

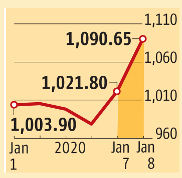
YES Bank



Board meeting on January 10 to consider fundraising plan

₹46.05 CLOSE
▲ 2.11% UP*

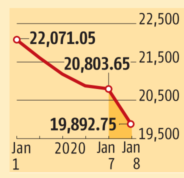
Navin Fluorine International



Commenced commercial production at its Dewas plant

₹1,090.65 CLOSE
▲ 6.74% UP*

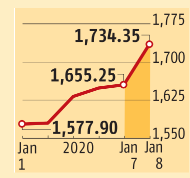
Eicher Motors



Down for seventh straight day on weak sales data

₹ 19,892.75 CLOSE
▼ 4.38% DOWN*

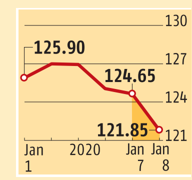
NIIT Technologies



Closes above proposed share buyback price of ₹1,725 per share

₹1,734.35 CLOSE
▲ 4.78% UP*

Indian Oil Corporation



Top loser among the oil & gas stocks

₹121.85 CLOSE
▼ 2.25% DOWN*

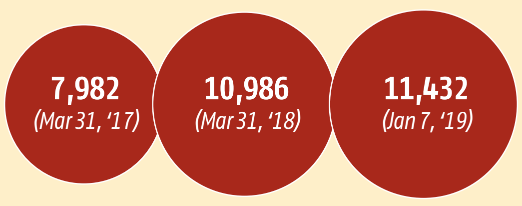
* OVER PREVIOUS CLOSE

MURUGAPPA HOLDCO INVESTMENT VALUE SURGES TO ₹11.4K CR

Ambadi Investments, the holding company of the Murugappa Group, which is caught in a family dispute, saw the market value of its investments rise 37 per cent YoY, as on March 31, 2018, to ₹10,986 crore, according to the latest annual report. As on January 7, the value of its investments was slightly higher at over ₹11,400 crore, based on the holdco's shareholding till September 2019. Valli Arunachalam, one of the heirs to the 119-year old ₹37,000-crore Murugappa Group, who claims that her family holds over 8% shares in the holding company, is fighting for a seat on the board of Ambadi Investments, or fair market value for her stake in the holding company. The eight-member male-only board had eight directors, including six from the family, and two independent directors. Arunachalam said that she was fighting a lone battle for equal rights for women in the boardroom. **T E NARASIMHAN**

AMBADI INVESTMENTS

Investment value of listed associate companies (₹ cr)



KEY ASSOCIATE COMPANIES

	Direct stake (%) *
EID Parry (India)	38.47
Cholamandalam Financial	37.87
Tube Investments of India	36.72
Kartik Investments Trust	30.64
Carborundum Universal	29.61
Cholamandalam Investment and Finance	4.31

* As on Sep 2019; sources: Company's annual report; compiled by *Business Standard* Research Bureau based on Capitaline data

IN BRIEF

Over 87% Gati shareholders vote for sale to Allcargo

Despite a strong bid to stall the deal by a section of the promoter family of logistics firm Gati, the company on Wednesday said it has received an overwhelming response from its shareholders for the proposed stake sale to Allcargo Logistics with over 87 per cent of them voting in favour of the deal. The announcement comes amidst Gati founder Mahendra Agarwal's wife Neera and sons Dhruv and Manish last month approaching the capital markets regulator Sebi against the open offer from Allcargo to purchase additional 26 per cent shares of Gati as part of the deal, citing various court cases against Agarwal and a Hyderabad court order to attach his 1.6 million shares. **PTI**

IBM appoints firm veteran Sandip Patel new India MD

IBM on Wednesday announced the appointment of Sandip Patel as the new managing director for India and South Asia. Patel, who has been with the firm since 2002, succeeds Karan Bajwa, who has decided to pursue opportunities outside of IBM. The firm also said that its Asia Pacific CEO, Harriet Green has also decided to retire from the company. **BS REPORTER**

R Ananthanarayanan appointed CEO & MD of Strides Pharma

Strides Pharma Science on Wednesday said its board has appointed R Ananthanarayanan CEO and MD of the company effective January 9. He will succeed Arun Kumar, founder and the incumbent CEO and MD of the company, Strides Pharma Science said. **PTI**

TikTok expands community norms for transparency

TikTok on Wednesday said it would remove content that threatens violence or depicts harm to individuals/groups based on attributes including religion, immigration status and national origin. **PTI**

TELCOS AFTER AGR RULING

Airtel launches $2-bn share sale

Also raising $1 billion via bonds due in 2025; this is the biggest equity raising by an Indian corporate in a financial year

DEV CHATTERJEE & KRISHNA KANT
Mumbai, 8 January

India's second-biggest wireless telephony major, Bharti Airtel, has begun marketing its $2-billion (₹14,350 crore) equity issuance to institutional investors to pay the AGR (adjusted gross revenues) dues to the central government within the January 23 deadline set by the Supreme Court. The company will also raise an additional $1 billion (₹7,155 crore) as convertible bonds due in 2025, according to the terms of the transaction.

The equity offering comes within months of Bharti Airtel raising ₹25,000 crore ($3.5 billion) from shareholders through a rights issue, making the combined exercise of ₹40,000 crore ($5.5 billion) the biggest ever equity raising by any Indian corporate within a financial year.

In May, Airtel had raised funds from its shareholders at ₹220 a share through a rights issue.

On Wednesday, the company's stock closed at ₹459 a share, giving more than 100 per cent returns since the rights issue.

With this latest sale, Airtel will cumulatively raise around ₹1.35 trillion since April 2014 either by way of equity or debt. A little over half of the fresh funds have come through the equity route thanks to the company's higher market capitalisation compared to industry peers. As on Wednesday, Bharti's market cap was ₹2.35 trillion, compared to ₹18,700 crore of Vodafone Idea.

In all, Airtel has raised about ₹65,000 crore through fresh share sale or equity issuances since April 2014. In the same period, the company made fresh borrowings worth around ₹70,000 crore.

The numbers are based on changes in the company's balance sheet since the financial year 2014-15 (FY15) and upto September 2019.

The company's balance sheet also suggests that it made fresh borrowings worth around ₹10,000 crore during the six months ending September 2019. This makes Airtel one of the biggest fund raiser in the past five years, which has otherwise been a tepid period for capital mop-up by corporate India.

On Wednesday, the company's stock closed at ₹459 a share, giving more than 100 per cent returns since the rights issue PHOTO: BLOOMBERG

SHARES RISE (₹)

FIRM'S KEY PERFORMANCE INDICATORS (OCT-DEC '19)

758,897 Mobile services voice minutes (mn)

138,443 Data customer base ('000)

123,793 4G customer base of the total ('000)

13,928 Data usage per customer (MBs)

16,308 Digital TV customers ('000)

101 Net additions ('000)

Airtel refused to comment on its fundraising plans on Wednesday. The company had taken shareholders' approval to raise $2 billion by way of equity at an extraordinary general meeting last week.

The fundraising — led by Citibank, Goldman, Kotak and Axis Capital as bankers — will see participation by foreign and domestic institutional investors, who are betting on Bharti Airtel's future in spite of the massive ₹35,500 crore AGR dues the company needs to pay before January 23. Vodafone Idea, too, is expected to pay ₹53,000 crore worth of dues to the Indian government, according to the apex court judgment.

The promoters currently own a 62.7 per cent stake in the company, which fell by four percentage points in the rights issue after Bharti Telecom, one of the promoter entities, had renounced a part of its share in the rights subscription in favour of GIC of Singapore.

Analysts say frequently raising capital has allowed Airtel to fund new capex to keep pace with the deep pocketed Reliance Jio without straining its balance sheet, unlike its peers such as Vodafone Idea.

The fresh equity issue and the resulting rise in its equity base and networth also allowed Airtel to easily absorb the AGR liability and maintain key balance sheet ratios such as debt to equity and debt to ebitda (earnings before interest, tax, depreciation and amortisation) ratio within reasonable limits, raising investors' confidence in the stock.

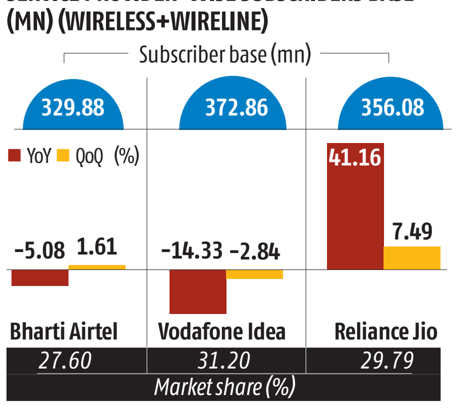
Airtel reported debt to equity ratio of around 1.8x at the end of September, against Vodafone Idea's 4x. Analysts expect Airtel leverage ratio to improve to around 1.55x after the fundraising.

TELECOM PERFORMANCE IN Q2: AGR DROPS 4.5 % QoQ

In the July-September quarter of 2019, adjusted gross revenue (AGR) of the telecom sector declined 4.5%. However, on a year-on-year basis, it was up 3.3%, according to the telecom services performance indicator report by Telecom Regulatory Authority of India (Trai). Gross revenue and AGR of the telecom services sector for the quarter was ₹59,992 crore and ₹37,338 crore, respectively. Access services contributed 74.78% of the total AGR of telecom services. Reliance Jio reported 6.75 per cent growth in AGR during the quarter, with Airtel's and Vodafone Idea's declining 2.32% and 6.82%, respectively. Note that telcos introduced tariff hikes in the following quarter. **ROMITA MAJUMDAR**

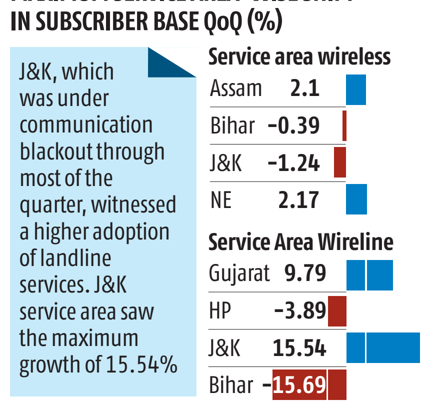
ILLUSTRATION BY BINAY SINHA

SERVICE PROVIDER-WISE SUBSCRIBERS BASE (MN) (WIRELESS+WIRELINE)

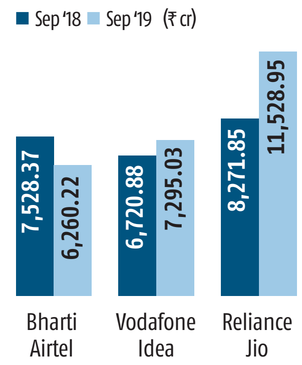


MAXIMUM SERVICE AREA-WISE SHIFT IN SUBSCRIBER BASE QoQ (%)

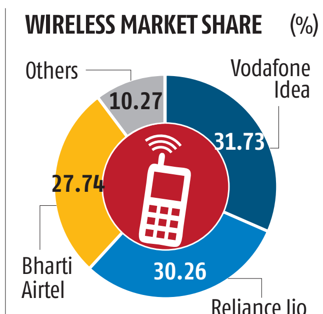
J&K, which was under communication blackout through most of the quarter, witnessed a higher adoption of landline services. J&K service area saw the maximum growth of 15.54%



ACCESS SERVICES – SERVICE PROVIDER-WISE AGR



WIRELESS MARKET SHARE (%)



Source: Trai (Bharti Airtel has reported the wireless subscribers, including the subscribers of M/s TataTeleservices for QE September 2019. However, DoT has not yet approved merger of them)

AGR case: Big telcos for open court hearing

Telecom majors, including Bharti Airtel and Vodafone Idea, on Wednesday sought an open court hearing of their pleas seeking review of certain directions of the Supreme Court on recovery of past dues amounting to ₹1.47 trillion from telecom service providers.

The recovery of past dues by the government was based on adjusted gross revenue of about ₹92,000 crore.

The plea seeking an open court hearing was mentioned before a Bench headed by Justice Arun Mishra, who said he will take a decision after talking to Chief Justice S A Bobde. The apex court had on October 24 last year upheld the AGR definition formulated by the Department of Telecom (DoT) and termed as 'frivolous' the nature of objections raised by telecom service providers. Airtel, in its plea, had sought review of the directions on aspects of levy of interest, penalty and interest on penalty relating to AGR, a source had said. **PTI**

'Auto scrappage policy a way to start revival'

SAJJAN JINDAL, chairman of the $14-billion JSW Group, talks to **Pavan Lall** on what is driving his recent flurry on share buybacks, JSW Steel's expansion plans, and how a stringent auto scrappage policy would help in a turnaround. Edited excerpts:

How do you see the economy shaping up?
The Indian economy is connected to global geo-politics and over the last year, a lot has happened. The US-China trade war took place as well as Europe and Japan went into negative growth. That also played big for India. It has been challenging and most economies have suffered in the past year.

In that context, what challenges do you see in growing JSW Steel to the stated target of 45 million tonnes per annum (MTPA) in another five years which is more than double of what you are now?
Our goal remains the same and the government has taken steps to kickstart the economy. If we are to become a $5 trillion economy, then we need at least 7 per cent to 8 per cent GDP growth, if not higher. A couple reforms were announced on Wednesday. The government will commercialise 100 coal blocks for miners. Interestingly, we import 150 million tonnes of thermal coal valued at around $15 billion. This is ridiculous because we are sitting on billions of tonnes of coal and importing it.

"WE AS A GROUP HAVE PLANNED FOR A TOTAL EXPENDITURE OF ₹60,000 CR OVER THE NEXT THREE YEARS. FOR STEEL, IT'S ₹45,000 CRORE AND 15,000 CR FOR CEMENT, PAINT AND ENERGY. IT OUGHT TO CREATE AROUND 50,000 JOBS BY 2025"

Is there a quality difference of our own coal and the kind that is imported?
The quality differences are with coking coal but even there we have huge quantities. With thermal coal, we have plenty but are importing. Similarly, after auction of the iron ore mines in 2020, there will be a huge price jump as per industry reports and will have a big negative impact on steel. The recent announcement of continuity of all forest and environment clearances for all iron ore mines for a period two years is a great reform. It will make the whole sector more aggressive and competitive at a global level.

Steel has also slowed because of the pain in the auto industry. When do you see it rebounding?
An important step to address fast is the auto scrappage policy. We see old vehicles plying in the country which eventually end up becoming shops and stores. We must have a policy that scraps decade-old vehicles. As far as a turnaround goes, you can't ignore young people who prefer to buy smartphones instead of cars and then use them for Uber and Ola. However again, a scrappage policy that targets commercial vehicles is one way to start a revival.

What else can the government do to help stimulate the economy?
There are moves to disinvest from Air India which will help. Seven airports have been privatised. The thought process is also on for privatising railway stations and unlocking value. You can't have railways run the same way as 70 years ago. Let the railways not own a single wagon. If Coal India has to move coal, then let it own the wagon and if JSW has to move steel, then let it own the wagon. Tata Steel and NTPC should invest in wagons, not the railways. The privatisation of railways is a matter of mindset and is being looked at and will happen.

Q&A

The national steel policy envisages being globally competitive and having a crude steel capacity of 300 MTPA by 2031. How realistic is this, given that India barely has a handful of players that produce significant tonnage?
According to me, by 2025, we would be at over 200 MTPA in consumption. If the consumption happens, production will follow. It takes around two years to build a new steel plant. So, I am not worried about reaching 300 MTPA in capacity. SAIL, JSW, Tata Steel, ArcelorMittal and JSPL are the big five players and I think they will all grow.

You've been in pledged-share buyback mode to the tune of ₹3,500 crore. Strategically, what's been driving that?
Many large groups have, in the recent past, suffered because of loans against shares. That also becomes an overhang for the stock because it has been seen as a potential danger. So, we took a conscious call to get out of pledged shares. There's still some pledged shares that we are yet to release, around less than half of the total amount which we hope to get done in the next year. The strategy is cautious aggression.

What's your investment plan in the near future?
We, as a group, have planned a total expenditure of ₹60,000 crore over the next three years. For steel, around ₹45,000 crore and ₹15,000 crore for cement, paints and energy. It ought to create around 50,000 jobs by 2025.

What is the succession plan within the group?
Retirement age is 60 and if you're on the board, it's 65. I am 60 and haven't decided when I will retire but I have a clear thought process on succession, which is, it won't necessarily include a family member. The top challenges include finding a pipeline of leaders as well as dealing with disruption that does keep me on the tenterhooks, given how fast the world is changing. You can lose your competitive advantage in six months.

Jet gets another EoI after Synergy

NCLT has warned Jet CoC of contempt proceedings if it does not release interim funds to the resolution professional by Jan 20

SUBRATA PANDA
Mumbai, 8 January

The deadline to submit an EoI for Jet Airways will end on January 15

Jet Airways has received a second expression of interest (EoI) for its revival. This comes after South America-based Synergy Group submitted an EoI for Jet late last week. The Resolution Professional of Jet informed the bankruptcy tribunal — National Company Law Tribunal (NCLT) — that they have received two EoI's so far and the second EoI is from a non-aviation company, with high net worth.

Moreover, they are expecting a few more EoIs to come in before the deadline ends. However, there is no clarity on whether the Hinduja Group will bid for Jet. There were reports that the Hinduja Group would also apply but the sources say this is yet to happen.

It was earlier supposed to end on January 6, however, the lenders decided to extend the deadline if anyone wants to submit an EoI for the defunct airline.

Meanwhile, the NCLT has directed the lenders to release the corporate insolvency resolution process (CIRP) funds to the resolution professional to run the company as a going concern otherwise they will be liable to contempt proceedings against them. The Bench has also asked the members of the committee of creditors to be present before the Bench in the next hearing scheduled on January 19.

Moreover, the counsel informed the tribunal that Synergy Group is confident of getting slots from the Ministry of Aviation, hence they submitted fresh EoI for the defunct airline.

Earlier, in the first round of bidding, Synergy had questions for the civil aviation ministry on availability of slots in the domestic and international routes. It wanted answers to these before giving a resolution plan. The ministry wanted a resolution plan on the table before giving any assurance on slot allocation.

Synergy had given an EoI for Jet in the first round of bidding. However, it failed to give a debt resolution plan for the airline company, even after getting several extensions. The lenders subsequently decided to call afresh for EoIs.

Synergy is led by Bolivian-born Germán Efromovich. It owns majority stake in Avianca Airlines, South America's second-largest airline.

Jet was admitted under the insolvency process on June 20, 2019, after its bankers failed to find any takers despite months of negotiations. The airline stopped flying on April 17; it had around 14,000 employees on that date.

Creditors claim on the airline are for ₹36,090 crore, of which ₹14,640 crore had been admitted as on October 20. Jet has completed 180 days under insolvency proceedings, which have been extended for another 90 days.

Jet's share price gained almost 5 per cent on Wednesday to close at ₹39.50 at the BSE.

Govt should reimburse companies for acquiring merchants: Paytm chief

NIDHI RAI
Mumbai, 8 January

Vijay Shekhar Sharma has denied Paytm applied for a peer-to-peer licence

India's largest payments platform Paytm has launched its all-in-one quick response (QR) for merchants across the country. This QR will enable merchants to accept unlimited payments through Paytm Wallet, RuPay cards, and all unified payments interface (UPI)-based payment apps directly into their bank account at 0 per cent fee.

The platform offers a single reconciliation of all payments through its 'Paytm for Business' app. It supports all payment modes and multiple languages.

Paytm will be launching these QR codes along with utilities like calculator, powerbank, clock, pen stands, and radio.

The merchant-only 'Paytm for Business' is used by over 10 million Paytm partners, with over 13 million merchants onboard. Through the app, merchants can also avail of loans and insurance.

While speaking at the launch, Vijay Shekhar Sharma, founder and chief executive officer, Paytm, said, "The Paytm all-in-one QR is a must-have business tool as it is the only payment QR that allows merchants to accept payments from Paytm Wallet, all UPI apps, and cards. I am sure this QR will accelerate the Digital India mission and make more financial services available to the underserved."

> ***"In 2020, the biggest growth is going to come from business-to-business payments. Business payments are bigger than retail payments when it comes to complexity and opportunities"***
> VIJAY SHEKHAR SHARMA
> Founder & CEO, Paytm

The company has also introduced a new service 'Paytm Business Khata' that complements the Paytm all-in-one QR. This will empower Paytm merchant partners to maintain digital ledgers of all their customer transactions, including cash and credit. With 'Paytm Business Khata', merchants can set payment due date for credit transactions and send automated reminders. The customers will receive notification with their billing history, and they will be able to make payments through the same link.

On being asked when Paytm would turn profitable, Sharma said, "We aren't chasing profitability in the short-term. We will be launching brokerage of stocks and insurance. We will diversify further in the financial services space. In a best-case scenario, we will be able to break-even in two years' time."

Sharma also denied Paytm has applied for a peer-to-peer licence. "In 2020, the biggest growth is going to come from business-to-business payments. Business payments are bigger than retail payments when it comes to complexity and opportunities," added Sharma.

On being asked about his Budget wish, Sharma said, "The government should reimburse companies for acquiring merchants."

In 2018-19, Paytm had clocked a gross transaction value of \$50 billion through 5.5 billion transactions. It had set a target of 12 billion transactions by 2019-20.

CCI for self-regulation in e-commerce sector

RUCHIKA CHITRAVANSHI
New Delhi, 8 January

The Competition Commission of India (CCI) said in a study, released Wednesday, that marketplace platforms should adopt self-regulatory measures such as clearly stating the parameters of search ranking, setting out a transparent policy on data collected by them, among others.

Releasing the findings and its observations, the CCI said marketplace platforms should bring out a clear policy on discounts. This would include the basis of discount rates funded by platforms for different products or suppliers and the implications of participation or non-participation in such schemes.

The CCI flagged concerns around deep discounting on goods and services offered by large online retailers, particularly in the case of mobile phones and electrical appliances. "Discounting is a common business strategy, but where the design of the discounting schemes is misaligned with the rational business practices of the service providers, the use of such discounts as a competitive strategy comes into question."

The CCI flagged concerns around deep discounting on goods and services offered by large online retailers, particularly in the case of mobile phones and electrical appliances

The anti-trust watchdog said issues identified in the study could have a bearing on competition, or might hinder the realisation of the full pro-competitive potential of e-commerce. "Some of the issues in specific circumstances may have a potential to contravene the provisions of the Competition Act, 2002, which shall be the subject matter of case-by-case determination by the Commission."

The CCI also suggested that e-commerce platforms set out main parameters for search ranking and include the possibility to influence ranking against any direct or indirect remuneration paid by business users. They should set out a description of those possibilities and of the effects of such remuneration on ranking.

This, however, should not entail disclosure of algorithms that may enable manipulation of search results by third parties. "The study records averments from various stakeholders and brings out the Commission's enforcement and advocacy priorities in the backdrop of the interplay between data, market power and competition law," Avaantika Kakkar, Partner & Head Competition Law, Cyril Amarchand Mangaldas.

In line with the draft national e-commerce policy by the Department for Promotion of Industry and Internal Trade, CCI called for transparency over user review and rating mechanisms to ensure information symmetry, which is a prerequisite for fair competition.

"Adequate transparency to be maintained in publishing and sharing user reviews and ratings with the business users. Reviews for only verified purchases to be published and mechanisms to be devised to prevent fraudulent reviews and ratings," the CCI report said.

DPIIT to examine FDI compliance by Uber Eats, Faasos

NEHA ALAWADHI
New Delhi, 8 January

Department for Promotion of Industry and Internal Trade (DPIIT) officials met representatives of cloud kitchens Faasos and Uber Eats as well as food aggregators Swiggy and Zomato to examine whether these firms violated foreign direct investment (FDI) norms in e-commerce.

