WEDNESDAY, 19 FEBRUARY 2020
18 pages in 1 section
MUMBAI (CITY)
₹9.00
VOLUME XXIV NUMBER 133

www.business-standard.com

Business Standard

THE MARKETS ON TUESDAY

		Chg#
Sensex	40,894.4▼	161.3
Nifty	11,992.5▼	53.3
Nifty Futures*	12,006.1▲	13.6
Dollar	₹71.6	₹71.3**
Euro	₹77.5	₹77.3**
Brent crude ($/bbl)##	56.6##	57.4**
Gold (10 gm)###	₹40,970.0▲	₹269.0

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

COMPANIES P2
THE RISE AND RISE OF IRFAN RAZACK'S PRESTIGE ESTATES

COMPANIES P2
HAVE LINED UP ₹10K CR FOR HERO TO GET FUTURE-READY: MUNJAL

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

RECORD WHEAT OUTPUT EXPECTED, STORAGE A WORRY

India is expected to produce a record 106.21 million tonnes (mt) of wheat in the crop year 2019-20, according to the second Advance Estimates released on Tuesday. Arranging for storage for this harvest, which is set to far exceed demand, could be a challenge for the government unless measures are taken to liquidate a big portion of the stock. The data showed estimated wheat production in the 2019-20 crop year 5.71 mt more than the target for this year. **SANJEEB MUKHERJEE** reports 4▶

COMPANIES P3
Jet Airways gets another expression of interest

Russia-based Far East Development Fund submitted an expression of interest (EoI) for beleaguered Jet Airways, sources close to the development said. This was the third EoI that Jet Airways received in the second round of bidding. Following the development, the committee of creditors (CoC) on Tuesday decided to extend the date for submitting a resolution plan to March 9.

BACK PAGE P16
HSBC to cut 35,000 jobs amid radical overhaul

HSBC announced a radical overhaul on Tuesday, including plans to slash 35,000 jobs and slim operations in the United States and Europe, after profits slid by a third last year. The Asia-focused lender has been trying to lower costs.

COMPANIES P3
GFG Alliance enters India with Adhunik Metaliks

Indian-born British businessman Sanjeev Gupta-led GFG Alliance on Tuesday said that it had completed the strategic acquisition of Adhunik Metaliks (Adhunik) and Zion Steel in a ₹425-crore cash deal, marking its entry into India.

THE SMART INVESTOR P12
Sebi may relook trailing payouts of mutual funds

The Securities and Exchange Board of India (Sebi) could take a relook at the trail commission structure of mutual funds (MFs). This is part of its examining instances of divergence between first-year and subsequent commission payouts in some MF schemes, according to sources.

THE SMART INVESTOR P12
YES Bank to make way for Shree Cement in Nifty

Shree Cement will replace YES Bank in the benchmark Nifty, the NSE has said in a release. The changes will be effective from March 27. Shree Cement will join UltraTech Cement in the bluechip company index.

Pak to remain on FATF's terror financing 'grey list'

A sub-group of the global terror financing watchdog Financial Action Task Force (FATF) on Tuesday recommended continuation of Pakistan in the 'Grey List' for its failure to check terror funding and a final decision will be taken on February 21, sources said on Tuesday. **PTI**

Govt moves to take on coronavirus challenge

Will hold meetings to chalk out action plan; FM plays down price rise concerns

ARUP ROYCHOUDHURY & SOMESH JHA
New Delhi, 18 February

The Union government is likely to announce "immediate measures" to address the operational issues being faced by industry and ease congestion at ports on the east coast as consignments from China pile up amid the coronavirus scare.

"We will come up with immediate measures that are required to address the challenges, be it at ports, related to logistics or freight movements. Freight clearances at ports will be expedited and manpower requirements will be increased, along with 24x7 services," Finance Minister Nirmala Sitharaman told the representatives from various industries at a meeting in New Delhi. The meeting was held to assess the impact of the coronavirus epidemic on Indian industry.

The government is expected to hold a series of meetings starting from Wednesday and will announce the first set of measures in the coming few days.

Sitharaman said coronavirus would not lead to any price rise, but added this was a major concern highlighted by the industry representatives who cited congestion at ports.

Senior officials said the government was exploring various measures to tide over the situation, including giving relief to micro, small and medium enterprises in servicing their loans. Turn to Page 15 ▶

Finance Minister Nirmala Sitharaman after a meeting with industry bodies on challenges and opportunities in supply chain of exports and imports PHOTO: PTI

ADDRESSING CONCERNS

- **Govt to announce measures** on logistics, freight movement soon
- **Banks may invoke force** majeure on MSME loans
- **Companies may invoke** the same with their Chinese partners
- **Pharma, chemicals, solar,** marine products among the sectors most impacted
- **Govt may airlift formulation** for essential pharma products

PAGE 6

Apple to miss sales target of iPhone, iPad

Apple shares fell on Tuesday, after the company said the fallout of the coronavirus would cause it to miss its sales targets this quarter.

JLR's output at risk, 2 weeks of parts left

Jaguar Land Rover has flown Chinese parts in suitcases to Britain to maintain production amid fears that it could run out of components after two weeks due to its supply chains in China.

CII seeks duty cut on China imports

The Confederation of Indian Industry urged the government to roll back the hike in import duties on Chinese goods, fearing prices of such items may shoot up as supply dwindled.

