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Sunday Business Standard

SUNDAY, 16 FEBRUARY 2020
14 pages in 1 section
MUMBAI (CITY)
₹10.00
VOLUME XIII NUMBER 48

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PUBLISHED SIMULTANEOUSLY FROM BENGALURU, KOLKATA, MUMBAI AND NEW DELHI

AMAZON, FLIPKART FOR ROLLBACK OF NEW TAX ON ONLINE SELLERS

Amazon and Flipkart are among online retailers demanding that the government scale back a proposed tax on third-party sellers on their platforms, saying the burden of compliance will hurt the fledgling industry. The online retail industry is braced for a possible 1 per cent tax on each sale made by sellers on their platforms from April. **REUTERS**

COMPANIES P3
Govt firms' related-party transactions hit 5-yr high

Related-party transactions (RPTs) of government firms have risen from 8.8 per cent of net sales in financial year 2014-15 (FY15) to 31.5 per cent in FY19, the highest in at least five years. **SACHIN P MAMPATTA & SAMEER MULGAONKAR** write

COMPANIES P2
Britannia, Nestlé line up divergent plans

Two of the country's top food companies — Nestlé and Britannia — have taken contrasting positions. While the Bengaluru-based Britannia Industries is scaling down launches, Nestlé India has no plans to do so, saying it will continue to maintain its pace on that front. **VIVEAT SUSAN PINTO** reports

ECONOMY & PUBLIC AFFAIRS P6
Peer-to-peer lending grows 10 times in a year

Peer-to-peer lending in 2019 grew 10 times on a year-on-year basis. The recognition from the Reserve Bank of India helped, which now regulates the sector under a separate category called P2P NBFC (non-banking financial company).

IN DEPTH
Why trucks kill so many on Indian roads

A truck's speed rarely goes beyond 50-60 km per hour, but they still account for a high number of accident deaths annually. **PRACHI SALVE** writes 7

RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 2,854 companies (results available of 3,589)

SALES		
Dec 31, '18	18.5%	₹21.21 trillion
Dec 31, '19	-0.9%	₹21.03 trillion
PROFIT BEFORE TAX		
Dec 31, '18	-11.8%	₹1.60 trillion
Dec 31, '19	29.2%	₹2.07 trillion
NET PROFIT		
Dec 31, '18	-20.5%	₹99,255 cr
Dec 31, '19	38.6%	₹1.38 trillion

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

RBI's accounting year to sync with govt's fiscal year

Move will come into effect from 2020-21

Finance Minister Nirmala Sitharaman and RBI Governor Shaktikanta Das at a meeting on Saturday. Das refused to comment on the AGR ruling and its implications PHOTO: SANJAY K SHARMA

SOMESH JHA
New Delhi, 15 February

The Reserve Bank of India (RBI) will align its financial accounting year with that of the central government with effect from 2020-21 — a move that may put an end to the practice of the exchequer getting interim dividend from the central bank. The decision was taken at a meeting of the RBI's central board held in the national capital on Saturday.

"The board recommended aligning the financial year of the RBI, currently July-June, with the government's fiscal year (April-March) from the year 2020-21 and approved forwarding a proposal to the government for its consideration," a statement from the RBI said.

With this move, the central bank will do away with nearly eight decades of practice. The RBI, which was established in April 1935, used to follow January-December as its accounting year before it was changed to July-June in March 1940.

Taking advantage of the RBI's different accounting year, the Centre had started demanding an interim dividend till the time the latter's final balance sheet is prepared (usually in August).

To address this anomaly, an expert committee led by former RBI governor Bimal Jalan had recommended aligning the RBI's financial year with that of the government. Turn to Page 4

DAS-SPEAK

ON CREDIT
The momentum is gathering pace and credit flow is reviving. The flow of credit from all sources — banks, domestic markets and ECBs — has improved

ON IMPACT OF BUDGET ON INFLATION
I don't see any impact of the Budget on inflation in March. The direct inflationary impact is the fiscal deficit number when the borrowings go up, but the government has adhered to fiscal prudence

No reason for delay on bank mergers: FM

SOMESH JHA
New Delhi, 15 February

Finance Minister Nirmala Sitharaman said on Saturday that she saw no reason to go back on the government's mega merger plan for state-owned banks.

"I don't see any reason to go back or any reason (which is) particularly causing any delay in the notification. You will hear on it as and when a decision is made," Sitharaman told the media here. She was responding to a question on the reasons behind a delay in the process of amalgamating 10 public sector banks (PSBs) into four.

She added that there was no discussion on the amalgamation of banks in the RBI's central board meeting held on Saturday.

Business Standard reported on Saturday that the Union government was treading cautiously with the merger of PSBs even though the deadline to merge the balance sheets of these lenders was just one and a half months away.

On August 30 last year, Sitharaman had announced the biggest merger exercise of PSBs. Punjab National Bank, Oriental Bank of Commerce, and United Bank of India were supposed to combine to form the nation's second-largest lender. Canara Bank was to take over Syndicate Bank; Union Bank of India is planned to be amalgamated with Andhra Bank and Corporation Bank; and Indian Bank was to be merged with Allahabad Bank. According to a senior government official, Prime Minister Narendra Modi wanted to see the "outcome of the amalgamation of Bank of Baroda (BoB)" before taking a final call on the merger of the 10 PSBs. Turn to Page 4

Voda Idea to pay, but raises going concern issue again

Telco provides no clarity on amount, says assessment in next few days

DEV CHATTERJEE
Mumbai, 15 February

Breaking hours of silence after the Supreme Court refused to offer any relief to the financially stressed telecom industry, loss-making firm Vodafone Idea announced on Saturday evening that it would pay its dues linked to adjusted gross revenue (AGR) in the next few days after assessing the amount.

While not specifying how much it would pay out of its total dues estimated at ₹54,000 crore, the company reiterated that there was uncertainty in continuing as a going concern. The statement came after a board meeting, which discussed the road ahead for the company.

Nick Read, group CEO of UK-headquartered Vodafone, had in November 2019 told reporters in a post-earnings conference, "if you're not a going concern, you're moving into a liquidation scenario — can't get any clearer than that". Read had issued a statement subsequently, saying he was quoted out of context. Within a month, joint venture partner Aditya Birla Group Chairman Kumar Mangalam Birla said at an event that Vodafone Idea would be forced to shut shop if there was no relief from the government on AGR. Both partners have refused to infuse any fresh funds into the telco.

The Supreme Court had on Friday dismissed the petitions of Bharti Airtel and Vodafone Idea seeking a staggered option to pay their AGR-related dues. Even as Bharti had announced its payment strategy soon after the SC rap on Friday (₹10,000 crore by February 20 and the remaining dues before the next hearing on March 17), the most-watched telco Vodafone Idea remained quiet.

Vodafone Idea, which reported a loss of ₹6,439 crore in the December quarter, said it had received letters from the Department of Telecommunications (DoT) directing immediate payment of dues after the SC judgment.

"The company is currently assessing the amount that it will be able to pay to DoT towards the dues calculated based on AGR, as interpreted by the Supreme Court in its order dated October 24, 2019. The company proposes to pay the amount so assessed in the next few days," it stated.

The statement added that as disclosed in the financial statements for the December-ended quarter, the company's ability to continue as a going concern was essentially dependent on a positive outcome of the application for modification of the supplementary order.

The company is left with ₹15,390-crore cash as of September 30, 2019, and that's insufficient to pay the additional liabilities, according to analysts. Turn to Page 4

TELECOM TANGLE

Oct 24, 2019
SC rules in favour of govt on the AGR issue, asks telecom companies to pay dues within 3 months

Nov 2019
Vodafone PLC CEO warns Vodafone Idea could be headed for collapse due to huge financial liability

Jan 2020
SC rejects telcos' petition to review decision on AGR payment

Feb 15, 2020:
SC seeks answers from telcos, govt on why AGR dues were not paid; DoT seeks immediate payment

VODA IDEA'S SAGGING FINANCIALS*

₹1.15 trn Gross debt (excluding lease liabilities)	**₹12,530 cr** Cash & cash equivalents
₹1.03 trn Net debt	**₹17,700 cr** Market cap

*As of end-December 2019 Source: *BSE* filings

Lenders will suffer if any enterprise shuts down: SBI chairman

Rajnish Kumar chairman, SBI

INDIVJAL DHASMANA
New Delhi, 15 February

State Bank of India (SBI) Chairman Rajnish Kumar on Saturday said neither Vodafone Idea nor Bharti Airtel was a non-performing account with the bank, but stressed that the entire economy, including lenders, would have to pay the price if any enterprise shut down or filed for bankruptcy.

His comments came a day after the Supreme Court made it clear that telecom companies would have to pay ₹1.47 trillion of past dues to the government.

"If there is a negative impact on any enterprise, it impacts the larger ecosystem. Whether it is banks, whether it is employees, vendors or consumers, everyone gets impacted. Whenever it comes, we will have to pay the price," Kumar told reporters in response to a query as to what would happen if telcos failed to pay the dues and filed for bankruptcy. He said only two telecom accounts with SBI — Aircel and Reliance Communications — were NPAs. "All other accounts are performing accounts. Not even a single account has any overdue," Kumar said.

The SBI chairman said the bank was in the wait-and-watch mode. Turn to Page 4

RELATED REPORTS

VAST POWERS WITH GOVT TO ADDRESS ISSUES: COAI

The Cellular Operators Association of India said the government had "vast powers and options" to address the sector's issues, even in the light of the top court's order on payment of dues.

DoT TO TAKE PENAL ACTION FOR DELAY IN PAYMENT

The telecom department is mulling penal action against telecom operators for failing to pay the dues in time. With Saturday being a holiday in various offices, it is likely to wait till Monday evening for the payment before sending out the next set of notices. 2

PSUs ASKED TO MAKE IMMEDIATE PAYMENT

While the road for public sector companies that hold telecom licences for their own network use is unclear, the telecom department letter, issued following the Supreme Court's order, has been sent to them as well. 2

Shuttered stores, fewer tourists: Luxury feels coronavirus effects

Luxury retail is dependent on Chinese buyers at home and abroad, and it is now facing a crisis

ELIZABETH PATON
London, 15 February

Chinese tourists normally flock to Bond Street, home to some of the most expensive retail space in the world. They gather behind the velvet ropes outside the Gucci store or emerge from the flagship boutiques of Chanel and Louis Vuitton with stuffed shopping bags.

This week, however, there were next to none. The scene was replicated on the shopping boulevards of Paris, in the malls of Dubai and on the streets of Hong Kong. The coronavirus has caused the quarantine of more than 50 million people in China, and travel and visa restrictions to more than 70 countries. Alongside widespread shutdowns of stores and malls in China, it has taken a heavy toll on the global luxury goods sector, long dependent on the spending of Chinese shoppers at home and abroad.

Some fear that the sector could be facing its worst crisis since the global financial meltdown of 2008.

The investment bank Jefferies estimates that Chinese buyers accounted for 40 per cent of the 281 billion euros, or $305 billion, spent on luxury goods globally last year, and drove 80 per cent of the past year's sales growth in the sector, making them the fastest-growing luxury shopper demographic in the world.

Now, with the latest season of fashion weeks well underway — and several runway show cancellations in New York, London, Milan and Paris — some of the biggest names in the industry are publicly counting the cost of coronavirus-related disruption on bottom lines.

"Our environment has changed significantly with the coronavirus outbreak," Kering's chief executive, François-Henri Pinault, said on an earnings call Wednesday, adding that half of the company's China stores were closed, while those still open had limited hours.

"Due to the evolving nature of the situation, it is impossible at this time to fully evaluate the impact on business and how fast it will recover," he said.

Despite posting robust quarterly results, Kering, owner of names like Gucci, Saint Laurent and Alexander McQueen, had seen "a serious drop in traffic in mainland China," Pinault said, and a "strong drop" in global sales in recent days because of the virus.

Burberry, which derives about two-fifths of its sales from Chinese consumers, has said the effect of the virus is worse than the disruption caused by the Hong Kong protests, which halved sales for the British luxury brand in its last fiscal quarter. Roughly a third of Burberry stores in mainland China have been shut, the company said in a statement, while foot traffic had plunged 80 per cent at the stores that remained open, prompting the company to scrap its full-year guidance.

Several leading American fashion groups have also cut their profit forecasts this month. Last week, Capri, the owner of Michael Kors, Versace and Jimmy Choo, said it was reducing its sales outlook for the quarter by $100 million after closing 150 of its 225 mainland China stores. And Tapestry, which owns Coach, Kate Spade and Stuart Weitzman, said it was expecting sales to drop as much as $250 million after closing most of its stores across mainland China.

"Luxury spending has hit a sudden stop in China, with sales either at zero for most brands or down by at least 80 per cent," said Luca Solca, a global luxury goods market analyst at Bernstein.

Turn to Page 4

The outbreak coincided with the most commercially significant weeks on the global trading calendar PHOTO: BLOOMBERG

OUTSIZE IMPACT

Chinese consumers are the world's biggest buyers of global luxury goods

Personal luxury goods sales by consumer nationality in 2019 (%)

Nationality	%
Chinese	35
American	22
European	17
Other Asian	11
Japanese	10
Others	6

Source: Bain & Co, Altagamma

TOURISM TO TAKE HIT

Asian, US and European luxury centres would suffer from Chinese shoppers staying away

Top destinations of Chinese outbound tourists (%)

Destination	%	Destination	%
Hong Kong	21.0	Singapore	2.3
Macau	16.0	Italy	2.1
Japan	6.4	Malaysia	2.1
Thailand	6.4	US	2.0
South Korea	3.7	France	1.6
Vietnam	3.4	Indonesia	1.3
		Germany	1.2

Note: Data for Q3 2019
Source: Bloomberg Intelligence

RELATED REPORTS

BACK PAGE **Zydus Cadila vaccine research on fast-track**
Zydus Cadila has announced an accelerated research programme for developing a vaccine for the novel coronavirus with multiple teams in India and Europe.

ECONOMY PAGE 6 **Europe suffers 1st virus death**

WORLD PAGE 8 **Coronavirus will hit oil hard**

IN BRIEF

NIIT shareholders approve ₹337 cr buyback programme

NIIT Technologies on Saturday said shareholders have approved its over ₹337.4 crore buyback plan "by requisite majority". In a regulatory filing, the company said its Board at a meeting on December 23, 2019 approved the proposal of buyback of up to 19,56,290 fully paid equity shares of a face value of ₹10 each at a price of up to ₹1,725 per share. The buyback proposal through the tender offer route, aggregated up to ₹337.46 crore. "We wish to inform you that the shareholders of the company have approved the special resolution for the…matter by requisite majority on February 13, 2020 through e-voting and postal ballots process…," it said. PTI

Saks, Louis Vuitton, Gucci sued over alleged no-hire pacts

Saks, Gucci, Louis Vuitton and other luxury retailers were accused in a lawsuit of agreeing to not hire sales clerks from each others' stores in violation of US antitrust law. The firms conspired to enter into "no-hire agreements", according to the complaint filed on Friday in federal court in Brooklyn, New York. BLOOMBERG

FADA asks vehicle makers to shift completely to BS-VI

The Federation of Automobile Dealers Associations (FADA) on Saturday asked automobile makers to shift wholesale dispatches to BS-VI compliant vehicles only, with the Supreme Court refusing its request to extend deadline for sale and registration of BS-IV vehicles beyond April 1, 2020. PTI

Sushma to invest ₹325 cr on new project in Mohali

Realty firm Sushma on will invest ₹325 crore to develop a mixed-use commercial project in Mohali to tap rising demand of office and retail spaces from corporates and co-working players. The firm will develop 1.2 million sq ft area in this 7-acre commercial project Sushma Pristine on airport road in Mohali, its Executive Director Prateek Mittal said. PTI

Ansal Properties posts ₹13 cr profit for Dec quarter

Crisis-hit realty firm Ansal Properties has reported a consolidated net profit of ₹13.46 crore for the quarter ended December (Q3). The firm had posted a net loss of ₹28.31 crore in the year-ago period. Its total income rose to ₹284.82 crore in the Q3 of the current financial year from ₹154.15 crore in the year-ago period, the firm said. PTI

Britannia, Nestlé draw up divergent strategies

Bengaluru company is scaling down initiatives & Gurugram firm is aggressive

VIVEAT SUSAN PINTO
Mumbai, 15 February

Two of the country's top food companies — Nestlé and Britannia — have taken contrasting positions. While the Bengaluru-based Britannia Industries is scaling down launches, Nestlé India has no plans to do so, saying it will continue to maintain its pace on that front.

On an average, Nestlé has been launching two products a month across categories such as chocolates and confectionary (KitKat), prepared dishes (Maggi), beverages (Nescafe) and milk-based products.

"We have brought innovations and launches into the market in the December quarter and will continue to do so across our brands," said Suresh Narayanan, chairman and managing director (MD), Nestlé India.

Britannia's MD Varun Berry, however, is cautious on launches, saying consumers experiment less during a slowdown. "Croissants and salty snacks, which are new launches, are in the test market phase currently. We haven't moved beyond that because these are not probably the times to take these projects nationally," he said in an investor call this week.

"When the economy is a little slow, consumers tend to go back to their favourite brand. That gives them more comfort and they are not as experimentative as they would be in good times," he said.

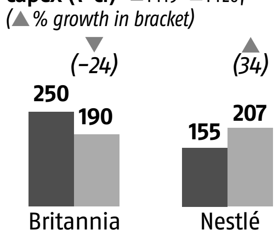
The maker of Good Day cookies and Marie Gold biscuits has also reduced capital expenditure for FY20 by 24 per cent over the previous year to around ₹190 crore. Last year, its capex was around ₹250 crore.

Much of the capex for FY20, Berry said, would go into enhancing its Ranjangaon plant in Pune and the rest would be utilised to improve the back-end information technology system. The company, he said, would not add new plants for now, choosing to extract more from its existing capacities.

Nestlé, on the other hand, plans to increase capital expenditure by 34 per cent for 2020, taking it to ₹207 crore from ₹155 crore in the previous year, sector experts said. The company follows a January-December accounting year.

TALE OF TWO COMPANIES

Capex (₹ cr) ■ FY19 ■ FY20; (▲ % growth in bracket)



PACE OF NEW LAUNCHES

Britannia:	Nestlé:
None for now; focus on existing brands	Two per month; run rate will continue

Nestlé follows a Jan-Dec accounting year
Source: Company/Analysts

While much of this will go into adding new lines in its existing units, Nestlé is also setting up its ninth Maggi plant in India at Sanand in Gujarat.

This plant, coming up at an initial investment of ₹700 crore, will be ready in the next two years and would be a "significant step" in increasing Nestle's manufacturing footprint in the country.

Narayanan said he remains bullish about the Indian market despite near-term challenges such as input cost pressures and weak consumer sentiment.

On Thursday, ratings agency CRISIL said it saw milk prices stabilising after back-to-back hikes that have made the commodity dearer by ₹4-5 per litre over the past nine months.

"In FY21, milk production is expected to pick up, given the abundant water in reservoirs and the expectation of a normal monsoon. That should arrest any further rise in milk procurement and retail prices," the ratings agency said.

Wheat prices have also been falling over the last one month, data from the National Commodity Exchange shows, after rising consistently between April and December 2019. It now stands at ₹2,200 per quintal, down 6.6 per cent from last month.