The meeting, which took place on Tuesday, was also attended by representatives of the National Restaurant Association of India (NRAI).

"Private entities that participated in the meeting have informed the DPIIT that companies like Faasos and Uber Eats have been playing foul with FDI rules," said a person aware of the discussions.

Current rules allow up to 100 per cent FDI under the automatic route in the marketplace model of e-commerce, but bar any investments in the inventory based model of e-commerce.

In December 2018, the government had tightened FDI conditions in the online space, stating that an e-commerce platform with foreign investment cannot exercise ownership or control over the inventory sold on its platform.

The DPIIT was approached by the NRAI last year to provide clarity on whether these rules apply to food aggregators and food delivery firms as well. Both Uber Eats and Faasos operate out of multiple physical locations, classified as 'cloud kitchens'.

These properties are in certain cases owned by them, and both extend direct control over the labour and capital used to run the daily operations, the participants said.

Faasos has investments from Lightbox Ventures and Sequoia Capital India, among others. Its parent, Rebel Foods, also owns brands like Oven Story, Lunch Box, and Behrouz Biryani.

The DPIIT has said it would inquire into the charges and letters would be sent to the two companies to clarify. However, the government has taken note of the fact that both businesses maintain their own e-commerce platforms through websites and mobile applications.

Social video app Public gets 10 mn users in six months

NEHA ALAWADHI
New Delhi, 8 January

News curator app Inshorts has said its location-based social network, Public, registered 10 million users within six months of launch.

Public works on the idea that people should be able to record and share happenings around them, enabling real-time local updates, especially in tier-II and tier-III cities. It is a GPS location-based app and will show users content being generated near them and from people whom they follow (online).

The beta launch test (the term for pre-release of software, given to a large group of users, to try under real conditions) for Public began in April. The final launch was in July. It reached the 10-plus million user mark in November.

A million videos are being created every month on Public, says the company. It competes with the likes of TikTok, YouTube and other video-based apps.

"Public is giving everyone a platform to connect with their local communities and our rapid growth is demonstrative of the strong desire of people to stay so connected...we expect to have more than 50 million users by the time we complete one year of launch," said Azhar Iqubal, co-founder and chief executive at Inshorts.

Cipla & Glenmark get NPPA breather for inhaler pricing

SOHINI DAS
Mumbai, 8 January

The drug pricing regulator has allowed two Mumbai-based pharma majors — Cipla and Glenmark — to have an enhanced pricing for two of their respiratory (inhaler) products on grounds that these were 'innovative' from the other similar products available in the market.

In a meeting in December, the National Pharmaceutical Pricing Authority's (NPPA) expert committee decided to allow Cipla's Synchrobreathe Inhaler Device a separate price other than the ceiling price already recommended by the regulator. Similarly, for Glenmark's digital dose counter (sold under brand name Digihaler) the NPPA agreed to allow a different price.

According to a source, the NPPA has raised the price cap on the Digihaler by about 5-8 per cent or so. "The cost of medicine, however, remains same. The device is allowed in the separate or increased price cap. When a patient refills the inhaler with medicine, the cost remains same," the source said.

Glenmark had appealed to the pricing regulator in 2016 asking for a differential price for its Digihaler on grounds that it was different from the other metered dose inhalers (MDIs) available in the market and was easier and safer for the patients to use. The matter was eventually placed before an expert committee, which came back with its report on the same in December. The NPPA can grant a differential price for certain dosages or drug delivery forms of formulations that are under price control under paragraph 11 of the Drug Price Control Order, 2013.

Cipla and Glenmark did not respond to queries immediately. In 2015, Cipla had launched its inhaler device Synchrobreathe, which is a novel, breath-actuated inhaler, with a dose counter. It is used to manage obstructive airway disease.

"This country is a democracy. Why only artistes, even a common man can go anywhere and express his opinion"

PRAKASH JAVADEKAR
Information & broadcasting minister on actor Deepika Padukone's JNU visit

"The projected annual growth of 5% is exaggerated and puffery. The growth in the first half was 4.75%. It is difficult to believe that growth in the second half will be 5.25%"

P CHIDAMBARAM
Senior Congress leader and former finance minister

"CAA, in my judgment, should be turned down by the SC on the grounds of it being unconstitutional because you can't have certain types of fundamental human rights linking citizenship with religious differences"

AMARTYA SEN
Nobel laureate

IN BRIEF

Parliament session in 2022 will be held in new building: LS speaker

LoK Sabha Speaker Om Birla (*pictured*) on Wednesday said to mark the 75th anniversary of the country in 2022, the Parliament session will be held in the new building. "...to fulfil the dream of 'New India'. Indian parliament will hold its session in 2022, in new Parliament House to mark the 75th anniversary of its independence," Birla said, speaking at the 25th Conference of Speakers and Presiding Officers of the Commonwealth (CSPOC) in Ottawa in Canada. Noting that the Parliament House Building has completed 92 years after it was made functional in 1927, Birla said in a statement issued by Lok Sabha Secretariat that there is an urgent need to provide sufficient space and facilities for the Members of Parliament and the staff in Parliament House to fulfil the dream of 'New India'. Birla also said that members and staff of Parliament will be consulted before undertaking the renovation. PTI

State can't deprive citizens of their property, says SC

In a democratic polity governed by the rule of law, the state cannot deprive citizens of their property without the sanction of law, the Supreme Court said on Wednesday. It ruled that to forcibly dispossess citizens of their private property, without following the due process of law, would be to violate a human right, as also the constitutional right. PTI

Chhattisgarh reports bird flu outbreak

India has reported an outbreak of the highly contagious H5N1 bird flu virus on a poultry farm in Chhattisgarh, the World Organisation for Animal Health (OIE) said on Wednesday, citing a report from the fisheries and animal husbandry ministry. The virus killed 5,634 out of 21,060 birds on the farm in Baikunthpur and all of the remaining birds were slaughtered, the Paris-based OIE said in an website alert. REUTERS

Supplementary extradition plea against Nirav

A special court in Mumbai on Wednesday allowed the CBI to submit a supplementary extradition request against fugitive economic offender Nirav Modi to the concerned authorities in London, where the diamantaire is residing presently.The CBI on Wednesday filed an application before the special court seeking for the supplementary extradition request to be allowed to be sent to London in keeping with the fresh evidence submitted against Modi in the agency's supplementary charge sheet. PTI

Karti Chidambaram to move Madras HC in tax evasion case

Congress Lok Sabha MP Karti Chidambaram (*pictured*) and his wife Srinidhi will move the Madras High Court in a tax evasion case, a day after their discharge petition was rejected by a special court. The matter relates to the alleged non-disclosure of ₹1.35 crore received by Karti, son of former union minister P Chidambaram in cash for sale of land at Muttukadu. PTI

Vikrant, 1st indigenous aircraft carrier, may be commissioned by early 2021

The manufacturing of the country's first indigenous aircraft carrier Vikrant is currently under phase three which involves setting to work of machinery and other equipment and it is likely to be commissioned by early 2021, sources said. The nearly 40,000-tonne carrier is being built at the Cochin Shipyard. "Currently, phase three of the construction of Vikrant is under progress," a source told *PTI*. Navy Chief Admiral Karambir Singh on December 3 had said that Vikrant will be fully operational by 2022. PTI

Govt starts audit of FY18 GST returns

DILASHA SETH
New Delhi, 8 January

Amid a looming revenue shortage, the government has begun a nation-wide audit of goods and services tax (GST) returns for the 2017-18 financial year.

It is sending notices to companies across the board, seeking details on GST and income tax (I-T) returns, much ahead of the due date for annual filing.

In the notices, 12 sets of documents have been sought — details of business agreements on purchase and sales, sample copies of invoices and bills for the period of audit, returns of both taxes and on taxes deducted at source, input service invoices, cost audit reports, electronic cash/credit ledgers and the like.

"You are hereby directed to attend in person or through an authorised representative conversant with activities of the firm/company...along with following self-attested documents and records...required for audit," reads one such notice accessed by *Business Standard*.

The instruction is that audit of large units be completed within seven working days, of medium units in five working days and of small ones in three.

The GST Council had on December 18 extended the final date for filing of Forms GSTR-9 (annual return) and GSTR-9C (reconciliation statement) for 2017-18 to January 31, 2020, from December 31, 2019.

Rajat Mohan, partner at AMRG & Associates, says: "Tax authorities are expected to undertake an exhaustive inspection of output taxes and input taxes, to find short payment and non-payment...This will saddle industry honchos with the task of juggling between departmental audits and new compliance initiatives like e-invoicing, QR code and new return filings."

To stop revenue leakages, an agreement is expected between the Central Board of Direct Taxes, Central Board of Indirect Taxes and Customs (CBIC) and the GST Network (GSTN, information technology backbone for this levy) to exchange data on a quarterly basis, instead of an annual basis.

"Notices have been sent to those who have already filed their annual return and reconciliation statements. More will be sent out as and when more returns are filed," said a government official.

Last month, the government had simplified these forms, saying this would help timely filing. GSTR-9 is to be filed yearly by those registered under GST, comprising detail on outward and inward supplies during the relevant previous year under different heads i.e CGST, SGST, IGST and HSN codes. This helps in reconciliation of data and returns filed monthly or quarterly.

More on business-standard.com

IN THE CABINET

CCEA approves strategic sale of Neelanchal

ARUP ROYCHOUDHURY
New Delhi, 8 January

The Cabinet Committee on Economic Affairs on Wednesday approved the strategic sale of Neelanchal Ispat Nigam (NINL), in which multiple state-owned companies own a stake.

It is learnt that this strategic sale could be completed only after March 31, and hence, will be part of the 2020-21 divestment pipeline.

NINL is a joint venture company, in which four central public sector undertakings — MMTC, National Mineral Development Corporation (NMDC), Bharat Heavy Electricals (BHEL), and MECON — and two Odisha government companies, Industrial Promotion & Investment Corporation of Odisha (IPICOL) and Odisha Mining Corporation (OMC), hold stake.

MMTC holds 49.78 per cent share in NINL, followed by OMC (20.47 per cent), IPICOL (12 per cent), NMDC (10.10 per cent), while MECON and BHEL hold 0.68 per cent each.

The strategic buyer for NINL will be identified through a two-stage auction procedure, said an official statement. The request for proposals to hire transaction and legal advisors and asset valuers are already on the website of the Department of Investment and Public Asset Management (DIPAM).

"The proposed strategic disinvestment of NINL would unlock resources to be used to finance the social sector/developmental programmes of the government benefiting the public," the statement said.

Centre okays ₹5,600 cr for Northeast gas grid

SHINE JACOB
New Delhi, 8 January

The Cabinet Committee on Economic Affairs approved ₹5,559 crore in viability gap funding for a 1,656 km gas grid in the Northeast region. This is around 60 per cent of the project cost of ₹9,256 crore for the pipeline in the region's eight states, by Indradhanush Gas Grid (set up by state-run Indian Oil Corporation, Oil and Natural Gas Corporation, GAIL, Oil India, and Numaligarh Refinery), is to supply industries, homes and transport vehicles.

"At present, of the 75 million standard cubic metres a day (mscmd) of natural gas produced in India, around 15 mscmd or 20 per cent is from this region, from Assam, Arunachal Pradesh and Tripura; we also have potential in Nagaland and Manipur. The current decision is going to open up the possibility to explore this potential," said Dharmendra Pradhan, Union minister of petroleum and natural gas.

The eight states are Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The government expects availability of gas to boost industrial growth without spoiling the environment.

Economists call for capex route to boost demand

ABHISHEK WAGHMARE & SANJEEB MUKHERJEE
New Delhi, 8 January

C RANGARAJAN
former RBI governor

"ANY EXCESS GOVERNMENT SPENDING SHOULD BE ON CAPITAL ASSETS"

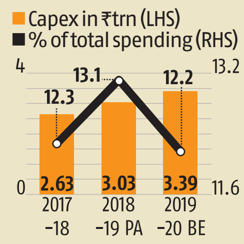
AMARJEET SINHA
former secretary, rural development

"IN TIMES OF DEPRESSED FARM PRICES, BOTH MGNREGA AND PM-KISAN ALLEVIATE RURAL INCOMES"

ARJUN JAYADEV
professor of economics

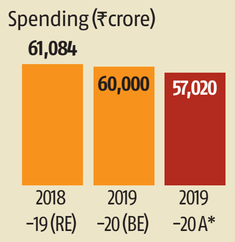
"IF GOVERNMENT TAKES THE FIRST STEP, PRIVATE BUSINESSES ARE MORE LIKELY TO SPEND IN TIMES OF FALLING SALES"

CAPEX NEEDS BOOST



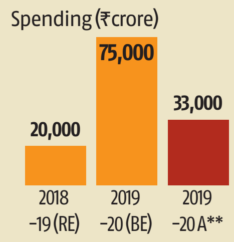
MGNREGA SPENDING ON TRACK

Spending (₹crore)



PM-KISAN IN SLOW LANE

Spending (₹crore)



*Till December; **Till Jan 7, 2020

Source: Union Budget, respective scheme websites

While unequivocally supporting fiscal expansion in the upcoming year, economists are urging the government to take the capital expenditure (capex) route, and preferably spend on capital assets and infrastructure projects, rather than raise allocation to rural-centric cash or employment schemes.

Former governor of the Reserve Bank of India, C Rangarajan, told *Business Standard* that a "little relaxation" of fiscal deficit target would be needed to arrest slowdown.

"Any excess government spending should be investment-led. We are in a situation where an investment slowdown is concurrent with weak consumer demand. Only capex would have a direct positive impact on the economy," he said in a telephonic interaction.

Saying that the decision to cut taxes for companies was "appropriate", he cautioned against any cuts in income tax. "While tax cuts have their potential, raising expenditure is a more powerful tool for immediate impact than cutting taxes," he added.

The government is staring at an unprecedented economic slowdown and shortfall in revenue, prompting it to enhance spending to boost aggregate demand. At the current level of gross domestic product, a 0.5 per cent expansion in fiscal deficit would open up funding to the tune of ₹1 trillion.

BUDGET INSIGHT OUT 2020-21

Arjun Jayadev, who teaches economics at Azim Premji University, said although enhanced public investments crowd out private investments in the usual sense, the current situation would actually "crowd-in" private investments.

"At a time when virtually no private investment is happening, the rise in government spending could actually prompt private players to invest more. If the government takes steps to restore demand, private businesses are more likely to spend, since they are concerned about sales," he told *Business Standard*.

Nevertheless, experts also said that the two rural-centric poverty alleviation schemes — Mahatma Gandhi National Rural Guarantee Scheme (MGNREGA) and Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) — if used in a smart combination, could help in supplementing the impact of fiscal expansion through the capex route.

Former rural development secretary Amarjeet Sinha, who coordinated the rural schemes of the government till 2019, said the two schemes serve a different purpose, and directing the funding of the two schemes where they are needed the most would make them more effective.

"MGNREGA is a targeted distress employment for labourers, and gets more demand in times of depressed farm prices. In the same situation, PM-Kisan obliterates the impact of weak farm prices for land-owning farmers," said Sinha.

Mahendra Dev, director of Indira Gandhi of Development Research, said that raising wages under MGNREGA could boost incomes of a significant chunk of the rural population, suggesting the scheme allocation should be raised.

However, he disagreed with economists on the immediate efficacy of the capex.

"Capital-intensive projects in rural areas have a long gestation period, and deliver economic benefits with a lag. On the contrary, PM-Kisan provides immediate consumption boost," said Dev.

Economists from rating agencies, however, concurred with Rangarajan on the focus on capex. "In ICRA's view, fiscal space should be prioritised for capex or infrastructure spending, as that is likely to have a higher multiplier impact on the economy, supporting core sectors, and eventually transmitting into higher discretionary spending," said Aditi Nayar, principal economist at the agency.

Alluding to the two rural schemes, Rangarajan also said that they provide the much-needed social security net, but that priority should be on public capital spending.

Madan Sabnavis, chief economist at CARE Ratings, echoed the view, saying "spending the enhanced borrowed resources on investments will benefit the most". "The preference will be for capex because it is lumpy and will add to demand in the economy. MGNREGA comes second, as it can be combined with some productive employment. PM-Kisan should be the last priority, as one episode of food inflation, which is currently the case, can wipe out the amount that translates into ₹500 per month per family," added Sabnavis.

UNDERGROUND METRO CORRIDOR

MMRC aims for 15% revenue from non-fare options

AMRITHA PILLAY
Mumbai, 8 January

Mumbai's Metro rail authority is exploring non-fare revenue options as the city builds its first underground corridor. If all goes well, real estate establishments will be able to build a direct subway access from their basements to the nearest Metro station, all for a one-time fee.

The underground line, Mumbai Metro Line 3, covers 33 km and connects the city's airport terminals and three prominent business districts.

"MMRCL (Mumbai Metro Rail Corporation) has received 12 expressions of interest (EoIs) submissions for direct access," said an MMRCL official. A direct access connects establishments to a Metro station through a subway.

The list of interested bidders includes real estate developers like K Raheja Corp, DB Realty, Wadhwa Group, Oberoi Realty, Indiabulls Real Estate and Shrem Hotels. MMRCL officials are also in discussion with projects around the city's airport and two business districts — Parel and Bandra-Kurla complex.

The EoIs will be followed up with a detailed project report (DPR) to assess financial and execution feasibility of the subway project that bidders have expressed interest in.

The direct access concept is based on Tokyo's model, where it has been a success. MMRC will need to procure clearances after formulation of the DPR.

Line 3 is to be operational in two phases — the first to start in June 2021, and the second by the end of that year.

With a project cost of ₹30,000 crore, non-fare revenue options will help MMRC lower fares. The corridor is expected to have a daily ridership of 1.4-1.7 million. The MMRC official added, the non-fare revenue options will be finalised and implemented before the operations start.

In addition to direct access, MMRC also aims to sell station naming rights to companies, lease out telecom towers and optic fiber rights and monetise real estate parcels in the city.

MMRC, through these efforts, aims to generate about 10-15 per cent of its revenue through non-fare options. According to data shared by MMRC, Delhi's Metro network annually generates ₹564 crore as non-fare revenue, 15 per cent to its total revenue generation. For Mumbai's operational line, which connects Ghatkopar to Versova, non-fare revenue stands at ₹37 crore, 11 per cent of total revenue collection.

An auction for monetisation of telecom tower rights and optic fiber cable rights is also in consideration. "Bids will be called from tower companies to set up towers in order to ensure mobile connectivity throughout the under-ground stretch," the official added.

Sebi may review penalty on raters in IL&FS case

SHRIMI CHOUDHARY
New Delhi, 8 January

Rating agencies CARE, ICRA and India Ratings may have got away lightly for their lapses in assigning ratings to the non-convertible debentures (NCDs) of Infrastructure Leasing and Financial Services (IL&FS), feels the Securities and Exchange Board of India (Sebi).

The markets regulator is planning to review the ₹25-lakh penalty, which had been imposed by its adjudicating officer on the three rating firms last month. Sources said the settlement amount could be revised up to four times upwards.

Sebi had said the IL&FS default occurred because of lethargic indifference and needless procrastination as well as laxity of rating agencies

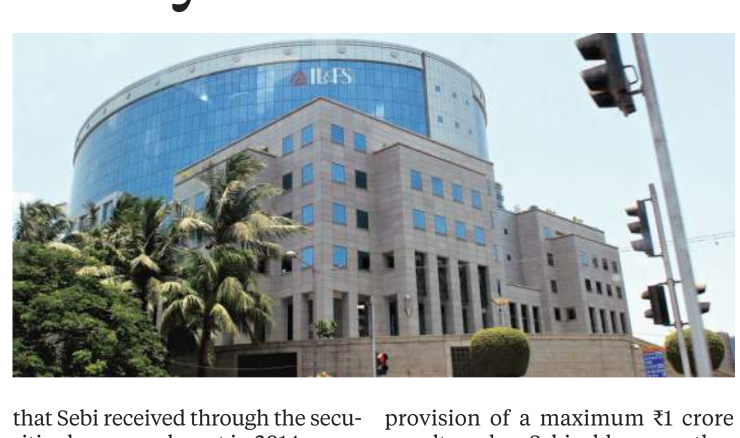
"The Sebi board is not convinced with the quantum of penalty levied on these rating firms as it believes that it is quite less, considering the magnitude of the violation, said a regulatory source in know. He added that the department, which handles the concerned division (rating agencies), has been instructed to initiate the process of review as envisaged in the regulation. The crisis at IL&FS, whose board was superseded by the government, had come to the spotlight in September 2018. Since then, the company and its related entities have come under regulatory glare.

In three separate but similarly-worded orders, Sebi had said the default by IL&FS occurred due to lethargic indifference and needless procrastination as well as laxity of the rating agencies.

The markets regulator is of the view that exposure to IL&FS, during relevant times, was critical to the financial stability as its share in total exposure to banks and non-banking financial companies was fairly high.

There was substantial public interest involved in the affairs of the beleaguered infra firm, considering its importance for financial stability.

Review of the adjudication order was enabled under the new power that Sebi received through the securities law amendment in 2014.



Section 15-I(3), introduced in the Sebi Act, states that the regulator can call for and examine an order passed by an adjudicating officer if it considers the order to be "erroneous" to the extent that it is not in the interest of the securities market. In such cases, the regulator can make a fresh inquiry and enhance the quantum of penalty levied by the adjudicating officer.

Experts say that violation of rating regulation, however, allows a penal provision of a maximum ₹1 crore penalty unless Sebi adds some other provisions of the Securities Act to enhance the penalty. But, other provisions could be imposed, if it launches a fresh adjudication proceedings in the matter, said a legal expert tracking the development.

In the last six years, the markets regulator has reviewed only 10 adjudicating orders and levied maximum penalty of ₹5 lakh. In one of the orders, "A whole-time member feels that this power (to review) cannot be used to reverse an acquittal into a conviction," said Suresh Gupta, a former senior officer at Sebi. The case pertains to the default committed by the IL&FS and its subsidiary IL&FS Financial Services on their obligations in respect of commercial papers (CP), inter-corporate deposits as well as on interest payments related to NCDs.

Sebi examined the role of the three agencies in assigning ratings to various NCDs of the IL&FS.

While assigning credit ratings to the NCDs of IL&FS, the three entities "failed to exercise proper skill, care and due diligence while discharging their responsibilities as credit rating agencies. It violated the provisions of the code of conduct of the credit rating agencies," the adjudication order had said.

They also "failed to exercise independent professional judgment in order to achieve and maintain objectivity and independence while rating IL&FS and its instruments," it added.

Though there is no allegation of any mala fide intention on part of these rating agencies, Sebi had said the failure by them is blameworthy.

Killed 80 ‘US terrorists’: Iran; Trump denies

Will impose powerful economic sanctions on Iran: US prez

AHMED ABOULENEIN, PHIL STEWART & PARISA HAFEZI
Baghdad/Washington/Dubai, 8 January

US President Donald Trump said on Wednesday Iranian missile strikes on bases in Iraq had not harmed any US troops stationed there and damage was minimal, an outcome he said showed Tehran wanted to prevent an escalation into conflict.

Iranian forces fired missiles at military bases housing US troops in Iraq early on Wednesday, saying it was in retaliation for the killing in a US drone strike of powerful Iranian commander Qassem Soleimani on January 3.

“All of our soldiers are safe and only minimal damage was sustained at our military bases,” Trump said. “Iran appears to be standing down, which is a good thing for all parties concerned and a very good thing for the world.” “The fact that we have this great military and equipment, however, does not mean we have to use it. We do not want to use it,” the US president said in an address, flanked by Vice President Mike Pence, Defense Secretary Mark Esper and Secretary of State Mike Pompeo and military officers.

He urged world powers to quit a 2015 nuclear accord with Iran that Washington withdrew from in 2018 and work for a new deal, an issue that has been at the heart of rising tension between Washington and Tehran. Iran has rejected new talks.