DoT set to take a call as Vodafone Idea sends distress signal

MEGHA MANCHANDA
New Delhi, 18 February

Vodafone Idea Chairman Kumar Mangalam Birla and Chief Executive Officer Ravinder Takkar met Telecom Secretary Anshu Prakash on Tuesday morning to seek relief from coercive action, a day after the Supreme Court had dismissed the company's plea. Takkar made a second visit to the Department of Telecommunications (DoT) in the evening for another round of talks.

These talks were critical for Vodafone Idea to stay in business after the SC had on Monday denied any protection from its bank guarantee being invoked by the DoT if it failed to pay up the dues linked to adjusted gross revenue (AGR).

While the government remained silent through the day on the next step it would take on the matter, the Vodafone crisis seemed to have caught the attention across departments including the Prime Minister's Office (PMO). Telecom Minister Ravi Shankar Prasad had a meeting with Prime Minister Narendra Modi, possibly to discuss a way out for the telecom sector facing a total AGR payout of ₹1.47 trillion and more specifically to prevent Vodafone Idea from collapsing. Sources said a Cabinet meeting scheduled for Wednesday would discuss the telecom issue. Also, there were indications that the government could explore the Ordinance route to help save the telecom sector stuck in a 16-year-old legal dispute related to AGR, but it could not be independently verified.

Officials in the DoT, waiting for legal advice, refused to comment on whether the telco's bank guarantee would be encashed or if there was a move to prevent Vodafone Idea from shutting shop. Prasad, who was in meetings with three secretaries — telecom, information technology and law — too did not comment. Vodafone Idea as well as UK-headquartered Vodafone plc did not respond to any queries, either.

The financially stressed firm, which has maintained that it would be difficult to continue as a going concern without any relief on its AGR dues, estimated at over ₹50,000 crore, had recently approached the top political leadership as well, requesting to step in.

The company on Monday paid ₹2,500 crore as a portion of its AGR dues and said another ₹1,000 crore would be paid by Friday. It told the exchanges that funds were being arranged to pay the remaining amount. Vodafone Idea's counsel Mukul Rohatgi had told the media on Monday that any move to encash the company's bank guarantee would result in its closure. Turn to Page 15 ▶

Vodafone Idea Chairman K M Birla (*left*) and CEO Ravinder Takkar met DoT Secretary Anshu Prakash on Tuesday, seeking relief

PFC-REC merger stuck, govt looks to PSUs to pick up stake

SHREYA JAI
New Delhi, 18 February

The merger of India's two leading non-banking financial companies (NBFCs) in the power sector is yet to conclude even after a year of Power Finance Corporation (PFC) taking over the central government's stake in Rural Electrification Corporation (REC). At the same time, several global lenders to PFC and REC have raised an alarm over the delay and the structure of the company after the merger.

PFC in March last year acquired the Central government's 52.63 per cent paid-up share capital, along with managerial control, in REC.

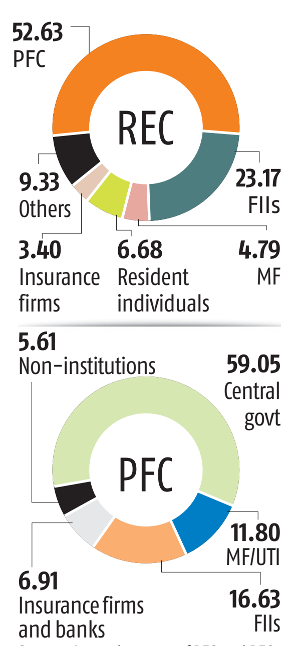
PFC Chairman and Managing Director Rajiv Sharma had then said the company was "hopeful about the merger of the two firms (PFC and REC) during 2019-20. We have to get directions from the government in this regard".

One major obstacle is that the direct stake of the Centre will fall below 51 per cent after the merger. The Centre is, therefore, reaching out to other public sector companies such as Life Insurance Corporation (LIC) and state-owned power companies like NTPC to pick up a stake in the merged company, said a senior government official. Turn to Page 15 ▶

SHAREHOLDING PATTERN

DEAL DYNAMICS

- PFC acquired 52.63% stake of central govt in REC for ₹14,500 crore last year
- Deal helped govt meet its divestment target of FY19
- Merger facing challenges, including Centre's stake falling below 51%



Source: Annual reports of PFC and REC

GOVT WILL MEET FISCAL DEFICIT TARGET: RBI GUV

Throwing his weight behind Finance Minister Nirmala Sitharaman's Budget numbers, Reserve Bank of India Governor Shaktikanta Das said there was no reason to doubt the government would be able to cut the fiscal deficit to 3.5 per cent of gross domestic product in the fiscal year from April 1.

CUT EXPENSES, IMPROVE EFFICIENCY: IRDAI CHIEF

General insurance companies should focus on cutting expenses, improving efficiency and designing better products to overcome their underwriting losses, rather than increasing prices, said Insurance Regulatory and Development Authority of India Chairman Subhash Chandra Khuntia on Tuesday. Most general insurance companies have been reporting underwriting losses for some years. 4▶

Flipkart growth impressive, says Walmart

PEERZADA ABRAR
Bengaluru, 18 February

Walmart, the world's largest retailer, said on Tuesday its international net sales for fiscal 2020, increased 2.8 per cent in constant currency with strength in India, Mexico, and China.

For fiscal 2020, revenue was $524.0 billion, an increase of $9.6 billion, or 1.9 per cent. Excluding currency, revenue was $528.1 billion, an increase of $13.7 billion, or 2.7 per cent.