Airbus 'deeply regrets' US tariff hike on its planes imported from Europe

European aerospace giant Airbus said on Saturday it "deeply regrets" Washington's move to increase tariffs on its planes imported into the US from Europe.

Friday's decision to hike tariffs to 15 per cent from March 18 "further escalates trade tensions between the US and the EU", the company said in a statement.

This creates "more instability for US airlines that are already suffering from a shortage of aircraft".

The duties have been at 10 per cent since October, when Washington slapped tariffs on $7.5 billion of European products.

Airbus said the latest decision also "ignores the many submissions made by US airlines, highlighting the fact that they — and the US flying public — will ultimately have to pay these tariffs".

The office of the United States Trade Representative made the tariff announcement just days after President Donald Trump said it was time to talk "very seriously" about a trade deal with the European Union.

Washington imposed punitive taxes on the $7.5 billion in European products after the World Trade Organization (WTO) gave the US a green light to take retaliatory trade measures against the EU over its subsidies to Airbus. AFP/PTI

AGR DUES PAYMENT DELAY

DoT weighing penal action against telcos

PRESS TRUST OF INDIA
New Delhi, 15 February

The telecom department is considering penal action against telecom operators for failing to pay in time the adjusted gross revenue (AGR) dues as directed by the Supreme Court, according to an official.

The Department of Telecommunications (DoT) is likely to wait till Monday evening for the payment before sending out the next set of notices with updated penalty and other punitive action in accordance with the licence norms, the official told *PTI*. "The DoT has sent five notices to telecom operators with reminders and penalty provisions on October 31, November 13, December 2, January 20 and now on February 14. Telecom operators are bound to pay as per the Supreme Court (SC) order, and the department never gave them any extension. Now, telecom operators are saying they will pay a sizable amount by Monday, but action will be taken against them for every delay," the official said.

The DoT had issued stringent order to telecom operators to pay by Friday midnight after facing the ire of the SC for not taking any action to recover dues and passing an order to not take any coercive action against the defaulters. However, none of the companies made the payment on February 14.

The DoT official said the order was issued for internal processes to avoid any complication as the matter was sub-judice. "DoT did not pass any order to telecom operators. Telecom operators filed a modification plea before (the) SC. The apex court after admitting the plea and just before the last date of payment listed the matter for a later date. This left DoT with no room to seek any clarification from the court. Hence, the department passed an internal order to avoid complication and any chance of contempt to the court proceedings," the person said.

Non-telco PSUs told to pay up

JYOTI MUKUL
New Delhi, 15 February

Even as the road for public sector companies that hold telecom licence primarily for their own network use is unclear, a letter by the telecom department, issued following Friday's Supreme Court (SC) order, has been sent to them as well. Some firms like Oil India (OIL) are expected to restart the legal process soon.

And, any outgo from these firms could not only wipe out their surplus, but create distress in other sectors also. The department of telecommunications (DoT) on Friday asked the telecom service providers and licencees to make payment in accordance with the SC's ruling. It had earlier slapped a demand notice on Oil India, seeking ₹48,000 crore on account of adjusted gross revenue (AGR) dues.

OIL's notices are for 2007-08 to 2018-19, and the ₹48,000 crore includes licence fee, penalties and interest. OIL had taken up the matter with the DoT and the ministry of petroleum and natural gas along with other affected central public sector enterprises, and added that the AGR does not apply to non-telecom companies. OIL and other PSUs had filed clarificatory/modificatory petition before the SC. These firms own and operate telecom networks, but they do not provide telecom services.

Govt firms' RPTs hit 5-year high

Increase from 8.8% of net sales in FY15 to 31.5% in FY19

SACHIN P MAMPATTA & SAMEER MULGAONKAR
Mumbai, 15 February


ILLUSTRATION BY BINAY SINHA

Related-party transactions (RPTs) of government firms have risen from 8.8 per cent of net sales in financial year 2014-15 (FY15) to 31.5 per cent in FY19, the highest in at least five years.

Such transactions recorded on the balance sheet have also risen from 1.2 per cent of total assets to 2.4 per cent in the same period. The balance sheet transactions had risen to as high as 3.4 per cent in FY17.

RPTs are transactions entered into by a company with an entity related to its promoter. Such transactions have been under scrutiny because they can be used by promoters or majority shareholders to serve their own needs at the cost of minority shareholders. Research has shown that the net effect can be negative even when the promoter is the government.

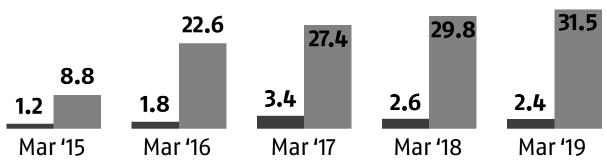
This analysis was based on information from firms in S&P BSE 500 index that had continuous data over the last five years, and excluded banking and finance companies.

A similar exercise for private sector companies showed a decline over the past five years. RPTs on the profit and loss statement were the equivalent of 51.7 per cent of net sales in FY15. This had fallen to 24.9 per cent by FY19. Such transactions recorded on the balance sheet fell from 14 per of total assets in FY15 to 12.5 per cent of total assets by FY19.

A recent Securities and Exchange Board of India (Sebi) discussion paper looked to address issues around such transactions. It mentions existing regulations that include an exemption to government firms from rules other firms are obliged to follow under the Listing Obligations and Disclosure Requirements Regulations, 2015 (LODR).

RISING TREND

■ Balance sheet transactions as % of total assets
■ P/L transactions as % of net sales



Source: Capitaline, *Business Standard* calculations

It has sought to introduce changes such as ensuring that such transactions involving subsidiaries should require audit committee approval for private sector firms.

Amit Tandon, founder and managing director of proxy advisory firm Institutional Investor Advisory Services India (IiAS), said the use of funds by unlisted subsidiaries can be opaque and open to abuse through transactions that may not be in the interest of minority shareholders. "The subsidiary is the route through which a lot of these transactions are taking place," he said.

Globally, it has been argued that RPTs by state-owned enterprises (SOEs) can be detrimental, and it can cause problems even when the company stands to benefit.

"First, RPTs in SOEs may decrease social welfare not only when they harm a given SOE by extracting wealth from minority (non-state) investors...but also when the state provides the SOE with benefits not available to (private players)," said the March 2018 paper from authors Curtis J Milhaupt of Stanford Law School and Mariana Pargendler at the New York University School of Law. It noted that better disclosures and empowering minority shareholders are among the strategies that may help address these issues.

Shriram Subramanian, founder and managing director of proxy advisor InGovern Research Services, suggested that regulatory moves must ensure that the direction is not towards easing companies' burden at the cost of investors, as it can have a negative effect on minority shareholders. "So, at the end of the day, it now becomes easier for companies and investors are (short-changed)," he said.

'We'll strengthen our board before going public'

Mid-tier IT services firm UST Global has seen a compound annual growth rate (CAGR) of 17 per cent in its revenue growth in last five years, making it one of the fastest growing companies globally. The IT services firm, which has its roots in Kerala, has a revenue base of about $1.1 billion with 60 per cent of its 25,000 employees working in India. With investors like Temasek on board, the company also plans to go public in the near future. In a conversation, chief executive officer (CEO) of the firm **KRISHNA SUDHEENDRA** told **Debasis Mohapatra** that the company will strengthen its board by bringing in professionals before going public.

Q&A
KRISHNA SUDHEENDRA
CEO, UST Global

Business segments like healthcare, BFSI (banking, financial services and insurance) and retail globally are witnessing a lot of disruption. What is your take on demand environment?
We are very strong in healthcare. Many healthcare companies in the US are in legacy, and are moving to digital. So, there is massive investment happening in this space. Retail (vertical) is going through an interesting phase as they have to compete with e-commerce players. So, retailers are investing in supply chain, customer and in-store experiences. We work with 7 out of top 10 retailers across the globe. Any firm, which deals with the back-end for the retail firms, may experience slowdown, but companies like us, which are working on front-end like customer experience, are seeing a rise in client spends. Similarly, our core strength is in banking, in managing customer experience like UX, and design among others. Currently, around 28 per cent of its revenues come from healthcare, about 22 per cent from retail vertical and 25 per cent from BFSI segment. We grew our revenue at 20 per cent in 2019, and in CAGR term, our top line growth is 17 per cent in last five years, which is the best in the industry.

Most mid-size firms with over $1 billion revenue face client concentration risk. How is UST Global placed in this respect?
We don't have that much client concentration risk, though our model is "select clients & more attention". We are a unicorn growing at one of the fastest pace in the industry, but we have only 130 customers. Having said that, our top 25 customers contribute less than 50 per cent to overall revenue.

Do you think, 20 per cent growth in revenue is sustainable in the coming years at a time when the industry is growing at not more than 7-8 per cent?
In 2020 and 2021, we are poised to grow at this rate. We have signed contracts that give us this confidence. We have 90 per cent visibility on our revenue growth rate of 20 per cent and we are only sitting on the first quarter of 2020.

UST Global has its roots in Kerala. How important is India as a delivery centre?
We have around 15,000 staffers in India out of the total employee base of 25,000. We started up in Trivandrum (Thiruvananthapuram), when it used to be tier-III city. As we are growing at 20 per cent, we will expect 15-20 per cent addition to our Indian headcount y-o-y.

When Temasek invested in UST Global in 2018, there was a buzz about an upcoming initial public offering (IPO). So, what is the status of UST Global's plan to go public?
IPO is definitely in the horizon, but it depends on the market conditions. It is crystal ball gazing, but I don't know when. We look at it based on the advice of our bankers and investors.

Will UST Global strengthen its board before going public?
We will strengthen our board before the IPO. Currently, we have 10 members on the board, who are mostly representing the investors. We will look at industry experts in healthcare, financial services or who have worked in large technology companies, and who can guide us.

UST Global acquired 3 firms last year, taking number of acquisitions to 11 so far. Will you do tuck-in acquisitions in the future or even look at bigger firms?
We are open (to do big acquisitions). We have support of investors. But, it will have to fit with our culture. We won't do an acquisition just for the sake of it.

INVESTMENT

NRIs to gain from govt move to remove dividend tax

High-income resident Indians, on the other hand, will end up with a higher tax outgo

HOMI MISTRY & REENA PODDAR

One of the major changes proposed by finance minister Nirmala Sitharaman in her second Union Budget relates to the taxation of dividends. The Budget has proposed to abolish the Dividend Distribution Tax (DDT), and moving to the classical system of taxing dividend in the hands of individuals.

Current situation: Currently, a domestic company is required to pay DDT at the rate of 15 per cent (plus applicable surcharge and health and education cess) on the dividends. Further, dividend income from a domestic company is tax-free up to ₹10 lakh. Dividend in excess of ₹10 lakh is taxed at the rate of 10 per cent in the hands of specified resident individual shareholders. It is also tax-free for non-resident individual shareholders.

Similarly, mutual funds are also liable to pay tax at the specified rate on the income distributed to unit holders. Such dividend is exempt from tax in the hands of unit holders.

The proposal: The Finance Bill of 2020 now proposes to tax dividend income in the hands of the shareholder and unit-holder respectively. Domestic companies or mutual funds will no longer be required to pay DDT, but will be required to withhold taxes at specified rates.

The rationale for the proposed amendment is that since foreign investors were unable to avail of credit on DDT in their home countries, it reduced the rate of return they were able to earn on equity capital. To increase the attractiveness of the Indian equity market and to provide relief to a large class of investors, the government has proposed to do away with DDT. With the advent of technology and easy tracking systems, the government has proposed to shift to the system of taxing dividend in the hands of shareholders or unit holders.

Dividend income arising from securities held as investment will be taxed and reported as income from other sources in the income-tax return form. Deduction of only interest expense incurred to earn that dividend income, to the extent of 20 per cent, of total dividend income can be claimed.

Further, the final dividend will be taxable in the year in which it is declared, distributed or paid by the company, whichever is earlier. However, interim dividend will be taxable in the year in which the amount of such dividend is unconditionally made available to the shareholder. In case of mutual fund units with dividend reinvestment option, dividends are not received as cash. Instead, the dividends are directly reinvested in the units. In such a scenario, even if the reinvested dividend is not received in cash, it will be taxed. This may create cash flow challenges. Further, even when dividend is unclaimed due to any reason, it will have to be offered to tax.

WITHHOLDING TAX RATES FOR COMPANIES

Nature of dividend	Tax rate
Dividends paid to resident shareholders, exceeding ₹5,000	10%
Dividends paid to non-resident shareholders	20% under Section 115A
Dividends paid on GDRs/ADRs	10%

WITHHOLDING TAX RATES FOR MUTUAL FUNDS

Nature of dividend	Tax rate (excluding surcharge and cess)
Income distributed to resident unitholders, exceeding ₹5,000	10%
Income distributed to non-resident unitholders	20% under Section 115A

Tax rates: For resident individuals, the dividend income shall be chargeable to tax at their respective tax rate. However, dividend shall be taxable at a concessional tax rate of 10 per cent without providing for any deduction, if the resident individual is an employee of an Indian company or its subsidiary engaged in specified industries (like information technology, entertainment, pharmaceutical or bio-technology) and receives dividend from Global Depository Receipts (GDRs) issued by such a company under a specified Employees' Stock Option Scheme, which are purchased by the employee in foreign currency as notified.

The dividend income, in the hands of a non-resident individual, will be taxable at the rate of 20 per cent without providing for deduction. However, where the dividend is received from GDRs of an Indian company or a public sector company purchased in foreign currency, the tax shall be charged at the rate of 10 per cent without providing for any deductions.

Non-residents can avail of DTAA: India has signed Double Tax Avoidance Agreements (tax treaties) with many countries to help taxpayers avoid paying double taxes on the same income. Lower rate of withholding tax can be availed under the tax treaties for non-resident individual investors. Such lower rate will be subject to satisfying conditions related to treaty eligibility.

The balance tax payable (net of withholding), if any, on dividend by individuals, can be deposited into the government treasury in the prescribed manner via advance tax or self-assessment tax within the specified due dates.

The Budget measures still must be approved by both Houses of Parliament and receive the assent of the President of India. Once approved, the provisions will apply from the India tax year 2020-2021 (April 1, 2020, to March 31, 2021), unless otherwise stated.

Plan your cash flows: After the abolition of DDT and with the introduction of a tax on dividend, the post-tax net return on investment for non-resident individuals may increase (due to availability of credit for tax on dividend in their home country). However, the tax outgo on dividend by resident individuals may increase, especially for high-income earners. Further, individual investors need to be vigilant in tracking dividend re-invested and plan their cash flow as there may be a tax outgo, even if there is no cash inflow.

Homi Mistry is partner and Reena Poddar is manager, Deloitte Haskins & Sells LLP

BS TUTORIAL

Jayant Pai

Financial literacy

1. Which of these behemoths has launched what could be termed as the first regulatory start-up?
   A. Google
   B. Microsoft
   C. Facebook
   D. Amazon

2. Which of these domains' impending sale caused a stir recently?
   A. .org
   B. .edu
   C. .biz
   D. .net

3. Who is the odd one out with respect to popularising reverse innovation?
   A. Jeffrey Immelt
   B. Clayton Christensen
   C. Vijay Govindrajan
   D. Chris Trimble

4. The term co-determination is related to ___________.
   A. Private equity
   B. Co-creation
   C. Labour rights
   D. Multinational companies

5. Which mutual fund toppled HDFC as India's largest earlier this week?
   A. Nippon
   B. SBI
   C. ICICI
   D. DSP

Solutions

1. C. Last month, Facebook unveiled the draft bylaws of an oversight board, vested with the power to review, and overturn, decisions by the firm's army of content moderators.
2. A. Ethos Capital was acquiring the domain from its non-profit parent organisation, the Internet Society, for $1.135 billion. This has been delayed.
3. B. He popularised the concept of 'Disruptive innovation'.
4. C. It denotes cooperation between management and workers in decision-making, especially by the representatives of workers on management boards.
5. B. SBI leapt from third spot in December 2019 to the top in January 2020. It manages ₹3.82 trillions against the ₹3.79 trillion managed by HDFC.

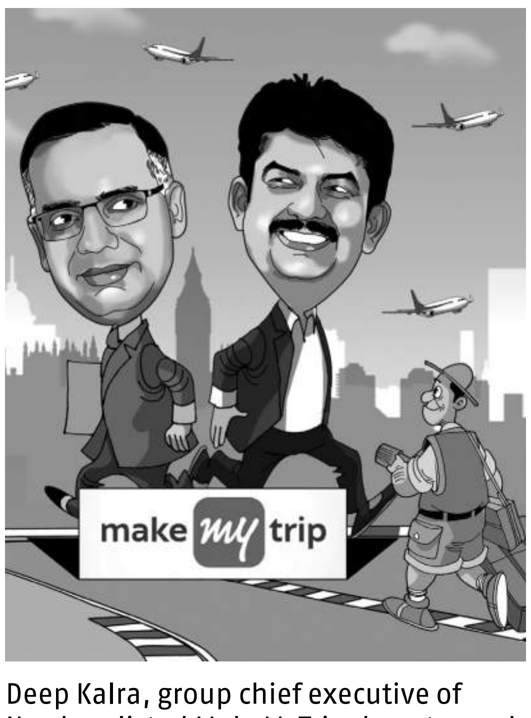
The quiz master is a certified financial planner and head-products, PPFAS Mutual Fund.
Send your queries and feedback at yourmoney@bsmail.in

ECONOMY

PEOPLE IN THE NEWS

BINAY SINHA

Signalling a shift to a more professional leadership framework, Tata Trusts, which owns most of Tata Sons Ltd, has named Tata group veteran Srinath Narasimhan as its first CEO



Deep Kalra, group chief executive of Nasdaq-listed MakeMyTrip, has stepped down; co-founder Rajesh Magow, who was previously heading the firm's India business, will take over as the new CEO

Modi to unveil projects worth ₹1,000 cr in Varanasi today

VIRENDRA SINGH RAWAT
Lucknow, 15 February

In the first visit to his parliamentary constituency in 2020, Prime Minister Narendra Modi will arrive on a day's tour of Varanasi on Sunday to unveil various development and infrastructure projects worth over ₹1,000 crore and address a public meeting.

Modi will inaugurate the Pandit Deendayal Upadhyaya Memorial Centre apart from unveiling a 63-feet metal statue of one of the ideologues of the Bharatiya Janata Party (BJP). He is also slated to participate in the closing ceremony of the centenary celebrations of Shri Jagadguru Vishwaradhya Gurukul.

He will release the translated version of Shri Siddhant Shikhamani Granth in 19 languages. According to head of the gurukul, Dr Chandrasekhar Shivacharya Mahaswami, the PM will release a mobile app of the granth as well. Later, Modi will dedicate to the nation more than 30 projects, including a 430-bed super speciality government hospital and a 74-bed psychiatry hospital at BHU.

Besides, the Prime Minister will flag off the IRCTC's Maha Kaal Express through a video link. The country's first overnight private train journey will connect the three 'jyotirling' pilgrim centres of Varanasi, Ujjain and Omkareshwar. Modi will also inaugurate a two-day 'Kashi Ek Roop Anek' exhibition at Pandit Deendayal Upadhyaya Hastakala Sankul. He will interact with buyers and artisans coming from different countries, including the US, England and Australia.