There was no immediate reaction from Iranian officials to Trump's comments. The semi-official Fars news agency described the US president's remarks as a “big retreat from threats.” Iranian Supreme Leader Ayatollah Ali Khamenei, who earlier on Wednesday addressed a gathering of Iranians chanting “Death to America”, said Iran's attacks were a “slap on the face” of the United States and said US troops should leave the region.

Iranian Foreign Minister Mohammad Javad Zarif had said the strikes “concluded” Tehran's response to the killing of Soleimani, who had been responsible for building up Iran's network of proxy armies across the Middle East. He was buried in his hometown Kerman on Monday after days of national mourning.

“We do not seek escalation or war, but will defend ourselves against any aggression,” he wrote on Twitter.

Trump's reaction in the immediate aftermath of Wednesday's attacks had been to say on Twitter that “All is well!” and that Washington was assessing damage. That early tweet and the comment by Iran's foreign minister had acted to soothe some initial concerns about a wider war and calmed jittery financial markets. Oil prices slipped back after an early spike.
REUTERS

‘IRAN STANDING DOWN’

- **Iran is a leading sponsor** of terrorism
- **No Americans were harmed in the attack.** All soldiers were safe, only minimal damage sustained at military bases
- **Iran appears to be standing down,** which is a very good thing for the world
- **Iran can be a great country.** Peace and stability cannot prevail in West Asia as long as it continues to foment violence
- **It must abandon nuclear ambitions** and end its support to terror
- **The world must unify and send a message to Iran's regime** that their campaign of terror won't be allowed to go forward
- **NATO must become more involved** in West Asian process

Gold breaches ₹42,000-mark on Iran jitters

RUPEE RECOUPS DAY'S LOSSES TO SETTLE 12 PAISE HIGHER AT 71.70 AGAINST THE $

GLOBALLY, GOLD SURGED PAST THE $1,600 LEVEL FOR THE FIRST TIME IN NEARLY 7 YEARS

DILIP KUMAR JHA
Mumbai, 8 January

Gold opened above ₹41,000 for 10 grams (g) in India's spot and futures market, after a sharp jump in morning trade at international markets.

In the first half, the price (inclusive of goods and services tax) was ₹42,300. The global spot market reached a high of $1,595 an oz. The further jump on Wednesday follows Iran's attack on American soldiers' bases in Iraq. On the Multi Commodity Exchange (MCX), gold for delivery in February opened at ₹40,946 for 10 g and rose to ₹41,293 by the afternoon. Profit booking pulled this down to settle the morning session at ₹40,663.

In the London spot market, the rise was to $1,611 an oz in early Wednesday trade before falling to $1,577 by the afternoon.

Mumbai spot gold closed ₹312 higher at ₹40,687 per 10 g.

Silver on the MCX closed on Wednesday with a marginal gain; that of crude oil slipped 0.2 per cent, following a global move.

High volatility in bullion has prompted brokerages to reduce leverage for clients. Sources said they'd reduced this for most clients to twice the intra-day trading limit, as compared to five times earlier. This was done to avoid possible defaults by clients, as seen in the past. The reduction in intra-day leverage might affect trading volumes on the exchanges that deal with precious metals and energy.

“Many brokerages have taken selective calls to reduce intra-day leverage, to manage risk in case of high volatility. This is also in line with a recent Sebi (the markets regulator) circular which asked brokerages to give leverage to clients based on the margins of the respective exchanges and brokers,” said a senior official with a leading commodity brokerage.

“While bullion is getting support on safe-haven buying, crude prices did not move up much, due perhaps to less impact on oilfields of Iran's missile attack on US military bases in Iraq. Gold, however, is overbought. Hence, a correction in gold prices cannot be ruled out, after the ongoing instability in West Asia eases,” said Gnanasekar Thiagarajan, Director, Commtrendz.

Global financial markets stabilised after the overnight jolt.

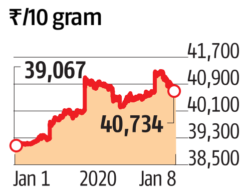
Iran's Supreme Leader Ayatollah Ali Khamenei is seen speaking on a TV screen, as investors sit and monitor the shares in Kuwait City, on Wednesday PHOTO: REUTERS

MIXED SIGNALS

		Jan 8	% Chg 1D
America (Jan 7)			
Dow Jones	US	**28,583.68**	*−0.42*
S&P 500	US	**3,237.18**	*−0.28*
NASDAQ	US	**9,068.58**	*−0.03*
Europe – 18:30 IST			
FTSE 100	Britain	**7,576.17**	*0.03*
DAX INDEX	Germany	**13,267.56**	*0.31*
Asia			
NIKKEI 225	Japan	**23,204.76**	*−1.57*
SHANGHAI SE COMPOSITE	China	**3,066.89**	*−1.22*

Compiled by *BS* Research Bureau; Source: *Bloomberg*

MCX GOLD FUTURES
₹/10 gram



Govt may shelve Iran trade deal

Comes in wake of US pressure on friends to cut ties with Iran

SUBHAYAN CHAKRABORTY
New Delhi, 8 January

A proposed preferential trade agreement (PTA) with Iran, being negotiated by New Delhi to access the West Asian country's lucrative domestic market, could be the latest collateral damage of escalating tensions between Tehran and Washington DC.

Tensions between the US and Iran have heightened since US President Donald Trump ordered the assassination of top-ranking Iranian General Qasem Soleimani last week. This has worsened after Iran attacked US bases in Iraq on Wednesday.

The looming threat of all-out war has sent global crude oil prices soaring beyond $70 per barrel, a four-month high.

With the US asking all friendly nations to further cut economic ties with Iran, the External Affairs Ministry feels the deal with Iran should be put on the back burner for now. The Prime Minister's Office (PMO) feels the same way and the Commerce Department will be informed about this, a senior official said.

Four rounds of negotiations were completed on the preferential trade agreement (PTA) so far, with the last one was held in March, 2019 in Tehran where both countries discussed a draft text of the pact, Iranian diplomatic sources confirmed. But the next round, slated to be held in New Delhi, never materialised after Trump separately dismantled the Iran deal. US pressured India to pull out of all bilateral discussions with Iran.

A bilateral investment protection agreement and a double taxation avoidance agreement were also under discussion. Tehran was confident of signing off on all three by 2019 end, Ali Chegeni, Iranian ambassador to India, had told Business Standard. On Wednesday, Chegeni welcomed any initiative by India to de-escalate the situation.

After pulling out of the Regional Comprehensive Economic Partnership pact in November, India has focused on bilateral pacts with the US and the European Union. Commerce department officials said they were also expediting other proposed bilaterals such as the one with Iran. Policymakers were hopeful of the deal falling quickly into place because PTAs do not involve lengthy discussions.

New market

The pact would have opened the Iranian market to Indian exports and strengthened Iranian investments in the international port of Chabahar, one of New Delhi's key strategic assets in West Asia.

“Escalation of tensions between the US and Iran will have implications for India's exports to the nation,” Sharad Kumar Saraf, president of the Federation of Indian Exports Organizations (FIEO), said. FIEO said Iran was a key trading partner, and the sanctions on the country meant Iranian shipping lines were currently only taking Indian consignments.

Exports to Iran stood at $3.51 billion as of 2018-19, rising for the third consecutive year. India is the fifth largest source of imports for Iran, and sixth largest destination for exports. Saraf said Iran holds huge export opportunities in sectors such as agriculture, chemicals, machinery, pharmaceuticals, paper products, man-made fibre.

While Indian exports of man-made textiles are increasing slowly, Indian firms have been unable to use market access in pharmaceuticals, FIEO told the government. Through the PTA, India aimed to remove duties on certain strategic exports to Iran, hoping to beat the Chinese in the process. However, imports were $13.52 billion, thanks to a high volume of crude oil.

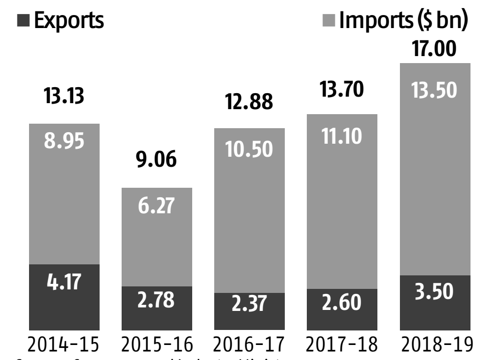
Crude question

However, the proposed deal did not include tariff reduction or special arrangement for crude oil. Officials said recent developments might not lead to reduction in petroleum supply to India, even if prices go up. According to the government estimates, if crude oil prices change by $1 a barrel, India's import bill will increase by ₹6,328 crore.

India stopped procuring crude from Iran in May. Official data showed oil imports from the country was 1.7 million tonnes (mt) in December 2019-20 (financial year 2020 or FY20), constituting 10 per cent of total crude imports, down from about 24 mt in FY19.

India has stepped up procurement from the US in the meanwhile. The oil ministry plans to leverage growing imports from Saudi Arabia, Iraq and the United Arab Emirates to make up for the lack of Iranian crude, sources say.

STATE OF TRADE WITH IRAN



Source : Commerce and Industry Ministry

TOP IMPORTS
- Crude oil
- Inorganic, organic chemicals
- Fertilisers
- Fruits (pistachio, dates)
- Iron & steel

TOP EXPORTS
- Rice
- Soyabean meal
- Organic chemicals
- Electronic equipment
- Tea

Avoid West Asia, reroute flights: DGCA

ANEESH PHADNIS
Mumbai, 8 January

The aviation regulator on Wednesday asked Indian airlines to take all precautions in the airspace over Iran, Iraq, Gulf of Oman and waters of the Persian Gulf, and reroute their flights to ensure safety of passengers.

The decision comes after Iran fired missiles at two US air bases in Iraq, leading to heightened tensions in the region.

Air India said its flights to Europe and the United States (US) could take 20-40 minutes longer. The national carrier flies to sixteen destinations in Canada, Europe and the US. Route selection depends on various factors, and during winter Air India's west-bound flights use the Iranian routes to avoid long spells of headwinds over northern latitudes.

But with the Directorate General of Civil Aviation on Wednesday issuing an advisory for Indian carriers to avoid Iranian and Iraqi airspace, Air India's US- and Europe-bound flights will take routes via Pakistan, Afghanistan and Turkmenistan.

The external affairs ministry too has asked Indian citizens to avoid non-essential travel to Iraq.

“We have held meetings with the airlines concerned. We have sensitised them to remain vigilant and take all precautions including avoidance,” said Arun Kumar, director general of civil aviation.

Air India spokesperson Dhananjay Kumar said: “The safety of our passengers and crew members comes first. In light of the tensions within the Iranian airspace a decision to temporarily reroute flights of Air India and Air India Express overflying Iran has been taken.”

“This may lead to increase in flying time by approximately 20 minutes for flights from Delhi and 30-40 minutes for flights from Mumbai.”

IndiGo said it does not expect any impact as its flights do not fly over Iran and Iraq.

“Currently we have normal operations and expect these to continue as usual. We are monitoring the situation closely,” IndiGo said in a statement.

“The routes to Gulf operate through Oman, Saudi Arabia and Persian Gulf, while the routes to Turkey fly over the northern routes over the Caspian sea and head directly from there to Istanbul.”

However, the increase in flying time coupled with the recent hike in aviation turbine fuel costs will push up expenses of the loss-making airline.

Boeing 737 crashes in Iran, 176 dead

A Ukraine International Airlines Boeing 737 crashed, killing all 176 people aboard shortly after taking off from Tehran's Imam Khomeini airport. Iran will not give the black box of the crashed Ukrainian airliner to planemaker Boeing, the head of Tehran's civil aviation organisation said on Wednesday. Ali Abedzadeh also said it was not clear which country Iran would send the box to so that its data could be analysed, semi-official Mehr news agency reported PHOTO: REUTERS

WHAT HAPPENED

- **Ukraine International Airlines' Boeing 737–800, bound for Ukraine crashed at 6:18 am** after takeoff from Imam Khomeini airport
- **Jet climbed to 7,900 ft,** was **travelling at 300 miles an hour when it disappeared,** FlightRadar24 said
- The airline was **most likely brought down by an engine fire,** Tehran transport authorities said
- The **plane, delivered new in 2016,** was in good condition and had its last shop visit on January 6
- The plane is an **older version of the 737** that predates Boeing's grounded Max model

Ghosn holds a press conference, says it was escape or die in Japan

AFP/PTI
8 January

Fugitive auto tycoon Carlos Ghosn on Wednesday accused Nissan and Japanese prosecutors of plotting against him as he staged an impassioned defence at his first public appearance since fleeing the country. In a combative news conference in Beirut, the former Renault-Nissan boss slammed the financial misconduct charges he faced in Japan as “baseless”. He said it was like ‘escape or die in Japan’.

“The collusion between Nissan and prosecutors is everywhere,” Ghosn told a large crowd of journalists at an appearance that lasted more than two hours during which he fielded questions in English, French, Arabic and Portuguese.

"There was no way I was going to be treated fairly ... this was not about justice. I felt I was a hostage of the country that I have served for 17 years," he said.

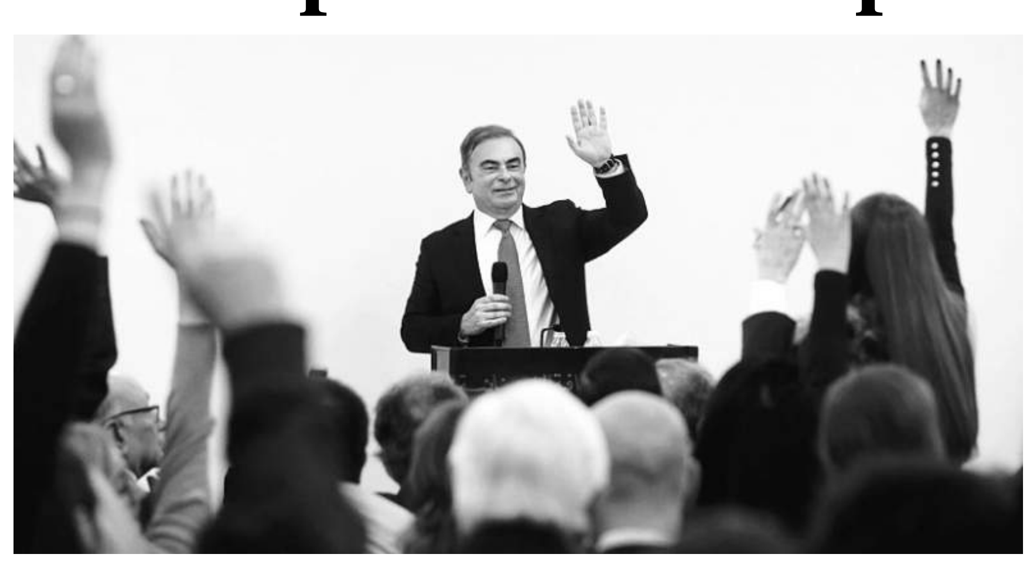
Ghosn accused prosecutors and Nissan, one of Japan's biggest carmakers, of "systematic leaking of false information" and "intentional withholding" of important facts related to the case.

That meant he was "presumed guilty before the eyes of the world and subject to a system whose only objective is to coerce confessions, secure guilty pleas," he added.

Japanese prosecutors quickly hit back, slamming Ghosn's claims as "categorically false".

"Ghosn's allegations completely ignore his own conduct, and his one-sided criticism of the Japanese justice system is totally unacceptable," the Tokyo prosecutor's office said in a statement.

The car magnate — for years venerated in Japan for turning around once-ailing Nissan — fled while awaiting trial on charges including allegedly under-reporting his compensation to the tune of $85 million.



Former Nissan chairman Carlos Ghosn during a news conference in Beirut PHOTO: REUTERS

Channelling into a new stream

Boosting investment to creating employment: Officials managing the Jal Jeevan Mission are setting goals beyond universal water supply

NOT FOR PROFIT

NIVEDITA MOOKERJI

As economic slowdown starts to look more and more real than ever before and signs of investments fade, the Union Budget is being increasingly seen as a fountain of hope. The customary pre-Budget meetings between the government and the industry have taken place, but with a difference. Instead of the finance minister meeting business heads, the prime minister has done so. Of course, these interactions were not labelled as pre-Budget meetings, but the timing cannot be missed. While the picture of who's who of India Inc standing along side the PM is sending out a message in the current times of distress, the next government step, possibly in the Budget, will determine India's investment roadmap and job creation potential. The PM has given a call to the industry for unleashing the animal spirits, but there aren't any takers yet.

In that backdrop, there's buzz in some unlikely quarters of the government, working to be a part of the investment and job creation kitty. For instance, the water-related ministries have hardly drawn much attention in the past. But now, the recently coined Jal Jeevan Mission, with the goal of giving functional tap connection to all rural households by 2024, is warming things up. Quite like Ayushman Bharat, another flagship project, has added a zing to the Union Health Ministry during Narendra Modi government's first stint, Jal Jeevan's "tap for all" initiative is attracting international audience and more to the umbrella water ministry during NDA 2.0.

While it's been the job of some of the key economic ministries to brainstorm on boosting investment and creating employment, officials managing the latest water mission are setting similar goals. The idea is that Jal Jeevan Mission and Jal Shakti Abhiyan — an intensive water conservation campaign — must converge to make the best of the government focus on water. Tucked in the interiors of New Delhi's CGO complex, the headquarter of the water mission is a scene of activity till late evening on a typical working day. Bharat Lal, the mission director of Jal Jeevan, does a quick calculation to make a point. Every village will get an investment of around ₹50 lakh from the Jal Jeevan Mission, which has a total project cost of ₹3.6 trillion with the Centre's share at a little over Rs 2 trillion. Close to 700,000 villages across 700 districts are expected to be covered by the scheme. The managers believe the project will create jobs at several levels, from engineering to masonry, planning and designing to factory work. This could all help boost government's rural infrastructure spending when it's needed the most, they believe. The numbers show that out of 178.7 million rural households in India, about 146 million are yet to get household water tap connections.

Since it's a Centre-state collaboration, the question that comes to mind is whether Jal Jeevan will face a similar resistance from non-BJP states that Ayushman Bharat has witnessed. Surprisingly, the people in charge say the response from the states, including those ruled by opposition parties, has been more than positive. Who doesn't want to give water connection to all households as it's the state responsibility to provide water, asks Lal, who's in the midst of striking many partnerships and collaborations to make Jal Jeevan a success.

Another comparison that one can't miss is with Swachh Bharat, that has occupied the centrestage for the past five years. While both are about changing behavior, the consensus seems to be that supplying drinking water to all is a more complex subject. While the PM seems to be keeping a close track of the progress like he has been doing for Swachh Bharat and Ayushman Bharat, the lessons learnt from the popular schemes are coming handy. That includes how to track and transfer funds and go for targeted delivery.

Among other things, Aadhar of the people getting access to tap connections will be used to monitor delivery of the project. It, however, doesn't mean that one can't get a tap if he doesn't have an Aadhar card. It's a universal coverage plan, officials quickly explain. Rural water may not immediately have any connect with high-end technology, but there's plenty being contemplated — from geo-tagging for real time monitoring to sensor-based measurement system along with hydro geo maps. The Department of Space too will have a role in it.

To make the latest flagship scheme click, the involvement of the local people (mainly gram panchayat) will be key. Partnerships with states and other stakeholders like NGOs, international organisations and industry too will determine if 2024 — the year that India goes for the next general election — is a feasible target or not to connect all rural households with water taps. On the way, there's hope for new jobs and investments.

The highs and lows of Digital India

Schemes that address clear market demand have clicked; those that focus on behavioural change, not so much

SUBHOMOY BHATTACHARJEE

The biometric collection of attendance records of government employees remains Delhi-centric almost five years after the scheme was rolled out. Just 2,33,994 employees are registered on the Aadhaar-enabled Biometric Attendance System (BAS) according to its website, less than 7 per cent of the total civilian employees employed by the Indian government. Almost no state uses it to track its employees' attendance record.

The BAS is part of this government's agenda to leverage technology to ensure that its benefits accrue to large swathes of the population. Meant to usher in a behaviour change among government employees, it has clearly not travelled far.

TAKE TWO

ANALYSIS BEHIND THE HEADLINES

The behaviour change that has taken off instead is the electronic payment system. In the past two years, it has become the most visible manifestation of the government's Digital India programme. The platform-agnostic payment channels developed by National Payments Corporation of India has logged over ₹2 trillion worth of transactions in December 2019, almost two thirds of India's GDP.

Few Indians might know the full form of acronyms such as NACH (National Automated Clearing House), which enables those high-volume interbank electronic transactions, or what BHIM (Bharat Interface for Money). Yet, they use it massively, often interchanging it with apps such as Google Pay or Paytm, all the while depending on just their mobile numbers and a Virtual Payment Address. It has been an explosive growth from an environment of just 35 banks recording a transaction value of just ₹700 crore in December 2016.

Between the success of the electronic payments and the failure of the biometric attendance are ranged the story of the various technological thrusts tried by the Narendra Modi government over its five-and-a-half year spell. Of the 22 schemes that aim to "transform India into a digitally empowered society and knowledge-based economy" listed by the ministry of electronics and information technology, those that serve a clearly defined market, have scored. Those meant to make behavioural changes for which there are no clear markets to offer those improvements, have struggled to become viable.

Consider Bharat Net. It is the plan to connect all the 2,50,000 gram panchayats with optical fibre cables to provide at least 100 Mbps connectivity. So far, 3,80,988 kms of the fibre has been laid out connecting more than half (1,40,668) of those gram panchayats. This connectivity can bring a host of benefits to the villages — except the villagers are not sold on the idea. They are far more comfortable tracking the same information on their mobiles, which explains why the data plans sold by the telecom companies are so hotly demanded. Data through wires to be brought by government agencies remains locked behind the doors of the panchayat offices. There are no takers.

WHAT CLICKS

Name of scheme	Year of launch	Impact
Bharat Net	2012*	1,40,668 gram panchayats
Digital payments	2016	₹8125.49 cr
Digital locker	2015	32.3 mn
Digital village	2018	796 Gram Panchayats
GeM	2016	2,99,544 sellers registered
Jeevan Praman	2014	30.6 mn certificates
ORS e Hospital	2018	3.252 mn appointments issued in 344 hospitals
PMGDISHA	2017	23 mn people trained
Electronics Manufacturing	2016 onwards	₹63,610 cr proposed investment (private sector)
e-procurement	2017	3.9 mn tenders issued
Meghraj	2014	1,155 departments onboarded
MyGov	2014	0.95 mn users

*Renamed and expanded in 2015
Source: Parliament replies and MeiTY website

On the other hand, there are many takers for the Online Registration System (ORS) under e-Hospitals. Though this initiative has not attracted much publicity but 237 hospitals are already on board. It has cut down those long familiar queues in government hospitals. Of the 32,00,000 online appointments made till this week, more than 40 per cent of them for the All India Institute of Medical Sciences, Delhi. It is the most visible sign of progress for these patients just as the e-passport service has become for those higher up on the income ladder.

At the other end is a bright idea like Digital Locker, which has not caught the popular imagination. It provides a means to store all documents of a person in a digital repository. So the person essentially carries around just a url. There are 32.3 million names registered with the Digilocker facility. Despite the impressive numbers, few universities or institutions remain satisfied with being shown the url. They still believe in the paper trail.

In Modi's first term, there was a technological innovation almost every month. Other than the list above, there has been Meghraj, to access the benefits of cloud computing, e-Taal, Digital Village, Soil Health Card, Pradhan Mantri Gramin Digital Saksharta Abhiyaan and Government e-Market Place (GeM). Many are still under trial.

The reasons are clear. It is difficult to figure out for which markets these schemes aim to provide opportunities. So even though they are smartly conceived tools to ensure either digital access, digital inclusion, digital empowerment or bridge the digital divide, they remain mostly on paper.