"In Q4 (fourth quarter), we saw strong performance in the US with e-commerce and Sam's Club plus strength in Mexico, India and China," said Doug McMillon, president and chief executive officer, Walmart, in a statement.

In the fourth quarter, Walmart International, the segment that consists of the retail giant's operations outside the US, e-commerce, led by Flipkart and online grocery sales in several markets, contributed 12 per cent of segment sales. In Q4, revenue was $141.7 billion, an increase of $2.9 billion, or 2.1 per cent.

"With respect to India, we remain excited about the opportunity we have there. The way Flipkart and PhonePe (digital payments firm) are scaling up is impressive," said McMillon during the 2020 Investment Community Meeting on Wednesday. Turn to Page 15 ▶

LACKLUSTRE PERFORMANCE

30%
Walmart's projection for online sales growth in fiscal 2021, down from last year's growth of 37%

12%
Contribution of e-commerce in total segment sales in Dec quarter, led by Flipkart

35%
Rise in sales during the holiday quarter, its slowest in nearly two years

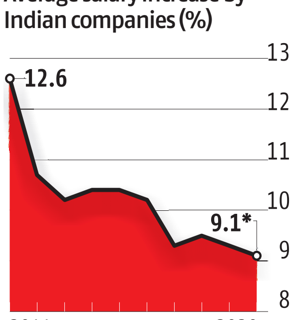
Concerns over Brexit negatively affected performance

Salary increase in 2020 may be lowest in a decade at 9.1%

However, 39% of companies still plan to offer increases of 10% or more: Aon survey

TRENDING LOWER

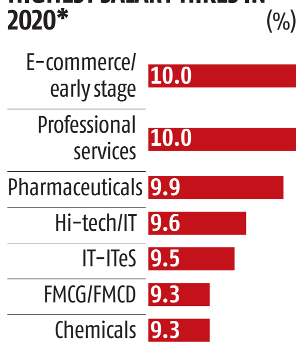
Average salary increase by Indian companies (%)



*Projected

INDUSTRIES OFFERING HIGHEST SALARY HIKES IN 2020*

(%)



Source: Aon Salary Increase Survey

SANJAY KUMAR SINGH
New Delhi, 18 February

The economic slowdown is beginning to reflect in the salary hikes of India Inc. The average salary increase in 2020 is projected to be 9.1 per cent, the lowest in a decade, according to the 24th edition of Aon Plc's annual salary increase survey. In 2018 and 2019, companies increased average salary by 9.5 per cent and 9.3 per cent, respectively. After the financial crisis of 2008, the average hike had slumped to 6.6 per cent.

The projected increase for 2020 is lower than the average salary hike that graduates of top Business schools have managed at around 12 per cent.

The good news, however, is that despite gross domestic product (GDP) growth estimates getting revised downward, the average salary increase for 2020 will be only 20 basis points lower than that of the previous year.

Moreover, double-digit salary increments have not vanished entirely. While the average for the country has come down, 39 per cent of the companies are still willing to give double-digit salary increases in 2020.

This year's number is in keeping with the long-term trend. "The trend over the years has been downward. Up to 2011, the average salary increment was in high double digits. Between 2012 and 2016, it was at 10 per cent plus, and in recent years, it has come down to the 9 per cent plus mark," said Tzeitel Fernandes, partner and head of rewards solutions, India, Aon. She added they witnessed a mood of caution among firms this year.

The survey by Aon, a global professional services firm, covered more than 1,000 companies, across more than 20 industries. The firms were split equally between manufacturing and service sectors.

The mood within India Inc, though a little jaded than last year, is not completely downbeat. One question posed in the survey was whether respondents saw their businesses improving, stabilising, or declining.

In 2020, 92 per cent of the firms still said they saw their businesses improving or stabilising (the figure was 97 per cent for 2019). "Despite the economy softening and certain amount of caution coming in, an overwhelming majority of firms still say they are likely to do as well, if not better, in 2020 compared to 2019," said Fernandes.

Another trend that is evident is that the range in salary increases across sectors has narrowed. In 2020, e-commerce, early-stage, and professional-services organisations plan to offer an average 10 per cent increase, while the logistics/transportation sector intends to offer the lowest increase of 7.6 per cent.

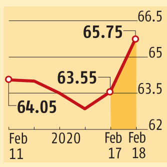
"Prior to 2011, booming sectors like IT-ITeS, telecom, retail, and financial services pulled the India average up. Now we are seeing convergence in increases across sectors. This usually happens in a more mature business ecosystem. Most sectors are now operating within the same average range," said Navneet Rattan, director-performance and rewards, Aon.

With budgets coming down, pay at risk (or average variable pay as a percentage of the total fixed pay) is on the rise. It was 15.2 per cent in 2018 and rose to 16.1 per cent in 2019. It was the highest for senior management (23.4 per cent) and lowest for junior management (11.4 per cent). Among sectors, financial services topped the chart at 18.7 per cent.

"Services sector companies tend to have more mature performance management systems, and hence tend to be more aggressive on variable pay," said Rattan.