The event will showcase products from about 100 artisans of Uttar Pradesh. The artists and weavers will be imparted skills for improving quality and branding their products for the national and international markets.

FROM PAGE 1

RBI's accounting year to sync with govt's fiscal year

An RBI executive explained that for 2020-21, the central bank would prepare a truncated balance sheet for a period of nine months (from July 2020 to March 2021). Following next year, the full fiscal year of the RBI will start from April 1, 2021.

The Jalan committee in its report had said the alignment of the fiscal years of the RBI and the government would ensure that the central bank was "able to provide better estimates of the projected surplus transfers to the government for the financial year for budgeting purposes". The committee had noted that the need for interim dividend to be paid by the RBI would be reduced and would be restricted to "extraordinary circumstances", and the move brought "greater cohesiveness in the monetary policy projections and reports published by the RBI, which mostly use the fiscal year as the base".

The governor didn't rule out an interim dividend to the central government this fiscal year. "If any decision is taken, it will be uploaded on the RBI website as part of our (central board meeting) minutes. There are a lot of speculations on the interim dividend. As and when it comes up for discussion, you will come to know," RBI Governor Shaktikanta Das said. According to sources, a proposal to give the central government an interim dividend of ₹37,000 crore for 2019-20 is on the table and a decision may be taken in the next board meeting. This is the third consecutive year when the government has demanded an interim dividend. In FY19, the RBI paid an interim dividend of ₹28,000 crore to the Union government.

Credit uptick

The RBI governor said on Saturday that credit flow in the economy was gaining momentum and was expected to pick up in the coming months.

Das elaborated that the credit flow of banks to the commercial sector stood at ₹2.7 trillion from October 2019-January 2020, compared to a negative change of ₹1.3 trillion in April-September 2019. "The momentum is gathering pace. It has really picked up from October onwards, and now the flow of credit from all sources — banks, domestic markets and external commercial borrowings — has improved to about ₹7.5 trillion and there is a flow of around ₹6 trillion between October and January. The momentum is gathering pace and credit flow is reviving," Das said.

The governor and Finance Minister Nirmala Sitharaman briefed the media on Saturday after the customary post-budget central board meeting of the RBI.

'No inflationary impact of Budget'

Das said the Union Budget did not have any inflationary impact. "I don't see any impact of the Budget on inflation in March. In the sense that the direct inflationary impact is the fiscal deficit number when the borrowings go up, but the government has adhered to the principle of fiscal prudence," the governor added.

He said the "good part" was that the central government's borrowings were coming from small saving schemes and a declining crude oil prices would also help in containing inflation. The governor pointed out that a review of the monetary policy framework was internally being worked out and if required, the central government would be consulted soon. He didn't give an elaborate comment on the Supreme Court's order rejecting the pleas of telecom companies Bharti Airtel and Vodafone Idea, which had sought a staggered option for paying dues linked to adjusted gross revenue (AGR).

"I don't want to comment on an order of the SC and its implications this way or that way. It will be internally deliberated, if there is any issue arising out of it," Das said.

No reason for delay on bank mergers: FM

The government's notification related to the amalgamation scheme has been delayed, sparking concern among the bank boards about a possible delay in the merger process, which was supposed to take place by April 1, 2020 — the beginning of the next financial year. It is after the government's notification that the process of amalgamation will move forward. Sitharaman further said the government was monitoring agricultural credit in rural areas, adding that she expected to meet the increased target of ₹15 trillion in the coming fiscal year. In the Union Budget 2020-21, the government raised the farm loan disbursal target by 11 per cent to ₹15 trillion for the next fiscal year.

Voda Idea to pay, but raises going concern issue again

It's possible that the company may again seek a staggered payment option at the next Supreme Court hearing in March while asking banks to restructure its ₹1.2-trillion debt, a source said.

In its October 24, 2019, verdict, the Supreme Court had upheld the DoT definition of AGR including non-core services as well, and that meant a total ₹1.47-trillion bill for telcos towards pending licence fee, spectrum usage charge, interest, penalty and interest on penalty by January 23. The Supreme Court rejected the telcos' petition to reconsider the order but later agreed to hear their modification plea seeking an option for staggered payments. The SC will hear the case again on March 17.

Lenders will suffer if any enterprise shuts down...

This was because none of the companies had told him whether it was going to shut down or how was it going to pay the government, he said.

"We have not received any official announcement from any of the companies that it was shutting down shop. They have not said anything on the subject. So we will wait to see what stand they take. Once that stand is made clear, it will be possible for me to give any reaction," he said on the sidelines of an SBI event to inaugurate the statues made from e-waste. It is up to telcos how do they comply with the Supreme Court order and it is up to the Department of Telecommunications how would it ensure compliance, he said.

SBI's exposure to the telecom sector stands at ₹37,793 crore. For it, the bank has made provisions of around ₹9,000 crore till the December quarter.

Kumar said SBI would not pass on the burden of the hike in the premium of deposit insurance to its customers.

"We never recovered the premium from customers, we will not do it now. As far as the impact of the rise from 10 paise to 12 paise is concerned, earlier if we were paying ₹3,000 crore, now we will pay ₹3,600 crore premium," he said. Following the failure of a number of cooperative banks, with Mumbai-based PMC Bank being the latest and the largest last year, the government hiked the deposit insurance coverage to ₹5 lakh from ₹1 lakh in the Union Budget 2020-21.

Shuttered stores, fewer tourists: Luxury feels...

"The coronavirus is likely to have a greater impact on the sector than the SARS epidemic did in 2003, given how much more reliant brands are on China and Asia for sales growth."

Concerns are also growing around the effect on consumer morale. Beyond just the physical barriers to luxury spending, the contamination fears centered on crowded places are unlikely to create the sort of positive emotional and psychological background that make people inclined to shop. Little wonder, then, that major names have clamored to publicly donate money to combat the outbreak. On January 27, Louis Vuitton Moet Hennessy LVMH announced that it had given $2.2 million to the Red Cross Society of China. Days later, Richemont donated $1.4 million to the same cause, and Kering donated $1.1 million.

The outbreak could not have come at a worse time for many Western luxury brands. It coincided with the Lunar New Year festival, which is usually one of the most commercially significant weeks on the global trading calendar. It also means that thousands of factories — already closed over the celebratory New Year period — have yet to reopen, bringing manufacturing to a near standstill. Few top-tier luxury names produce in China (and those that do are often not willing to disclose it). Ralph Lauren makes a quarter of its goods in China, according to estimates by Wells Fargo, while the number for the upmarket outerwear company Canada Goose is around 10 per cent.

But many other high-end apparel and footwear brands are reliant on the country when it comes to their supply chains. There could be added costs because of order backlogs and logistics delays, as well as a looming threat to global trade. Given that China is the world's largest textile producer, with exports worth more than $280 billion a year, some analysts think shortages may soon become apparent in stores, even though the fashion industry often orders goods further in advance than many other sectors, owing to seasonal collection cycles.

"The next few weeks should be critical, as further delays in the restart of production could begin to result in out-of-stocks at US shelves as early as mid-April," the Wells Fargo analyst Edward Kelly said in a note to investors.

Regardless of widespread jitters about the short-term disruption caused by the virus, key luxury stocks like LVMH and Kering have remained relatively resilient. Most analysts think that well-managed luxury brands with enduring popularity and high margins should be able to withstand the short-term volatility.

Concern is reserved for hard luxury players (groups, like Richemont, that largely sell watches and jewellery) and midmarket labels with less ability to absorb financial shocks or that were already seeing sluggish sales. Assuming a 20 per cent drop in Chinese consumption in the second quarter of 2020, UBS predicts a 3 per cent decrease in earnings per share for brands like LVMH and Hermès, compared with 8 per cent for Richemont and 7 per cent for Burberry, which has a particularly high exposure to China. "The market seems to be taking the coronavirus in its stride, with the idea that this will be temporary, while the underlying appeal of the sector and its strength is very strong," Solca of Bernstein said.

P2P lending grows 10X in a year

Concerns remain over ethics of earning high returns by lending to financially excluded

NAMRATA ACHARYA
Kolkata, 15 February

Last month, Nitin, a college student, earned 22 per cent returns out of his monthly allowances. This was due to the fact that he is a regular investor on peer-to-peer (P2P) lending platforms.

Nitin was attracted to P2P lending through an advertisement that promised 24 per cent returns on unused liquidity "by lending to real people".

In the past year, no other sector weathered the slowdown in India like P2P lending — platforms that cater to sub-prime borrowers. The sector grew over 10 times over the previous year on a year-on-year (YoY) basis.

This growth was propelled by recognition from Reserve Bank of India (RBI), which now regulates the sector under a separate category called P2P NBFC (non-banking finance company). Further, in December 2019, the regulator relaxed norms by increasing individual lending limit across platforms from ₹10 lakh to ₹50 lakh.

With no cap on interest rates, one can earn returns ranging between 15-25 per cent annually, or more, by giving small loans to sub-prime borrowers.

However, this unregulated interest rate regime has also sparked a debate over the ethics of earning high returns by lending to the financially excluded. These concerns have been aired even by some players in the sector.

"This is not an avenue to earn high returns. We enable lending to individuals who are financially excluded to sustain their livelihoods. So, it goes against principles of natural justice for somebody to earn 30-40 per cent returns from an individual on such platforms. I had requested RBI to cap interest rates," said Ramakrishna NK, cofounder, Rang De.

Rangan Varadan, co-founder of Microgram, too, called for a cap. He said, "Each P2P firm has its own model. Most of them are positioning themselves as alternative investment platforms".

In a typical rural-centric P2P model, a website publishes a list of loan seekers, often financially excluded customers, who meet their credit demands from moneylenders. A prospective lender chooses the borrower of their choice, pays through an online platform and gets monthly or quarterly payments on the loan, with an average return of 16-18 per cent, going as high as 25 per cent.

In some cases, the P2P company ties up with a microfinance institution or non-governmental organisation to bring the loan seekers on the platform and monitor the loans. In others cases, they mobilise borrowers and monitor the loans themselves through field campaigns. The P2P platforms retain two to five per cent as a fee.

For a borrower, depending upon the credit profile, the interest rates could be between 12-36 per cent, on a reducing balance, on an average. The phenomenal growth in the sector has also come with increasing risk.

Rangan agrees that collection is a major concern for the industry. There is no credit insurance cover, apart from life cover in some cases. In the latter case, if the borrower passes away, the insurer pays the money. At present, the default rate is less than two per cent.

RupeeCircle, one of the biggest P2P NBFCs, disburses about ₹3 crore per month, and has grown more than 10 times in the past year. The average returns for lenders on the platform is about 16-18 per cent, and the company caters mostly to financially excluded people with salaries below ₹25000-30000 per month, according to Abhishek Gandhi, cofounder, RupeeCircle. Most of these clients were serviced by moneylenders, who charged even more.

Finzy, a P2P NBFC, a quick personal loan platform, has also grown 10 times in the past year. According to Amit More, founder of Finzy, clarity in regulations helped the sector grow phenomenally. "We are positioning ourselves by showing that P2P is an instrument where you earn EMI, rather than giving EMI," says More. The company has its own recovery team, and the default rate is 1.02 per cent.

IndiaMoneyMart, another P2P NBFC, has grown around 300 per cent in the past year. "In the last one year, there has been a tremendous rise in interest among lenders. An investor can expect a return between 16-25 per cent," says Mahendra Agrawal, cofounder of the company.

As P2P platforms grow by leaps and bounds by giving high returns with moderate risks, it has attracted many novice as well as seasoned investors. However, staying away from greed could be the need of the hour for sustainable growth of the sector.

INDUSTRY SNAPSHOT

15–25% range of returns

12–36% interest rate paid by borrowers on reducing balance

20 registered NBFC P2P platforms with RBI

Default rate is less than **2%**

Sebi directs CARE to check ex-bosses' past dealings

SAMIE MODAK
Mumbai, 15 February

The Securities and Exchange Board of India (Sebi) has directed CARE Ratings to initiate a "full-fledged" inquiry into past dealings of two former officials of the company.

Under question is the conduct of former chairman SB Mainak and former managing director (MD) & chief executive officer (CEO) Rajesh Mokashi.

Both left the company after allegations surfaced against them and forensic reports suggested lapses in the rating process.

"Considering the seriousness of the alleged violations and the observations made in the forensic audit report, the (CARE) board is directed to institute a full-fledged inquiry in the matter of interference by the officials of CARE, including a former chairman and erstwhile MD & CEO in the rating process in the last three years. The board will constitute a committee of independent directors to oversee the inquiry-proceedings," Sebi said in an order to CARE Ratings.

Sebi further said stringent action is required against the ex-CEO as the forensic report prima facie suggests interference in influencing the rating process

The Sebi order further said stringent action is required against Mokashi as the forensic report prima facie suggests interference in the rating process.

The market regulator has already issued personal show-cause notices to both Mokashi and Mainak asking them to explain why they should not be debarred from holding key managerial positions of market intermediaries and listed companies.

Sebi has also asked CARE's board to submit their observations on the forensic report on an urgent basis.

Experts said the regulator's stringent action against CARE will send a strong signal to the market that Sebi won't tolerate any lapses in the rating process.

The Sebi order against CARE highlights some serious irregularities at the rating agency.

"There are evidences in the nature of phone conversations, WhatsApp messages and statements of employees, based on which the auditor has not been able to substantiate the charges of interference in the rating process against the ex-chairman.

"The instances of conversations between the former chairman and erstwhile MD regarding certain issuers/clients have been clearly brought out in the forensic report. The former chairman has stated that these were for the purpose of business development. Yet, the conversations between the former chairman and erstwhile MD just before the issuance of rating does not rule out the possibility of the former having influenced the rating. As a matter of fact, the auditor has brought out the acquaintance of the former chairman with the rated entities," states the Sebi order.

Sources said role of the top officials isn't just restricted IL&FS.

The ratings process in case of YES Bank and DHFL, too, seems to have been influenced.

Analysts said the adverse findings against CARE will impact its credibility in the eyes of investors. Shares of CARE have gone down more than 10 per cent this week.

In December, Sebi had slapped a penalty of ₹25 lakh each on ICRA, CARE Ratings and India Ratings & Research.

The regulator had said default by IL&FS occurred due to "lethargic indifference and needless procrastination and laxity" of the rating agencies.

The sources added that the market regulator is planning to review the ₹25 lakh penalty, which had been imposed by its adjudicating officer on the three rating firms. The settlement amount could be revised up to four times higher.

Interest on late GST payment will be calculated on net tax liability: CBIC

Interest payable on delayed payment of goods and services tax (GST) will henceforth be calculated on net tax liability and the law is being amended to give effect to it, the Central Board of Indirect Taxes and Customs (CBIC) said on Saturday.

Amid worry in the industry regarding CBIC's recent directive to field formations to begin recovery of about ₹46,000 crore of unpaid interest on delayed GST payment, the CBIC, in a series of tweets, clarified that the central and several state governments have prospectively amended the GST Acts to collect interest on net tax liability.

The CBIC said GST laws, as of now, permit interest calculation on delayed GST payment on the basis of gross tax liability. This position has been upheld in the Telangana High Court's decision dated April 18, 2019.

"In spite of this position of law and Telangana High Court's order, the central government and several state governments, on the recommendations of the GST Council, amended their respective CGST/SGST Acts to charge interest on delayed GST payment on the basis of net tax liability," the CBIC said. PTI

Objective of kick-starting growth not addressed effectively in Budget: Garg

The Budget for 2020-21 does not 'effectively' address the objective of kick-starting economic growth and building momentum, former finance secretary Subhash Chandra Garg has said.

Garg, in a blogpost titled 'Will Expenditure Proposals of Budget 2020-21 Stimulate Growth and Improve Redistribution?', said that in the broadest sense, the expenditure proposals of Budget 2020-21 present more of consolidation in the face of deteriorating economic and fiscal situation.

"The objective of kick-starting growth and building growth momentum which does not seem to have been addressed effectively in the Budget. Infrastructure investments in roads, railways and metros have been the major planks of infrastructure investment by the government.

"The outlays of these programmes have not seen any nominal growth in 2020-21 (in real terms, these would be 8-10 per cent lower)," the former finance secretary said. He said that likewise, outlays for promoting industrial and services growth have seen no change in character.

"All these expenditures are unlikely to be imparting any fresh growth stimulus to the Indian economy," he argued.

A number of good public welfare programme like rural roads, rural housing, toilets, household electricity connections, LPG connections and now tap water are continuing with their much-needed outlays protected, Garg said. PTI

HEALTH

FIT & PROPER
Your weekly health guide

Fighting breast cancer

HARUTO IWATA
Managing director, Fujifilm India

There's a common expression that goes — prevention is better than cure. Though clichéd, this wise expression has held true for years, inspiring constructive action to address a problem before it's too late. The proverb is most commonly used to encourage people to take proactive health measures; by going for regular tests and checkups to identify any potential infections as early as possible.

According to a report released by Indian Council of Medical Research (ICMR) in 2018, cancer took more than 700,000 lives in India. This whopping number, excludes the over 2 millions Indians who continue to live and suffer from the deadly disease. As per ICMR's estimate, the death toll is expected to rise to 880,000 by 2020.

When it comes to cancer amongst women, the number of breast cancer cases are the highest. According to the ministry of health and family welfare, the incidence of breast cancer is 25.8 per 100,000 women and is expected to rise to 35 per 100,000 women in 2026. Despite the innovations in treatment and various awareness campaigns, the risks associated with breast cancer continues to rise.

Most doctors believe mammography is be the best way for detecting breast cancer at its nascent stage. However, in India, it has still not been widely adopted, unlike other parts of the world. Although it has numerous advantages over other screening methods.

Did you know that a mammogram can detect breast cancer up to two years before the tumor can be felt by you or your doctor? Hence with regular mammography examinations, the chances of a successful treatment and survival rate significantly increases amongst patients.

We can win half the battle against breast cancer by zero stage detection and proper guidance of the doctors.

To beat cancer, we cannot forgo the importance of prevention, detection, and treatment, let's focus on a few reasons why one should consider going for a mammography test.

If you're wondering it's going to be a long procedure, it's not. The test just takes about 20 minutes, it is extremely safe and the discomfort is minimal for most women.

Detecting breast cancer early reduces the risk of dying from the disease by 25 to 30 per cent, or more. Women should begin having mammograms yearly at the age of 40, or earlier if they're at high risk.

Without regular mammograms, tumors can go undetected allowing a breast cancer to grow, and possibly spread to other parts of the body.

Since not all breast cancers are visible by mammography, it is very important to have annual clinical breast exams by a health care provider and to notify them of any changes detected between exams.

Screening mammography saves lives and it's one of the easiest steps women can take to be as healthy as possible, and catch a possible breast cancer early.

It's time to invest in your well-being and health by setting short-term, self-preservation targets. With a positive mindset and an unwavering will, the battle against cancer is winnable. It's our job to encourage women around us to get a mammography examination and get a proper diagnosis of this wretched disease in time.

406 brought from China to be released next week after test

PRESS TRUST OF INDIA
New Delhi, 15 February

A total of 406 people, who are housed at a quarantine facility of the ITBP after being brought back from China due to coronavirus outbreak, may be released next week if their final samples turn out to be negative, officials said on Saturday.