For instance the money available for Pradhan Mantri Gramin Digital Saksharta Abhiyan, a training programme to make over 60 million rural households digitally literate, is ₹2351.38 crore, all states combined. The money actually spent was ₹100 crore in 2017-18 and ₹438 crore in 2018-19. There is no clear evidence for the rural population whether the training was linked to jobs.

This is the same reason that another related project meant to set up at least one Common Services Centre (CSC) in every gram panchayat has stuttered. These CSCs were to be operated by local entrepreneurs to provide eServices to rural citizens. As recently as October 2019, the government's special purpose vehicle to run these centres, CSC e-Governance Services, is working on a pilot project to extend tele-medicine for Ayush ministry, through them. There are few takers for the 350 digital services each of these CSCs offer. Most people use the CSCs to download movies, instead.

The stiffest challenge that would ultimately decide the fate of the government's Digital India programme is tied with the fate of the National Policy on Electronics, announced a year ago in February 2019. Here, the market linkage is quite evident. According to data from October 2019, the government has approved 233 applications with an estimated investment of ₹63,610 crore. To support those investments, there are plans for 23 electronic manufacturing clusters spanning 15 states.

By Indian standards the money offered as grants in aid of ₹1,577 crore to get these clusters going, is substantial. The policy regime such as automatic approval for 100 per cent FDI in the sector is one of most liberal by Indian standards. Will India emerge as one of the global hubs for electronics manufacturing? The results would not be in for at least another couple of years.

CHINESE WHISPERS

BJP's CAA 'padyatra'

Even as the anti-Citizenship Amendment Act (CAA) protests continue to make headlines and drawing in protesters from all walks of life, the ruling Bharatiya Janata Party (BJP) has geared up to counter the narrative with a "padyatra" in Uttar Pradesh. Starting Wednesday, top party leaders including the two UP deputy chief ministers — Keshav Prasad Maurya and Dinesh Sharma — as well as state BJP unit president Swantra Dev Singh apart from other senior cabinet ministers would hit the street in different districts. They will interact with the common man and "expose" the agenda of the Opposition. The "padyatra" programme would continue till January 14 and would also comprise public meetings at the respective places. A few Union cabinet ministers would also participate in the programme in UP.

Resuming a fight

It hasn't been long that a video clip of the Bharatiya Janata Party's (BJP's) Jharkhand MLA C P Singh compelling a fellow MLA from the Congress, Irfan Ansari, to chant "Jai Shree Ram" outside the Assembly building went viral. On Wednesday, the concluding day of the inaugural session of the newly constituted Assembly, the two were part of a stormy argument as the scene shifted to inside the House. Irfan fired the first salvo this time when he blamed BJP workers for the infamous Tabrez Ansari lynching during the party's rule. At this, Singh asked him to apologise and the Speaker, too, asked him to express regret. Irfan refused and he said that he had not defamed the party or the Rashtriya Swayamsewak Sangh. The matter escalated when the BJP MLA incensed Irfan further by questioning his "status" and asked him as to what would be the latter's reaction if someone called him a terrorist. Matters threatened to deteriorate further when other members stepped in and calmed them down.

Targeting Deepika Padukone

Deepika Padukone's visit to Jawaharlal Nehru University (JNU) on Tuesday — in solidarity with the students injured in Sunday's attack in the campus — has further polarised social media. Practically, it's like you are either with Padukone or against her: There is no middle path. And the list of those with extreme viewpoints includes senior government functionaries, some of whom lashed out at the actor a day later. "A country where Kanhaiya claims to be a student, Deepika is a governance expert and Anurag teaches civilisation values," tweeted Anuj Gupta, officer on special duty to Union minister Piyush Goyal. Goyal, incidentally, was instrumental in organising a meeting of Bollywood celebs to rake up support for the Citizenship Amendment Act. It didn't take long for the internet trolls to take a cue and get all riled up, calling for a boycott of her upcoming movie *Chhapaak*. To back their claims, they had cancelled their tickets to the film, which releases on Friday, and many social media users (including some followed by PM Modi) posted screenshots.However, it did not take the Twitter users long to figure out that all the shots were of tickets from the same show and seats at the same movie theatre in Vadodara.

INSIGHT

The future of impact investing

Three major trends to consider when designing the Social Stock Exchange

KARTIK DESAI

As we conclude an eventful decade of profound social, economic and political transformation, and enter a new one full of more uncertainties, how do we assess the state of the Indian impact investing sector at this juncture? The period assumes significance because it has been 10 years since the microfinance crisis. How do we then assess the potential of impact investing to help the country achieve our 2030 Sustainable Development Goals (SDGs) targets over the next decade?

Today, there are three major trends shaping the development finance space which will together determine the future of using private capital for public good. And each of them has implications for the design of the proposed National Social Stock Exchange:

1. Blurring of lines between impact investing and commercial venture capital
2. Consensus on what constitutes impact (filter), how to measure it (rating) and how it can be priced (credit) among investors and philanthropists
3. Development of financial instruments for non-profits and non-market-return (or muted return) social enterprises

The overlap between impact and mainstream venture capitalist (VC) investment is here to stay. It has been increasing for some time, as pointed out in the 2017 McKinsey study, which makes sense, because social enterprises that are initially funded by impact capital and are successful in demonstrating traction and defensibility, are able to attract the commercial capital they need to further scale. With more exits from such enterprises, and availability of significant VC capital in India, even large private equity titans have launched impact funds, and more will do so in the future.

What does this mean? One, that high quality entrepreneurs will have more options to choose from, and impact and commercial fund managers will find synergies in working together. Two, that social enterprises which are not able to deliver a market return because of the inherent structural challenges in the sectors where they operate, will find it harder to raise venture capital funding, impact or otherwise. And three, impact funds will need to work harder to differentiate themselves from the broader VC ecosystem, most importantly by better measuring what they call impact.

Impact management should be seen at three levels. First, having a basic impact "filter" to define what is an impact investment or not. Once this filter is met, all deals that make it through are evaluated purely on a financial basis. Most impact funds go beyond this and try to measure and report their impact at an enterprise level in terms of outreach (number of low-income customers or suppliers) and depth (e.g. average income increase for a farmer or artisan in their supply chain), with additional metrics relating to climate or gender equality.

The problem is not just the lack of consistency in measurement or the need for an external social audit mechanism but of a missing consensus on an impact "rating" that measure the relative degree of impact within and across diverse social sectors such as education, healthcare or waste management. What is needed is industry level and tri-sector collaboration to define common standards.

The good news is there has been much progress globally on this front with initiatives like the Impact Management Project, a five-point framework that articulates what constitutes impact, and metrics such as the Impact Investment Reporting Standards (IRIS). In India, the Impact Investors Council is driving the adoption of best practices on common reporting standards and aggregating the impact metrics of Indian funds. Ideally, impact frameworks need to be agnostic of the delivery-model, using a common impact criteria across for- and not-for-profits to compare relative social performance. The third step would be if the measurement was credible enough to enable trading of an impact "credit", a currency that monetises the value of social impact.

Effective impact measurement is also a driver of the third major trend: The innovative use of blended finance instruments to fund social enterprises that can't deliver market returns but have delivery models to achieve scalable social outcomes. Several pilots over the last few years have shown that a creative combination of philanthropic and commercial investments can help social enterprises raise capital through structures such as social success notes, development impact bonds and various guarantee arrangements. There is now a vibrant ecosystem of intermediaries (bond arrangers, measurement agencies) and funders (both high-net-worth individuals and family offices as well as global foundations and donors) eager to use these instruments.

It is in light of these three major trends that we can consider the potentially catalytic role of the Social Stock Exchange (SSE), which can allow us to tap into the growing pool of impact money globally and channel it to the highest impact enterprises in the country. The SSE, in addition to listing equity shares of for-profit social enterprises, could also list blended finance instruments of NGOs. The SSE needs a consistent impact filter to determine who gets to list and is incentivised, to ensure a credible pipeline of enterprises. And the SSE needs not just philanthropists but commercially-focused investors, with and without the impact tag, to enable liquidity.

Over the last decade, the impact investment industry has already demonstrated success in financial inclusion and green investing, transforming financial intermediation for the poor and driving a carbon-conscious agenda across diverse sectors spanning electrification, clean cooking, waste, sanitation, water, agriculture, mobility, air pollution and more. Creating a common "impact credit" may be much harder ask, but it is certainly something that we must aspire to if we are to effectively work together to address our development targets for 2030.

The author leads Asha Impact, an impact investment and policy advocacy firm

LETTERS

When 'repairs' hurt

The government has brought GDP growth to the slowest in 11 years, a result of its fixated politics and prescriptive economics. This regime came in by building up suspicion over every sphere of governance by its predecessor. However, it ended up implementing ideas such as demonetisation, only to find those disproved and, in the process, knocking out the cornerstone of our cash centric architecture. It had no inkling of the ensuing collapse of every facet of our economy.

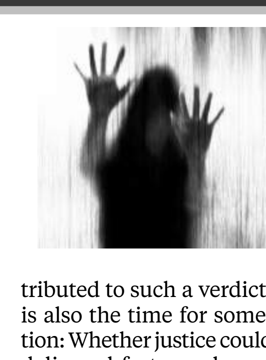
More than a flagging economy, it is the feckless efforts at its repair that is a bigger concern and it is made worse by the government's apathy to economists and its disregard for the autonomy of pivotal planning and oversight institutions.

There is frenetic activity but little progress in the economy ,made worse by the unsettled socio political environs induced by the energetic propagation of inconsequential themes .

R Narayanan Navi Mumbai

Long way to go

This refers to "Nirbhaya case convicts to be hanged on Jan 22" (January 8). After a seven-year-long legal battle, Nirbhaya's family will finally heave a sigh of relief and her departed soul will be in peace. Perseverance from



her parents, media pressure and public support all the way, have also contributed to such a verdict. But today is also the time for some introspection: Whether justice could have been delivered faster or has our government done enough to ensure women are safer travelling in public transport, especially post sunset, now. Have CCTVs and police patrolling covered all such corners of the national capital? We will find that we still have a long way to go. And we have not learnt our lessons despite this horrific and brutal assault on the 23-year-old physiotherapy student. Security measures promised after that incident don't seem to have turned into reality till date. Hope whichever party forms the government in Delhi next does not put this issue on the back-burner again.

Bal Govind Noida

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HAMBONE

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Don't depend on MPC alone

Maintain balance between growth and financial stability

The first advance estimates of gross domestic product for the current year, released by the government on Tuesday, showed that growth in the Indian economy will slow to 5 per cent, compared to 6.8 per cent last year. Since most high-frequency indicators suggest that a sharp rebound is unlikely in the near-term, stakeholders are looking for policy support. While it will take a few weeks to know to what extent the government is willing to support growth through the Budget, markets have been hoping that after a pause in December, the Reserve Bank of India (RBI) will lower policy interest rates to push up economic activity when the Monetary Policy Committee (MPC) meets next. Such expectations, however, were dented by the remarks made by RBI Governor Shaktikanta Das on Tuesday. Mr Das rightly said that persistently high inflation affects the economy's allocative efficiency and obstructs growth. He also reasoned that high inflation worsens income distribution by lowering the real income of the poor.

The MPC's surprise move in December was partly because of higher consumer price inflation, which touched a 40-month high of 5.54 per cent in November. Economists predict that it will now cross the 6 per cent mark — the upper end of the target band. Currently, retail inflation is largely being driven by food prices, as core inflation is at a lower level, reflecting lower pricing power and weak demand in the economy. So, should the rate-setting committee look through the factors driving inflation and reduce rates to support growth in its next meeting? It is important to note that the mandate of the RBI is to target headline inflation.

As the outcome of the December meeting showed, it will not be easy for the MPC to cut rates. Minutes of the meeting showed that the committee was not worried about vegetable prices alone, and as Mr Das noted: "...there is a need for greater clarity as to how the overall food inflation path is going to evolve, as there is some uncertainty about the outlook of prices of certain non-vegetable food items such as cereals, pulses, milk and sugar." He also highlighted the lack of clarity on how the telecom tariff hike will play out. Further, the upcoming Budget will play a big role in the next monetary policy decision. A large fiscal slippage will naturally deter the MPC from cutting policy rates. A surge in crude oil prices, owing to tension in West Asia, will also increase risks to the inflation outlook.

There is no doubt that the Indian economy needs support, but it is worth debating whether it makes sense to risk financial stability to support growth in the short run. Will it pay to have an excessively accommodative fiscal and monetary policies, along with an abundance of liquidity in the system? Further, what are the chances that the policy impetus will quickly revive economic activity and India will be able to withdraw the stimulus before an external shock hits the economy? It would be advisable to maintain a fine balance between supporting growth and preserving financial stability. The policy target should be to attain a durable recovery in economic growth, which may not come with another rate cut alone.

Increasing green cover

Ambiguity in the definition of forests should be removed

The government's forest management record, as portrayed in the State of Forests in India 2019 report, seems a blend of some notable successes and a few glaring failures. While the country's overall green cover has increased by 5,188 sq km — an area of the size of Delhi and Goa put together — the existing forests are thinning and several north-eastern states and other regions inhabited largely by tribals have lost some of their forests. This bodes ill for the livelihood security of the large forest-dependent population. It also has socio-economic, and law and order implications as many of these tracts are controlled by Naxalites. Worse still, the loss of forests in the north-east is attributed, among other factors, to clearance of forests for the illegal cultivation of poppy, a crop used widely to raise resources to finance the militancy. Well-advised strategies are, therefore, called for to prevent diversion of forestland to any non-forest use other than essential infrastructure and developmental programmes in these regions.

On the upside, the report provides evidence of a sustained long-term uptrend in India's forest cover. Only a few countries can boast of such a feat. India's total green cover now stands at over 8.07 million sq kms, or 24.6 per cent of the entire territory. It inspires confidence in fulfilling — or reaching fairly close to — the country's commitment under the Paris Climate Agreement to create an additional carbon sink of 2.5 to 3.0 billion tonnes in the forest sector by 2030. However, given the slow pace of expansion in the forest cover, cumulatively just over 2 per cent in the past three decades, hitting the ultimate goal of having 33 per cent of the geographic area under forests and trees seems a tall order.

But the fact also is that the report's numbers and conclusions cannot be taken at their face value. The total forest area figure, for instance, includes the "tree cover" comprising the likes of commercial plantations, orchards and the scattered trees on roadsides and elsewhere. The monoculture of these trees, obviously, is not the same as typical forests, though the trees also serve the environmental objectives. However, the much-needed ecological biodiversity that is associated with forests is missing in the tree covers.

The inclusion of plantations in the forest data can, indeed, be blamed on the lack of a proper definition of forests. Each organisation sets its own parameters for treating a piece of land as forest. The Forest Survey of India, which prepares the biennial State of the Forests report, counts any patch of land as forest if it is more than one hectare in size and has a tree canopy density of above 10 per cent, irrespective of the ownership or legal status of the land. States have their own norms for defining a forest. In some states an area once listed as a forest in the revenue records remains so even if it loses its entire vegetation. The Supreme Court, on the other hand, had decreed in a landmark judgment in 1996 that the term forest must be understood according to its "dictionary meaning". Such confusion is unwarranted for a productive and ecologically critical sector like forests. It is, therefore, time to formulate an unambiguous and universally accepted definition of forests to get a true picture of the country's forest resources.

ILLUSTRATION: BINAY SINHA

The darkening sky

Shadows of the events in 2019 will loom large over the world and India

A PIECE OF MY MIND

SHANKAR ACHARYA

What might 2020 hold for us at both the global level and in India? As I try to peer through the fog of uncertainty and insufficient knowledge, I am struck by the long shadows cast by the year just ended. 2019 was not a good year, either for global cooperation, the world economy or the Indian economy. Let me share some thoughts on each of these.

Global political and economic cooperation

Across the entire spectrum of global cooperation, 2019 witnessed substantial deterioration. In large measure, this reflected the cumulative impact of US President Donald Trump's decisive and sustained policy shift since 2017 in favour of unilateralism in international affairs — and away from institutions, treaties and practices of multilateral cooperation. Consider three examples.

First, in the domain of international trade, there are the well-known "trade wars" launched by Trump against China, Europe and some other countries. These are still rumbling on, taking their toll on global trade, investment and growth. The recent announcement of a probable "phase 1" agreement with China may help, though there is little clarity about how much and for how long. Perhaps, as important for the long run is the American undermining of the Appellate Body of the World Trade Organization (WTO) for dispute settlement, often described as the "jewel in the crown" of the institution. By systematically blocking appointments of replacements to the normal seven-judge membership of this body, the Trump administration finally ensured that membership was down to just one by December 11, 2019, thereby ensuring that the minimum three-judge requirement for panels for adjudicating trade disputes between WTO members would no longer be met. In effect, the Appellate Body ceased to function, placing world trade in the unprecedented and dangerous situation of having no effective dispute settlement mechanism. The potent negative effects will manifest in 2020 and beyond.

Second, the 2015 "Paris Agreement" on Climate Change has thus far achieved modest results by way of practical follow-up measures to curb global carbon emissions, which cause global warming, damaging climate change. Again, the Trump administration is a major culprit having given formal notice of unilateral US withdrawal in June 2017 and having worked actively against the thrust of the agreement both through national policies and uncooperative participation in annual UN climate summits. The latest such summit, COP 25 in Madrid last month, ended without recording significant progress. This despite the proliferation of scientific reports pointing out ominous, ongoing and anticipated consequences of carbon emissions and climate change. In a nutshell, we seem to be well on our way to a disastrous 3°C plus increase in global temperatures by 2100, despite the international agreement/aspiration to keep the rise below 2°C (preferably 1.5 °C).

Third, the most important global public good — world peace— came under increasing strain during 2019 with the demise of the 1987 Intermediate-Range Nuclear Forces Treaty (between US and Russia) in August 2019, the loss of momentum to renew the critical New START (Strategic Arms Reduction Treaty) treaty (expiring February 2021), the lack of progress with agreeing limits on North Korea's nuclear weapons programme, and the sharply rising conflict and tensions between Iran and the US (and her allies, Israel and Saudi Arabia). The US withdrew unilaterally from the 2015 multi-country Iran Nuclear deal in May 2018 and ratcheted up severe sanctions against Iran, and the American assassination of Iran's top general last week raised the prospect of a major West Asian conflict in 2020.

World Economy

In 2019, world economic growth (at market exchange rates) slowed markedly to 2.5 per cent, essentially because of a significant, synchronised slowdown in three big economies. The growth of the $21-trillion US economy slowed to 2.4 per cent, that of $19-trillion European Union (EU) to 1.5 per cent and $14-trillion China to 6.1 per cent. Together, this "big 3" account for over 60 per cent of world gross domestic product (GDP). Major causes of the slowdown include: The waning of the tax-cut stimulus in the US, the major trade wars, high total debt in China and a sharp slackening in EU's main engine, Germany.

Despite anticipating continued deceleration in US and China and little change in EU, the October 2019 IMF World Economic Outlook foresees a small uptick in world economic growth to 2.7 per cent in 2020, mainly attributable to better expected performance in some large developing countries such as Brazil, Mexico, Turkey, India and Saudi Arabia. With the sudden ramping up of the conflict in West Asia in the last fortnight, these expectations now look too rosy. Depending on how the conflict and its ramifications evolve, it is quite possible that global economic growth in 2020 may be even slower than in 2019.

The Indian economy

In the six quarters to September 2019 India's economic growth slumped from 8 per cent to 4.5 per cent and the government now expects full fiscal year 2019-20 growth to clock only 5 per cent, the lowest in a decade. (These official estimates may over-estimate real growth, given trends in high frequency economic indicators, the much-discussed frailties of the 2011-12 base national income series and the recently published research by former chief economic adviser, 2014-18, Arvind Subramanian.) The underlying causes of the sharp slowdown are widely debated. They probably include: Continuing high stress in the financial sector and high public sector borrowings, which have together damped private investment and consumption; a falling share of exports to GDP because of declining competitiveness and failure to plug into global value chains; a sharp slowdown in manufacturing; and major problems in key service sectors such as telecom, aviation and electric power.

Even before the recent growth slump, the latest official data for employment and unemployment, for 2017-18, showed a very poor job situation, with less than half the working age population participating in the labour force, high levels of youth unemployment and widespread underemployment. This unhappy situation has almost certainly worsened because of the steep growth slowdown in the last two years.

The prospects for a swift rebound in the growth of output and employment are not good, given the underlying policy and institutional constraints. In 2020, it is likely that economic growth will remain in the order of 5 per cent. It could be significantly lower if the conflict in West Asia escalates seriously.

The writer is honorary professor at ICRIER and former chief economic adviser to the Government of India. Views are personal

India Inc: Seen but not heard

SWOT

KANIKA DATTA

Something is surreal in the state of business in India, and nothing captures it better than Tuesday's newspapers. The headlines were dominated by report on the attack by armed goons too cowardly to show their faces against students at Jawaharlal Nehru University (JNU). The turbulence of those photos stood in stark contrast to a posed snap of a group of grinning industrialists (all men, all old) surrounding Prime Minister Narendra Modi, recording a meeting called to discuss how to jog the economy out of its becalmed state.

Over the past few days, there has been a clamour for Bollywood celebrities to speak out against the violence at JNU, the deleterious consequences of the Citizenship Amendment Act (CAA) and the impending National Population Register (the two issues are not connected but they have somehow morphed into a giant outcry against brute majoritarianism against civil society).

Strange, though, that no one thought to ask why the business community has been seen but not heard. It has, after all, far better access to India's most powerful man — Prime Minister Narendra Modi — than any actor, writer, singer or dancer.

Since December 12 when the CAA was signed into law and countrywide protests erupted, the prime minister has met with the business community, individually or in groups, at least three times. On December 20, he addressed the Associated Chambers of Commerce and Industry; on January 1, he held one-on-one meetings with 60 entrepreneurs and business leaders; on January 6, he met another group of industry stalwarts.

The last meeting, then, was held just hours after the JNU assaults. Only one businessperson from that group publicly expressed his concern, though it is unclear whether he voiced them to the prime minister *mano-a-mano*. That was Anand Mahindra, who made an elliptical reference to "faith" in a tweet. The others who have gallantly aired their anxieties stood outside this charmed circle and even they mostly deplored the violence in generic terms. Only Harsh Goenka has been brave enough to refer to "religious bushfires lit all over the country," as direct a criticism of the ruling party's governance agenda as you can get from the business community. And only Naushad Forbes has been a consistent exception to the amoral silence of the business community through his writings.

Let's give businesspeople who met Mr Modi the benefit of the doubt. Perhaps they privately pointed out to the prime minister that gratuitously attacking civil society for protesting in a democratic country is unlikely to reassure investors of any stripe? That the spectacle of police manifestly responding to political orders rather than discharging their fiduciary duties is unsettling for those worried about the security of their property?

Highly unlikely, if you judge by the alacrity with which the assembled audience at the Assocham meet acquiesced to the prime minister's demand for more enthusiastic applause — not once, but twice.

Did they perhaps advise him on the urgent need for a predictable policy trajectory? That withdrawing over 80 per cent of currency in circulation three years ago without warning was so problematic that its impact is being felt today? That insisting on a year's advanced deadline for the most massive change the country's indirect tax system has helped neither them nor his government's revenue collections? Or maybe that the muscular demand for a "strong rupee" is unsupportive for exporters, as is the slump back into protectionism?

Possible, but improbable. The response from the Assocham meet suggests that the business community wants the government to stimulate the economy now that it is clear that a generous corporate tax cut in September hasn't done the trick. Thus, on December 31, the last day of a deeply troubling year, Nirmala Sitharaman obliged with the announcement of a humdinger infrastructure investment plan worth over ₹100 trillion. No one yet knows where the money for all this will materialise, nor how the myriad structural bottlenecks (first stop: Land acquisition) will be cleared. No matter, it's good optics at a time when the regime's social agenda has hit a hurdle called civil society.