STOCKS IN THE NEWS

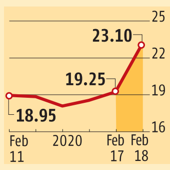
JSW Energy



To acquire GMR's Kamalanga Power Project in Odisha for ₹5,321 cr

₹65.75 CLOSE ▲3.46% UP*

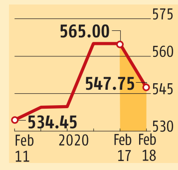
Hathway Cable & Datacom



RIL announced consolidation of media and distribution biz

₹23.10 CLOSE ▲20.00% UP*

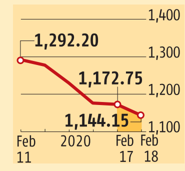
Bharti Airtel



Top loser among S&P BSE Sensex stocks

₹547.75 CLOSE ▼3.05% DOWN*

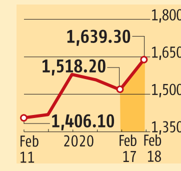
IndusInd Bank



Down 14% in a week after Moody's revised outlook

₹1,144.15 CLOSE ▼2.44% DOWN*

IRCTC



Third private train will begin its commercial run from February 20

₹ 1,639.30 CLOSE ▲ 7.98% UP*

*OVER PREVIOUS CLOSE

The rise and rise of Prestige Estates: How it bucked trend

Stable markets in the south insulated the realty player from losses

PAVAN LALL
Bengaluru, 18 February

At the end of last year, Irfan Razack, chairman and managing director, Prestige Estates Projects, a real estate firm in Bengaluru, made it to the list of new-minted billionaires. The company's share prices soared over 2019 and the Razack family's 70 per cent stake in it ballooned to a value of ₹8,800 crore.

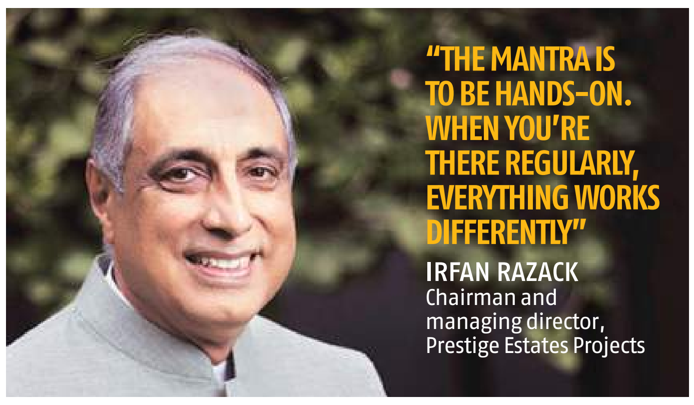
In other words, in a market where most real estate players are struggling, where pending IPOs have been scuttled and high-value customers have hit the brakes on spending because of economic uncertainty, Prestige Estates has been flying high.

How did it pull off this feat?

One reason is that Prestige has not exposed itself to the more competitive markets like New Delhi and Mumbai. The other reason it has managed to buck the trend, says Razack, is that the company avoids rolling funds as a matter of principle. "We don't use cash flow from one set of customers for a project to fund another one. We are definitely more measured in how we expand," he says.

Razack also says that while the billionaire status has a nice, "feel-good" factor and is certainly a milestone, in his view, it is Prestige's "relationship with vendors, employees, and other stakeholders that is worth the real billions."

Anuj Puri, chairman of real estate advisory firm Anarock Property Consultancy, says: "Prestige has projects in good locations, invariably in close proximity to main roads; it has the high recall value of a well-entrenched local brand, and in terms of diversification, a good portfolio of rent-yielding assets, including office and malls, which helps to fund residential projects."



Most of Prestige's projects in Bengaluru launched in the last three years were located along the upcoming metro lines.

These include: Prestige Falcon City, Prestige Park Square and Prestige Elysian.

Ramesh Nair, country head at property consultancy Jones Lang LaSalle India, says: "Prestige buildings are usually built to the highest standards and hence they are sought after by corporates like Deloitte, Apple, 3M, Boston Consulting, and Accenture. Most of their commercial projects demand a premium over average market rents and have less than 5 per cent vacancy."

Clearly, Prestige Estates has benefited from the fact that the southern markets have been more stable than, say, Mumbai.

Gulam Zia, executive director at property consultancy firm Knight Frank India, says: "Prestige was busy strengthening its base in southern markets while others were spreading themselves thin with over-ambitious plans to grow across the country. Bengaluru continued to dodge the gloom over the realty sector and Hyderabad continued on a growth trajectory giving a boost to Prestige's business."

STELLAR SHOW

Figures ₹ cr	Net sales FY19	Net sales FY20*	Net profit FY19	Net profit FY20*	M-cap FY19	M-cap Dec19	Return in % YTD chg	Return in % 1 year
Prestige Estates	5,172	6,143	416	388	9,433	12,669	8.1	85.3
Godrej Properties	2,817	1,278	253	166	18,675	24,909	15.4	58
Phoenix Mills	1,982	1,542	421	288	10,159	12,748	4.1	48.5
DLF	8,366	4,389	1,319	1,275	39,463	57,167	-2	39.4
Sunteck Realty	857	503	228	95	6,741	6,080	-5.4	15.3

Compiled by *BS* Research Bureau — Source: Capitaline

How does Prestige avoid delays and projects going amiss?

Razack puts it down to being involved. "Every Tuesday and Thursday the first half of the day is spent visiting sites under construction in Bengaluru. And then once a month, I spend an entire day at locations outside the city," he says. "The mantra is to be hands-on. When you're there regularly, everything works differently."

Over the last two years, Prestige has developed a total of 24 million square feet of real estate annually. The company has another 50 million square feet under construction and execution this year. These projects include a mix of hotels, commercial real estate, malls and residential units.