The final samples of all the people quarantined at the Indo-Tibetan Border Police (ITBP) facility here were collected by a team of doctors on Friday and the reports are expected to be received by Monday. "Based on the reports, a decision will be taken to discharge the travellers, if agreed to by the authorities, which is expected to be done in next week observing laid down protocols and due medical procedures as per the directives of Health Ministry," PRO of the ITBP Vivek Kumar Pandey said in a statement.

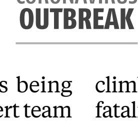
A senior home ministry official said all of them will be released by next week if the final samples test negative.

A total of 650 people were brought back from Wuhan on February 1 and 2 in two 747 Boeing Air India aircraft after the novel coronavirus outbreak.

Indian nationals who were airlifted from coronavirus-hit Hubei province of China undergo screening at a quarantine facility set by up ITBP in New Delhi PHOTO: PTI

While 406 people, including seven from Maldives, are being looked after at the quarantine ITBP facility, rest are at an Army centre at Manesar in Haryana.

The ITBP centre is being looked after by an expert team of doctors and medical professionals. There are seven children, including an infant in the group. "No fresh symptoms have been seen today (Saturday). Food, bed and other basic requirements are catered. Sufficient amount of medicines are also kept at the centre," Pandey said.



CORONAVIRUS OUTBREAK

The death toll in virus epidemic has climbed to 1,523 with 143 new fatalities reported mostly from the worst-affected Hubei province while the confirmed cases jumped to over 66,000, health officials said on Saturday. India has so far reported three confirmed cases of the virus, all in Kerala.

One of the three medical students, who had tested positive for the infection and were treated at a hospital in Kerala, has been discharged after recovery.

Passengers arriving in flights from China, Hong Kong, Thailand, Singapore, Japan and South Korea were being screened for possible exposure to the respiratory virus at 21 identified airports in India.

Meanwhile, seventeen people, out of a large number of passengers who had arrived in Delhi from China and other coronavirus-affected countries before the screening at the airport began around mid-January, have been found symptomatic for the infection and hospitalised, officials said.

WHO experts set to join battle against coronavirus

Top WHO experts are set to arrive in Beijing this weekend to assist China to contain the coronavirus outbreak.

Europe suffers 1st virus death as fatalities move beyond Asia

HELENE FOUQUET
15 February

An elderly Chinese tourist died in France on Saturday, becoming the first fatality of the coronavirus in Europe and outside of Asia.

The 80-year-old man who died in Paris was one of 11 cases recorded in France. With 16 cases of infection, Germany has the most in Europe. Global infections now top 66,000 and the the virus has killed more than 1,500 people worldwide, with only a handful of those deaths coming outside of China.

The first group of 181 French citizens evacuated from Wuhan were released on Friday after two weeks in quarantine

Of the cases reported in France, the Chinese tourist who died was the only one whose condition was considered serious, the health ministry said on Saturday.

Health officials are struggling to gauge whether the spread of the outbreak is nearing a peak after China upended expectations this week. The country changed the data and the way cases are diagnosed, adding 15,000 more and forcing a dramatic recalculation of where the country stands in containing the spread. Prior to the adjustment, the growth in cases had been slowing, raising hopes that the crisis was coming under control.

Earlier this month a cluster of cases in France, Spain and the UK were traced to a French ski resort, where the infected people had contact with a British man who had just returned from a conference in Singapore in January that led to infections in at least five countries.

The first group of 181 French citizens evacuated from Wuhan in China, the epicentre of the epidemic, were released on Friday after two weeks in quarantine and displayed no signs of the virus. A second group of 157 people, held in another location in southern France, is due to be released soon.

BLOOMBERG

China banks on traditional medicine to fight COVID-19

BLOOMBERG
Beijing, 15 February

China is administering its centuries-old traditional medicine on patients affected by the coronavirus (COVID-19) disease, a top health official said.

Treatment in Wuhan hospitals combine traditional Chinese medicine, popularly known as TCM, and western medicines, said Wang Hesheng, the new health commission head in Hubei, the province at the centre of the virus outbreak. He said TCM was applied on more than half of confirmed cases in Hubei.

"Our efforts have shown some good result," Wang said at a press conference on Saturday, without elaborating. Top TCM experts have been sent to Hubei for "research and treatment," he said.

No drugs or preventives have yet been approved against the virus, which has already claimed the lives of 1,523 people in China and affected about 66,500 people.

Just weeks into the epidemic of the novel coronavirus, reports of treatments and vaccines against those infected have caused pockets of excitement. The first reported use of an experimental Gilead Sciences drug to fight the coronavirus has encouraged doctors to support further testing of the medication. Some 2,200 TCM workers have been sent to Hubei, Wang said.

Wang is one of the officials at the forefront of an effort by Beijing to reset its approach to the epidemic, after anger grew across China at a lack of transparency throughout the crisis that has shut down large swathes of the economy. Earlier this week, China sacked the top leadership in the embattled province, including Wang's predecessor.

Wang, who is also deputy head of the National Health Commission, was appointed a member of Hubei's standing committee, the province's top decision-making body. Days after his appointment, Hubei announced a shock adjustment in its method of counting infections to include those diagnosed with CT scans, a move that added nearly 15,000 cases to Hubei's total count and dashed hopes the epidemic was coming under control.

Medical workers prepare traditional Chinese medicine at a hospital in Shandong province of China PHOTO: REUTERS

Hubei has been decimated by the crisis and its medical facilities are at breaking point. While thousands of doctors have been sent from around China to the province to help and two new hospitals were built in a matter of days, it is still struggling with a shortage of supplies and medical staff. There are widespread reports of deaths in Hubei that could have been prevented, but weren't due to a lack of adequate medical care.

Why trucks kill so many on Indian roads

A truck's speed rarely goes beyond 50–60 km per hour, but they account for a high number of road fatalities every year

PRACHI SALVE

Davinder Singh, 29, has been driving a truck for 10 years, criss-crossing 16 states across India. Quite often, he drives for days without a break to earn a good bonus.

"My best record is driving non-stop for three days without any rest," said Singh, a resident of Bathinda in southwest Punjab, readying for a 1,000-km haul from Becharaji in north Gujarat to Kaithal in northwestern Haryana when IndiaSpend spoke to him over the phone. "We sleep only if we absolutely have to —usually around 2 a.m. — and wake up by 5 a.m."

Singh is among the nine million truckers and transporters who move freight across India's critical inter- and intrastate traffic network. Trucks account for 69 per cent of country-wide freight traffic in India, according to the Economic Survey 2018-19, and contribute about 3.06 per cent to gross value addition.

But many truck drivers, like Singh, are overworked. About a quarter of the truck drivers featured in a 2018 study conducted by lubricant manufacturer Castrol complained of sleep deprivation. Up to 53 per cent reported physical and psychological issues such as fatigue, insomnia, obesity, backache, joint and neck pain, poor vision, breathlessness, stress and loneliness.

Punishing schedules and the poor health of drivers, according to experts, explain why trucks are involved so often in accidents. Trucks form the third highest group of vehicles to be involved in road mishaps (12.3 per cent) and road-accident fatalities (15.8 per cent), according to the *Road Accidents in India* report 2018 published by the Ministry of Road, Transport and Highways (MoRTH).

Of 151,417 road-accident deaths recorded in 2018, 10 per cent (15,150) victims were drivers or passengers in trucks, data show. This is a decline from 11.6 per cent (17,158) of 147,913 road-accident deaths in 2017.

In developed countries such as Australia, truck drivers may drive for 12 hours at a stretch at the most and that too with half-hour breaks every five hours and at least six continuous hours of rest. Canada stipulates a 13-hour limit with a 15-minute break every two hours and eight continuous hours of rest, according to this 2018 study published by Danish public health institute, Sydvestjysk Sygehus. However, India has few regulations related to training, working hours or periodic vision tests for those driving commercial vehicles.

Of the 19 countries with available data, Japan reports the highest estimated monetary loss due to road traffic crashes — nearly \$64 billion — followed by India at approximately \$58 billion, according to this United Nations Economic and Social Council (UNESCAP) 2018 study.

The number of deaths caused by trucks declined by 26 per cent and number of injuries by nearly 15 per cent over four years to 2018, according to data from the National Crime Records Bureau. (These figures differ slightly from the data in the MoRTH report.) However, the number of truck drivers who died during an accident they allegedly caused has increased by 33 per cent and those injured by 17 per cent.


India has few regulations related to training, working hours or periodic vision tests for those driving commercial vehicles

"Truck drivers are vilified as bad drivers," said Rajat Ubhaykar, author of the book *Truck De India: A Hitchhiker's Guide to Hindustan*, a travelogue based on truck journeys. "When you sit up high there, you realise that everyone in smaller cars drives like crazy. A truck's speed rarely goes beyond 50-60 km per hour as most of them are overloaded and there are blind spots — the driver's left side, for example."

The reason why most truckers experience bad health is because they have no choice but to work long hours and cover long distances to feed their families, said Jatin Tiwari, the national manager of Sight Savers India, a Mumbai-based non-governmental organisation focussed on avoidable blindness that has also conducted a survey on vision problems among truckers.

"Their income — between ₹21,000 and ₹24,000 per month — has not kept pace with India's economic growth," he said. "Up to 95 per cent of the trucking business is not linked to any fleet-owning company and when such a large population is unorganised, it does need access to healthcare."

Truckers leave home at a very young age to work as cleaners and learn the ropes, said Tiwari. "It is a community that is so surprisingly marginalised at so many levels," he said. "It is not below the poverty line but on every socio-economic level, they perform just as badly."

DANGEROUS DRIVE

	Deaths in truck accidents	Share of total accident deaths
2014	28,455	**20.1**
2015	28,910	**19.4**
2016	26,215	**17.5**
2017	24,260	**15.9**
2018	25,108	**16.7**

Source: National Crime Records Bureau

IndiaSpend spoke to truck drivers and experts on why truck-driving is so lethal and found the following factors most responsible: overloading; long hours of work and sleep deprivation; and poor health, especially vision issues.

Biggest factor: Overloading

Overloaded vehicles accounted for 10 per cent of total accidents, 12 per cent of fatalities and 27 per cent of injuries, according to the 2018 MoRTH report. However, the number of accidents and deaths caused by overloading registered a decline in 2018 compared with 2017.

Overloaded trucks cause accidents for multiple reasons: tyre burst, worn brakes, road collapse, loss of balance, and speed while negotiating inclines, as per the report.

"Overloading impacts the weightage of the vehicle and also impacts the centre of gravity which in turn impacts the physical movement of the vehicle," said Ashish Verma, associate professor at the Indian Institute of Science (IISc), Bengaluru.

Similarly, partially loaded tanker trucks carrying liquids that slosh back and forth upset the natural centre of gravity of the truck. "Overloading impedes the ability of the truck's ability to brake," said Ubhaykar.

"Overloading is one issue where everyone makes money — the road transport office, the consignment office and the truck owners," said Ubhaykar. "So to curb overloading, you need to hold all three parties accountable along with the driver. Moreover, the penalty that is imposed has to be more than the profit made by overloading; otherwise, this will not stop."

Every hour of delay costs ₹200

The tendency to speed and overwork is linked to incentives, truckers told *IndiaSpend*. "We have to drive continuously because we get an incentive to reach on time," said Ejaz Ahmed, a driver from Patna. "For example, a courier delivery will want us to deliver in 65 hours. If the truck reaches on time you get a bonus of ₹1,000-₹2,000 but if you are more than two hours late, they cut ₹200 per hour of delay."

In April 2018, Castrol India conducted a month-long survey involving 1,000 truck drivers from Delhi, Chennai, Mumbai and Kolkata. About half (48 per cent) of those interviewed reported doing an average of over 12 trips a month, and more than half of these lasted over 12 hours. About 63 per cent of drivers said they drive for more than eight hours a day, according to the survey. While 56 per cent of drivers took one or two short breaks, 78 per cent one or two long breaks. About 5 per cent of truck drivers carried on without any break and 6 per cent without long breaks, the survey found.

"Drivers keep driving for long stretches of time which causes fatigue that impacts their capability to control the steering," said Verma of IISc. "This also happens due to lack of amenities for truck drivers. We don't have the concept of a terminal where there are facilities for them to rest."

"We have designated places, mostly *dhabas*, where we take a break," said Ahmed. "You cannot just stop the truck at the side of the road."

About a quarter of the drivers (23 per cent) reported sleep deprivation. Most drivers coped with long hours by listening to music (49 per cent), while 14 per cent opt for a regular walk/jog.

93 per cent have vision problems

Sight Savers India had conducted a study titled *Eye OK Please* in 2017. Its aim was to understand refractive errors in vision that cause blurring and spectacle usage among truckers and transporters.

A majority — 93.2 per cent— of the respondents felt the need to attend the 235 eye camps hosted by Sight Savers in 10 major Indian cities. Of these, 42.2 per cent reported problems while driving, reading addresses while on the move and judging heights and distances.

Of the 137 respondents in the sight survey with problematic vision, 70 per cent reported itching, followed by watery eyes (64 per cent), difficulty in seeing distant objects (63 per cent), and headaches (61 per cent). The other major issues reported were difficulty in reading (37 per cent) and redness in the eyes (20 per cent).

Up to 64 per cent of the respondents did not do anything about their problems. Sight Savers gave spectacles free to 7,605 truck drivers with uncorrected refractive errors but a follow-up survey found that 39 per cent stopped using them. "Drivers usually do not want to be seen wearing spectacles as this affects their earning capacity," said Tiwari.

Driving at night, exposed to high beam headlights and all kinds of climatic conditions tends to damage the vision of truck drivers, said Tiwari.

"While driving, hand-eye coordination matters; so if 50 per cent of truck drivers have vision issues, it is clearly an emergency we haven't paid any attention to," he added.

Health is low-priority

Given long hours on the road, access to healthcare is an issue, complained truck drivers. In 2016, Davinder Singh had injured his back when he fell off the truck while removing a tarpaulin cover. It took him nearly 30 minutes to get to a government hospital and another 30 minutes to get medical help. The injury left him incapable of driving for a month and even today he finds it hard to lift heavy weights.

"I do not go to a doctor, just carry a few essential medicines with me," he said. "I don't have the time for a medical exam."

Truck drivers are so resigned to their itinerant lifestyle that they ignore its impact on their bodies, said Ubhaykar, who interacted closely with truck drivers while researching for his book.

Health does not feature amongst the top three priorities for 63 per cent of truck drivers, according to the Castrol study. Up to 68 per cent of truck drivers featured in the study said they felt totally fit. But 53 per cent, as we said, complained of problems such as fatigue, sleeplessness, obesity, backache, joint and neck pain, problematic sight, breathlessness/breathing issues, stress and loneliness. Up to 23 per cent reporting battling lack of sleep, about 18 per cent face physical stress and 12 per cent face mental stress.

Up to 67 per cent of the truck drivers surveyed said they visited doctors only in distress; more than a third (36 per cent) do not have life insurance, with 32 per cent claiming they have no need for it.

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IMO

AAP'S SWEEPING VICTORY IN DELHI

Virender Sehwag@virendersehwag
Congratulations to @ArvindKejriwal on winning the Delhi Assembly elections. May Delhi prosper.

Amit Malviya@amitmalviya
Kejriwal won this election by subsidising electricity and water bills of people in Delhi just before elections. This is nothing but sophisticated electoral malpractice meant to lure voters. Had it been anything else it would have been backed by a law, implemented through 5 years.

Dr David Frawley@davidfrawleyved
There is too much intellectual effort to read major national changes into local elections, particularly in Delhi. While worthy of note these are but steps along the way. Looking back five years we find similar issues, but not leading to the national changes the opposition sought.

Tajinder Pal Singh Bagga@TajinderBagga
I will open Free self Defense Coaching Centre for Girls in Hari Nagar Vidhanasabha in next 30 Days. It was my promise in my manifesto, I lost but i will try my best to fullfil my Promise to my people on my own Capacity

Sanjay khan@sanjaykhan01
Facts are facts. Arvind Kejriwal massive victory in Delhi proves that the people cannot be fooled and the promises should be kept. This election will be a precursor to all the elections to come. Performance works. Shabaash team Kejriwal. @ArvindKejriwal

Chetan Bhagat@chetan_bhagat
In elections, face matters.
BJP wins national elections in Delhi.
BJP wins MCD polls in Delhi.
BJP loses assembly elections.
Multiple analysis will come, but the single biggest reason for AAP victory is they had a trustworthy, known face: @ArvindKejriwal

SUPREME COURT VERDICT ON AGR DUES

Sunil Jain@thesuniljain
Telcos @VodaIdea_NEWS @airtelindia have seven hours to pay ₹Rs 85,000-90,000 cr! Tells you just how draconian the Supreme Court order is @rsprasad @narendramodi. So will Vodafone Idea make some announcement soon? Govt said it wouldn't allow VodaIdea to shut,so what's the plan?

Sudhin Mathur@mathursudhin
Is this the end of Voda-Idea with recent supremecourt observation.They don't.have the capacity to pay 56kcr as AGR dues.Are we headed for a duopoly.What about 300mn customers and lakhs of job losses.And the impact on tower and other support industries.Sunset on Sunrise industry.

Shivam Vij@DilliDurAst
India's telecom sector is being killed to help just one operator. No prizes for guessing who. #Vodagone

INDIAN AS UK'S CHANCELLOR OF EXCHEQUER

Rishi Sunak@RishiSunak
I am honoured to be appointed as Chancellor of the Exchequer. My predecessor and good friend Saj did a fantastic job in his time at the Treasury. He was a pleasure to work with and I hope to be able to build on his great work going forward.

Tarek Fatah@TarekFatah
UK's Cabinet Coup: There is much more than meets eye in the firing of Chancellor of Exchequer @SajidJavid and his replacement by @RishiSunak Javid is son of Muslim Pakistani immigrants; Sunak is son of Hindu Indian migrants. I can see in the move a shift by No.10 towards Delhi.

Never mind the internet. Here's what's killing malls

Yes, the internet has changed the way we shop. But taken together, other factors have caused greater harm to traditional retail stores

AUSTAN GOOLSBEE

It has been a tough decade for brick-and-mortar retailers, and matters seem only to be getting worse.

Despite a strong consumer economy, physical retailers closed more than 9,000 stores in 2019 — more than the total in 2018, which surpassed the record of 2017. Already this year, retailers have announced more than 1,200 more intended closings, including 125 Macy's stores.

Some people call what has happened to the shopping landscape "the retail apocalypse." It is easy to chalk it up to the rise of e-commerce, which has thrived while physical stores struggle. And there is no denying that Amazon and other online retailers have changed consumer behavior radically or that big retailers like Walmart and Target have tried to beef up their own online presence.

The broad forces hitting retail are more a lesson in economics than in the power of disruptive technology

But this can be overstated.

To begin with, while e-commerce is growing sharply, it may not be nearly as big as you think. The Census Bureau keeps official track. Online sales have grown tremendously in the last 20 years, rising from \$5 billion per quarter to almost \$155 billion per quarter. But internet shopping still represents only 11 per cent of the entire retail sales total.