Still, the contrast with the halcyon days of 2014 is noticeable. Then business leaders eagerly lined up to attend various investment jamborees — Make in India, Stand Up India, and what not — and heap extravagant praise on the prime minister, all of it obligingly disseminated on all TV channels. Now the meetings are held behind closed doors and the content of the discussions confidential. Which means that even at their most diplomatic, business leaders must have little good to say about the management of the economy — even if the obvious link between a divisive social agenda and the economy has eluded them.

They may not really care much about the trajectory of Indian society; but they must surely understand that shying away from speaking truth to power will hurt their businesses just as much.

Bridges to Kabul

BOOK REVIEW

UTTARAN DAS GUPTA

A *Washington Post* story last month revealed how senior US officials had misled the American public about the Afghanistan War, and how the nearly two-decade-long war effort was, in the words of one general, "devoid of a fundamental understanding... (without) the foggiest notion of what the US was doing there". As the Taliban kept returning — and now, it seems they will be at the table whatever the future for Afghanistan is — US officials kept declaring "progress was being made". A few years after the Taliban and Al Qaeda were pushed back in 2001 by the US and its allies in an offensive launched in response to the September 11 attack on the Twin Towers, Indian writer and media professional Taran Khan landed in war-scarred Kabul.

She would return several times over the years. "Most of these (visits)... were for assignments to work with Afghan media professional," she writes in the book under review. Over the course of these visits — some of which lasted only weeks while others ran into months — Ms Khan discovered, what she calls, "the shadow city". She was told not to walk — the streets of Kabul were not safe, more so for a foreigner, especially for a woman. But, she "found that walking offered a way to exhume history — a kind of bipedal archaeology — as well as an excavation of the present". The results of her wanderings is this book.

Ms Khan — a close friend with whom I have walked in Berlin, Hamburg and Delhi — does not walk in a straight line. The structure of the book somewhat replicates her style of walking. There is hardly any chronology; there are few dates by which you can map her stay in the Afghan capital. Yes, she gives you a description of her first arrival in Kabul: "When I first saw the city, it was in the throes of another transformation. The population had almost doubled to around 3 million, drawn by the promise of peace and economic opportunities." But there are other "bridges" — to use her own term — through which she keeps arriving in Kabul in the course of the narrative.

SHADOW CITY: A WOMAN WALKS KABUL
Author: Taran Khan
Publisher: Vintage (Penguin)
Price: ₹499
Pages: 240

Some of these are historic: Ms Khan claims descent from Pathans, though it is unclear whether they were from modern Afghanistan or Pashtun-dominated areas in Pakistan. Her Kabuli friends, however, seemed hardly bothered by this colonial-era distinction: "We piss on the Durand Line, sister," they tell her. Another bridge is her Baba, her grandfather, who does not accompany her to Kabul, but guides her in spirit with his encyclopaedic knowledge of Persian and Urdu literature. Other bridges are constructed by friendships she strikes up with her colleagues, neighbours, ex-jihadis, filmmakers, librarians, all of whom are like horcruxes, repositories of some fragment of Kabul's soul.

As a bibliophile, I found the chapter on Kabul's books, "Written in the City", the most appealing. "Reading was how I learned to inhabit Kabul, a large part of how I made myself at home there," Ms Khan writes, adding, "I began to read Kabul like a story, cast in a script that is embossed on its alleys and stones." As she soon realised, there were at least two Kabuls even in written accounts about the city — one in western texts with which she was more familiar and the other in Persian and other books, to which her Baba introduces her. There was yet another layer, an oral one: "while most Afghans cannot read or write, they are steeped in an oral tradition of storytelling".

In this chapter, the reader also meets Haideri Wojodi, one of the oldest employers of Kabul's heavily guarded public library. Reading Ms Khan's description of him, I thought of Mr Wojodi as a Borges of the Afghan capital: "He seemed like a deceptively frail guardian of Kabul's literary legacy, bound to it with a deep belief: That words are important through darkest times." When Ms Khan asks him if people visited the library even during Taliban times, he replies: "Yes, people read even then, child." The description is at once poignant and heart-breaking.

The book is cyclical — the last chapter of the book is called "Returns", like the first one. "The legend of Kabul begins with a bridge, a road appearing on water," she writes. "The same bridge is the path to departing from the island. Returning to Kabul and leaving it are not endings but states of movement, of travel." Ms Khan's travels in the Afghan capital ended in 2013; since then she has continued to meet expatriate or refugee Afghans all over the world. Memories and old friends are now her bridges to Kabul.

The reviewer's novel, Ritual, will be out in February

Business Standard
The Smart Investor
MUMBAI | THURSDAY, 9 JANUARY 2020
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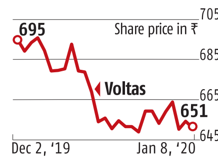
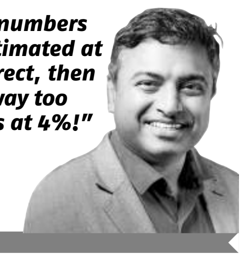
QUICK TAKE: PROSPECTS STILL GOOD FOR VOLTAS



Voltas' stock has fallen by over 5 per cent in the last one month on expectations of a muted December quarter. But analysts are still bullish, given Voltas' medium-term growth potential in light of its strong order book, market share gains, and foray into new markets like Bahrain and Kuwait

"Overall, the inflation numbers look seriously underestimated at 2.5%. But if that is correct, then our interest rates are way too high. Need to get loans at 4%!"

DEEPAK SHENOY
Founder, Capital Mind



MFs post 3x surge in equity flows

Tally still 31 per cent lower than 12-month average

JASH KRIPLANI
Mumbai, 8 January

The mutual fund (MF) industry saw a sharp bounce in equity flows in December, with equity schemes garnering ₹4,499 crore of flows or 3.4x last month's tally. Contribution through systematic investment plans (SIPs) touched an all-time high of ₹8,518 crore.

The jump in flows comes after a 78 per cent decline in November. Even though December's tally was the second-lowest in 39 months, industry players were relieved and hoped this could be the beginning of a sustainable recovery. "If we continue to see further improvement next month, we may conclude that November's figures were an aberration," said Swarup Mohanty, chief executive officer of Mirae MF.

In November, equity flow declined to ₹1,311 crore, as investors took advantage of a market rally and took money off the table. These were the lowest levels seen in three and a half years. Industry participants say market stability will be an important factor for a sustainable recovery.

"If market volatility continues, it could take more time for flows to normalise back to previous levels," said Anthony Heredia, chief executive officer (CEO) of Baroda MF. Further, participants hope announcements in the upcoming Budget will lift investor sentiment.

On Monday, the benchmark indices — Sensex and Nifty — lost 2 per cent amid escalating tensions between the US and Iran. However, the December flows were still 31 per cent lower than the previous 12-month average of ₹6,544 crore. In CY19, equity schemes collected ₹76,423 crore of flows, 40 per cent lower than the previous year's tally of ₹1.27 trillion.

Contribution through SIPs saw a marginal rise of 1 per cent in December. Industry players say that though SIPs' steady growth is a positive, equity flows being much below SIP flows doesn't bode well.

"On a SIP book of around ₹8,000 crore, these levels of equity flows don't give much comfort. If collection in equity schemes remains at these levels or lower, it can be a matter of concern," said Prathit Bhobhe, managing director and CEO at Tata MF.

At ₹1,134 crore, large-cap funds accounted for one-fourth of equity flows. However, industry participants took comfort in the fact that mid-cap funds garnered ₹796 crore of flows (or 17 per cent of equity flows) in December.

"We were expecting flows into mid-cap funds to come down further, as investors have found it difficult to make money in this category. However, the strong flows are a surprise for the industry," Mohanty added.

At ₹71,158 crore, liquid funds saw bulk of outflows, which industry observers attributed to quarter-end pull-outs by institutional investors to meet advance tax requirements.

TAKING A PAUSE (₹ crore)

Lowest equity flows in three years, but equity schemes' share at record highs

Year	Equity flows	Equity AUM	Share of industry AUM (%)
CY16	54,875	469,675	28.52
CY17	152,312	771,134	36.26
CY18	127,137	786,698	34.40
CY19	76,423	1,128,201	42.50

AUM = Assets under management   Source: Association of Mutual Funds in India

Shriram Properties to go for IPO after Budget

GIREESH BABU
Chennai, 8 January

Shriram Properties, the real estate arm of Shriram Group, has said that it will go for an initial public offering (IPO) after the Union Budget.

The company proposed to hit the market with a plan to raise ₹750-800 crore. The IPO is expected to mobilise money for future expansion and help investors to partially dilute their stake.

"The stock market has been going through some rough weather for some period now. Large-caps are doing well, while mid- and small-caps are struggling. We expect the Budget to be a great one... Immediately after the Budget we will look at our IPO," said M Murali, chairman and managing director of Shriram Properties. The firm has regulatory approval with validity till April 2020 to go for an IPO.

While it has the approval to raise around ₹1,250 crore through primary and secondary markets, it will look at raising ₹750-800 crore, given the present situation, he added. Around ₹250 crore will be raised through the primary market, with the rest coming from the secondary market.

"We have raised $800 million from private equity (PE) capital so far, including project-based funding. In the holding company, around 58 per cent is held by PE investors," he said.

In the past three years, the company has seen growth in its business and has developed 2.4 million sq. ft of real estate in 2017-18, around 3.5 million sq. ft in 2018-19 and expects to have 4 million sq. ft developed during the current financial year.

Use volatility to book profit in global funds: Advisors

JASH KRIPLANI
Mumbai, 8 January

International funds — which have been the top performing ones over the past one year with gains of over 20 per cent — are being recommended by advisors for booking partial profits, with escalating tensions between the US and Iran threatening to spill over and impact global indices.

"Investors can use this volatility in global markets to take some profits off the table, especially those investors that are close to their investment horizon," said Amol Joshi, founder of PlanRupee Investment Services. In the past one-year period, international funds have delivered returns of 25.49 per cent, outperforming large-cap funds by a wide margin. The latter has delivered returns of 10.63 per cent, thanks to polarisation in the markets that favoured large-cap stocks.

Experts say investors can use this opportunity to rebalance their portfolio.

"Investors can realign their portfolio, in line with their original allocations. With value of investments in international funds going up, investor allocations are likely to have also gone higher to these funds," said Vidya Bala, co-founder at PrimeInvestor.

According to industry observers, international funds had been attracting investor interest as domestic-focused funds have struggled to beat their benchmark returns.

According to a study, around 50 per cent of 200 actively-managed equity schemes had underperformed their benchmarks in CY19. Mid-cap and small-cap schemes — where retail investors had expected to make robust returns — have been the worst of the lot. The mid-cap and small-cap funds have delivered 3.5 per cent and 0.08 per cent returns in one year.

Advisors say that while investors can book partial profits in these schemes, they should continue to maintain some allocation. "International funds help from the point of view of diversification. Investors get exposure to different markets, rather than just being exposed to domestic markets. Second, it also gives currency hedge, if the investor has dollar expenditure for foreign travel or for higher education of children," Bala added.

According to experts, a weaker rupee and strong dollar is also a factor that can benefit international funds.

"International funds largely invest in companies that earn their revenue in dollar terms. This works favourably when the rupee is seeing a depreciation," said a fund manager. The rupee is expected to depreciate further as tension brewing between the US and Iran can lead to a spike in oil prices, and lead to further widening of the current account deficit. Amid fears of spike in oil, the rupee breached the 72-mark against the dollar this week.

NEW CHALLENGES

International funds have been the top performing stocks in recent times

Fund category	One-year returns (%)
International funds	25.49
Large-caps	10.63
Mid-caps	3.52
Small-caps	0.08

Source: Value Research

Indices end in red amid Iran retaliation

The benchmark indices clawed back most of their lost ground to end modestly lower on Wednesday, as global markets were whiplashed by a fresh wave of volatility after Iran launched retaliatory strikes against the US forces in Iraq.

After plunging nearly 400 points in early trade, the Sensex stabilised to finally settle 51.73 points, or 0.13 per cent, down at 40,817.74.

Similarly, the broader Nifty shed 27.60 points, or 0.23 per cent, to finish at 12,025.35. On the macroeconomic front, advance GDP estimates, suggesting India's economic growth may drop to a 11-year low of 5 per cent in the current fiscal year, also kept investors cautious, traders said.

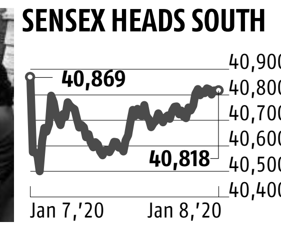
L&T was the top loser in the Sensex pack, shedding 2.19 per cent, followed by ONGC, Titan, Sun Pharma, Hero MotoCorp, and Infosys. On the other hand, Bharti Airtel, TCS, UltraTech Cement, Bajaj Finance, and ICICI Bank rose up to 2.74 per cent. "The market is sensing some ease in tension with the view that there will be no effect on equities in the long-term. For the short-term, the market will adopt a careful tactic, given the limited room to grow on account of premium valuation and slowdown in the economy.

"As soon as the situation settles, the market will shift its focus to Q3 results and the Budget," said Vinod Nair, head (research), Geojit Financial Services.

BSE capital goods, energy, industrials, oil and gas, metal, and auto indices fell up to 1.42 per cent, while telecom, basic materials, tech, and IT rose up to 2.43 per cent.

The broader BSE MidCap and SmallCap indices bucked the weak market trend, rising up to 0.16 per cent. **PTI**

SENSEX HEADS SOUTH



THE COMPASS

NTPC's shopping spree may be a gift to investors

Earnings seen rising 3%, with sharp drop in underrecoveries

HAMSINI KARTHIK

Seen more as a play on dividend, investors may not be disappointed with NTPC's flattish stock performance over the previous year.

In fact, analysts remain bullish on the firm. This is despite the power sector continuing to languish from weak demand for electricity and supply-side constraints, including availability of coal not easing for the sector.

Majority of the analysts say the recent buys and capacity expansion plans will work to NTPC's advantage.

ICICI Securities says that from FY20-23, NTPC may add over 14 gigawatt in standalone capacity, which will boost its regulated equity by ₹40,000 crore. Regulated equity is the portion of money that earns fixed returns of 15.5 per cent, as determined by the regulator.

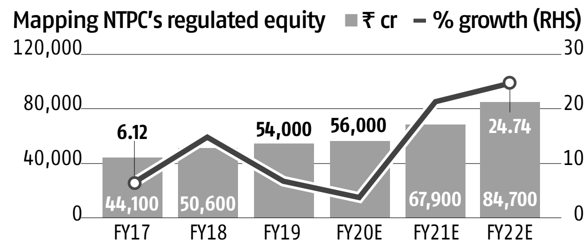
The muted growth in regulated equity was a reason for the poor stock performance. In addition, analysts estimate NTPC's acquisition of THDC and NEEPCO to be value-accretive. "A conservative estimate results in an increase of ₹350-450 crore to NTPC's FY21 earnings, translating to a 2.5-3.0 per cent increase in earnings per share," they add.

What's also working well is the marginal improvement in the pace of output, referred to as plant load factor, which improved to 91.4 per cent in December, from 87.9 per cent a year ago. The metric measures average power generated by a plant to the maximum power that could have been generated for a given period.

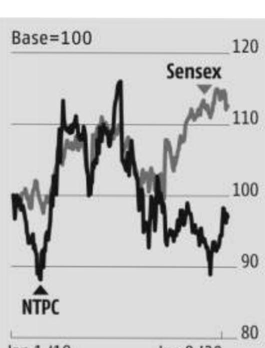
Analysts say this indicates a pick-up in demand for electricity, led by an increase in usage of room heating equipment in North India. This also means underrecoveries may reduce for NTPC. "We now expect FY20 underrecovery to reduce to ₹150-200 crore, from the earlier estimate of ₹350-400 crore," say analysts at Emkay Global Financial Services, having increased their FY21 earnings estimates by 1.2 per cent.

NTPC's recent shopping spree may turn to its advantage rather than being a drain on its financials, provided the underlying operating environment does not deteriorate from current levels. Benign valuations at 1x its FY21 estimated earnings, NTPC's regulated earnings model, and a high dividend yield of 5 per cent, all position the stock favourably in the current environment.

POWER PLAY



E: Estimates   Source: Brokerages



Compiled by BS Research Bureau

Mahindra CIE to keep riding on rough terrain

Analysts expect growth to revive from CY21 on new product business

RAM PRASAD SAHU

The stock of Mahindra CIE was the worst-performing among larger auto component makers in calendar year 2019 (CY19).

The stock, which shed 34 per cent in CY19, has been underperforming its peers on the back of weak demand from automakers in India and the European Union (EU), internal restructuring, and integration of acquired entities.

The near term could see some pressure, especially in the European business. While the passenger vehicle (PV) market (which has recovered somewhat) is a positive, the large decline in the European commercial vehicle business is likely to continue, given the demand contraction.

Further, the company's decision to forego some of its unprofitable as well as small-volume products across its German plants is expected to impact revenue.

Analysts at Antique Stock Broking expect the European business register growth of -3 per cent CY20, as loss in commercial vehicles would be partly offset by the PV and gears business. About 55 per cent of its revenue comes from the EU.

Analysts at Ambit Capital say a higher mix of stable PVs and two-wheelers will enhance scale and return on capital employed (RoCE), while also derisking the company from exposure to cyclical segments, such as commercial vehicles and tractors.

Higher business from its parent CIE and the recent acquisitions (Bill Forge, Aurangabad Electricals) are expected to enhance the operating profit and margins over the next couple of years.

The India revenue mix, too, is expected to move towards higher RoCE businesses.

As was the case with the last two acquisitions, analysts expect the company to deploy generated cash to acquire higher RoCE assets, thereby bolstering earnings without diluting equity or increasing leverage.

Going ahead, the key growth target for the company would be to expand into Association of Southeast Asian Nations markets, focus on lightweighting components, and purchase assets from CIE.

To address the risk on transition to electric vehicles, the company is identifying and developing capabilities in existing segments such as gears and magnets.

While there are near-term challenges, analysts expect growth to revive from CY21 on new product business and improvement in the operating performance.

Compiled by BS Research Bureau

Amazon tie-up key for Future Retail

This is expected to help drive volumes, improve store productivity, and margins

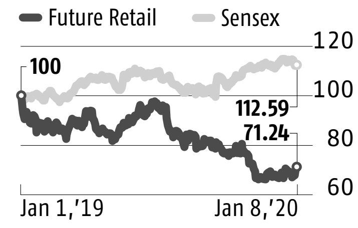
RAM PRASAD SAHU
Mumbai, 8 January

FRL: ROBUST GROWTH

(₹ crore)	FY20	FY21	FY22
Revenue	22,047	24,217	26,849
% chg YoY	9	10	11
Ebitda	2,801	3,418	3,916
% chg YoY	–	22	15
Net profit	779	880	1,099
% chg YoY	6	13	25

Source: Morgan Stanley Research

RETAIL THERAPY



The stock of Future Retail (FRL) has been trending up over the last couple of trading sessions, gaining 5 per cent after it announced a partnership with Amazon, which will expand the offline and online presence of both entities.

The company also announced that it will raise debt worth $500 million to fund the purchase of infrastructure assets from Future Enterprises (FEL). Both announcements have been perceived positively by the market.

FRL has entered into a long-term agreement with Amazon India, which will help expand the reach of the former's retail outlets as well as give a platform for its consumer brands that are housed under Future Consumer. This will make Amazon India the online sales channel for Future Retail stores.

Given its presence and product portfolio, FRL gets 350 million footfalls at its physical stores across the country. An online presence that leverages the existing infrastructure is expected to help drive volumes, improve store productivity and margins. Customers will be able to use both online and offline channels to order items across the groceries, general merchandise, fashion, and footwear categories. While packaging and pick-up of products ordered online has already been implemented across 22 stores of Future Retail, it will gradually be rolled out across all retail stores.

Analysts at Morgan Stanley believe this is a win-win arrangement arising from a hybrid retail (e-commerce and physical stores) model that will help Amazon lower the cost of fulfilment, given FRL's large store footprint.

FRL's store productivity will improve with better utilisation of its assets. For Future Consumer, the deal with Amazon will help build an online distribution channel and increase the share of sales from outside the Future Group network. The other trigger is the fund infusion and plans to raise debt. The company received ₹1,500 crore after equity warrants issued by the parent company Future Coupons (FCL) were converted, leading to a dilution in FRL's equity by 7.3 per cent.

Amazon's 49 per cent stake in FCL will mean it will own 4.9 per cent after the conversion. This, coupled with the raising of $500 million (₹3,570 crore) in dollar-denominated bonds, will help the company buy infrastructure assets from FEL worth ₹4,000 crore.

Given that retail stores are owned by FEL, the asset purchase, according to Motilal Oswal Financial Services (MOFSL), would help FRL save ₹650-700 crore in lease rentals and about ₹150 crore at the profit before tax level. Further, FRL holds ₹620 crore in advances to FEL, which could be adjusted against asset payments.

While the funds raised should help bring down lease costs, net debt is expected to go up to just under ₹2,000 crore. This will lead to an increase in net debt to operating profit moving up to 1.4x financial year 2020-21 (FY21) estimates, while return on capital employed is expected to go down 5 percentage points to 13 per cent. Analysts at MOFSL, however, believe that the asset purchase is a major step towards saving costs and creating a transparent balance sheet, compared to cross-holding of assets among group entities, which was the case earlier.

These steps should help rub off on stock price. Unlike some of its peers such as Aditya Birla Fashion Retail, Trent, and Avenue Supermarts that have delivered returns upwards of 15 per cent in calendar year 2019, Future Retail has underperformed shedding nearly quarter of its value last year.

At the current price, the stock is trading at an attractive 19x its FY21 earnings estimates and 8x enterprise value to operating profit. However, investors need a long-term horizon as the near term could see soft operating performance.

Macroeconomic slowdown, shifting of festival sales to September quarter, and aggression by online e-tailers are expected to keep Future Retail's same store sales growth for the December quarter in the lower single digits.

AT THE EXCHANGES

Four entities to list papers on BSE for ₹9.4K-cr issue

PRESS TRUST OF INDIA
Mumbai, 8 January

The BSE on Wednesday said four companies, including state-owned Steel Authority of India (SAIL) and Manappuram Finance, have filed applications with the bourse to list their commercial papers (CPs) for a total issue size of ₹9,400 crore.

SAIL, Kotak Mahindra Prime, Manappuram Finance, and JM Financial Products are the firms that have made applications with the exchange for an issue size of ₹5,200 crore, ₹4,050 crore, ₹100 crore, and ₹50 crore, respectively, the BSE said in a release.

After the process, the effective date of listing CPs with the exchange will be January 9, it added.

"To date, 68 issuers have done 474 issuances of CPs and have successfully listed CPs of ₹1,52,090 crore on the BSE.

The weighted average yield of these issuances is 6.12 per cent, with an average tenor of 144 days," the exchange noted.

A CP is an unsecured money market instrument issued in the form of promissory notes that enables highly rated corporate borrowers to diversify their sources of short-term borrowing and provides an additional instrument to investors. Such instruments can be issued for maturities between a minimum of seven days and a maximum of one year from the date of issue.

CPs are usually issued at a discount from face value and reflect the prevailing market interest rates.

NSE to begin cross-margining facility for traders from Friday

PRESS TRUST OF INDIA
Mumbai, 8 January

The National Stock Exchange (NSE) on Tuesday said it will introduce cross-margining facility to offset positions in co-related equity indices from Friday, a move that will increase liquidity and trading volumes in stock markets.

Cross-margining allows market participants to reduce the total margin payment required, if they are taking two mutually offsetting positions. The move helps market participants transfer excess margin from one account to another. The facility will be made effective from January 10, 2020, the NSE said in a circular.

The move comes after the Securities Exchange Board of India (Sebi) in November last year extended cross-margining facility to offsetting positions in highly co-related equity indices.