Though Prestige has stayed away from Mumbai, which is the most valuable and competitive market of all, Razack says that over the next three years the company will invest ₹1,000 crore in a handful of projects in the city, including developments on Pali Hill, in Bandra Kurla Complex, Mahalakshmi, Mulund and Byculla.

The entry into Mumbai could test Prestige's resilience. "Entry into new markets, specially the high-risk market of Mumbai, is a challenge for anyone," admits Zia.

"However, their timing couldn't have been better, considering that the real estate sector is currently passing through its worst phase, enabling them to capitalise on the upswing that it is bound to witness in the near future."

Razack, too, is confident. "Whatever we commit, we deliver on. That is the key to long term success in realty even if it means incurring losses sometimes," he says. "Word of mouth is just as strong in this business as it is in the food and restaurant business — perhaps stronger. So trust only comes with performance and delivery."

IN BRIEF

Airbus probe stepped up in wake of global bribery case

Officials have intensified a probe into whether a $2.2 billion Airbus jetliner sale to a state-owned airline involved bribes, according to a person directly involved in the investigation. The Enforcement Directorate is inspecting a payment of ₹1.42 billion ($20 million) linked to the 2006 purchase of 43 jets by the airlines, as well as a commitment to provide the aircraft-overhaul facilities that were never built, according to the person, who asked not to be named as the matter isn' public. **PTI**

Abbott India MD Ambati Venu calls it quits

Abbott India Managing Director Ambati Venu has resigned after a five-year stint at the drugmaker, according to Reuters. Abbott had appointed Venu as its managing director in September 2016. He joined Abbott from GlaxoSmithKline Consumer Healthcare, where he began his career over 24 years ago. **BS REPORTER**

Singapore Airlines cuts flights to Kochi, Mumbai

Singapore Airlines has cut flights to Kochi and Mumbai as part of its global route rationalisation exercise. Four flights to Mumbai and eighteen flights to Kochi have been cancelled in March due to a dip in demand following coronavirus outbreak. Singapore Airlines group operates over 140 flights per week. **BS REPORTER**

64% population will use internet by 2023: Cisco

India will witness more than two fold increase in the number of internet users with an estimated 907 million users by 2023, a Cisco report said. The number of internet users at the end of in 2018 stood at 398 million. This will lift the per cent of the population in the country using internet to 64 per cent as compared to 29 per cent in 2018. **BS REPORTER**

Ind-Ra puts Nuvoco rating on watch after Emami takeover

India Ratings and Research has put Nuvoco Vistas Corporation's long-term rating 'Ind AA' under rating watch evolving (RWE), days after the company acquired a 100-per cent stake in Emami Cement. The enterprise value of the acquisition is ₹5,500 crore, which includes an equity value of ₹2,300 crore and debt of ₹3,200 crore on Emami Cement's balance sheet. **PTI**

GoAir flight catches fire during takeoff; all passengers safe

The engine of a Bengaluru-Ahmedabad GoAir flight caught a "small" fire at the time of takeoff, the airline said on Tuesday. The fire, however, was doused and all passengers and crew were safe and the plane was towed off the runway after which the passengers were deplaned, GoAir said in a statement. **PTI**

Correction

IDBI Bank's total exposure to Vodafone Idea is ₹1,594 crore, and not as mentioned in the table with the report, Lenders prepare for the worst, published on February 15. The error is regretted.

'Have lined up ₹10K cr for Hero to get future-ready'

PAWAN MUNJAL, chairman at Hero MotoCorp, has been fielding constant questions on the firm's future since it parted ways with Honda Motor in December 2010. He managed to respond to most queries. It's the largest two-wheeler manufacturer in the world. As the future of electric mobility knocks on the door of the auto industry, Munjal, 65, tells **ARINDAM MAJUMDER** about his future-ready plans — be it e-vehicles (EVs), ride-sharing or future tech. It has also lined up plans to inject ₹10,000 crore in next-gen mobility solutions. Edited excerpts:

Is India ready for e-mobility?

It has already started. It will take some years for it to reach a sizeable level. The industry was being pushed to switch to EVs by 2025. What about the ecosystem? It's not the industry alone. It's more difficult for the components industry. There has to be skilling. There are 20 things that need to move collectively.

With your experience, how much time will you give it to mature?

We don't have any experience in electric. I am not willing to place any timeline on that.

Your rivals Bajaj and TVS had the first step forward with e-products in the higher end of the market. What's your plan?

I am going to take you back a few years and ask which company first revealed the intent to make an EV product. In 2012, there was no push by the government. But we started working on a hybrid scooter. Also, we have invested a lot of money into Ather Energy. Thirty-five per cent is not a small stake. We are working on EVs through research and development (R&D) and incubation.

We are not in a tearing hurry. We will come out with a product which will be accepted by the market and get us the volumes. What volumes will we have with a ₹1-lakh product? As a company, we will not restrict it to a segment. We will have an elaborate portfolio. Since it's a niche segment, we are focusing on a product for the mass market.

"In 2012, there was no push by the government. But we started working on a hybrid scooter. Also, we have invested a lot into Ather Energy — 35% is not a small stake. We are working on EVs through R&D and incubation"

Will Ather Energy be Hero's platform in e-mobility?

We are already present there via the investment. It may not have the Hero branding, but it has Hero's backing and Hero's money. We are working on mass-market products. Today, Ather is not a mass-market product. It's more on the premium side. So, our journeys are different.