Furthermore, more than 70 per cent of retail spending in the United States is in categories that have had slow encroachment from the internet, either because of the nature of the product or because of laws or regulations that govern distribution. This includes spending on automobiles, gasoline, home improvement and garden supplies, drugs and pharmacy, food and drink.

Collectively, three major economic forces have had an even bigger impact on brick-and-mortar retail than the internet has. In no particular order, here they are:

Big Box Stores: In the United States and elsewhere, we have changed where we shop — away from smaller stores like those in malls and toward stand-alone "Big Box" stores. Four years ago, the economists Chad Syverson and Ali Hortacsu at the University of Chicago analysed the recent history of retail and found that the rise of warehouse clubs and supercentres was bigger than the rise of online commerce.

They gave this telling example: Over the 14 years through 2013, Amazon added \$38 billion in sales while Costco added \$50 billion and the Sam's Club division of Walmart \$32 billion. Amazon had the higher growth rate, but the bigger problem for most brick-and-mortar stores was other, larger brick-and-mortar stores. This continued in 2019.

Income inequality: Rising income inequality has left less of the nation's money in the hands of the middle class, and the traditional retail stores that cater to them have suffered. The Pew Research Center estimates that since 1970, the share of the nation's income earned by families in the middle class has fallen from almost two-thirds to around 40 per cent. Small wonder, then, that retailers aiming at the ends of the income distribution — high-income people and lower-income people — have accounted for virtually all the revenue growth in retail while stores aimed at the middle have barely grown at all, according to a report by Deloitte.

As the concentration of income at the top rises, overall retail suffers simply because high-income people save a much larger share of their money. The government reports spending for different income levels in the official Consumer Expenditure Survey. In the latest data, people in the top 10 per cent of income saved almost a third of their income after taxes. People in the middle of the income distribution spent 100 per cent of their income. So as the middle class has been squeezed and more has gone to the top, it has meant higher saving rates overall.

Services instead of things: With every passing decade, Americans have spent proportionately less of income on things and more on services. Stores, malls, and even the mightiest online merchants remain the great sellers of things. Since 1960, we went from spending 5 per cent of our income on health to almost 18 per cent, government statistics show. We spend more on education, entertainment, business services and all sorts of other products that aren't sold in traditional retail stores.

That trend has continued for a long time. The federal government's Current Expenditure Survey goes back more than a century. In 1920, Americans spent more than half their income on food (38 per cent) and clothing (17 per cent) and almost all of that was through traditional retail stores. Today, food eaten outside the home and in it accounts for 10 per cent of spending and clothing just 2.4 per cent.

Economists debate theories of why we have shifted to services and away from goods but no one questions that it has happened. It means that over time, retailers selling things will have to run harder and harder just to stay in place. In short, the broad forces hitting retail are more a lesson in economics than in the power of disruptive technology. It's a lesson all retailers will have to learn someday — even the mighty Amazon.

US to evacuate citizens from quarantined ship

The vessel was placed kept under observation in Yokohama, Japan, last week

MOTOKO RICH
Yokohama, 15 February

The United States will evacuate Americans from the cruise ship that has been quarantined for more than a week in Japan due to coronavirus infections on board, the United States Embassy in Tokyo told Americans aboard the ship on Saturday.

A chartered flight will arrive on Sunday for those who want to return to the United States, according to an email from the embassy to American passengers and crew members. Hundreds of Americans are on the ship.

"We recognise this has been a stressful experience and we remain dedicated to providing all the support we can and seeing you safely and expeditiously reunited with family and friends in the United States," the email read.

Buses will move Americans and their belongings from the ship to the chartered plane, and the evacuees will be screened for symptoms before boarding, the email read. The plane will land at Travis Air Force Base in California. Some passengers will then continue onward to Lackland Air Force Base in Texas.

Symptomatic Americans who cannot board the flight will remain in Japan for care, according to the email. At least 40 Americans have already been taken off the ship after being infected with the virus.

The evacuated Americans will then need to undergo two weeks of additional quarantine in the United States. "We understand this is frustrating and an adjustment, but these measures are consistent with the careful policies we have instituted to limit the potential spread of the disease," the email read. It said that those who chose not to take the flight would be "unable to return to the United States for a period of time," though it did not specify how long; the Centers for Disease Control and Prevention would decide the timeline.

The Americans were asked to notify the embassy if they wanted to travel with immediate family members who were not American citizens.

The Wall Street Journal first reported that the government was preparing to evacuate Americans.

At least 40 Americans have already been taken off the ship after being infected with the coronavirus

The ship, the Diamond Princess, was placed under quarantine at the city of Yokohama early last week with about 3,700 passengers and crew members aboard, after a man who had disembarked in Hong Kong was diagnosed with the coronavirus. Since then, at least 218 new cases have been confirmed aboard the ship.

Many passengers have expressed fear that the quarantine, meant to protect Japan and keep the virus from spreading, was putting them at risk. Experts have said that infections could have spread aboard the ship, despite measures taken to isolate people.

Japan has more confirmed coronavirus cases — the vast majority of them from the Diamond Princess — than any country outside China, where the outbreak began, and it reported its first death from the virus on Thursday.

On Friday, the Japanese government said an official who had helped transfer infected patients from the cruise ship had tested positive for the virus. A Health Ministry official who had been tending to passengers on board also tested positive. ."

Locking people up could prompt legal fights

BLOOMBERG
15 February

The UK health secretary on Monday morning authorised an unprecedented policy for stopping possible carriers of the coronavirus: Lock them up. It was the first time in modern British history that such a move has been made in response to an epidemic — and it could prompt legal challenges.

The law, introduced under emergency measures, gives the government the power to detain any individuals who may be infected with the virus for at least 14 days, and to force them to give swabs. The decision came after a person in quarantine threatened to leave.

In the US, the government has resorted to similar laws. It's the first time such a policy has been used in America since the 1960s, when a quarantine order was issued to stop the spread of smallpox, and more than a century since it was used on such a scale.

The measures stop well short of the response to the outbreak in China, where the authorities have locked down cities and regions with tens of millions of residents. Still, the moves are unprecedented in recent years for western democracies as governments try to balance the need to protect public health against a desire to uphold individual rights.

'Unusual step'

"The unusual step of government making regulations which came into force immediately, before parliamentary scrutiny of them, demonstrates the evolving nature of the threat from the virus and the challenges faced," said Mark Mills, a London lawyer at Kingsley Napley, referring to the UK measures. "We might yet see the courts drawn in." Britain has detained more than 200 people since the virus emerged, according to a person with knowledge of the situation. In the UK, nine people have tested positive for the virus, which has infected tens of thousands of people in China — far more than the severe acute respiratory syndrome, or SARS, epidemic of 2003.

Britain has detained more than 200 people since the virus emerged, a source said

The last time the US government implemented such a wide-ranging quarantine using a federal order was in 1892 to prevent the spread of cholera from ships docking in New York, according to Howard Markel, a professor at the University of Michigan Center for the History of Medicine.

As in the UK, the new US measures were implemented after one person tried to leave a quarantine site.

Countries generally rely on people voluntarily submitting to quarantine measures for public safety. While the UK didn't impose national restrictions over SARS, the epidemic did lead to an overhaul of laws around public safety and infectious diseases, many of which dated to Victorian times. Revisions in 2008 sought to take into account modern risks of radiation and chemical contamination.

Coronavirus will hit oil hard. But the consensus ends here

JULIAN LEE
New York, 15 February

Everyone agrees that the novel coronavirus (Covid-19) that has shut down large parts of China's industry and brought travel to a virtual halt in parts of the country will hit the world's demand for oil hard. But the three big forecasting agencies are far apart on how severe that impact will be and what it means for 2020 oil balances.

The International Energy Agency, the US Energy Information Administration and OPEC — the Organization of Petroleum Exporting Countries — have all slashed their forecasts for global oil demand in the first two quarters of 2020 in their monthly reports published this week. The severity of the reductions they made may reflect the points of view of the three agencies in the absence of hard evidence of an actual impact on demand.

It is no surprise that the IEA, representing the major oil consuming nations, sees the biggest impact on demand. Nor that OPEC — representative of the oil producers who are desperately trying to prop up prices through their words, if not yet their actions — sees the smallest effect. The EIA — representative of the country that is now both the world's biggest oil consumer and also its largest producer — finds itself in the middle.

First-quarter global oil demand will now be 1.3 million barrels a day lower than thought a month ago, according to the IEA. That cut is three times as big as the impact seen by OPEC, and is deep enough to tip the world into its first year-on-year drop in demand in a decade, the IEA says. China's oil consumption this quarter is now forecast to be 940,000 barrels a day lower than the agency predicted a month ago and below the levels for the corresponding quarter both last year and in 2018. Year-on-year demand growth should return in the second quarter, the IEA says, but it will remain muted at 270,000 barrels a day, little more than half the increase seen a month ago.

OPEC appears not nearly so worried. The Covid-19 virus will reduce China's first-quarter oil demand by just 160,000 barrels a day from last month's estimate and consumption will still be up by 140,000 barrels a day over the same period in 2019, a comparison of the group's January and February reports shows. That view may be difficult to square with some of the data being monitored by BloombergNEF. China's jet fuel use is now down by

Almost all of Libya's shipments of more than 1.1 million barrels a day were shut in around the middle of last month

240,000 barrels a day from pre-virus levels and roads remain empty despite the end of the extended Lunar New Year holiday.

Beyond the virus, some interesting patterns have emerged for global oil demand forecasts. Estimates for last year's consumption and year-on-year growth are also being revised down. Again, the IEA and EIA are taking more bearish positions than OPEC.

Following the pattern set for all previous quarters of 2019, estimates of oil demand and year-on-year growth in the final quarter are now being cut as hard data become available.

The IEA reduced its estimate of 2019 global oil demand by 110,000 barrels a day in this month's report from where it pegged it in January. The biggest quarterly revision, of 230,000 barrels a day, was for the final three months of the year. Oil demand growth in the fourth quarter of 2019 is now seen at 1.72 million barrels a day — a figure that could fall further if the pattern set by previous periods is maintained.

The EIA has followed a similar path, cutting demand and growth estimates for every quarter of last year, with the reductions for the fourth quarter almost twice as big as those for any of the three earlier periods. Only OPEC saw things differently, reserving its downward revisions for the first and third quarters and leaving its assessments for the second and fourth unchanged. It is more optimistic about last year's demand growth than either of the other two forecasters, although it too is seeing that growth dwindling and now pegs it at 920,000 barrels a day.

OPEC's more positive view on oil demand leaves it as the only one of the big three international agencies expecting global stockpiles to be whittled down this year, assuming OPEC output remains unchanged from its January level of 28.86 million barrels a day reported by the group's secondary sources.

Almost all of Libya's shipments of more than 1.1 million barrels a day were shut in around the middle of last month when forces loyal to warlord Khalifa Haftar forced the closure of the country's oil export terminals, reducing its production by nearly 350,000 barrels a day as storage tanks were filled. If ports are not reopened, most of the remaining 800,000 barrels a day of production will disappear this month, cutting the OPEC total (which still includes Ecuador in all three agencies' reports) to little more than 28 million barrels a day — the lowest in more than a decade for the current members.

Even without the further drop in Libya's production, OPEC sees global oil inventories being drawn down at an average rate of 440,000 barrels a day this year. That's in stark contrast to the IEA and EIA, who both see them being built up by a similar amount.

However, it's really the three agencies' very different analyses of demand Covid-19's demand hit that will determine if inventories are going to rise or fall later this year. Somebody will have adjustments to make.

BLOOMBERG

Rich men are learning to tweet like Trump

JONAH ENGEL BROMWICH
15 February

Twitter was founded in 2006. Fourteen years later, and perhaps thanks to the influential example of President Trump, the masters of the universe have apparently learned to post to it.

This week alone, a plethora of influential politicians and business leaders have at least attempted to use the social media platform with the same air of casual authenticity coupled with severity that characterises many of Trump's tweets.

On Thursday, Mike Bloomberg, responded to a taunting tweet from Trump — pitting him against his rival for the Democratic candidacy, Senator Bernie Sanders — by telling Trump that their mutual connections had nothing but contempt for him.

This week alone, a plethora of influential politicians and business leaders have at least attempted to use the social media platform with the same air of casual authenticity coupled with severity that characterises many of Trump's tweets

"We know many of the same people in NY. Behind your back they laugh at you & call you a carnival barking clown," he said. "They know you inherited a fortune & squandered it with stupid deals and incompetence."

Bloomberg is, among other things, competing with Trump on his own terms on social media — and has spent no shortage of money in doing so. But he was not alone last week in bluntly expressing himself on social media.

Late on Tuesday, Lloyd Blankfein, the senior chairman of Goldman Sachs who is 65 and very, very rich, tweeted late on Tuesday about the possibility of Senator Sanders becoming the Democratic nominee for president.

"If Dems go on to nominate Sanders, the Russians will have to reconsider who to work for to best screw up the US. Sanders is just as polarising as Trump AND he'll ruin our economy and doesn't care about our military. If I'm Russian, I go with Sanders this time around," Blankfein tweeted.

Blankfein's tweet came only a day after a series of tweets from Jay Carney, the former White House Press Secretary and senior vice president for global corporate affairs at Amazon. Carney lashed out at critics of an op-ed he wrote in The New York Times (also about Sanders), criticising their word choice and suggesting that one might be a bot.

Carney's sudden spate of unusual and aggressive tweets makes sense in the context of a less playful Amazon ecosystem. His boss, Jeff Bezos, recently set Twitter alight with his own post, the point of which appeared to be that Bezos had met Lizzo at the Super Bowl.

Historically, Goldman Sachs and Amazon are known for extremely careful and policed corporate messaging. But in 2020, the example of the tweeter-in-chief (and, clearly, the specter of Senator Sanders competing in the general election) seems to have loosened their Twitter fingers.

Elon Musk, another rich and powerful man, has long been known for boisterous online behaviour — in 2018, the US Securities and Exchange Commission charged with him with securities fraud for what it called "a series of false and misleading tweets about a potential transaction to take Tesla private." But even he made a minor stir this month when he released a song called "Don't Doubt ur Vibe," and then highlighted that it had become the eighth most popular song on SoundCloud. (Early Wednesday morning, Musk also tweeted about Sanders.)

Jon Meacham, a presidential historian, said that the business leaders of the United States have long taken cues about how to behave in public from the staging of the presidency. At shareholder events, for example, he said, everything from the podium to the branded backdrop is often staged to look "like a place where a president of the United States could plausibly give a talk."

"Prior to Trump there was a visual vernacular of dignity and gravitas that corporate America borrowed from the presidency," Meacham said. "And now, as the president has become a Hobbesian bully online, they're borrowing that. Because at least in their minds, that's where people are at."

This week's tweets are meant to influence voters, and Trump has modelled a singular method of influence in that regard. Rebecca Katz, who has worked as a communications adviser to Mayor Bill de Blasio and Cynthia Nixon, attributed this week's tweets to the increasingly blurry lines between politics, business, media and celebrity.

"While few business leaders would probably admit it, Trump's rise has made them think that they can do what he's done," Katz said. "Trump's shown them that the way to make news and command attention isn't by being respected. It's by being outrageous."

Jack Grieve, a fellow at the University of Birmingham and one of the authors of a paper about linguistic variation on Trump's Twitter account, said in an interview that the style of the president's posts was not arbitrary. "The stylistic variation you see on Trump's twitter account is far from some random dumpster fire," he said. "It's very systematic."

For instance, he said, Trump's Twitter language became notably more formal once he became the Republican nominee for president in 2016. But it then reverted to informality after the release of the "Access Hollywood" tape. Since the president was inaugurated, Grieve said, the informality of his language had crept up again. (Grieve's analysis spanned from 2009 to early 2018 and did not include the impeachment process.)

That informality was characterised by short sentences, an abundance of pronouns, contractions, questions and direct interactions with other users on the site, Grieve said.

"The fact that people are imitating him is further evidence that it's not just random," Grieve said. "It's been appreciated by people who aren't just political pundits or who aren't just journalists but who are really in there trying to do this. They've appreciated that there's an art to what he's doing.

David Geffen splashes $30 mn on art after selling home to Bezos

KATYA KAZAKINA
15 February

David Geffen had a big week for buying and selling.

The media mogul snapped up the most expensive painting of the London auction season, paying $30 million for David Hockney's "The Splash," according to a person familiar with the transaction who asked not to be identified because the information is private.

Geffen, 76, had owned the 1966 canvas before, until he sold it around 1985, according to a Sotheby's catalog. It was most recently owned by fugitive Hong Kong billionaire Joseph Lau, who bought in it 2006 for 2.9 million pounds ($3.78 million), according to another person.

Geffen was also relinquishing long-held possessions.

He recently agreed to sell his Beverly Hills mansion to fellow billionaire Jeff Bezos, the world's richest person, for $165 million. Geffen paid $47.5 million three decades ago. Architectural Digest once described it as the "archetypal studio mogul's estate," with expansive terraces and its own nine-hole golf course. A spokeswoman for Geffen didn't reply to messages seeking comment.

Hockney's work was the highlight of the current auction season in London, a test for the art world after the U.K. officially separated from the European Union and as the coronavirus spread in China, the third-largest market for fine art.

"The Splash" was backed with a third-party guarantee,

Geffen has agreed to sell his Beverly Hills mansion to Bezos for $165 mn PHOTO: REUTERS

and drew just one bidder on Tuesday. A Sotheby's spokeswoman declined to comment.

Sales at Sotheby's, Christie's and Phillips totaled roughly 400 million pounds during the two weeks of Impressionist, modern, post-war and contemporary art sales, which ended Friday. A year ago, similar auctions raised about 26 per cent more.

"Considering everything going on in the world this month, they did fantastically well," said Brett Gorvy, co-founder of Levy Gorvy Gallery, which competed and bought several works, including by Andy Warhol.

Gathering material for the sales was challenging.

"Everyone was thinking about Brexit," Gorvy said. "No one wanted to consign unless there was a financial situation that guaranteed security."

BLOOMBERG

US defence chief warns of Huawei threat to NATO

US Secretary of Defense Mark Esper warned that Beijing is moving further outside the international order and that allies using Chinese technology risk undermining NATO.

Under the leadership of Xi Jinping, China "is heading even faster and further in the wrong direction —more internal repression, more predatory economic practices, more heavy-handedness, and, and most concerning for me, a more aggressive military posture," Esper said at the Munich Security Conference Saturday.

Esper and Secretary of State Michael Pompeo dialed up the rhetoric on China after a more junior official said on Friday that there was no threat of retribution against allies that used equipment from Huawei Technologies.

The US has warned that partners using Huawei hardware in their 5G telecommunications networks could put military and intelligence relationships at risk because of the danger of Beijing accessing their communications.

"If you don't understand the threat and we don't do something about it, at the end of the day, it could compromise what is the most successful military alliance in history: NATO," Esper said.

The US and China have been locked in a trade war during the administration of President Donald Trump and are competing for economic influence and military advantage in the Asia-Pacific region.

BLOOMBERG

FB says political candidates can use sponsored memes

TAYLOR LORENZ
15 February

Facebook announced on Friday that it would allow political campaigns and candidates to pay creators for sponsored content on Instagram and Facebook, so long as the posts follow the company's disclosure guidelines.

Each piece of sponsored political content must use Facebook's branded content tool, which states at the top of the post that the creator was paid for it and by whom.