Sebi, in December 2008, allowed cross margining across cash and exchange-traded equity derivatives segments.

'Large-caps are pricey as opposed to long-term averages'

While liquidity has been countering slowdown, growth needs to catch up, says **MIHIR VORA**, director and chief investment officer, Max Life Insurance. In an interview to **Ashley Coutinho**, he says the relative valuations of mid-caps relative to large-caps are look comfortable, even though earnings growth remains evasive. Edited excerpts:

What is your market outlook for 2020?
The markets are likely to be driven by three factors. First, the global liquidity tap has been switched on in the past quarter as the US Federal (Fed) Reserve has begun asset purchases. The foreign flows we saw in the past few months are a result of 'risk-on trade'. It is important this tailwind continues for India. The Reserve Bank of India is pushing for lower lending rates and regular domestic fund inflows into equity markets have sustained even in volatile times.

Second, is the revival of domestic consumption growth. Activity is still slow, but the rate of decline is reducing and a low base has been created. It is crucial these do not slow further. Third, is the pick-up in private sector investment. The ease of doing business, business confidence, and Make In India are the critical factors for India to get back to 7 per cent growth.

Q&A

MIHIR VORA
Director, Max Life Insurance

What is your take on the current valuations?
Valuations of large-caps are expensive, compared to long-term averages. This is also the situation in other markets. The 'new normal' of near-zero interest rates in the developed markets is an unprecedented phenomenon, for which we have no past reference points. All asset classes are expensive, so relative valuations are not alarming. While liquidity has been countering slowdown, growth needs to catch up. Given these push-and-pull factors, we expect markets to be volatile and expect 10 per cent returns from large-cap indices.

What is your view on mid- and small-cap stocks?
There has been a significant

underperformance of mid-caps and small-caps over the past 24 months. Relative valuations of mid-caps versus large-caps are now looking comfortable, even though earnings growth is still evasive. Mid- and small-caps will also benefit from lower interest rates. However, a lot depends on a broader economic recovery, and participation of local investors. If we continue to be driven by foreign flows, money will continue to chase large-caps and polarisation will continue.

We are in a midst of a slowdown and consumer spending has taken a hit. What is your reading of the situation?
The high-frequency indicators continue to be sluggish and the bottom may not have been made in the September quarter. The winter crop prospects look promising, which could provide support for short-term consumption. The long-term consumption story for India cannot go wrong, given the demographics. But ultimately job creation has to be a long-term driver, which needs investments to pick up in manufacturing, infrastructure, and real estate.

What are the global cues to watch out for?
Continued Fed dovishness is the biggest variable to watch out for, followed by oil prices and tensions in West Asia due to friction with the US. Trade negotiations are likely to be a long-drawn affair, which will be important only intermittently, from a market perspective.

Do you see recovery in corporate earnings any time soon?
We expect 2020-21 earnings to grow at a healthy 15-20 per cent. However, growth will be led by below-the-line items such as lower tax rate, lower provisioning requirement of corporate banks, and reversal of telecom losses. For a healthier, more sustainable rally, we need top line growth to also come through to reflect overall economic growth.

Which are the sectors you are betting on?
We are positive on private sector banks — both retail and corporate. While the retail bank theme continues, going forward even private sector banks with corporate exposures will likely do well. The bad phase around their corporate exposure is mostly past us. With adequate provisions been made and not much risky lending in the past few years, they are back on the growth path. We are also positive on select non-banking financial companies, which are able to raise equity and debt, consumer discretionary (automobiles), materials, telecom, select mid-cap names in capital goods, and privatisation as a theme. Energy is another sector, which could rerate, given the government's privatisation thrust, as valuations are comfortable. Metals could benefit if the US-China trade deal is finalised.

We are underweight on fast-moving consumer goods, utilities, and other public sector undertakings, where there is continuous supply of exchange-traded fund-linked stocks.

COMMODITIES

PRICE CARD

As on Jan 8	International		Domestic	
	Price	%Chg#	Price	%Chg#
METALS ($/tonne)				
Aluminium	1,794.0	3.6	2,036.1	2.6
Copper	6,134.5	8.6	6,526.6	10.1
Zinc	2,346.0	2.2	2,593.9	0.1
Gold ($/ounce)	1,575.0*	4.6	1,764.8	5.9
Silver ($/ounce)	18.3*	3.3	20.7	5.6
ENERGY				
Crude Oil ($/bbl)	67.5*	16.2	70.0	19.6
Natural Gas ($/mmBtu)	2.2*	-4.8	2.2	-5.4
AGRI COMMODITIES ($/tonne)				
Wheat	191.7	13.7	318.7	8.6
Maize	190.4*	5.3	330.2	9.6
Sugar	362.5*	6.1	486.3	-1.7
Palm oil	782.5	49.0	1,211.5	42.4
Cotton	1,537.3	15.8	1,622.6	0.5

* As on Jan 08, 20 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 71.7 & 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

Govt puts restrictions on refined palm oil imports

Move comes against the backdrop of Malaysia's remarks over CAA & Kashmir

AGENCIES
New Delhi, 8 January

LIMITED SUPPLY

- Refined palm oil is now put in the "restricted" category, according to the DGFT
- This means an importer would require a licence or permission for an inbound shipment
- Palm oil comprises more than half of India's vegetable oil imports
- According to people in the know, India imports 30% of palm oil from Malaysia, while 70% is from Indonesia

The government on Wednesday imposed restrictions on imports of refined palm oil, a move which could discourage the inbound shipment of the commodity from Malaysia.

According to a notification of the Directorate General of Foreign Trade (DGFT), "import policy" is amended from "free to restricted" for refined bleached deodorised palm oil and refined bleached deodorised palmolein.

Putting the commodity in restricted category means an importer will require licence or permission for the inbound shipment.

India, the world's largest importer of vegetable oils, buys nearly 15 million tonnes annually. Of this, palm oil comprises 9 million tonnes and the rest 6 million tonnes soybean and sunflower oil.

Indonesia and Malaysia are the two countries that supply palm oil. Malaysia produces 19 million tonnes of palm oil in a year, while Indonesia produces 43 million tonnes, the trade data showed.

The move comes against the backdrop of remarks by Malaysia on the new citizenship law and Kashmir issue.

On December 20 last year, Malaysian Prime Minister Mahathir bin Mohamad had reportedly said, "I am sorry to see that India, which claims to be a secular state, is now taking action to deprive some Muslims of their citizenship".

Earlier, Mahathir had said in the UN General Assembly that India had "invaded and occupied" Kashmir.

Further, according to industry sources, the government has advised importers not to buy palm oil from Malaysia.

"We import 30 per cent of the palm oils from Malaysia, while 70 per cent from Indonesia. Our refiners can import from Indonesia which produces much higher than Malaysia," a person in the know said.

There will not be any extra cost to import from Indonesia as the product and price is same, the source added.

The Solvent Extractors' Association of India issued a statement regarding the import restriction, saying: "This decision will go a long way in supporting the domestic refining industry by value addition within the country, employment generation, and improved capacity utilisation of the domestic refining industry, and will also greatly help the farmers for receiving remunerative price for their produce."

Malaysian palm oil futures ended lower on Wednesday, weighed down by fears of lower imports from India and Iran's attack on US-led forces in Iraq, but fears of a shortfall in supply limited losses.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange closed down 0.13 per cent, at MYR3,038 ($740.98).

Palm oil has fallen in three out of four sessions this week, and had ticked up 0.2 per cent in the previous session.

December production and stockpiles in Malaysia fell 8.5 per cent from November to its lowest in 27 months due to dry weather and lower fertiliser usage, a *Reuters* survey showed on Sunday.

With inputs from Rajesh Bhayani

Sugar prices rise even as recovery worries remain

DILIP KUMAR JHA
Mumbai, 8 January

While a marginal increase in the price of sugar in the past two days has revived industry sentiment, a sharp fall in cane recovery continues to pose a challenge.

Average realisation for mills has increased by ₹0.5-1 to ₹34-35 a kg (M-30 variety in Uttar Pradesh) and ₹31.70 a kg (S-30 in Maharashtra). The central government has fixed the minimum selling price at ₹31, but unbranded sugar is retailing at ₹44-46 a kg.

Even so, mills fear the decline in recovery could hit their profit margin and hinder their cane payment. With the crushing season having started late by about a month (the sugar year officially begins October 1), mills have so far been able to clear most of their payment dues.

"Most large mills have cleared their arrears of the past year and also for the current season, primarily from incomes earned through sale of ethanol and export subsidy. The decline in sugar recovery, however, continues to pose a challenge. Because of delayed start of crushing, profit margins in the December quarter would remain muted and might recover in the March quarter," said a senior official with one of India's largest mills.

Praful Vithalani, chairman, All India Sugar Traders Association, believes prices increased marginally due to the 18 per cent decline in sugar production estimates to 27 million tonnes for season 2019-20, versus 32.7 mt the previous year.

The data compiled by the National Federation of Cooperative Sugar Factories shows average sugar recovery for the first three months of the current season (October-December) at 9.94 per cent, compared to 10.33 per cent in the corresponding period last year. In UP, it was 10.7 per cent, from 10.8 per cent in the comparable period; in Maharashtra, 9.95 per cent, compared to the earlier 10.4 per cent.

The reason given for the latter fall is that the cane crop in the states faced a huge water shortage at the outset of the monsoon season. Followed by a later spell of flooding, due to excess rain. The ideal situation for growth of cane is intermittent rain at regular intervals. Warm days and cold nights during the winter help adequate sucrose (sweetener) formation in cane stems.

UP govt releases ₹200 cr for sugarcane payments

The Uttar Pradesh government has released ₹200 crore for the payment of sugarcane arrears on the state-controlled co-operative sector sugar mills, for the FY19 crushing season. While four of the total 24 co-operative units had settled their outstanding, the remaining 20 accounted for the unpaid arrears, UP Cane and Sugar Commissioner Sanjay Bhoosreddy said on Wednesday. He said the government has released ₹200 crore for clearing the outstanding cane price payment, and the amount would be transferred to the farmers' bank accounts within the next two days. VIRENDRA SINGH RAWAT

More on www.business-standard.com

Trade unions' Bharat Bandh call unites workers, students

SOMESH JHA & AVISHEK RAKSHIT
New Delhi/Kolkata, 8 January

This was the fourth time in past five years that central trade unions called a nationwide strike against Prime Minister Narendra Modi-led National Democratic Alliance government's economic policies.

Ten major trade unions had called a day-long strike against the government's "anti-people" policies. But this time, the *bandh*, was not restricted to trade unions demanding rights of the workers, it galvanised into a joint movement of people, particularly students, who registered their protests on a range of issues from the new citizenship law to the Jawaharlal Nehru University (JNU) violence.

Students from across universities in Delhi, including Delhi University (DU), JNU, Jamia Millia Islamia University, Ambedkar University, and Indian Institute of Technology, joined the *bandh*. The cold was not a deterrent. Rain played hide-and-seek throughout the days amidst shouts of *azadi* keeping students warm.

At ITO, in the heart of New Delhi, 30 students from Ambedkar University amplified the voices of leaders from the 10 unions. Protesters had blocked the busy Bahadur Shah Zafar Marg for at least an hour in the morning.

"The infrastructure in our university is not sufficient as compared to the fee. Research students have not received stipends for three months. Then, there are workers in our campus who are on contract for a long period," 22-year-old Aditi, a student of Ambedkar University, said.

Thousands of DU students came together to do a two-kilometre march in the North Campus area. Students from St. Stephen's, not known to participate in strikes, chose to skip their classes and assembled in the college's lawns and read out the preamble to the Constitution. The Citizenship Amendment Act (CAA), which became a law in December, gives citizenship to non-Muslim refugees from Bangladesh, Pakistan and Afghanistan.

Shristi Pal, an economics undergraduate student from Jesus and Mary College, who was at a protest at the Faculty of Arts in Delhi University said that the government's timing of bringing in the CAA was questionable. "The government should focus on fixing the economy. Growth is falling and all that the government could think of was bringing in the CAA," she said.

A common slogan at these protests was: *chatra ekta, madzoor ekta, kisaan ekta zindabad* (long live the unity of farmers, students and workers).

All India Trade Union Congress (AITUC) general-secretary Amarjeet Kaur termed the strike as a "huge success" and claimed over 250 million people participated in the strike.

However, chief labour commissioner Rajan Verma said that strike saw poor participation till evening. He said it saw a participation of only 15 per cent on an average in set of industries governed by the government. While 55 per cent workers were absent from work in banking and insurance sectors, only 6 per cent telecom staff skipped work.

Production at Honda Motorcycle and Scooter India's Manesar plant in Haryana, Bajaj Auto's Chakan unit and factories of various auto component makers was hit on Wednesday. The strike, however, had no impact on production of auto majors Maruti Suzuki India, Hero MotoCorp, Honda Cars India, Mahindra & Mahindra, Tata Motors and Hyundai Motors India as their plants in various parts of the country functioned normally.

(Top) Passengers outside the Netaji Subhas Chandra Bose International Airport. In Kolkata, taxies were off the roads due the strike. Around 12,000 RBI staff from 19 offices across the country, including from Mumbai (*left*), went on strike, too

PHOTOS: PTI, KAMLESH PEDNEKAR

IT firm HCL issued an advisory to its employees. "We have also recommended staff to avail Tele-Commuting option (work from home) if required," a company spokesperson said.

Though normal life remained unaffected in most parts of the country, banking services were hit. Several ATMs went dry by the evening as people rushed for cash withdrawals.

Around 12,000 workmen staff of the Reserve Bank of India from 19 offices across the country, including from the central office in Mumbai, went on strike. It affected various departments including currency management, government and public accounts.

Protests turned violent in West Bengal after clashes broke out between the ruling Trinamool Congress (TMC) and the Left Front-backed Students Federation of India in Bardhaman district. The TMC-led West Bengal government, which is opposing CAA and NRC and has been taking digs at the Centre over economic and social policies, is against any form of strike or shutdown.

(With inputs from Press Trust of India)

JNU attack: Protests continue across India as govt pushes for calm

ARCHIS MOHAN & PTI
New Delhi, 8 January

Students came out in large numbers across the country on Wednesday to protest Sunday's violence against students at the Jawaharlal Nehru University (JNU) while Opposition parties, including the Congress, announced they would soon meet to decide their future course of action.

In view of the continuing protests against the Citizenship Amendment Act (CAA) and National Register of Citizens (NRC) in Assam, Prime Minister Narendra Modi will not attend the inaugural function of the third Khelo India event to be held in Guwahati from January 10 to 22.

In a separate development, the Centre moved the Supreme Court on the day, seeking transfer of petitions challenging constitutional validity of the CAA pending before different high courts to the top court.

A bench headed by Chief Justice S A Bobde posted the matter for January 10. The Bench, also comprising justices B R Gavai and Surya Kant, said, "We are of the prima facie view that high courts should hear petitions challenging CAA and in case there is a conflict then we may look into it".

Tushar Mehta, Solicitor General of India, appearing for the Centre, said there would be a problem as different high courts may take conflicting views and lawyers will move to different states to attend proceedings. The top court said lawyers moving to different states to attend hearings was not its priority.

The Congress Working Committee will meet on Saturday to "discuss the current political environment". A meeting of opposition parties is likely on Monday. The meetings will also discuss the crisis in West Asia.

A protest march against Citizenship (Amendment) Act and National Register of Citizens, on Wednesday

PHOTO: PTI

Congress chief ministers Ashok Gehlot of Rajasthan and Amarinder Singh of Punjab appealed to the Centre on Wednesday to prepare a plan to protect Indians working in West Asia in the wake of escalating tensions between Iran and the US.

Congress general secretary Priyanka Gandhi Vadra will visit Varanasi, Modi's Lok Sabha constituency, to meet students at the Banaras Hindu University on Friday.

JNU attack investigation

Union minister Prakash Javadekar expressed confidence that the ongoing police probe will "unmask" the accused and asserted that violence has no place in a "mature democracy" like India.

"We are a mature democracy and everybody has the right to express their opinion. Violence has no place, especially in universities, where people go to study," Javadekar said.

The minister said some unions in JNU had earlier decided to prevent students from registering in semesters. "We should not forget that this is an important issue. Stopping students from semester admission is anti-education," he said.

Delhi Police sources said no fresh cases were registered on Wednesday apart from the three already registered in connection with the JNU incident. While no arrests have been made so far, they said police has leads for the identification of the masked persons who indulged in violence in JNU.

The Union Human Resource Development Ministry on Wednesday asked JNU vice-chancellor M Jagadesh Kumar to communicate more with students, take faculty into confidence and facilitate the semester registration process, days after violence on the campus. Officials met Kumar and told him normalcy should be restored at the earliest, a senior ministry official said.

Kumar said the administration had not suggested temporarily shutting down JNU and efforts were being made to restore normalcy. There have been demands that he be sacked or resign in the wake of the attack.

From farm to fork

Supply chain firm Ninjacart is using technology to connect farmers with retailers and cart 1,400 tonnes of fresh produce every day, writes **Peerzada Abrar**

The next time you buy fresh fruits and vegetables from your local *kirana* store, chances are that they were brought from a remote farm in less than 12 hours by a Bengaluru-based supply chain technology firm. That firm is called Ninjacart and it uses sophisticated supply chain algorithms that it has developed in-house, leveraging big data, predictive analytics, mobile applications and the Internet of Things (IoT) technology.

Ninjacart connects farmers with retailers via a network of more than 200 collection centres and 1,200 warehouses across the country. It moves over 1,400 tonnes of fresh produce per day, having doubled its volumes in the last four months.

"Technology plays a major role for us, otherwise it would not be possible to do it at this (scale). Every process and action is governed by technology," says Thirukumaran Nagarajan, CEO and co-founder of Ninjacart. "You can't keep training the employees every minute. Everyone is given an app and they have to just follow the instructions in the app. The brain resides inside the system," he adds.

Nagarajan, an alumnus of the College of Engineering Guindy, Chennai and IIM-Kozhikode, had seen a gap in the food distribution market and realised that there was an opportunity to add value to the market through technology. So in 2015 he founded Ninjacart as an on-demand grocery delivery firm along with Vasudevan Chinnathambi, Kartheeswaran KK, Ashutosh Vikram, and Sharath Loganathan. Subsequently, he realised the extent of inefficiency in the supply chain for perishable produce and pivoted the company to become an end-to-end, B2B fresh produce platform.

Ninjacart's paperless supply chain creates a seamless link between its more than 44,000 farmer suppliers and around 60,000 *kirana* stores and restaurants across seven cities. These include Bengaluru, Chennai, Hyderabad, Delhi, Gurugram, Mumbai and Pune. The efficiency of the system has dramatically reduced the time taken for produce to travel from farm to store.

The company claims that this has provided 100 per cent traceability along the supply chain, apart from slashing food wastage to less than 1 per cent, compared to 35 per cent in traditional supply chains. Use of technology also allows the company to prevent pilferage and make sure that the fruits and vegetables, which are transported at ambient temperature, do not lose their moisture resulting in loss of weight.

The company, which has over 4,000 employees and around 700 delivery vehicles, procures fresh produce from villages across India, including farms in places such as Padra in Gujarat, Thanabhawan in Uttar Pradesh and Bidaraguppe in Karnataka.

It gets information about the availability of fruits and vegetables in each season after studying the 'farmer harvest calendar'. It also analyses the past buying data of customers and the frequency of orders to determine the kind of products that need to be procured. This way it gets insights into the demand and supply of produce and informs the farmers about what is expected of them.

Once the produce comes in, it is put into crates at the collection centres. The fruits and vegetables are weighed and tagged. Then a message is sent out through an app on the supplied quantity and the price and the amount is credited to the farmers' bank accounts the next day.

Ninjacart has also adopted innovations such as trolleys to load and unload the crates, which is faster than the traditional lift-and-place method. The crates are placed in the vehicles for delivery, which starts from early in the morning. The entire process is managed through an app. Each crate has a radio frequency identification (RFID) tag so that the firm knows exactly which fruits and vegetables have been delivered.

"RFID plays a critical role in every step of our supply chain, including quality control. You are clearly able to identify which farmer gave you what produce, and if a particular farmer's produce 'doesn't make the cut'," says Harish Swaminathan, who leads the engineering and product team at Ninjacart.

Ninjacart also maps the best routes for the drivers to reach their destinations. This includes tracking the vehicles using the global positioning system (GPS) to detect any deviations from the assigned route.

Working closely with its farmer partners, Ninjacart ensures a reliable supply of high-quality products that align with the market need. It provides data-driven recommendations on what crops to grow, and communicates accurate pre-harvest pricing information and demand patterns. The company claims that over the last two years, it has been able to improve the net realised income of its farmers by 15 per cent.

"We are a one-point sale, so the farmers can focus more on farming than on figuring out where to sell and how much to sell. The money comes directly into their bank accounts and they don't face deferred payments. Becoming part of the banking system is also making them eligible for loans," says Nagarajan.

Ninjacart has so far raised over $150 million from top investors such as Tiger Global, Accel, Steadview Capital and tech billionaire Nandan Nilekani. Last December, the company got a huge fillip when Walmart, the world's largest retailer, along with its subsidiary e-commerce firm Flipkart, announced a strategic investment in Ninjacart.

The relationship promises to be fruitful for both parties. While Walmart and Flipkart can strengthen direct sourcing of fresh produce for Walmart India's Best Price B2B cash-and-carry stores and Flipkart's online grocery business Supermart, the investment will help Ninjacart expand its customer base, reach new cities and gain exposure to global best practices.

"Fresh food is a $130 billion market. Our vision is that Ninjacart should have a role to play in all the vegetables and fruits that an average Indian consumes. That is an audacious mission and we are working towards it," says Nagarajan.

CARTING SUCCESS

- **Ninjacart procures fresh produce** from farms in remotest villages across India in 12 hours
- **It moves over 1,400 tonnes** of fresh produce per day
- **Algorithms, big data, predictive analytics,** mobile applications and IoT power its just-in-time supply chain
- **The supply chain creates a seamless link** between 44,000 farmers and its customer base of 60,000 *kirana* stores and restaurants across seven cities
- **The company has slashed food wastage** to less than 1 per cent, compared to 35 per cent in traditional supply chains
- **It has been able to improve the net realised** income of its farmers by 15 per cent

Satellites will drive IoT connections

KRANTI NATION
PRANJAL SHARMA

In an age of instant information, connectivity must be effective, affordable and always on.

Especially when the Internet of Things (IoT) is connecting billions of devices and "sensorising" almost everything. From pipelines to assembly lines to logistics and consumer electronics. As sensors actively transmit data across systems, the biggest need of the hour is speed, quality and affordability of connectivity.

While most retail consumers are dependent on mobile service providers for connectivity, cellular networks will choke as devices begin to ride their bandwidth. These networks were not designed for IoT. Moreover, cellular networks are best in urban areas but are not as effective in rest of the places.

IoT is increasingly shifting to satellite-based connectivity solutions. The world's largest connectivity providers are now focusing on IoT solutions. These include Iridium, OrbComm, Inmarsat, Globalstar and Vodafone IoT.

In some ways the satellite broadcast revolution which beamed TV signals to million of homes over the last few decades are now moving to the IoT.

Satellite IoT has become a strong market segment by itself. A recent report by research firm NSR says that the market will grow to $11.5 billion in this decade. "Transport and cargo has been the main market driver traditionally...agriculture and construction market segments see the strongest increases driven by partnerships with heavy machinery makers, but other segments, like energy and maritime, will also contribute to the future revenue pie," says the report.

A shift within this market is towards small satellite constellations. Elon Musk promoted SpaceX has recently its third batch of 60 Starlink satellites. Apart from IoT, Musk's objective is to control the world's internet connectivity which will ride on satellites. Swarm Technologies has received approval from US regulator Federal Communications Commission to launch 60 miniature satellites to create an ever-present network and connectivity to devices across the world. "Small satellite IoT constellations will disrupt the market longer term. Lower cost satellite architectures, with lower total cost of ownership for end users, will drive new customers to these services," NSR says.