Hero is working on a modular mobility concept. Do you plan to scale up the model and get into commercial production for your electric foray?

We have not yet looked at the commercial production concept for modular mobility. It's still early days. One of our innovation teams has come up with the idea. We think it's a good concept with a bright future. We have to do a lot of work on the project.

Will you personally incubate start-ups in the mobility space which will reap dividends?

I have been investing in start-ups. It includes companies in the mobility space as well. But that has nothing to do with the company.

As a company, you have announced an investment of ₹10,000 crore in R&D. Will it include solutions in the alternative mobility space too?

Our engineers are working on various projects. The projects include alternative mobility, including electric.

Will ride-sharing take off in the two-wheeler segment?

Yes, it will. It's very tough to predict the timing right now. But there is no going back — whether electric or ride-sharing. This is why we are putting our might behind it.

Will you look at different products to cater to the ride-sharing segment?

That's something we need to evaluate. There might not be a need to have a separate line of products, but variants of those catering to the ride-sharing business.

Will you look at strategic partnerships for your future mobility journey?

We are open to all kinds of partnerships, whether it's EV or technology or ride-sharing. Whenever there is a good match available, we will certainly evaluate.

PE/VC INVESTMENTS HIT RECORD HIGH OF $48 BN

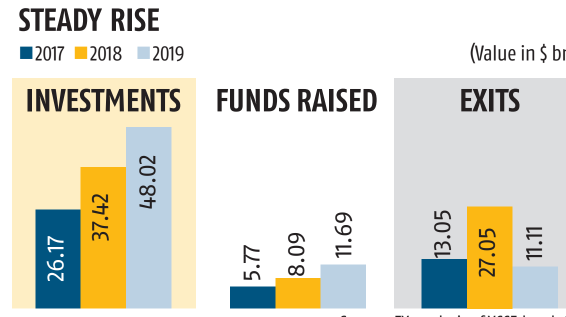
India is at a level similar to where China was in 2018

India received $48 billion in private equity/venture capital (PE/VC) investments in 2019 — 28% more than the previous high of 2018. With PE/VC investments at 1.7% of GDP, India is at a level similar to where China was in 2018, says IVCA-EY's latest report, the "PE/VC Agenda: India Trend Book".

The contribution of PE/VC capital to the overall Indian economy has increased significantly from levels of around 0.7% of GDP in 2016. Around 56% of all PE/VC investments made over the past decade were received in the last three years, aggregating $111.7 billion.

Notwithstanding the slowdown in the economy, PE/VC capital continues to flow into India eclipsing the highs seen in 2017 and 2018. **COMPILED BY T E NARASIMHAN**

STEADY RISE



Source: EY analysis of VCCEdge data

UPWARD TREND

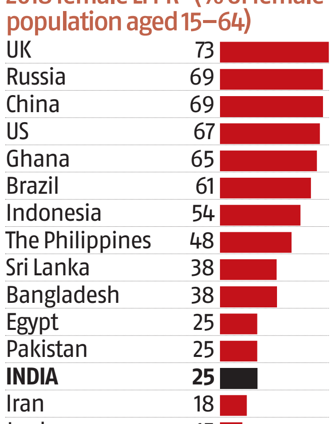
Year	PE/VC other ($ bn)	FDI investments ($ bn)	GDP ($ bn)	Total FDI ($ bn)
FY09	7.0	35.0	1,400.0	42.0
FY10	5.0	32.0	1,700.0	38.0
FY11	8.0	27.0	1,800.0	35.0
FY12	9.0	37.0	1,800.0	47.0
FY13	7.0	28.0	1,900.0	34.0
FY14	9.0	27.0	2,000.0	36.0
FY15	14.0	31.0	2,100.0	45.0
FY16	21.0	35.0	2,300.0	55.0
FY17	16.0	44.0	2,700.0	60.0
FY18	30.0	32.0	2,700.0	62.0
FY19	41.0	24.0	2,800.0	64.0
FY20*	48.0	12.0	2,900.0	60.0

*FY20 number are estimates — Source: RBI, DIPP and VCCEdge

Women in business can generate 170 mn jobs in India by 2030: Report

This is more than 25% of the new jobs required for the entire working-age population

WOMEN'S LABOUR FORCE PARTICIPATION IN INDIA AMONG LOWEST IN WORLD



*LFPR: Labour force participation rate
Sources: World Bank data; Ministry of Statistics and Programme Implementation; ILO

NEHA ALAWADHI
New Delhi, 18 February

Women in entrepreneurship can generate 150–170 million jobs in India, which is more than 25 per cent of the new jobs required for the entire working-age population by 2030, according to a joint report by Bain & Company and Google.

The report titled "Women Entrepreneurship in India — Powering the economy with her" also found that of the 432 million women in working age, about 343 million are not paid formal workers. An estimated 324 million of these women are not in the labour force, and another 19 million are in the labour force but are not employed.

The report suggests that in addition to job creation by private and government sectors, entrepreneurship is an untapped opportunity for working-age women in India.

Over the past decade, women-owned enterprises have increased to 20 per cent from 14 per cent, according to government sources. Also, women-owned enterprises in India are largely single-person enterprises. This translates to lower returns and employment — only 17 per cent of all women-owned businesses employ hired workers compared to 28 per cent for overall businesses.

The report also found that entrepreneurship among women is over-represented in numbers. Surveys across parts of India suggest that 10-30 per cent 'women-owned' enterprises are often not run by women.