The announcement followed the news that Michael Bloomberg's campaign had contracted a group of meme creators to post advertisements for his candidacy. After those posts appeared on Instagram, which is owned by Facebook, several campaign representatives reached out to Facebook to clarify its stance on how politicians could work with influencers to increase their reach.

The announcement followed the news that Michael Bloomberg's campaign had contracted a group of meme creators to post advertisements for his candidacy

"After hearing from multiple campaigns, we agree that there's a place for branded content in political discussion on our platforms," a spokesperson for Facebook said in an email statement sent to multiple news outlets. "We're allowing US-based political candidates to work with creators to run this content, provided the political candidates are authorised and the creators disclose any paid partnerships through our branded content tools."

The memers involved in Bloomberg's recent promotion have all retroactively updated their posts on Instagram to add an official disclosure: "Paid partnership with mikebloomberg."

Going forward, influencers posting sponsored content for political candidates must use this system.

Though branded content, often referred to as sponsored content (or "sponcon"), is a form of advertising, it is negotiated directly between a brand or political campaign and the influencer. Facebook does not receive a cut of any money exchanged through branded content deals, nor does the company review sponsored content before it is posted.

"Branded content is different from advertising," a company spokesperson said in a statement, "but in either case we believe it's important people know when they're seeing paid content on our platforms."

Branded content is notoriously difficult to regulate. The Federal Trade Commission released guidelines on native advertising and branded content in 2015, but has struggled to enforce clear disclosures. Its primary targets have been influencers in the lifestyle and entertainment categories, whose paid posts tend to be apolitical but may represent large sums of money exchanged without disclosure.

In addition to requiring disclosures of payment, Facebook said it would also subject statements made by creators to fact-checking. Statements made by politicians in traditional campaign advertisements are currently exempt from the company's third-party fact-checking system; that policy will apply for branded content, too.

Disclosures around digital advertising have come under review in recent years. In a statement released this week about fake online reviews, the FTC acknowledged that digital platforms have become "major vehicles for influencer marketing campaigns." The agency said that in upcoming months it will "determine whether to create new requirements for social media platforms and advertisers."

Barr moves to take reins of politically charged cases

CHARLIE SAVAGE & ADAM GOLDMAN
Washington, 15 February


Attorney General William P Barr installed a phalanx of outside lawyers to re-examine national security cases with the possibility of overruling career prosecutors

While Attorney General William P Barr asserted his independence from the White House this week, he has also been quietly intervening in a series of politically charged cases, including against Michael T Flynn, President Trump's former national security adviser, people familiar with the matter said on Friday.

Barr installed a phalanx of outside lawyers to re-examine national security cases with the possibility of overruling career prosecutors, a highly unusual move that could prompt more accusations of Justice Department politicisation. The case against Mr. Flynn, who twice pleaded guilty to lying to the FBI in the Russia investigation, is a cause célèbre for Mr. Trump and his supporters, who say the retired general was ensnared in a "deep state" plot against the president.

The disclosures came as Trump made clear on Friday that he believes he has free rein over the Justice Department and its cases, rejecting Mr. Barr's public demand of a day earlier that the president stop commenting on such cases.

Citing Barr's assertion in an interview on Thursday that Mr. Trump had never asked him to act in a criminal case, the president declared on Twitter: "This doesn't mean that I do not have, as President, the legal right to do so, I do, but I have so far chosen not to!"

Hours later, the Justice Department told defense lawyers for Andrew G McCabe, the former acting FBI director whom Mr. Trump has vilified for his role in the Russia case, that Mr. McCabe would not be charged in connection with a leak case, ending a nearly two-year criminal investigation.

"We consider the matter closed," the department wrote to McCabe's lawyers.

Together, the developments send conflicting signals at a time when the Justice Department's independence from political interference by the White House has come under sharp scrutiny.

Barr publicly challenged Mr. Trump after the turmoil this week over the case against Roger J. Stone Jr., Mr. Trump's longtime friend and political adviser, threatened to erupt into a full-blown crisis.

After prosecutors recommended on Monday a seven- to nine-year sentence for Mr. Stone on seven felony convictions, the president criticised the move. Senior law enforcement officials overruled the career prosecutors the next day, immediately prompting accusations of political interference.

Though Barr said that he had intended to intervene to ask a judge to impose a more lenient sentence, he also said that Trump had complicated his plans by creating the specter of political tampering and that the president's commentary was making his job "impossible."

The four prosecutors involved in the case out of the US attorney's office in Washington quit it.

Stone's lawyers filed a sealed motion on Friday seeking a new trial, which could delay his sentencing scheduled for next week. It came a day after Trump alleged juror bias in Stone's trial.

Barr installed the outside lawyers at the start of February and put them in a position to second-guess decisions on those cases, people familiar with the office's workings said. Among the outsiders were Jeff Jensen, whom Mr. Trump appointed as the United States attorney in St Louis in 2017, and aides to Jeffrey A. Rosen, the deputy attorney general.

Barr's intervention was described by multiple people who spoke on the condition of anonymity to discuss the delicate internal deliberations. The Justice Department declined to comment.

The attorney general has also recently installed a personal aide, Timothy Shea, as interim US attorney in Washington.

Google in talks with publishers to pay for displaying news items

BLOOMBERG
15 February

Alphabet's Google is in discussions with publishers about paying licensing fees to include excerpts of their articles in Google News search results.

The early-stage talks are taking place primarily with French and other European publishers, and may not lead to any agreements, a person familiar with the matter said. A deal would apply only to news products like the Google News vertical, they added, not general web content queries.

Google sparked an outcry in France last fall after it said it would show stripped-down French news search results that wouldn't include article previews or snippets following a new copyright law.

Google sparked an outcry in France last fall after it said it would show stripped-down French news search results that wouldn't include article previews or snippets following a new copyright law

It led French publishers and officials, who had hoped to win compensation from platforms as part of the new law, to accuse the search giant of strong-arming them. French antitrust regulators at the time said they would investigate Google over its implementation of the rules.

News executives have been calling on Facebook and Google to pay for the rights to host their articles. They argue that their journalism is what's drawing users to those platforms, while the two tech giants are capturing most of the online ad dollars.

Richard Gingras, Google's vice president of news, said helping people find quality journalism is "important to informed democracy and helps support a sustainable news industry."

"We're talking with partners and looking at more ways to expand our ongoing work with publishers," he added.

In Europe, Google's rocky relationships with publishers have led to legal action, long European Union antitrust investigations and an EU copyright directive that allows news outlets to seek payment from internet sites that display their articles. France was the first country to implement the new rules.

In October, Facebook introduced a separate news section in its flagship app and agreed to pay some publishers $1 million to $3 million a year to put their articles in it.

In an earnings call last week, News Corp Chief Executive Officer Robert Thomson mentioned Google by name, saying there are "positive signs" the search company's CEO Sundar Pichai "has a thoughtful appreciation for the profound social influence of high quality journalism."

The Wall Street Journal reported the discussions earlier.

$ defies detractors with its strongest start in five years

BLOOMBERG
New York, 15 February

The US currency is having its best start to a year since 2015, defying the expectations of many forecasters and potentially adding global growth headwinds.

The Bloomberg dollar index has climbed 1.9% since the end of December, spurred in part by demand for havens as the global spread of the Wuhan coronavirus and other uncertainties dent investor appetite for riskier assets. The greenback, which is up against all of its Group-of-10 peers in 2020, has also benefited from stable U.S. economic data and bond yields that remain high relative to the rest of the world even as interest rates slide.

A weaker dollar would "contribute to global recovery," Invesco Asset Management's Arnab Das said this week at the TradeTech FX conference in Miami, where the resilience of the greenback was a key topic of discussion. "That would be fairly bullish for pretty much the rest of the world. But the chances of that are not as high as I would like to think."

Many forecasters came into 2020 expecting that U.S. growth might trail other parts of the world and act as a drag on the American currency. They are now being forced to reassess. Resource-related currencies such as the Norwegian krone and the Australian dollar have tumbled as concern about China has smacked commodity markets and undercut expectations for global growth.

The euro, meanwhile, has slumped to its lowest level against the dollar in almost three years after data showed industrial production in the common-currency region shrinking and the German economy flatlining.

For Ben Emons at Medley Global Advisors, the weak outlook will hinder the European Central Bank's ability to bring rates back up, and that should provide another support for the dollar against its trans-Atlantic peer.

"Productivity and investment are likely to remain at very low levels for years to come," he said in Miami. "The ECB may therefore not be in a position to normalise negative rates" and he said he's betting that the greenback will continue to rise against the common currency.

There are also expectations that the Federal Reserve will struggle to lift rates too, and the market is currently pricing in further easing. But that may do little to dent the allure of the greenback.

"When the Fed shifted gears to easing and cutting rates, all it really did was open the door for everybody else to either cut rates or increase the size of balance sheets, or both," Das said.

MACRON VOWS TO TAKE UP 'FIGHT OF THE CENTURY'


French President Emmanuel Macron recently visited the Mer de Glace, France's largest glacier which has shrunk dramatically in recent years, in Chamonix. He called the battle against climate change and environmental destruction "the fight of the century" PHOTO: REUTERS

New York, San Francisco tech industries are leaving women behind

NIKITHA SATTIRAJU
15 February

San Francisco and New York have created thousands of lucrative jobs in technology, but despite efforts to increase diversity in the industry, women are still being left behind.

The two cities, sometimes rivals for attracting tech talent, slid backwards in recent years on gender diversity, according to data from SmartAsset, a financial technology company that provides personal finance advice online. From 2013 to 2018 they either did worse or made little progress on women's workforce participation in tech and gender pay gaps.

"No single city or no city's tech sector has figured this out," said Eli Dvorkin, editorial and policy director at the Center for an Urban Future in New York. "Tech jobs are falling behind the diversity of the workforce overall. They tend to be whiter, they tend to be much more male and typically see a notable underrepresentation of blacks and Hispanics."

In the US, women made up about 26 per cent of the tech workforce nationally, according to SmartAsset. But while jobs for computer and information technology workers are expected to grow by 12 per cent overall from 2018-2028, employment opportunities for these often well-paying positions still usually favour men, according to the report released earlier this month. Racial diversity isn't much better. In 2017, the latest year for which data is available, only about 20 per cent of New York's tech workforce was either black or Hispanic, and only 7.5 per cent of San Francisco's, according to a 2019 analysis by the Center for an Urban Future.

San Francisco and the broader Bay Area is home to many of the biggest US tech companies, as well as major venture capital firms. In recent years, tech giants from Alphabet's Google to Facebook and Amazon.com have been expanding in New York, too, adding to a burgeoning startup scene, helping technology rival finance as the city's growth engine. But despite industry efforts to increase women in the workforce, progress in the two cities has been limited.

One of the main reasons for the lack of representation is limited access to tech skills training. New York in particular, despite having a strong pipeline of programs, is failing to reach under-served communities, according to a study by the Center for an Urban Future and Tech:NYC released Wednesday. The city's programs focus more on basic digital skills instead of the advanced training required for tech jobs.

Exposure to tech training early on is also important to break social conditioning surrounding who belongs in science, tech, engineering, and mathematical occupations. "By the time they get to high school, many boys are socialised to think STEM is for them, while many girls are socialised to think the opposite," said Dvorkin.


San Francisco, and the broader Bay Area, is home to many of the biggest US tech companies, as well as major venture capital firms. One of the main reasons for the lack of diversity is limited access to tech skills training PHOTO: BLOOMBERG

Part of the issue is also the high cost of living in the two cities. Women are choosing to move to more affordable cities with growing tech opportunities, according to Denise Roy-Desrosiers, managing director at the nonprofit Girls in Tech New York.

"New York has become a less friendly city for both women and men," said Roy-Desrosiers. "Women are still being paid less to do the same jobs and so while that is still the case, women will take advantage of working in places where they can afford to live comfortably and independently."

New York went from being the fifth-best city for women in tech in 2013 to 27 in 2018, according to SmartAsset data. The percentage of women working in tech declined to 25 per cent from 26 per cent, while the gender pay gap, defined as the percentage of men's salaries women made for the same jobs, widened. Women in the industry were making 84 per cent of what men made in 2018 compared with 96 per cent five years earlier.

Google and other big tech companies expanding in New York represent a significant chunk of the industry's workforce and the gender imbalance within their ranks is also making New York less like the "haven for disruption and innovative work culture that it once was," Roy-Desrosiers said.

Still, New York does better than San Francisco on most diversity metrics. San Francisco never made it to the Top 10 best cities on SmartAsset's list for women. It dropped to 33 in 2018 from 23 in 2013. While women's participation in the workforce increased marginally over five years, the gender pay gap increased to 79 per cent from 88 per cent in the city. Topping the 2020 list of the best cities for women in tech was Baltimore, where women make up 33 per cent of the tech workforce and their average earnings are about 94 per cent that of men in the industry.

BLOOMBERG

CHATTERBOX

Yet another vestigial organ of BJP

Much like the Bharatiya Janata Party's (BJP) margadarshak mandal, which hasn't had a single meeting till date, the party's disciplinary action committee appears to have become another vestigial organ of the BJP.

Its members, BJP veterans L K Advani and Murli Manohar Joshi, are often seen "guiding" the party from other platforms. Joshi recently advised the party publicly that Vice Chancellor of Jawaharlal Nehru University Jagadesh Kumar be sacked for being inefficient. The BJP-led central government, however, chose to ignore Joshi's counsel.

The fate of the disciplinary action committee, comprising Balrampur MP Satya Deo Singh and Guwahati MP Bijoya Chakravarty, is same. Recently, BJP MP from Karnataka, Ananth Hegde, targeted Mahatma Gandhi who is invoked repeatedly by the BJP as one of the party's guiding lights. But, no complaint has been forwarded to the committee, Singh told weekly Sunday Guardian. "The process, in any matter related to the party discipline, is that the state or national president refers complaints to the committee, after which we start looking into it. As of today, we have received no intimation to look into Hegde's matter," he said. Not just Hegde, Pragya Singh Thakur, Nalin Kumar Kateel, Giriraj Singh, Sakshi Maharaj and Akash Vijayvargiya to name a few have made several controversial statements, eliciting opposition in the party.

DID THEY REALLY SAY THAT?

"Congratulations to my old party. They have more than doubled their tally in the Delhi state Assembly elections. Sterling performance."

Former BJP member and former finance minister Yashwant Sinha, February 11 in New Delhi

CHECKLIST
WE LOST DELHI BECAUSE...

- **P C Chacko, Congress general secretary in charge of Delhi:** "The downfall of the Congress party started in 2013 when Sheila (Dikshit)*ji* was the CM. The emergence of a new party, AAP, took away the entire Congress vote bank. We could never get it back..."
- **Sandeep Dikshit, former Delhi MP from Congress:** "We tried to showcase the work done by Sheila*ji*, but it was done really late because unfortunately Subhash Chopra*ji* (Delhi Congress chief) was given the responsibility really late."
- **Sadhu Singh Dharamsot, Punjab minister:** "We were zero earlier, and this time too we are zero. So it's not our defeat, but of the BJP."
- **Jaiveer Shergill, Congress leader:** "There is a need for a new face to lead the party in the state and the Congress must come out of this phase of experimentation and back a team for the next four years. It cannot be business as usual."
- **Pawan Khera, Congress leader:** "Organisations tend to depend on personalities and Sheila Dikshit's demise impacted the performance of the party in the state. We need to build new leadership."
- **Manoj Tiwari, BJP state chief:** "We couldn't perform well. We will evaluate this. Sometimes we get discouraged when results are not as per our expectations, but I would like to tell our workers not to be disheartened. Compared to 2015 our winning percentage has increased."
- **Gautam Gambhir, BJP MP from Delhi:** "We tried our best, but probably could not convince the people of the state."
- **Defeated BJP candidate Kapil Mishra:** "The BJP has lost the fifth state election in a row. It means we have somewhere failed to connect with the people of Delhi."

OPINION

P CHIDAMBARAM

'Nearly half the economy is not running'

So, what is the state of the economy? I mentioned already six quarters of declining growth rate. Agriculture is growing at two per cent. Consumer Price Index Inflation, which was 1.9 per cent in January 2019, rose to 7.4 per cent in December 2019. In a matter of 11 months, CPI Inflation has increased from 1.9 per cent to 7.4 per cent. Food Inflation today is 12.2 per cent. Bank credit is growing at 8 per cent of which non-food credit is at 7 per cent, maybe it has touched 8 per cent in January! Credit to Industry is growing at 2.7 per cent. Credit to Agriculture over the period December 2014 to December 2019,...the growth rate has declined from 18.3 per cent to 5.3 per cent. Credit to MSMEs has declined from 6.7 per cent to 1.6 per cent. So, we don't have credit to Agriculture and... MSMEs. Credit to Industry is at a limping rate. Overall credit is only about 8 or 9 per cent.

The result is, it shows up in the quantifiable numbers... During the period April-November 2019, the period for which we have data — maybe, the (central) government has data for December,...— just look at these numbers. Electricity is growing at 0.8 per cent; manufacturing is growing at 0.9 per cent; mining is negative 0.1 per cent; refinery is negative 1.1 per cent; natural gas is negative 3.1 per cent; coal is negative 5.3 per cent, and crude oil is negative 5.9 per cent.

What is left out? If every major industry, that keeps your economy a robust economy, is either near zero or negative..., and if overall IIP (Index of Industrial Production) is 0.6 per cent, that gives you a good picture of the state of the economy... In manufacturing capacity in India across all industries, the capacity utilisation is an average 70 per cent. Some are less, some are more, but the average is 70 per cent. The plant load factor of thermal power plants for electricity is 55 per cent, which means 45 per cent of your thermal capacity is idle, not because they cannot produce electricity, but there is no consumption of electricity. Nobody wants electricity. If factories are closed, if new factories don't start, why would you consume electricity? In fact, world over, among the markers for the health of the economy, one of the most important markers is electricity. Lenin said that electricity and education are the two eyes-Es... If your plant load factor rises to 80 per cent, it means your economy is running on all four engines. But if your plant load factor is 55 per cent, it means nearly half of your economy is not running. For the last six months, export growth, year on year, is negative. For the last eight months, import growth, year on year, is negative. What do you make out of this economy?...

Now let us come to the management of the economy. In fact, for the first couple of years after they came to power, they said, "These are legacy issues, we inherited bad economy", which is factually wrong. But I won't get into that argument now. I think I dealt with it last year. You are in management for the last six years. How long can you blame the previous managers? Can the UPA turn around and blame Mr Vajpayee's government? Can Mr Vajpayee turn around and blame Mr Narasimha Rao's government? ...please answer. People are asking questions of the current managers, not the past managers.

Now, look at the management of the economy. There could be a bad situation, but you must know how to manage it. We had bad situations in 1997...2008. We had a difficult situation in 2013, but they were managed... In the current year, that is 2019-20, you promised a nominal GDP growth of 12 per cent. The year ended with about 8.5 per cent. You promised a fiscal deficit of 3.3 per cent; the year will end, according to the Budget document, at 3.8 per cent, but, even that has a big question mark around it. Revenue deficit, you promised 2.3 per cent, the year will end with 2.4 per cent.