> **Low-cost, high-speed and ever-present connectivity can be a reality with new satellite technologies that are rapidly changing the communications sector**

Satellites bring connectivity to virtually every part of the world. This has important implications for logistics, shipping and transportation sectors. Ships, trains and trucks can be connected to their organisations even when they are in locations without cellular connectivity.

However, the cost of satellite-based connectivity is still not affordable for many companies. One kilobyte of data can cost a dollar while for cellular services it is a fraction. A Silicon Valley startup by an Indian technologist is offering an affordable solution. Parth Trivedi, CEO and Co-Founder of Skylo Technologies has developed low-cost hardware and solution that is ideal for Indian and emerging market conditions. Skylo has transformed a satellite receiver dish into a portable printed circuit board-based device combined with IoT connectivity.

Skylo is working with BSNL and the Indian Railways to place the Skylo Hub satellite connectivity device on coaches. Sensors placed in the coach will communicate information about their condition to the Skylo Hub device which will in turn instantly relay the data using satellite connectivity.

Officials managing each train will get real-time information and advance alerts about potential maintenance and failure issues. This is part of the smart coach initiative of the Railways.

Low-cost, high-speed and ever-present connectivity can be a reality with new satellite technologies which are rapidly changing the communications sector. Both government services and enterprises can benefit in from such breakthroughs as most of the country gets connected with satellite IoT.

ALGO RHYTHM

BANKING ON DIGITAL CONVENIENCE

Digital banking is all about customer convenience. During the last decade, digital banking saw a huge growth, largely driven by fintech and new-age tech companies who brought convenience and cluster-free approaches to the banking ecosystem, providing much more than just banking services. A fallout of that is the leakage of business from retail banks to these new age players, which are becoming bigger with each passing year. According to the Customer Banking Report in Retail Banking by Bain & Co based on a survey conducted across 22 countries, customer confidence in the new-age banking system is increasing, and this is helping younger companies to enter the mainstream. According to the survey, 75 per cent of the respondents in India said that they used Paytm in the past year while 70 per cent of those in China said they used Alipay.

How banks are leveraging the ecosystem

- **UK-based NatWest's Home Agent digital platform connects first-time home buyers** with partners providing property valuation, utility deals, moving services, cleaning services, among others
- **Capital One in the US offers online vehicle listings and tools** to immediately prequalify car buyers for financing
- **DBS in Singapore runs the largest direct seller-to-buyer** car marketplace in the country

Nat West's Home Agent ecosystem in the UK integrates a range of home-related services

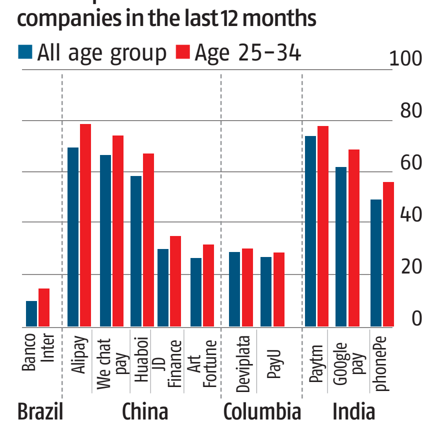
FIND AND FINANCE HOME
- Search for a home by Zoopla
- Digital montage application
- Affordability and payment calculator
- Property valuation by Hometrack

MOVE IN AND MAINTAIN
- Moving service by AnyVan
- Utilities deals by uSwitch
- Home repairs by plentiffic
- Rubbish removal by AnyJunk

FINANCIAL PRODUCTS AND INFORMATION
- News, articles and advice for home buyers and owners
- Additional borrowing
- Bank accounts
- Insurance

Fintechs are becoming mainstream in emerging markets

% of respondents who have used these companies in the last 12 months



'We have seen much better planning and operations via our AI system'

Kirloskar Brothers Ltd (KBL) has completed 100 years of its incorporation. KBL Pumps help irrigate over 65 per cent of India's land and provide 35 per cent of the population with drinking water. KBL has been a pioneer in technology for many decades and has embraced fourth industrial revolution ahead many others. In a conversation with **Pranjal Sharma**, the chairman of KBL, **SANJAY KIRLOSKAR**, lays out the importance of using emerging tech for manufacturing sector.

Q&A
SANJAY KIRLOSKAR
Chairman, Kirloskar Brothers Ltd

What is the overall policy and approach to new technologies at KBL?
Before Independence, when the rulers curbed manufacturing in India by imposing very high import duties on components, KBL found ways to make machines that were cheaper and better than the foreign machines which were promoted in India at the time. In a remarkable turnaround, today KBL is Britain's largest pump manufacturer, through our subsidiary, SPP Pumps Ltd. Indian companies must use the latest technology for efficiency and self-reliance. We have grown into an Indian MNC with manufacturing facilities on four continents; the US in North America, the UK and the Netherlands in Europe, South Africa and Thailand and with sales to over 165 countries across the globe.

We are interested in understanding the new technologies available, but the ability to monetise them is the most important aspect before starting a project. There needs to be a clear benefit either to the customer, which they value, adding stickiness to the brand or a tangible benefit to the company operations. We operate the world's largest 3D printer for pumps and also various other technologies like artificial intelligence (AI), augmented reality (AR) and virtual reality (VR). Each of these are deployed in specific areas where the company believes there is value.

Which kind of technologies have you applied so far?
We started with AI as a knowledge management system and then extended it to smooth operations by connecting the front end and operations via the AI system for greater automation. We have also implemented 3D printing in manufacturing with augmented reality (AR) and virtual reality (VR). We use AR for remote monitoring of the pumps which are often located in locations that are not easily accessible. And VR is used to train our teams which work on maintenance and repair. It's been very interesting for KBL, this is a new area of development and has focussed more around training and skill upgrade. I think we still have a long way to go on the AR and VR side of the business and we will work to develop models we can monetise for these technologies in the next few years. We have quite a few ideas which we want to try.

How has this impacted the quality and cost of pumps?
We have seen a much better planning and operations process via our AI system which is reducing delivery times to customers. We also see the customer able to look at our products and be able to intelligently interact with them and get the information they require, adding value to the work they do. We have seen the 3D printing process clearly benefit the quality of pumps and again reduce delivery times. Our customers interact with three of the technologies. These are our AI system called Dolphin, our VR programmes for training and our AR programme for another specific requirement.

Was there a lot of reengineering of process required?
We have always ensured that data is complete across the organisation but given the changing trend of how the millennials and Gen Z interact with data we needed to make our systems more automated and intelligent so that we are able to use the company's knowledge and learnings over the last 100 years seamlessly. This has been done via the AI systems and into the programmes sending data to our printers. Some items that were known to few people have been converted into logic on our AI systems, so everyone has access to it often without even knowing it. The system takes care of any errors that caused historic issues automatically. The tech is allowing us to implement self-diagnostics and predictive maintenance.

> **We have always ensured data is complete across the organisation but given the changing trend of how millennials and Gen Z interact with data we needed to make our systems more automated**

How has Internet of Things been used at KBL?
This has been more around our plants which have smart machines and products that have a lot more diagnostic systems and are able to communicate with us and the client for more optimal use and also to reduce down time and optimise spare part inventories.

Which parts of the process are automated at KBL?
There is a lot of automation around the front end of the business which starts at offer making and continues till the order is pushed into our SAP system. The sales team can then be more focused on developing the market and increasing our penetration.

Lenders can now transfer stuck BOT projects to other developers

MEGHA MANCHANDA
New Delhi, 8 January

A move that may provide relief to stuck highway projects, the National Highways Authority of India (NHAI) has introduced the 'harmonious exit' clause in the new concession pacts for build-operate-transfer (BOT) projects.

The NHAI on Wednesday sought views on the draft model concession agreement, which mentions harmonious substitution of the concessionaire.

"This would essentially allow the lenders to transfer the stuck project to another construction company if the first one is unable to deliver on time," an official said.

According to the draft model concession agreement, the NHAI and the concessionaire would agree that in case of any financial default, the lender or banks can invite, negotiate and procure offers, either through private negotiations or public auction or tenders for the takeover and transfer of the project highway.

ILLUSTRATION BY AJAY MOHANTY

"If the authority has any objection to the transfer of concession in favour of the nominated company in accordance with this agreement, it shall within 15 days from the date of proposal made by the lenders' representative, give a reasoned order after hearing the lenders' representative," the draft said.

If no objection is raised by the NHAI, it shall be deemed to have been accepted.

The NHAI's latest available annual report, for 2017-18 (FY18), shows the authority had 1,014 cases of arbitration — significantly higher from 125 in 2016-17 (FY17) and 119 in 2015-16 (FY16).

The value of claims for FY18 was pegged at ₹55,344 crore, against ₹42,074 crore in FY17 and ₹30,071 crore in FY16. The data for 2018-19 was not available.

The NHAI is in the process of reviving the BOT (Toll) model and amendments proposed in the draft model concession agreement are in sync with this objective, an official statement said. The amendments have been proposed after deliberations with the Ministry of Road Transport and Highways, Department of Economic Affairs, Ministry of Finance, and NITI Aayog.

Besides harmonious exit, the other major modifications proposed in the model concession agreement are related to capping of liabilities of either party throughout the subsistence of the agreement, tightening of conditions precedent prior to declaration of the appointed date, and amendment in dispute resolution mechanism.

They also include changes incorporated from the recent updates in model agreements in other modes of implementation, such as hybrid annuity model and engineering, procurement, and construction.

This move will draw a fine line of functional balance of public-private partnership for development of highway infrastructure in the country.

NITI lists ways to earn more from highways

MEGHA MANCHANDA
New Delhi, 8 January

To generate more revenue from the National Highways, the NITI Aayog has given a slew of suggestions to the ministry of road transport and highways as well as the National Highways Authority of India (NHAI). These include levying development charges and sharing revenue after developing amenities alongside the highways.

These ideas are part of the value capture financing (VCF) model that has been suggested by the government think tank.

It is essentially recovering part or full value that public infrastructure generates for private landowners or the states.

In case of NHAI, it is the states and private land owners that benefit (in the form of appreciation of land prices) from the National Highways but the agency makes all the investment. In order to capture the value of financing done by the NHAI, the idea has been proposed.

NITI Aayog has been working with the NHAI to ensure an improvement in financial sustainability and project viability, said an official. The official added that in this regard, NITI Aayog has suggested a number of models, some of which have been implemented by the NHAI. These include asset monetisation techniques, including the toll-operate-transfer (ToT) model and raising revenue through Infrastructure Investment Trusts (InVITS), both of which are being actively pursued by NHAI.

It has also been recommended that the VCF be mainstreamed in NHAI projects. Through VCF, non-toll revenues can be maximised through a number of tools. These include vacant land tax, special assessment tax, transfer of development rights (TDR) and land pooling, among others.

It has also been recommended that other means of raising additional revenue such as Infrastructure Development Funds, and NHAI's land acquisition bonds may be explored. The creation of project-specific special purpose vehicle or SPV has also been recommended.

A draft policy framework on VCF and transit oriented development (TOD) has also been sent to a number of ministries, including the ministry of road transport and highways by the infrastructure connectivity vertical of the NITI Aayog.

The document contains a number of tools aimed at maximising revenues through the VCF and if put into practice, it can significantly improve NHAI's health. TOD is particularly important, where planned infrastructure development occurs in the region around the projects. These are often a mix of commercial, residential, and institutional aspects. Also, part of the VCF is the land bonds, which NHAI plans to issue to make payments for acquiring land from the states or other stakeholders. The ing mechanism amid escalating land acquisition and compensation cost.

Through this mechanism, NHAI will not have to make an upfront payment towards land acquisition. The road ministry has been grappling with higher land acquisition cost for the last few years.

Approximately, ₹12 crore per km of cost is incurred in the expansion of a highway from two-lane to four-lane one. The number would be five to six times higher in a greenfield project like an expressway.

The cost of the marquee Eastern Peripheral Expressway is ₹11,000 crore, of which ₹5,673.05 crore was land cost.

MONEY MATTERS

- **Value Capture Financing is a type of public financing** that recovers some or all the value that public infrastructure generates for private landowners
- **It is essentially recovering part or full value** that public infrastructure generates for private landowners or states
- **In case of NHAI,** it is the states and private land owners that get benefited (in the form of appreciation in land prices) from the highways but the agency makes all the investment

'Political, regulatory pressure impacting risk taking by firms'

PRESS TRUST OF INDIA
Mumbai, 8 January

Company boards are operating under increased "political and regulatory" pressure to improve their governance standards, and the resultant risk averseness is a prime reason for the growth slowdown, HDFC Chief Executive Keki Mistry (*pictured*) said on Wednesday.

The mortgage lender's executive said bankers are not taking lending decisions because of this risk averseness syndrome, and warned it will hamper India's animal spirit unless there is a change.

The comments come at a time when official estimates for FY20 project GDP growth hurtling to an 11-year low of 5 per cent. The government is also allaying fears in the face of greater actions by agencies like CBI, ED and SFIO.

"Boards are currently operating under far greater scrutiny than ever before, with greater political and regulatory pressure on companies to improve their governance standards," Mistry said at an event organised by industry lobby CII here. Citing a few instances, he warned this extreme risk averseness will "hamper India's animal spirit and could lead to a slowdown in economic growth in the country", adding that a few calculated risks ought to be taken.

Without taking names, the long-standing key executive of the largest pure play home financier, who sits on many boards himself, said there have been instances of independent directors refusing to approve strategic investments fearing that they were "risky".

The wariness can result in more independent directors of good caliber staying away from joining company boards where they might be needed the most, Mistry said, hinting that the "overarching compliance pressures" need to be softened. He said the CII will be leading a delegation to the government to impress its concerns on the pressures faced by independent directors.

On bankers' conduct amid this period of heightened risk averseness, Mistry said that there have been instances wherein lenders have not renewed their loan pacts even with the good customers, which is hurting economic growth.

"One of the reasons why we are seeing a slowdown in the economy in the last couple of years has been the fact that risk taking has become a huge issue of banks. Banks have become extremely reluctant..there is plenty of liquidity in the system, there is no shortage," he said.

"Risk averseness is something that is hurting the economy in a big way and will continue to hurt the economy till we become more willing to take on risks," Mistry added.

Regulations should not become such that because of them people start becoming so fearful that they do not take decisions, he told reporters later.

He also added that we are at present going through a period of transition on the same and also welcomed government steps on this front.

On the high quantum of non-performing loans, Mistry said there is a need to look at such instances as a regular business occurrence.

He also sought for a nuanced view on whistleblowers, stating that mala fide intentions need to be curbed as many a times accusations get made out of personal factors like greed and animosity, and also termed some individuals as "opportunists".

Relief package soon for farmers with over ₹2 lakh short-term loan: Maha governor

PRESS TRUST OF INDIA
Mumbai, 8 January

Maharashtra Governor Bhagat Singh Koshyari on Wednesday saidthe state government was finalising a relief packagefor farmerswhose short-term crop loan outstandings exceed ₹2 lakh. Similarly, in order to encourage farmers who are repaying their crop loans on time, the state government will announce new measures shortly, the governor said while addressing the joint sitting of both Houses of the state legislature in the Marathi language.

A special one-day session of the state legislature was held to ratify the Constitution Amendment bill, which was passed by Parliament on December 11.

Maharashtra Chief Minister Uddhav Thackeray, whose party Shiv Sena heads the coalition government comprising the NCP and Congress, had in December last year announced an unconditional loan waiver for farmers. According to the "Mahatma Jyotirao Phule Farmer Loan Waiver Scheme" announced by the CM, farmers whose loan is up to ₹2 lakh taken between April 1, 2015, and March 31, 2019, and which has not been repaid till September 30, 2019, will be eligible for the waiver.

Koshyari said the loanwaiver scheme covers the outstanding crop loan amountupto ₹2 lakh, which includes the principal amountand the interest, as on September 30, 2019.

India's 'pickle queen' preserves everything, including the past

Usha Prabakaran's 20-year-old cookbook, crammed with recipes from home cooks, has become a cult classic in India

TEJAL RAO
Chennai, 8 January

Usha Prabakaran was at home, talking on the phone with a college friend, when she stopped making sense. Her speech scrambled. Her vision blurred. She dropped the receiver and fell to the floor. It was 1998 and Prabakaran, a former lawyer living in Chennai, had just slogged through a decade of research and recipe testing for her comprehensive, single-subject cookbook, *Usha's Pickle Digest*. A party was scheduled for the following week.

At the hospital, Prabarakan learned that a rare fungus had lodged itself in the front of her brain. She needed surgery to remove the tumor, and long periods of rest to recover. The book, and the party, were quickly forgotten. But over the next two decades, *Usha's Pickle Digest*, self-published by an unknown author, with a first print run of just 1,000, became a cult classic in India and its diaspora — praised for its precision and scope, celebrated on blogs and podcasts and hunted down in shops, where it sold out.

Hard copies were scarce. For years, the only way to get one was to email Prabakaran herself, who might promise to print another run soon, when she was feeling better.

Some couldn't wait — they photocopied pages — which was fine by Prabakaran. She didn't feel a sense of ownership over her recipes. The author became known for answering friendly inquiries with a free PDF, which is how her pickle book hopped around the world as an email attachment.

Prabakaran, now 64, became known as 'pickle queen', but she wasn't interested in monetising that title. "I know nothing about publishing, and I was never interested in selling books," she said at her home in Chennai. "My job is to keep the past alive."

India's pickle culture goes back thousands of years to when cucumbers and other vegetables were simply preserved in salt. Modern pickles are more complex and probably more delicious, too.

Chitra Agrawal, a New York cookbook author and founder of the pickle company Brooklyn Delhi, remembers the ceramic jugs at her grandmother's home in Bengaluru, which held lemons in a slushy saltwater brine. This pickle was seasoned with fresh green chiles and mango ginger, a fruity-tasting rhizome related to turmeric.

But the pickles Agrawal enjoyed with her family up north were different. For Punjabi-style *burvan lal mirch*, long red chillies were individually stuffed with fennel seeds, onion seeds and fenugreek seeds, then stored in oil, not brine.

Mango and lime pickles are commonly sold in the US, but nothing escapes pickling in India: plums and hog plums, cherries and chokecherries, sprouted fenugreek seeds, bamboo shoots, fat gooseberries, hibiscus flowers and green walnuts. Cooks work with all kinds of fruits, vegetables, flowers, roots and seeds, using every edible part of every possible food.

These pickles trot out at breakfast, lunch and dinner, expanding the pleasures of every meal, from a plain bowl of rice and yoghurt to a grilled cheese sandwich.

Many foods are preserved through anaerobic fermentation: The fresh food is first sun-dried to get rid of excess moisture, then salted. In the warmth of the sun, bacteria digest the sucrose, producing acids that both preserve the food and prevent the growth of other, less friendly bacteria.

Other pickles are brined in salt water, vinegar, citrus juice, tamarind and even yoghurt. The only real defining characteristic of India's pickle culture may be its range. Or, as Prabakaran put it, "an inordinate variety of permutations".

In her book, Prabakaran limited herself to 1,000 recipes. When I finally got my own print-on-demand copy of *Usha's Pickle Digest*, through Amazon, I was dazzled.

The book isn't pretty. It's text-heavy and minimally designed, resembling the most utilitarian, guide-like cookbooks of the 1970s. "My book is meant to be used by people who cook," Prabakaran said. There are tips in bold for, say, removing the stamens from plantain flowers (tug at them with the blunt edge of knife) and choosing the most pickle-worthy okra (look for tails that break with a snap).

A straightforward "anti-waste" chapter includes recipes for plantain skins, jackfruit seeds, ridge-gourd peels and lime leaves, which often end up in the compost heap.

While restaurant chefs make headlines now for cooking less wastefully, pickling has always been about saving the scraps, developing flavor and texture with ingenious frugality.

A chart at the back of the book translates ingredient names into nine languages, including Marathi, Bengali, Telugu, and Tamil, which serves as a gentle reminder of the multiplicity of India's pickle culture.

(inset) Usha's Pickle Digest. Prabakaran plans to self-publish Usha's Rasam Digest in March

We met Prabakaran. Prabakaran is small-framed, with a wicked sense of humor and a big, throaty laugh. Her forehead is dimpled where the tumor was removed, close to the hairline, and she has no interest in reconstructive surgery.

"People care too much about looks," she said with a shrug. "If I have any spare time, I want to work on my books."

Her garden full of fruits and vegetables includes this wild lemon, two kinds of limes, papaya, long pepper, betel vines and pineapple.

Her home is at the end of a cul-de-sac of gated houses with short driveways and lush, overgrown gardens — plumeria, wild lemons, papaya, birds of paradise. The morning the reporter visited, the pavement was splattered with light rain, and a caramel-colored calf wandered along the wall.

In the open kitchen, a cook boiled tea and steamed idlis for breakfast. "You have to try this with my citron pickle," Prabakaran said.

"Isn't it absolutely dynamite?" she asked. The question was rhetorical. She was grinning.

Prabakaran grew up here in Mylapore, an old neighborhood in central Chennai. At home, the family spoke Tamil and English, though along with the children of other well-to-do families she also learned Hindi and French, in between karate and Carnatic music classes. In college, where she studied law, she met her husband, S G Prabakaran, who was also training to be a lawyer.

Her mother enjoyed reading the newspaper cover to cover, but cooking, not so much. Prabakaran's mother-in-law, though, scheduled her days around food, preserving new batches of seasonal pickles every week, sending Prabakaran home with jars of gooseberries in yogurt, sweet-and-sour orange peel and stuffed Bengal plums.

Prabakaran was hooked. She apprenticed herself, learning to turn jars in the sun so the fruit dried evenly, and to combine new and old tamarinds to balance out their acidity levels. She made so many pickles that she often gave jars away to friends and family, who begged her to write down a few recipes and share them. As she tried to standardise the recipes, her project became increasingly more ambitious.

She wanted to document heirloom pickle varieties, and to share every single tip she had learned along the way. What would be the point of sharing recipes if she didn't explain how to sterilise glass jars, and grind masalas at home?

She spoke with publishers, and when none were interested in her idea, Prabakaran decided to do it herself.

Though there are plenty of good-quality industrial pickles in India, pickling, as a discipline, belongs to home cooks and community pickle makers. These cooks pass their knowledge of regional pickles and house styles by working alongside other cooks.

Prabakaran worried that without documentation, the gradual loss of this knowledge was inevitable — that more and more people would make fewer and fewer pickle varieties, until eventually, the expertise was lost.

"The reason for writing the book was to ensure that the vast culinary heritage of this land stays on the map," she said.

To broaden her sweep as she researched, she turned everyone she met into a source: friends, family, their colleagues, cooks working in middle-class home kitchens and banquet chefs catering weddings.

"My friends called me a crafty devil, because I could wriggle a pickle recipe out of anyone," Prabakaran said. After she narrowed the recipes down from a catalog of 5,000, she tested each one in her home kitchen three times — a more thorough process than is used for many glossy cookbooks from big publishers.