Surveys across parts of India suggest that 10-30% 'women-owned' enterprises are often not run by women

Accounting for enterprises disguised as women-owned enterprises, Bain's analysis suggests that the total share of enterprises that are truly owned and run by women is likely to be lower than 20 per cent. The report suggests that an all-states effort focused on enabling women entrepreneurs to start up and scale could increase direct employment by around 50 million to 60 million people and increase indirect and induced employment of 100 million to 110 million people by 2030.

According to the report, women entrepreneurs are distinguished in six categories — scalers (1 per cent) who are rural or urban women with non-farm businesses and generate more than ₹50 lakh in revenue or employ more than 10 people.

The urban small business owner constitutes about 6 per cent, and includes women-owned businesses that generate less than ₹50 lakh in revenue, and typically employees less than 10 people. Small, rural non-farm local businesses contribute around 8 per cent.

Another category, called urban solopreneur constitute about 31 per cent and are urban, self-employed women who usually work from home, occasionally with part-time help.

Rural soloprenuers are non-farm, home-based business owners who generate supplemental household income by selling individually or through collectives and constitute 38 per cent of the women entrepreneur market. The rural agripreneurs are about 16 per cent of women entrepreneurs who run farm-based business owners, focused on growing and selling agriculture products for profit, and may employ people formally.

Radisson focuses on small-town businesses as expansion slows

Company opened two hotels last year and has eight more lined up in the next 2 years

PAVAN LALL
Mumbai, 18 February

TENTATIVE OPENINGS IN 2020

Tier 1
- Park Plaza in NCR (already open), Park Plaza Gurugram, Radisson Blu Mumbai International Airport, Radisson Goa Baga, Radisson Mumbai International Airport, Park Plaza Hyderabad, Hotel Park Inn by Radisson Kolkata Airport

Tier 2, 3
- Radisson Kufri, Radisson Dharamshala, Park Inn by Radisson Gwalior, Country Inn & Suites by Radisson Sonamarg, Country Inn & Suites by Radisson Nathdwara, Radisson Rewa, Radisson Bhopal, Radisson Red Chandigarh

Radisson Hotel Group, a Belgium-based hotel chain, hasn't expanded its presence as it had earlier planned. However, it has witnessed growth, led by its hotels in tier-2 and tier-3 markets, which, going ahead, will account for as much as half its number of hotels, officials say.

Zubin Saxena, managing director and vice-president (operations), South Asia, said the company currently ran 94 operating hotels in around 60 locations in India. Of those, increasing growth was coming from tier 2 and tier 3 properties, where both occupancies and average daily rates have increased in recent times.

Specifically, Radisson has seen average daily rates (ADRs) jump from ₹3,500 in the last three years to around ₹4,500 now, with occupancies up by 10 per cent to around 65 per cent, on average, he said. The company opened two hotels last year (Radisson Gurugram and Radisson Agra) and has eight more lined up in the next two years.

The company is targeting tier 2 and 3 cities, state capitals, pilgrimages, and industrial and tourist destinations for expansion. Also the company has announced it has signed around 17 new hotels for development.

The group had earlier stated it would be growing its properties to between 150 and 200 hotels by 2022 but it's likely that the target is going to be missed because of a number of factors, including a general economic slowdown worldwide as well as increased competition in India, said one analyst who declined to be named.

According to Saxena, currently their unification has embarked and all 94 hotels are under the same project management and procurement systems, which allows for better economies of scale. "Earlier we ran as a collection of independent hotels and that's now changed, with the company being able to get better rates for products like mineral water when it is being bought for 11,000 rooms as against 110 rooms," he says.

In Delhi, for example, Radisson has 24 hotels, but all of them used to operate in isolation.

Under the new arrangement, the hotels come under a cluster, and will have synergies within the portfolio that impact talent, procurement, revenue and operations strategy, said Saxena.

The unification is not limited to materials and food and beverages. Radisson also has a sales team of around 500 people, who cross-sell properties, broken down by clusters, which include Bengaluru (six hotels), New Delhi (eight hotels), and the Northeast (around six hotels). The global hospitality major, which is owned by Jin Jiang International Holdings Company, has been rebranded Radisson Hotel Group. It was called the Carlson Rezidor Hotel Group earlier. The company has seven brands in India of the eight in its portfolio globally.

The company's mid- and up-scale brands include Country Inn and Suites by Radisson, Park Inn by Radisson, Radisson, and recently launched Radisson Collection. Other brands operated by the group are Radisson Blu, Radisson RED and Park Plaza.

Burmans' holding in Eveready rises to above 5%

AVISHEK RAKSHIT & ISHITA AYAN DUTT
Mumbai, 18 February

At a time when the Williamson Magor Group-owned Eveready Industries is reeling from financial crisis at the group level, the Burman family of Dabur has increased its stake in the firm to 5.01 per cent.

Since the past four months, Guardian Advisors has been gradually increasing its shareholding. This portfolio management firm, owned by Arjun Lamba and others, manages investment for the Burmans, besides others. Sources said Guardian Advisors had invested in Eveready on behalf of the Burman family.

In a regulatory filing this month, Guardian Advisors said its investment in Eveready was on behalf of its clients and the equity stakes are owned by the investors, while Guardian Advisors has the power of attorney to manage the investment.

"We believe it (Eveready) is a strong brand and a market leader in its domain, and hence, we have built a stake in the company," Mohit Burman, vice-chairman at Dabur India, said.