If this is worrying, what is projected for next year is even more worrying, although, this is a little technical, I think, it is worthwhile explaining it. Fiscal deficit will rise to 3.8 per cent this year, but, it will fall only to 3.5 per cent next year, a compression of 0.3. But, the revenue deficit from 2.3 per cent will rise this year to 2.4 per cent, and next year, it will not be compressed. It will rise further to 2.8 per cent.

Now, what is the philosophy behind this? The difference between fiscal deficit and revenue deficit, it is what is available for capital expenditure. This year, you will have, according to your numbers, about 1.4 per cent for capital expenditure, but, next year, you will have only 0.7 per cent as capital expenditure. Assuming these numbers are correct, going forward, just as you compress or plan to compress fiscal deficit, should you not compress revenue deficit also?... Analysts the world over will note the fact that you will have less money next year for capital expenditure than this year. You promised to collect net tax revenue of ₹16,49,582 crore. I will leave out the last digit. Let me give the broad numbers, ₹16, 49,000 crore. Up to December, you have only collected ₹9,00,000 crore...

Total expenditure you promised to spend in the current year is ₹27,86,000 crore. Up to December, you have spent only ₹11,78,000 crore... This strains our credulity, however, and knowing who is sitting as secretary expenditure, I doubt he will let you spend it in the first place. You have no money to spend. The first order, which the new secretary expenditure passed, obviously, with the consent of the hon. finance minister, is that departing from the earlier rule that in the last quarter, you can spend up to 33 per cent of your Budget, the first order that he passed was, you can only spend this year 25 per cent of your Budget, which means, you have no money... You have masked your situation by numbers. These numbers are not credible...

Now, look at the shortfalls in tax collections... Corporation Tax is short by ₹1,56,000 crore; personal income tax by ₹10,000 crore, Customs by ₹30,000 crore, Union Excise by ₹52,000 crore and GST by ₹51,000 crore... And this despite, what everybody in the business believes, you have given extraordinary powers even to the lowest rung officer of the income tax department, excise department, customs department, DRI, not to speak of CBI, ED, and SFIO, and they are issuing notice after notice. This is popularly called tax terrorism.

Edited excerpts from a speech by former Finance Minister and Congress MP P Chidambaram in the Rajya Sabha on the Budget 2020-21, February 10

ILLUSTRATION BY BINAY SINHA

Amit Ahuja teaches political science at University of California at Santa Barbara. Ahuja, who has just published a book, *Mobilizing the Marginalized: Ethnic Parties Without Ethnic Movements*, talks to **Aditi Phadnis** about trajectories in Dalit politics in India

'If growth falters, Dalit social mobility will be hurt'

Q&A

AMIT AHUJA
Teacher of political science at the University of California

What broad trends do you see in Dalit politics?
Today, there are three broad, influential trends in Dalit politics: First, there are fewer opportunities for Dalit political parties today because of the BJP's resurgence. In the 1990s, when Dalit parties came up, the Congress was declining and lots of small parties competed with each other; no one dominated. It is much easier for a small party to win a seat when voters spread their votes across five or six parties than just two or three. The 1990s were also the days of coalition governments. Even if the Dalit parties could not form governments on their own, they could join with others and get some access to state patronage. Over time, Dalit parties grew in this fashion.

Second, the BJP is now a major competitor for Dalit votes. The BJP used to be seen as an upper-caste party and a few Dalits would vote for it. In 2009, for example, just 10 per cent of Dalits voted for the party nationally. However, the BJP has transformed itself. Part of this is the individual appeal of Prime Minister Narendra Modi and his lower-caste background. Part of it is also the party's strategic outreach to certain Dalit *jatis* and its symbolic use of B R Ambedkar. In 2014, the BJP vote share among Dalits had risen to 25 per cent and in 2019 to 34 per cent. A dominant BJP undercuts Dalit parties, but by increasing the competition for Dalit votes, it could prove beneficial for Dalit voters. My research shows that when multiple parties compete for Dalit votes, Dalits themselves benefit from a steadier supply of state services and their welfare indicators improve more over time.

Third, apart from electoral politics — which is episodic — Dalits are increasingly socially mobilised. There is a deeper, more long-lasting kind of social mobilisation taking place. A Dalit public sphere and a Dalit street is making its presence felt. That was not always the case. Changing social relations, especially in rural India, ongoing rural-to-urban migration, and improved economic opportunities over the past 30 years have made it easier for Dalits to assert themselves. Higher literacy rates are also adding to self-awareness among Dalits. Bigger, nationwide Dalit protests, the inclusion of more Dalit voices by media, and the appearance of new Dalit leaders like Jignesh Mevani in Gujarat and Chandrashekhar Azad Raavan in Uttar Pradesh reflect these changes.

Although they are bound together by caste, Dalit politics in Tamil Nadu and Maharashtra is very different from UP and Bihar. How do we explain this?
You're right, even though the caste system crosses these four large states, Dalit politics there looks quite different. Historically, there were two very prominent anti-caste movements in Maharashtra and Tamil Nadu. Yet today, the Republican Party of India (RPI) and the Viduthalai Chiruthaigal Katchi (VCK) are minor political players in state politics there. By contrast, Dalit social movements in Uttar Pradesh and Bihar were negligible yet significant Dalit-based political parties like the Bahujan Samaj Party (BSP) and the Lok Janshakti Party (LJP) have emerged there. It turns out that where Dalit social movements were strong, Dalit political parties were weak, and vice versa.

Logically, this doesn't follow. Social movement should create symbols, discourse, political consciousness, activists and leaders, all-important resources that should then be available to a Dalit party and aid its electoral success.

I find that in Maharashtra and Tamil Nadu, longstanding Dalit movements do indeed produce grassroots Dalit mobilisers as well as Dalit symbols and political consciousness. Over time, though, regional and national parties, which are multicaste in character, recruit Dalit mobilisers, incorporate their symbols, and discourse in their electoral campaigns. Emergent Dalit parties are then robbed of the opportunity to mobilise Dalits as an electoral bloc. We know that without the support of their caste bloc, Dalit parties cannot succeed. Despite high Dalit consciousness, Dalits in Maharashtra and Tamil Nadu split their votes and express less interest in caste-based voting.

In UP and Bihar without the prior social mobilisation of Dalits, multi-caste parties like the Congress did not feel the pressure to recruit Dalit mobilisers or use Dalit symbols during their campaigns. This then preserved the opportunity for the BSP and LJP to mobilise the Dalits as an electoral bloc. The emergent Dalit parties cashed in on the unfulfilled caste aspirations by being the first recruiters of Dalit mobilisers, and producers of the discourse and symbols of a Dalit political consciousness.

How has social media impacted Dalit mobilisation? Less or more than expected?
Social media is a game changer in many respects. Dalits exchange ideas, share information, and present their perspectives on issues in online forums. Numerous Dalits have joined WhatsApp groups to share, discuss and learn about Dalit social and political concerns. These platforms act as safe spaces for Dalits to express opinions they are otherwise reluctant to share directly with higher caste friends or colleagues. The effects of this connectivity are strengthening a national Dalit consciousness and democratising Dalit politics.

Exposed to online Dalit discourse from different parts of the country, Dalit youth have begun to imagine themselves as a community across language and cultural boundaries.

Social media makes coordination for protests easier, amplifies the message and facilitates the creation and distribution of content on Dalit assertion. Digital Dalit activists put pressure on both Dalit and other parties. They highlight acts of atrocities and discrimination against Dalits. They also spread the word on Dalit protests. Dalit online commentary is not shy of critiquing prominent Dalit politicians.

That said, we know unequal access to the digital universe can privilege some voices over others. The digitally-empowered Dalits are more likely to be city-dwellers and with a higher socio-economic status. With availability of cheaper smart phones, these constraints will lift.

I should also note, for all their advantages, digital ties are limited in their durability. Unless people interact face-to-face and form personal bonds while working together, they are unlikely to be able to sustain collective action with regularity. Digital collectives, then, inform the Dalit agenda, but they cannot replace grassroots-level organisation. Dalit movements, activists, politicians, and parties will therefore continue to remain at the center of Dalit politics.

What future do you see for Dalit parties like the BSP? How do you see the rise of Azad?
The BSP remains popular among Dalits in UP. Majority of UP's Dalits and one out of every five voters still vote for the party, making it the second most popular party in the state. Its vote share in the 2017 Assembly election was 22 per cent and in the 2019 Parliamentary election was 19 per cent. It returned to the Lok Sabha in 2019 with 10 seats after drawing a blank in 2014. But under Mayawati, the party is stagnating and new competitors for Dalit votes have appeared even in Uttar Pradesh, the BSP's fortress.

In some respects, Raavan's brand of fearless Dalit assertion is the natural progression of the politics of dignity that the BSP and Kanshi Ram had introduced to Uttar Pradesh. He is charismatic and popular among the youth. He worries Mayawati because if he forms his own party, or supports another, he could potentially hurt the BSP by drawing away the party's Jatav voters. For this to happen, though, he will need substantial organisation on the ground. It remains to be seen if such an organisational network can appear. Whether or not Chandrashekhar and his Bhim Army succeeds or fails electorally, they have already made democratic politics more accountable to Dalits. By raising Dalit issues and criticising the Dalit representatives, they pressurise the Dalit and other parties seeking Dalit support. Through agitation, the movement also monitors the state officials' response to Dalit concerns.

There was a time when government employment was considered the safest option for Dalits. This is changing fast. As employment trends change, is the identity of Dalits changing?
Despite an affirmative action policy, only a miniscule percentage of Dalits actually benefited from reservations in government jobs. The Indian state was not a huge employer to begin with, and over the past 20 years, government hiring has stagnated completely, at a time when demand for jobs has exploded.

But government jobs have mattered to Dalit politics. They have enabled the emergence of a small Dalit middle class. Unions of Dalit government servants produced Dalit leaders and activists. Without the employment with the government, including army, the Dalit organisational class may have remained stunted.

It is not clear how changing employment trends will change the Dalit identity. So far, systematic studies tell us the following: educated Dalits face discrimination in white-collar labour market, housing market, and as my book shows, in marriage market. Even when Dalits want to be identified by their professional identity, doctors, lawyers or authors, for example, these efforts fail frequently. This is because identity is not just about how we see and imagine ourselves. It is also about how others see us. The stigma associated with their caste traps Dalits in their identity.

In recent decades, consistently high economic growth has paved the path for the upward mobility of Dalits who have trickled up to the middle class. A few have even emerged as major entrepreneurs. These developments could slowly weaken the stigma associated with Dalit identity, however, if growth falters, Dalit social mobility will be hurt.

Beginning to a safe and hygienic lifestyle

How an 18-year-old Gurugram student managed to bust misconceptions and build two community toilets in a Haryana village, writes **Swarnami Mondal**

- According to a report on "Drinking Water, Sanitation, Hygiene and Housing Conditions in India" by the Centre's National Statistical Office, over one-fourth of the rural households do not have toilets
- Only half of the rural population in Uttar Pradesh and Odisha had access to toilets as of 2018

THE OTHER INDIA

The findings came to light more than a month after Prime Minister Narendra Modi declared rural India open defecation-free (ODF) during an event in Gujarat to mark the 150th birth anniversary of Mahatma Gandhi in 2019 and after over five years he launched the Swachha Bharat Mission, primarily aiming at making India ODF by 2019.

At the Gujarat event, the PM had said over 110 million toilets were built during 2014-2019. But Bagthala, a small village in Haryana is not lucky enough. Most rural households here do not have access to toilets.

When 18-year-old Sanskriti Kohli, who lives in Gurugram, visited the village — home to her maternal grandparents — she was shocked to see women getting up early, braving chill and long stretches to attend to nature's call, that too in the open.

"I saw women from the local community walking miles, braving cold in winter, only to defecate in the open. Apart from being an unhygienic practice, it became a safety concern; even an incident of rape of one such vulnerable women was reported," Kohli told *Business Standard*.

To figure a way out, she discussed the situation with her family members and teachers at school. "My teachers and family were really supportive. I began researching about setting up an eco-friendly and cost-effective community toilet. Community toilets would be the beginning of a healthier lifestyle, and thus began Project Aarambh," Kohli said.

Initial hiccups
"Getting people on board with the idea of setting up a community toilet was one of the biggest challenges, I faced during execution of the project," Kohli said.

She began by speaking with the women "who shared disturbing experiences from molestation to even abduction they faced due to the lack of toilets in individual homes".

Sanskriti Kohli (*extreme left*) with the residents of Haryana's Bagthala village in front of a newly-built community toilet

Kohli added: "They, however, expressed an apprehension that having a toilet and kitchen within the same premises may not be a healthy idea. Breaking such misconceptions took days of convincing."

The execution
She then approached the village sarpanch to gather the needed momentum for her idea to materialise.

She collaborated with a Delhi-based design firm, Caya, to come up with models for the toilets. "The toilets needed to be eco-friendly and easy-to-use. I wanted a design which, would require less water," Kohli said.

For Aarambh, she raised funds through donations. She sensitised her family, friends, teachers and students from her school about the cause and her mode of intervention. Soon ₹1.2 lakh was raised for Aarambh.

The start
Finally, two community toilets were installed in Bagthala. They are eco-friendly and fitted with an equipment to turn waste into compost, which can be used as manure for farming. "I figured only installing two toilets won't do the needful. They (villagers) had to be sensitised about the best practices in sanitation and hygiene," Kohli said.

She started by conducting three workshops on using the toilets, besides spreading awareness about the best hygiene practices, especially among women. She added, "Now, women in Bagthala are happy. They use the toilets and keep them clean on a regular basis. They have even kept them under lock and key to prevent petty thieves from stealing the parts away."

New heights
After completion of school, Kohli aims to scale up Aarambh. "I want to create positive wide-scale intervention within this space. Thus it is important for me to gather knowledge about public policies around sanitation, hygiene and housing conditions," she said.

She hopes Aarambh will pave the way to begin a cleaner and hygienic lifestyle in other villages soon.

Acting on conscience

US & Indian film awards reflect contrasting states of democracy

The annual Academy of Motion Picture Arts and Sciences awards, better known as the Oscars, are a much-anticipated event because they are perceived to be the gold standard of movie-making. Over the past half century, however, many actors and directors have used this glittering global platform to express their, mostly dissident, views — not without some discomfiture for the organisers. Compare this with banal and tepid Indian movie awards, where artistes rarely do more than thank god and sundry relatives and associates. In a country as intensely political as India, it is inconceivable that the film world does not hold political views at variance with the dispensation in power. The fact that they choose not to air their dissidence at public events says much about the state of democratic freedom seven decades after independence.

This year's Oscar ceremony, for instance, was noted for a powerful acceptance speech by Joaquin Phoenix (Best Actor) for his role in *Joker*. Mr Phoenix spoke about the many injustices he sees: "I think whether we're talking about gender and inequality or racism or queer rights or indigenous rights or animal rights — we're talking about the fight against injustice." This wasn't a full-on criticism of the current political dispensation in the US but a trenchant critique of the collective governance failures. A week before, at the British Academy of Film and Television Arts, or Bafta, awards, he bluntly spoke of the "systemic racism" in the film industry, a comment on the all-white acting nominations line-up (Mr Phoenix is white). Brad Pitt, also receiving his first Oscar, took time to call out the US Senate trial on President Donald Trump's impeachment. "They told me I only have 45 seconds up here, which is 45 seconds more than the Senate gave [former US National Security Advisor] John Bolton this week," he said.

Mr Phoenix and Mr Pitt are part of a long tradition that dates back as far as 1973, when Marlon Brando, nominated Best Actor for his performance in *The Godfather*, boycotted the Oscars and sent a native American in his stead to protest the US government's maltreatment of this community. The Oscar organisers banned nominees sending representatives thereafter but that did not deter those with a conscience. Vanessa Redgrave defending the Palestinian cause (1978), Richard Gere on China's human rights violations in Tibet (1993), and Michael Moore (2003) criticising the invasion of Iraq are prominent examples among many who have used the Oscar stage in this manner. Doing so certainly demands courage. Both Ms Redgrave and Mr Moore were excoriated. Meryl Streep, who used the Golden Globes platform to call out Mr Trump for mocking a handicapped journalist, was at the receiving end of a vicious twitter campaign, including from the president.

Why do Indian film personalities shy away from airing their views on such platforms? One reason could be the Indian government's role in award-dispensation — it runs the National Film Awards, which remain the most coveted of Bollywood prizes. Another could be the vituperative trolling and threats to family that Aamir Khan and Shah Rukh Khan faced when they pointed to growing intolerance in India. Commercial considerations too probably act as a powerful deterrent. Bollywood stars earn sizeable revenues from endorsing products and services. A country in which the business community remains beholden to the government, companies are unlikely to embrace activist actors. Witness the severance of Snapdeal's contract with Aamir Khan after he tweeted comments about intolerance as recently as 2016. In short, India has a long way to go in matching the kind of open irreverence for political power that characterises the developed West, and unlike the Oscars, its film award ceremonies reflect that distance to full democracy.

Let the telecom sector bloom

A bold policy intervention by the government to bring the sector back to profitability and attract capital investments holds the key to unlock India's $1 trillion digital opportunity

HIMANSHU KAPANIA

We are at the cusp of a revolution, fundamentally altering the way we live, work and relate to one another. Today, digital Innovation is happening at an unimaginable scale and pace, empowering consumers and disrupting traditional business models. For example, Uber, the largest taxi company does not own any vehicle and YouTube, the most popular media company does not create any content. Digitisation is no more a choice but a necessity, for individuals, corporates and countries alike, to stay relevant in this fast changing world.

Our Prime Minister aptly identified "Digital India" programme as a key impetus for doubling the country's gross domestic product to over $ 5 trillion and a bridge for empowering its masses. While there are signs of economic slowdown, significant opportunity exists in India's digital economy, estimated to be unlocked from existing $ 200 billion to $ 1 trillion over the next five years. Digital contribution to Indian economy can potentially grow from current 7 per cent to 20 per cent by 2025, but this will involve early adoption of latest technologies by corporates, refreshed and bold regulatory framework suited for the new digital era and a collaborative approach among all digital ecosystem players.

The mobile sector will provide the bedrock Infrastructure necessary to support the flourishing digital economy. Telecom operator's connectivity revenue over the next five years can at best be $ 60 to 70 billion (present $ 21 billion), while the sector remains critical driver to unlock India's 'One Trillion Dollar Digital Economy'. Let us study the emerging growth opportunities in Indian Digital economy.

One of the largest ICT consumer market

India's current single digit contribution of digital to its economy certainly appears low in comparison to the US & China where digital economy contributes 30 to 35 per cent of GDP. Still, the upsurge in digital consumption in India during the last three years, has made the country one of the largest 'information and communication technology' (ICT) consumer market in terms of volume, though we lag behind in value.

For example:

· India is the world's 2nd largest and fastest growing broadband market with over 650 million high speed broadband users, with significant future potential as Broadband penetration is still low at 55% of population

· Each broadband user is presently consuming over 10 gigabytes per month, making us globally the largest data consuming nation

· India is the largest market for Facebook (300 million users), WhatsApp (400 million), YouTube (265 million) etc., and second largest smartphone market.