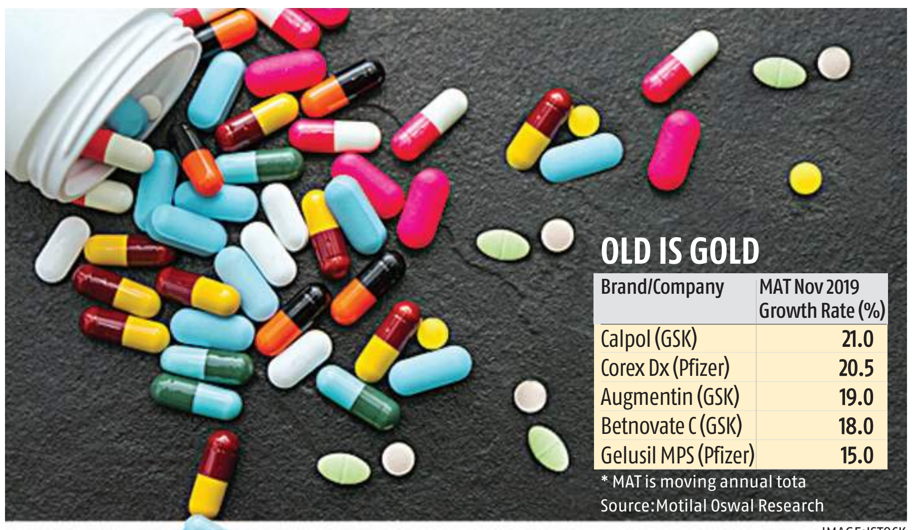
After her husband died in November, she turned her focus to finishing her second book. *Usha's Rasam Digest*, in the works for a decade, collects 1,000 recipes for *rasam*, an everyday soup also called *saaru*. *Rasam*, which is vegetarian and generally quick and inexpensive to make, is deeply familiar to Indians, particularly south Indians, but different regions and families have their own methods. Friends who had supported her pickle book were sceptical — was there really so much variation when it came to *rasam*? Would she even be able to find 1,000 recipes this time around? And why devote a whole book to something so ordinary?

Prabakaran was undeterred. She sat down to write a love letter to *rasam* as a genre, extolling its value and declaring it worthy of celebration. Then she spent 10 years researching it, gathering and testing recipes, documenting patterns and anomalies. As she collected recipes from home cooks, she found some that were so extraordinary, they belonged in a "dazzling superstars" chapter. Others made the most of kitchen scraps like empty pea pods, and showed off the imagination and intelligence of home cooks, who could stretch flavors out of just about anything.

"Even a simple black-pepper rasam holds so much promise," she said. Prabakaran plans to self-publish the book in March. She wants to make it easy for cooks to find, right from the start, even if that means giving it away for free. "I just want everyone to understand the depths of Indian cookery," she said, opening another jar of pickle, reaching for a spoon.

Legacy brands spin gold for GSK and Pfizer

The oldest brands score the biggest wins for the pharma multinationals



OLD IS GOLD

Brand/Company	MAT Nov 2019 Growth Rate (%)
Calpol (GSK)	21.0
Corex Dx (Pfizer)	20.5
Augmentin (GSK)	19.0
Betnovate C (GSK)	18.0
Gelusil MPS (Pfizer)	15.0

* MAT is moving annual tota
Source:Motilal Oswal Research

IMAGE:ISTOCK

SOHINI DAS
Mumbai, 8 January

In any industry, the rule of thumb with legacy brands is that they need a makeover every decade or so. Adapt or lose is the reigning mantra. The Indian pharma business, however, is an exception. Here brands such as Calpol, Betnovate and Betadine (all well over 50 years old) are still raking it in, within their categories and for their companies, besides keeping newcomers off the turf.

Analysts say that sticking to the old brands is a strategy perfected by global pharma majors. Building a brand needs patience and perseverance and companies have to be prepared for a very long gestation period between its launch and easy recall. It is also expensive, draining off potentially valuable resources from research budgets. Hence even as thousands of new drugs are launched every year, the decades-old brands are the warhorses that global drug makers rely on.

Ranjit Kapadia, an independent pharma analyst and consultant says that doctors continue to prescribe them as there are no reported cases of contra- indications. "Moreover, to ensure uptake of their old products, MNCs often give freebies or quantitative discounts to retailers. That also ensures good traction in trade for mature molecules," he adds

The Indian pharma market has notched up an average 9-10 per cent annual growth rate over the last few years. Analysts say that about 30 per cent of this market is constituted by mature brands, clocking high double digit growth rates. GSK's Calpol for example is growing at 21 per cent annually according to latest data. Ditto for many more *(see box)*

The power of big money

From GlaxoSmithKline Pharmaceuticals (GSK) to Pfizer, large pharma multinationals are keeping the oldest brands on the list, banking on the vast amounts already spent on building them up into category beaters. Their dominance also prevents newer brands from rising up the ranks.

A senior analyst says that the situation was different 20 years ago when small companies (like Win Medicare with Betadine, a topical disinfectant) had a free run in their categories. His point is that whenever there is a large MNC in play, small companies lose out because they are unable to match their brand power. Vitamins and nutrients is one such category and Becosules (Pfizer) is a case in point.

"It is difficult to beat the recall of a Becosules that is almost a generic name," says an Ahmedabad headquartered drug maker. The MNCs know the power of mature brands and have spent the past few years building what they have, instead of expanding the list. Of the total 2,466 brands launched in the last year, MNCs have launched only 109 brands.

Strategic leverage

GSK sold eight to 10 tail-end brands in 2018-19, including its Vitamin C brand Celin and anti-infective brand Septran. It wants to pare the list in India to about 20 over the next year.

Analysts point out the big spending on big brands perpetuates the cycle of mature brands leading the pack. It is because the companies spent more on a brand all those years back that it has paid off now, but instead of building a new set of labels for the future, these companies are leaning more heavily on the old winners.

"It is often considered a prudent business decision to push the established brands as R&D costs are optimised and one cannot afford to allocate funds for creating over the counter brands," says a sector analyst based in Mumbai. This could open up a weak spot for the MNC firms in the future.

Some pharma companies have created sub-labels or extensions of popular brands. GSK Consumer has launched a new variant for headaches, over and above Crocin for cold, pain and fever that are already part of its OTC play in the country. Repositioning an old brand helps expand the footprint. "This is something Pfizer did with Corex. After the medicine faced uncertainty over the ban on certain fixed dose combinations, it pulled out the Corex cough syrup in its then existing formulation and retained the brand for a new formulation," said another analyst. The strategy worked. Corex Dx has clocked a 20.5 per cent growth over the past year.

FROM PAGE 1

Breather for India...

The data suggests that less than half of these companies have so far complied with the norm. Industry bodies feel that the norm could be onerous and will not guarantee effective board leadership.

The Sebi (Listing Obligation and Disclosure Requirement) Rules do not mandate any separation. In many cases, it is the head of the promoter group (the family patriarch) who is CMD. In some cases, chairman is also CEO of the company.

This norm was part of the Uday Kotak committee report, which was of the view that the issue of whether to separate the roles of chairperson and CEO/MD, while not a recent phenomenon, was a growing concern in corporate governance worldwide. The separation of powers of chairperson and CEO/MD is seen to provide a better and more balanced governance structure. The committee cited global practices and said in some jurisdictions like the UK and Australia, this debate had tilted in favour of separating the two posts. In countries such as France and the US, the issue continues to be vigorously debated.

Overseas probe...

The high court ruling had invalidated these requests last year, but the Supreme Court decision means the investigation can continue for now. The top court said it would hear the case again after two weeks.

Representatives for the Adani group didn't immediate reply to an email seeking comment. The Adani group has in the past denied the allegations.

Cabinet eases rules...

Coal ministry officials said all such concerns have been addressed under the latest amendments to the rules.

Addressing the media after the Cabinet meeting, Union Minister of Coal Pralhad Joshi said the coal sector was now open for foreign direct investments. "Previously there was a restriction that anyone who participates in the auction should have coal mine operation in India. That has been removed. Anybody can participate in coal auction," he said. The Ministry of Coal is planning to offer the first tranche of coal under auction by March 31.

As reported earlier, the Centre might offer coal blocks only for commercial mining and sale. A K Jain, secretary, Ministry of Coal, said, "The companies which are not engaged in any coal-use industry can also participate in auction. They can mine and use coal for their own consumption, sell or for any other purposes. This flexibility has been introduced in the CMSP Act."

In 2014, a Supreme Court decision cancelled all coal block allocations made over the past two decades. In 2015, the Centre offered 34 coal blocks in first ever e-auction held in three tranches. The coal blocks went to private companies, including Hindalco, Balco, Jindal, JSW, Adani, GMR, Essar, among others. This was for captive or own use in power, iron and steel sectors. This year, three tranches of coal auction were held after a hiatus of two years and nine blocks were successfully awarded.

Now, the government will also offer unexplored coal mines, as against only explored blocks earlier. In addition, the government plans to do away with the requirement of 'previous approval' to save time in commencing operation of mines. Coal ministry officials said the provision of Prospecting Licence-cum-Mining Lease (PL-cum-ML) had been introduced for the coal/lignite sector. This practice of PL cum ML is prevalent in the oil exploration and mineral mining sector where unexplored blocks are offered.

"This will help in increasing the available inventory of coal/lignite blocks for auction. By including partially explored blocks in the auction, higher number of blocks can be offered at an early date," said a coal ministry official.

The move is expected to help the government cut down on coal import as well.

Reacting to the decision, Sajjan Jindal, Chairman and Managing Director of JSW Group, said in a Twitter message, "Huge reform announced by the government on commercial mining in coal. This will go a long way in reducing the coal imports which is over $15 billion a year."

Corporate earnings...

Including Tata Motors, the Street expects, the Nifty50 companies' combined net profit would jump by 50 per cent y-o-y. Analysts expect Tata Motors to report a modest net profit during Q3FY20, as against a net loss in the past two quarters, thanks to a better showing by its JLR subsidiary.

The earnings estimates of the individual index companies suggest that the slowdown and the resulting financial pain could get worse for non-financial companies, especially manufacturers.

The analysis is based on the Q3FY20 earnings estimates by equity brokerages including Narnolia Financial Advisors, Kotak Institutional Equities (KIE), Motilal Oswal Financial Services, ICICI Securities, Emkay Global, Reliance Securities, and HDFC Securities. For banks and non-banking financial firms, net sales are net interest income, while it's total income from sales of goods and services (net of indirect taxes) for others. Net sales and net profit after tax for the current quarter are based on brokerage estimates and may exclude exceptional gains and losses.

The combined net profit of the index companies, excluding banks and financials, is expected to decline by 5.8 per cent YoYduring Q3FY20, a sharp decline from 15.6 per cent YoY growth during Q2FY20. These companies' combined net sales are expected to contract by 3.4 per cent YoY, as against 3.1 per cent YoY decline in revenues during Q2FY20.

"With the Nifty near all-time highs and FII flows at a five-year high, one wouldn't be too amiss to conclude that India is in the midst of a major bull market. However, the reality is different. Economic growth momentum has decelerated, while corporate earnings have remained tepid for the past two years," writes Gautam Duggad of Motilal Oswal Financial Services in the earnings estimates for the third quarter.

He says the corporate tax cuts have prevented a further slide in earnings estimates, but the FY20 earnings story is all about financials, with Nifty ex-BFSI earnings expected to decline 2 per cent for the year.

Kotak Institutional Equity (KIE) is little more optimistic, but remains sanguine about the growth prospects of the non-financial sector. "We expect net profits of the KIE coverage universe to increase 21 per cent y-o-y in Q3FY20, led by the banking and diversified financials' sector. Excluding the banks and financials, we expect net income of the KIE universe to increase 6 per cent YoY. We expect YoY double-digit growth for most of the sectors, except for media, metals and mining (decline in realisations on a YoY basis), and transportation sectors," write KIE analysts, led by Sanjeev Prasad, in their earnings report for Q3FY20.

Among individual index companies, ICICI Bank, Indian Oil Corporation, Bharat Petroleum, Housing Development & Finance Corporation (HDFC), and State Bank of India are expected to top the earnings charts with more than 100 per cent y-o-y jump in net profits during the quarter. Together these five companies are expected to add ₹12,000 crore to their net profits during Q3FY20 over Q3FY19.

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Vary Hard: ★★★★★

Solution tomorrow

HOW TO PLAY

Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

World Bank sees protracted economic recovery for India

Sees limited scope of fiscal stimulus, given lower tax revenues

INDIVJAL DHASMANA
New Delhi, 8 January

India may just see a marginal recovery in economic growth, that will go up to 6.1 per cent in 2022-23 (FY23), from the decade-low expansion projected at 5 per cent for the current fiscal year, said the World Bank.

Ahead of the Budget, the multi-lateral agency said that the scope of fiscal stimulus was limited, as weaker-than-expected tax revenues were being accompanied by higher public spending, even as the industry is demanding such a stimulus.

In its flagship report titled *Global Economic Prospects*, it said there was not much scope for further monetary easing, given that inflation has crossed the mid-way mark of the target range.

The consumer price index-based inflation rate rose to a 40-month high of 5.54 per cent in November, from 4.62 per cent in the previous month. The Reserve Bank of India has been mandated to keep the inflation rate at 2-6 per cent.

In line with official Advance Estimates, the World Bank pegged economic growth at 5 per cent for the current fiscal year, down 2.5 percentage point from its earlier estimates on account of the liquidity crisis in non-banking financial companies. It projected India's economy to grow at 5.8 per cent during 2020-21 (FY21), and 6.1 per cent each over the next two fiscal years. The new figures reflect the downward revision by 1.7 percentage point for the next fiscal year, and 1.4 percentage point in 2021-22 (FY22). Growth for FY23 was not given earlier.

These projections are based on the assumption that the monetary policy stance remains 'accommodative' and measures such as corporation tax rate cuts, income transfer to farmers, rural development spend, support measures for the automobile industry, and further liberalisation of foreign direct investment will begin to pay off.

If predictions come true, India will lose the tag of the fastest-growing large economy to China in the current and the next fiscal year. However, it will again surpass China's economic growth in FY22 and FY23.

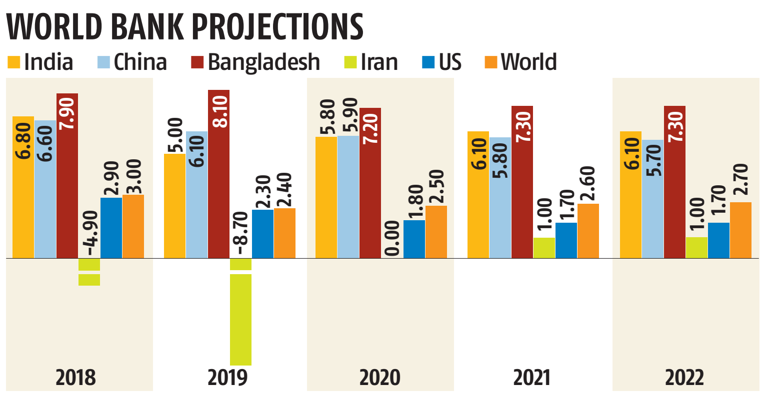
The interesting thing to watch out for is the economic growth in Bangladesh. In these four years, economic growth in Bangladesh may beat India hollow. The neighbouring country is projected to grow at 8.1 per cent in the current fiscal year and 7.2 per cent in FY21. It is again projected to grow at 7.3 per cent each in the next two fiscal years.

The report stated that a re-escalation in tensions between India and Pakistan, which had abated of late, will damage confidence and weigh on investment in South Asia.

Amid the Washington-Tehran tension, the GDP of Iran is projected to contract 8.7 per cent in 2019, against a 4.9 per cent fall in the previous year. The beleaguered economy is projected to see flat GDP in 2020 and 1 per cent growth each in the next two years.

The US' economic growth is projected to grow at 2.3 per cent in 2019, 1.8 per cent in the current calendar year, and 1.7 per cent each in the next two years. The World Bank expects global growth to recover at 2.5 per cent in 2020 — up slightly from the post-crisis low of 2.4 per cent last year amid weakening trade and investment — and edge up further over the forecast horizon.

This projected recovery could be stronger if recent policy actions — particularly those that have mitigated trade tensions — lead to a sustained reduction in policy uncertainty, said the report.



Note: Figures for India and Bangladesh are on fiscal year basis, figures for 2018 are actual numbers, rest are projections
Source: Global Outlook report by World Bank

SBI to provide guarantee of completion to home buyers

ABHIJIT LELE
Mumbai, 8 January

State Bank of India (SBI) will provide a guarantee of project completion to homebuyers with the objective of pushing up demand for residential units. The scheme also aims to complete housing projects that are stalled.

The Residential Builder Finance with Buyer Guarantee (RBBG) will be for SBI-funded residential projects and those availing home loans from SBI. The guarantee will be available till the project gets an occupation certificate. The fees for such a guarantee will be borne by the developer.

SBI Chairman Rajnish Kumar said the RBBG will focus on the affordable housing segment with home prices of up to ₹2.5 crore, in 10 cities initially. It may then consider extending this product to other parts of the country.

Under this product, all reputed builders fulfilling the prescribed criteria by the bank can avail of loans of ₹50-400 crore. The criteria for selecting projects includes star rating and CIBIL score. SBI has signed an agreement with Sunteck Realty for three existing projects in Mumbai Metropolitan Region.

The RBBG will build confidence among homebuyers by securing their hard-earned money and, at the same time, will boost the under-stress real estate sector.

Meanwhile, the bank posted 17 per cent growth in its home loan portfolio for the December quarter. It has maintained its 22 per cent market share in the housing finance market (by banks and housing finance companies) in the country, Kumar said.

The outstanding home loan portfolio had risen to 18.03 per cent year-on-year (YoY) to ₹4.24 trillion at the end of September. Domestic credit expanded by 8.43 per cent YoY, driven by retail-personal advances (18.9 per cent) in the September quarter.

Recoveries from stressed assets to be higher in H2: Rajnish Kumar

SBI Chairman Rajnish Kumar has said recoveries from stressed assets will be much better in H2FY20 on the back of resolution in big–ticket cases. The third and fourth quarters will be good (for recovery) and many assets will be resolved in quarter ending March and June, he said in an interaction at Credit Conclave, organised by Edelweiss Group.

The wait for resolution will come down from the five years taken earlier, the SBI chairman said.

ABHIJIT LELE

Change in proposed digital content norms on cards

The government plans to amend proposed rules for policing digital content so the toughest measures apply only to big social media firms, two government sources told Reuters, in a move that could give relief to other tech players fearful of the new regulations.

The original proposal would have forced all tech players, in addition to Facebook, Twitter and WhatsApp, to deploy automated tools to check for unlawful content and to appoint an officer for "24x7" coordination with law enforcement.

The rules are part of India's broader efforts to tackle disinformation and "fake news".

Since 2017, rumour-mongering on social media has been blamed for mob attacks that killed 30 people across the country. But the draft proposals, called 'intermediary guidelines' when they were released in December 2018, could have applied to a broad range of technology firms including e-commerce players, cloud storage providers and telecoms companies.

The IT ministry is now considering a two-tier systems — with stricter rules similar to the original proposals applying only to social media companies, said the two government sources, who declined to be named as the plans are still private.

"The problem is largely with large messaging platforms, ones that enable interaction. Some of the requirements for non-social media companies were unrealistic," one of the officials said. India' to a request for comment.

The second government source said that having two separate layers of rules would mean that big social media companies such as Facebook, WhatsApp and Chinese video app TikTok would continue to face stricter regulation, but technology companies such as Amazon.com could breathe easier.

REUTERS

Railway stations at Manmad, Bhusawal to get facial recognition tech as test cases

PRESS TRUST OF INDIA
New Delhi, 8 January

Facial recognition technology backed by artificial intelligence has been installed at Bengaluru, Manmad and Bhusawal stations as test cases to identify and nab criminals, railway officials said on Wednesday.

The objective of the Railway Protection Force (RPF) is to link the facial recognition system with existing databases such as the Crime and Criminal Tracking Network and systems to identify criminals who may be roaming the railway stations. The real-time face recognition software will alert the RPF command centre of any known offenders.

Officials said that after the facial recognition system is tested, the technology will be implemented across the railway network.

The Railway Board has also given its nod for carrying out works for video surveillance system (VSS) covering 983 stations under Nirbhaya funds, according to a statement issued by the national transporter.

RailTel, a miniratna PSU under Ministry of Railways, has been entrusted with the work of providing Internet Protocol (IP)-based VSS with video analytics and facial recognition system. Rs 250 crore was allotted to the Indian Railways this year from the Nirbhaya fund for installation of VSS.

To have a better coverage and clearer image, four types of full-HD cameras -- dome type for indoor areas, bullet type for platforms, pan tilt zoom type for parking areas and ultra HD-4k cameras for crucial locations are being provided.

Live feed from CCTV cameras would be displayed on multiple screens at the RPF control room for monitoring. Each HD camera at the station consumes approximately 1TB of data and 4k camera consumes 4 TB data per month. The video feeds will be stored for 30 days for playback, post-event analysis and for investigation purposes. Important videos can be stored for longer duration.

Under phase one, VSS is being installed at 200 stations across India and till now work has been completed at 81 stations. The South Western Railway (SWR) has recently commissioned video surveillance system at six major stations -- Ballari, Belagavi, Vasco-Da Gama, Bengaluru Cantonment, Bangarpet, Hassan, Shivamogga Town and Sathya Sai Prasanthi Nilayam.

Integrated security systems comprising CCTV have already been installed at 11 stations including Bengaluru, Yesvantpur and Mysuru. With this, the SWR has functional CCTVs at 17 locations and will complete the work in Phase one by having CCTV functional at a total 20 railway stations by end of January 2020.

Security personnel can monitor these cameras not only from station control rooms but also from central security control rooms located at divisional headquarters -- Hubballi, Mysuru and Bengaluru.

IP-based Video Surveillance System (VSS) has also been installed at 10 railway stations of Western Railway namely Bhavnagar Terminus, Udhna, Valsad, Veraval, Nagda, Navsari, Vapi, Viragam, Rajkot, Gandhidham. These steps are a part of a security plan under the Integrated Security System (ISS) which was approved in 2016 to strengthen surveillance mechanism at 202 railway stations.

The ISS will comprise CCTV cameras, access control, personal and baggage screening system and bomb detection and disposal system which together provide multiple checking of passengers and baggage from the point of entry in the station premises till boarding of train.

Local polls: BJP wins most seats amid poor Nagpur show

The BJP on Wednesday suffered a setback in Zilla Parishad polls in Nagpur, the home district of party stalwarts Devendra Fadnavis and Nitin Gadkari, while it was a mixed bag for the saffron outfit and other main parties in local body polls in other districts of Maharashtra.

The BJP won just 15 of the 58 seats in Nagpur Zilla Parishad (ZP), where the Congress bagged a handsome tally of 30. In further embarrassment for the BJP, its candidate Maruti Somkuvar lost to Congress nominee Mahendra Dongre in Dhapewada, the native village of Gadkari.

Dongre secured 9,444 votes, while Somkuvar received 5,501 votes. The ZP's Dhapewada circle (seat) was with the BJP for the last three terms. The BJP, however, fared well in the Dhule ZP, winning a majority and unseating the Congress-NCP combine.

Polling for six ZPs - Nagpur, Akola, Washim, Dhule, Nandurbar and Palghar (332 seats) - and the Panchayat Samitis (664 seats) falling in their jurisdiction were held on Tuesday and the counting of votes was taken up on Wednesday.

The BJP, unseated from power in Maharashtra late last year, emerged as the single largest party with 103 of the 332 seats on offer in the six district councils (ZPs).

The main opposition party in the state bagged 194 out of the total 664 seats in Panchayat Samitis up for grabs.

The Congress won 73 ZP seats and 145 Panchayat Samiti seats. The NCP got 80 Panchayat Samiti and 46 ZP seats, while the Shiv Sena got 49 ZP and 117 Panchayat Samiti seats.

In Dhule, the BJP for the first time won a majority. The party also won two panchayat samitis in the north Maharashtra district.

The BJP got 39 seats in the 56-member Dhule ZP. The party won Shirpur and Shindkheda Panchayat Samitis.

In Dhule, the Shiv Sena got four seats, the Congress seven, the NCP three and independents 3. The district council was ruled by the Congress-NCP.

Since the last one year, the affairs of Dhule ZP were being looked after by an administrator. In Nandurbar, the results threw up a hung house with the key to power being with the Shiv Sena.

The BJP and the Congress bagged 23 seats each in the 56-member ZP. The Shiv Sena has won seven seats.

PTI