· The rapid pace of digital adoption has transformed the country into a big market for host of digital consumer services in entertainment, social, e-commerce, e-taxi, mobile payments, food delivery etc. It has attracted global giants like Amazon, Alibaba, Apple, Google, Facebook, Walmart, Uber, Netflix, Softbank, Tencent, Hotstar, Samsung, Xiaomi, Microsoft etc. and is supporting plethora of Indian companies & Start-ups.

Big opportunity for Indian enterprises

While consumers have been the biggest beneficiaries thus far, latest technological innovation will lead to a supply-side miracle, with long-term gains in efficiency and productivity. Transportation and communication costs will drop, logistics and global supply chains will become more effective and the cost of trade will diminish, all of which will open new markets and drive economic growth. Future technologies like 5G, artificial intelligence, machine learning, internet of things, blockchain and Big Data etc. hold potential to take India to newer heights. The last four generations of wireless mobile service technologies have largely focused on consumers. The introduction of 5G technology will not only augment consumer experience with enhanced capacities and speeds of up to 20 Gbps, it will also open a new domain for businesses and enterprise verticals, connecting nearly 10 billion devices, sensors & machines. Ultra reliable, low latency 5G machine to machine communication will support new Enterprise Use Cases including

· Transport vertical: Driverless cars, connected cars

· Manufacturing vertical - Robotics and sensors transmitting real-time data

· Media vertical - High definition video conferencing services and 4K live content streaming

· Healthcare vertical – Remote surgery, patient monitoring and other applications

· Smart Homes and Smart Cities – Linking multiple devices through a cluster of sensors for monitoring and connectivity

· Education vertical - Live remote classrooms transmitting content across geographies on 5G Network and Virtual & Augmented Reality devices

While we can keep eulogising the power of these technologies, it is equally important to analyse who will lay the necessary digital Infrastructure for highly capital intensive 5G services, with projected investments of over $ 150 billion (Over Rs 10,00,000 crore) for building nationwide dense 5G network.

The telecom sector crisis

Paradoxically, while the Indian telecom sector remains under deep financial stress, everyone including the government, India's citizens and its enterprises are once again looking forward to the private sector mobile operators to launch latest 5G services – India's evolution to a Gigabit society, thus help participate in the 4th Industrial Revolution.

There are three key stakeholders in the digital Infrastructure ecosystem – customers, government and telecom operators. Out of the three, drawing reference to 'Porter's competitive 5 forces' model, two stakeholders are enjoying disproportionate benefits and power on the miseries of the third. Currently, Indian consumers, due to brutal price competition, enjoy by far the world's lowest tariffs, though there is room for improvement in service quality. In comparison, Indian government earns nearly 35 per cent of consumer's mobile bill as taxes and charges amongst the globally highest spectrum prices – accentuating telecom operators' costs.

The telecom sector crisis has reached a juncture in its lifecycle that needs a bold and refreshed regulatory framework suited for the new digital era, like earlier NTP '99 Policy. All the three stakeholders will have to sacrifice their current position and find an amicable solution to the present predicament. One option is to pass the entire burden on to consumers, raise tariffs exorbitantly, three to four times from the present level, but it may in the long run impact India's digital aspiration. Alternatively, the government accepts the China-like low taxation model, where spectrum is offered free of charge and overall tax burden on the industry is manageable.

I believe for digital economy growth, a forward looking regulatory intervention is paramount, which addresses industry challenges including a) floor price, b) lower taxes, c) affordable spectrum and d) resolution of legacy issues etc. This will ensure a thriving competitive sector attracting large investments necessary for building India's 4G & 5G digital Infrastructure.

It is critical that this core sector returns back to its role of nation building and provide bedrock digital infrastructure for the entire range of digital services. A bold policy intervention by the government can bring the sector back to profitability, attract necessary capital investments and pave the way for this 'Golden Digital Economy' era.

The writer is former managing director, Idea Cellular. Views expressed are personal

Why there may be few takers for the Budget's tax amnesty scheme

S MURLIDHARAN

In her Budget speech on February 1, Finance Minister Nirmala Sitharaman adumbrated the salient features of the Direct Tax Vivad se Vishwas Bill, 2020: Cough up the disputed amount of tax pending in appeals as of January 31, 2020 before any appellate authority, including the high courts and the Supreme Court, on or before March 31, 2020 and avoid the discomfiture and embarrassment of interest and penalty. As if to entice fence sitters who might miss the deadline, she went on to say that even if they wake up late, they can avail themselves of the scheme, provided they do so on or before the date that would be notified subject to a stiff rider — 10 per cent of the disputed tax will have to be paid, over and above the disputed tax itself.

The extended deadline perhaps would depend upon the response until March 31, 2020. If it is tepid, a long rope would perhaps be given, and if it is warm, the resolution window would be kept open for a very short extended duration. Appeals only against penalty, interest or fees too are sought to be amicably resolved under the scheme — cough up 25 per cent of them on or before March 31, 2020; else you have to cough up 30 per cent of such amount during the extended duration of the scheme.

Appellants may not lap up the scheme because, first, to do so would amount to admission of guilt, and second, they may have smelled victory before higher appellate forums

About 500,000 cases involving ₹9 trillion in direct taxes are locked up in litigation at various stages of appeal.

The Federation of Indian Chambers of Commerce and Industry (Ficci) rightly points out that the main lacuna in the scheme is that 100 per cent of the disputed tax has to be paid, unlike under the pre-goods and services tax disputed excise and service tax scheme, where 50 per cent of the disputed tax was waived.

One may quibble over the percentage to be waived. The truth, however, is that in the absence of a substantial waiver of the disputed tax, people may not evince interest in the scheme, especially in the light of the sobering reality that high-pitched assessment, more often than not, is the root cause of mounting tax litigation.

It is common knowledge that assessing officers, fearing adverse comments from the Comptroller and Auditor General of India, as well as to worm themselves into the hearts of their superiors, deliberately make outlandish claims on assessees by disallowing even genuine expenses, among other things, only to be ultimately chastised by high courts or the Supreme Court. The high-pitched assessment menace is so real that the Central Board of Direct Taxes itself had to issue a circular warning its officers against such high-handedness.

Against this backdrop, it would be idle to expect appellants to lap up the scheme because, first, to do so would amount to admission of guilt; and second, why should they pay the disputed tax when they are confident of their grounds and smell victory before higher appellate forums? When they win their appeal, the mounting interest and penalty too vapourises.

It is common knowledge that the government is the major litigant and it suffers the mortification of losing 90 per cent of the cases. There is frenetic speculation in the media, including social media, whether Vodafone and Cairn would smoke the peace pipe with the government and be the catalyst for the success of the scheme by participating in it. It would be wrong to second-guess what they would do, but there are enough reasons why they will stay away from the scheme. Remember that Vodafone already stands vindicated by the Supreme Court against the government demand for ₹11,000 crore as capital gains tax on a transaction consummated in the distant Camay Islands.

In the 2012 Budget, the then finance minister, Pranab Mukherjee, amended the income tax law retrospectively to say that even capital gains (not only business income) would be deemed to arise in India if they had any link with India at all. Armed with this amendment, the government slapped a fresh tax demand on Vodafone, which is under dispute. The facts of the Cairns case are similar. There are legal precedents to show that retrospective amendments cannot be made so as to create fresh tax demands that did not exist or cannot be sustained in the first place. The short point is that Vodafone perhaps has no reason to blink first, enticed by the prospect of being spared the furiously ticking interest, when all along it has been confident of challenging the retrospective amendment as colorable legislation.

Yet, there may be people willing to participate in the scheme if say 40-50 per cent of the contested tax amount is waived, especially if they suspect that they are on a weak wicket. Cynics would, however, demur, because this is not a general amnesty scheme but targeted at those who have already filed their returns and whose assessments alone are being contested. When general amnesty schemes (disclosure of black money) fail, with the last-opportunity-to-come-to-the-path-of-rectitude warning being ignored by hardened tax criminals and repeatedly heeded by the clever ones, there is no hope on earth for the government, they aver.

The writer is a chartered accountant

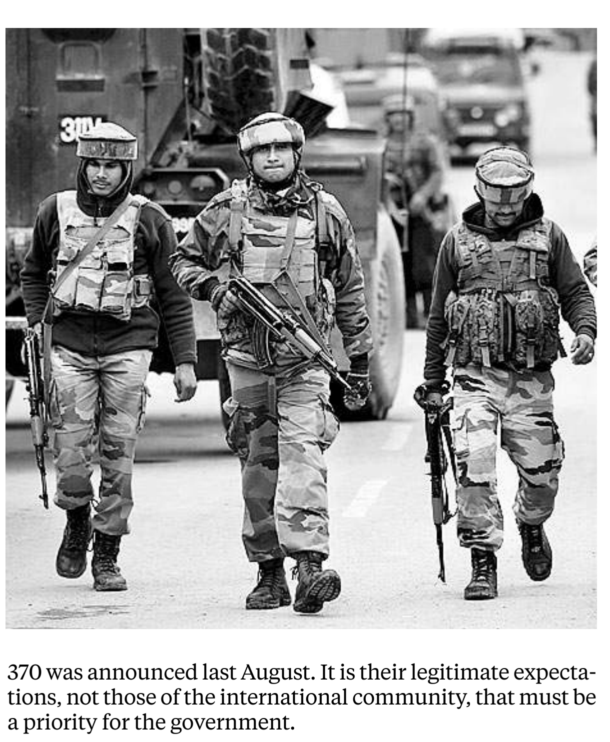
OTHER VIEWS

Govt's priority must be return of normalcy in the Valley

What should worry India is Kashmir's realities, not other countries' views

The Centre's decision to take another group of envoys on a guided tour of Jammu and Kashmir (J&K), and the stated hope of the ministry of external affairs that these tours will become a regular feature, point to a belief that these visits have been productive. It would not have escaped anyone's attention that these tours are tightly controlled, and the people meeting the foreign guests in the confines of the Raj Bhavan are handpicked by the government. The chimera of "normalcy" seems patently fragile: the visit had to be postponed by a day due to a bandh call in the Valley; and just a day after the visit, the Internet was snapped once again due to security concerns.

The truth is, managing India's image is important, but the government's primary responsibilities still lie within its borders — responsibilities to the people of J&K, who have yet to see a return to normalcy; to those detained in and outside J&K, including sitting Member of Parliament and octogenarian Farooq Abdullah, against whom little evidence of wrongdoing has been furnished; and to the people of India as a whole, who are yet to see a credible path to the peace and prosperity that was promised when the momentous decision on Article



370 was announced last August. It is their legitimate expectations, not those of the international community, that must be a priority for the government.

The Hindu, February 14

Separating politics and crime

SC order will not resolve the crisis

Expressing concern over the growing intersection of crime and politics, the Supreme Court (SC) has ordered political parties to publish the details of their candidates, with criminal charges, on their websites and social media platforms, and in newspapers. This information must be made public, and a compliance report sent to the Election Commission (EC), within a specified period of time — and the failure to do so could be read as contempt.

The SC order is well-intentioned. It will force political parties to be more transparent. But it is also important to underline the limits of the order and the scope of misuse. Incumbent governments have shown a tendency to target political rivals, misusing law enforcement agencies. It is important that the SC order does not reinforce this trend. Till candidates are convicted, they must be treated as innocent. The criminalisation of politics also has deep roots. Therefore, unless there are reforms in the criminal justice system which lead to quick judicial decisions, there is reform of the political finance regime and the dependence on wealth to win polls shrinks, and unless there is an overall reform in governance so that citizens are no longer dependent on locally influential representatives for work, politics and crime will remain enmeshed.

Hindustan Times, February 14

Beyond the optics

US policies pose challenges for India

It is easy to get carried away by the expansive optics surrounding US President Donald Trump's visit to India and miss its strategic significance. There are two important issues in play during Mr Trump's visit to India — trade and security. The trade relationship has been under high stress ever since Trump came into office in January 2017; Delhi was slow in reading his deeply held opposition to "free trade" and has struggled to construct a new framework for commercial ties.

In contrast to trade, there has been a growing convergence of interests on securing the Indo-Pacific. Although India's arms purchases from the US continue to draw headlines it is the deepening engagement — ranging from military intelligence sharing to inter-operability of forces — between the two defence establishments that may be of long-term political consequence for the balance of power in Asia and its waters. As he prepares for a major American retrenchment from the volatile regions to the west of India, Mr Trump would like India to take larger security responsibilities in both Afghanistan and the Gulf. Notwithstanding its declared strategic ambition, Delhi does not look ready. Mr Trump's radical policies have presented India many challenges that Delhi must address and many opportunities it must seize.

The Indian Express, February 14

Honoured to know I'm no. 1 on FB and Modi no. 2: Trump

PRESS TRUST OF INDIA
Washington, 15 February

US President Donald Trump has said it is a great honour that Facebook has ranked him number one and Prime Minister Narendra Modi number two on their popularity on the social networking site, ahead of his maiden visit to India.

President Trump and First Lady Melania Trump will pay a state visit to India on February 24 and 25 at the invitation of Prime Minister Modi, it was announced this week.

Taking to Twitter, he claimed to be the number one on Facebook, citing a remark of Mark Zuckerberg, co-founder and chief executive officer of the social media company.

"Great honour, I think? Mark Zuckerberg recently stated that 'Donald J Trump is number 1 on Facebook. Number 2 is Prime Minister Modi of India.' Actually, I am going to India in two weeks. Looking forward to it!," Trump tweeted on Saturday.

This is not the first time that the US president has claimed to be number one and Prime Minister Modi number two on their popularity on Facebook.

Last month, in an interview to *CNBC TV*, on the sidelines of the World Economic Forum in Davos, Trump said: "I'm no. 1 on Facebook, you know who's no.2? Modi from India".

During his visit to India, Trump, in addition to New Delhi, will also visit Ahmedabad to address a joint public meeting with Modi at a newly-built stadium.

This would be the US president's first bilateral visit in the third decade of the 21st century, and also the first after his acquittal by the Senate in the impeachment trial.

"I think the Trump visit will be a delightful spectacle and utterly successful by many measures," Ashley Tellis, who is the Tata chair for strategic affairs and a senior fellow at the Carnegie Endowment for International Peace, told *PTI*.

Trump is expected to get a roaring welcome by lakhs of people when he arrives in Ahmedabad, Gujarat.

He, along with Prime Minister Narendra Modi, are expected to deliver a historic speech in front of hundreds and thousands of people at the newly-built Motera stadium, the largest cricket stadium of the world.

Zydus Cadila fast-tracks coronavirus vaccine research

VINAY UMARJI
Ahmedabad, 15 February

Ahmedabad-based pharma major Cadila Healthcare (Zydus Cadila) has announced an accelerated research programme for developing a vaccine for the novel coronavirus, (COVID-19) with multiple teams in India and Europe.

Given the extent and rapidity of the global spread of the virus, which originated in China, the fast-tracked research programme will be based on two approaches, including development of a DNA vaccine and a live attenuated recombinant measles virus vaccine. The epidemic, which was detected last December, has claimed around 1,500 lives and infected over 66,000 people.

"There is an urgent and pressing need to develop a safe and efficacious vaccine that can prevent the spread of this deadly virus. Our researchers are working to bring a speedy solution to this most devastating outbreak in recent times," said Pankaj R Patel, Zydus Group chairman. The first approach deals with developing a DNA vaccine against the major viral membrane protein responsible for the cell entry of COVID-19. According to the company, the plasmid DNA would be introduced into the host cells, where it would be translated into the viral protein. The method aims at eliciting strong immune response that would be mediated by the human immune system's cellular and humoral arms, which play a vital role in protection from disease.

Govt must do more to boost private participation in education: Experts

Call for rule tweak to allow institutes to accumulate surpluses and reinvest them

VINAY UMARJI & ANEESH PHADNIS
Ahmedabad/Mumbai, 15 February

With government support in higher education saturating, various stakeholders have called for more private participation in the wake of the Union Budget announcements.

Unlike China, where universities are largely backed by the government, or America, where the share of private endowments is high, India has been in the median.

However, with Finance Minister Nirmala Sitharaman opening foreign direct investment (FDI) and external commercial borrowing (ECB) in higher education, sector experts believe the government could further push private participation.

Harvard University gets to invest an endowment worth $40 billion in various ways. Our higher education institutes lack that scope, stakeholders say.

"FDI and ECB are being allowed, but the government needs to ensure whoever lends their money to education institutes will have the wherewithal to get the money back. The institutional structure currently doesn't allow an educational institution to borrow money with ease; nor can it accumulate a surplus and/or invest in profitable ventures," says Narayanan Ramaswamy, partner at consultancy KPMG India.

Citing a KPMG-Federation of Indian Chambers of Commerce and Industry research study, he says that up to ₹80,000 crore could accrue into Indian higher education over five years. But, there is a catch. "Since higher education institutes are trusts, societies and Section 8 or non-profit companies, you can't hold more than 15 per cent of a surplus and cannot reinvest freely. So, how do you make ECB and FDI happen? We need institutional mechanisms and structural flexibility. If one can do that with pension funds, why not with higher education?" Ramaswamy asks.

For now, the Budget announcement might lead to changes in the sector that are likely to be "incremental in nature rather than a big push to education". Especially since the finance minister had mentioned the need to respond to aspirational India, says Rajan Saxena, vice-chancellor at SVKM's deemed university, NMIMS.

JSS Academy of Higher Education & Research, globally ranked on the basis of research and innovation, feels private funding and participation could further the government's objectives in the sector.

"Developed economies have grown in recent past on the back of science and technology innovation. Investment in such innovation needs to be driven in India. The way forward for this is private and foreign participation in higher education. The private sector in education need not be seen with suspicion, but as participants," says B Suresh, vice-chancellor at JSS.

Adding: "Profit-driven education is inevitable but can be balanced in such institutions through government monitoring."

The finance minister's Budget proposal for starting degree-level online education programmes, as well as holding an Ind-SAT test for foreign candidates looking to study in India, have been welcomed. "The online education announcement is a good measure. It will help underprivileged sections and unreachable locations derive the benefit of quality education. Online education programmes by the top 100 NIRF ranked institutes is a welcome measure," says Ramaswamy. NIRF is the Union HRD ministry's National Institute Ranking Framework methodology. However, say observers, the government could also bring some changes for the proposal to take effect.

"NIRF is already a benchmark in the Budget announcement, which is a good move. But, the approval process is so rigorous that many a time, institutes don't go ahead in applying for online programmes. The whole process needs to be eased, so that online education can be offered at lesser cost," suggests Suresh.

Higher education experts like Saxena also believe the online education proposal could be taken a step further. "Institutions should be allowed to reach out to the national market and those categorised as Category–I or II should also be allowed to access foreign markets, where demand for Indian education, especially among Indian diaspora, is high." As a National Education Policy is likely to be announced soon, the sector also expected "significant change in education infrastructure, regulations and financial outlay for higher education", Saxena adds.

Ramaswamy feels primary and secondary education should also have got a Budget mention. "What has been disappointing is, at a time when learning outcomes at school levels have become crucial, there is no mention of it in the Budget — and no mention of teacher development. Early childhood, too, sees no mention. Skill development gets just ₹3,000 crore but how will the government make sure the job seekers are relevant? Maybe in the ₹99,300 crore allocation, some get addressed.

Also, some sectoral allocations might have some budget for skill development — which we don't know yet. There is even mention of new-age skills like AI and VR but how will this be made effective is not clear," he adds.