An investor in his own capacity, Burman has been the driving force behind the family's foray into several high-growth and sunrise sectors. He played a pivotal role in expanding the group's financial services business into asset management, life insurance and pension by setting up Aviva Life Insurance India in partnership with the UK's largest insurance firm Aviva. Asked about the investments at a time of stress in WMG and Eveready, Burman said, "The group is going through a tough time and this has even reflected on its stock price. But the company, brand and its core business remain intact."

Jet gets another EoI

CoC extends deadline for submission of resolution plan

ANEESH PHADNIS & SUBRATA PANDA
Mumbai, 18 February

Russia-based Far East Development Fund has submitted an expression of interest (EoI) for the beleaguered Jet Airways, sources close to the development said. This is the third EoI that the airline has received in the second round of bidding.

Following the development, the committee of creditors on Tuesday decided to extend the date for submitting a resolution plan to March 9. The Russian fund submitted their interest to the resolution professional on February 14 and also hired a consultancy firm to help them with the bidding process.

The idea behind the bid is to explore developing Moscow and St. Petersburg as hubs for India-Europe and India-US traffic. The fund is also keen to introduce Russian civil aircraft like Sukhoi SuperJet 100 in the Indian market, said a source. The Russian fund proposes to set up a consortium of Russian financial and aviation companies for revival of the airline.

The other two entities which have expressed interest in reviving Jet are New Delhi-based Prudent ARC and South America's Synergy Group. However, Synergy has turned cold as it has issues related airport slots in India and abroad. "The Russian fund's interest is a promising development. There are challenges in resolution but we are hopeful that those can be addressed," said Rajesh Prasad, chief strategy officer, Jet Airways.

Enso Group of India is helping the Russian fund in the bid process and is expected to tying up with it. The group is headed by Vinay Maloo, who is the group chairman and chief executive officer. Vaibhav Maloo is the managing director of the group and is on the board of most of Enso group companies.

Enso Group is involved in various business segments, including advising and consulting, capital and finance, energy, infrastructure, natural resources, renewable energy, technology and health care.

GFG Alliance sets foot in India with Adhunik Metaliks, Zion

ISHITA AYAN DUTT
Kolkata, 18 February

GFG Alliance, led by India-born British businessman Sanjeev Gupta, on Tuesday said it had completed strategic acquisition of Adhunik Metaliks and Zion Steel in a ₹425-crore cash deal, marking its entry into India.

Commenting on the acquisition, Gupta, executive chairman of GFG Alliance, said, "Today marks an important milestone in our global steel strategy with the purchase of Adhunik Metaliks and our entry into India — one of the fastest-growing and vibrant steel markets in the world. We see huge potential in this business through the introduction of our green steel model to create a competitive, sustainable operation to serve the local market."

Claims of Adhunik's financial creditors was ₹5,000 crore. GFG Alliance plans to introduce its green steel model to revive the plants — combining steel recycling with low carbon and renewable power sources — to create a more sustainable, competitive operation serving local markets.

Gupta said, "It has been a challenging journey to get us to this stage. We now look forward to starting work in partnership with all stakeholders to revive these plants and bring back employment. On a personal note, it is great to be investing in the country where my family began in the steel industry a generation ago."

The Adhunik case has seen many twists and turns. The National Company Law Tribunal (NCLT) had ordered liquidation after Liberty failed to implement the resolution plan. The National Company Law Appellate Tribunal (NCLAT), however, stayed the liquidation order on an appeal from Liberty.

"It has been a challenging journey to get us to this stage. We now look forward to starting work in partnership with all stakeholders to revive these plants and bring back employment"

SANJEEV GUPTA
Executive chairman, GFG Alliance

Liberty was given time until February 14 to make the payment. The company completed the transaction on February 13 and on Monday the appellate tribunal said formal steps to complete the acquisition could be taken. Over the past two years, Liberty group had attempted to acquire assets put up for auction under the Insolvency and Bankruptcy Code (IBC) — Bhushan Power and Steel, Amtek Auto and ABG Shipyard were the other assets apart from Adhunik.

Amtek Auto was bagged by Liberty. However, in Amtek, the resolution plan was not implemented and the insolvency process was reopened.

Amtek lenders have recently voted in favour of a resolution plan submitted by US-based hedge fund Deccan Value Investors LP. Liberty, though, is still fighting a case on grounds of an inflated valuation.

Ashok Leyland plans to save ₹500 cr via K54 II

Ashok Leyland has implemented a cost-cutting event, called K54 II, that it hopes will help it save ₹500 crore during FY20 and another ₹650 crore next fiscal year. "...what we are saying is, why don't we resize the organisation to the level it was, say, possibly three years ago," said Gopal Mahadevan, whole-time director and CFO at the firm, during a recent call with investors.

T E NARASIMHAN

Barbeque Nation files for ₹1K-cr IPO

ARNAB DUTTA
New Delhi, 18 February

Indian casual dining chain Barbeque Nation Hospitality has filed for an initial public offering (IPO). The Bengaluru-based firm, which operates 138 outlets across 78 cities in India, is estimated to raise ₹1,000 crore to ₹1,250 crore through the IPO.

Promoted by Chennai's Sayaji Housekeeping Services (SHKSL) and private equity firm CX Partners, Barbeque Nation will offer up to 9.82 million equity shares, including fresh share issues worth ₹275 crore, the firm declared in its draft red herring prospectus.

"Nitish ji has always said that he cannot leave the ideals of Gandhi, JP, and Lohia... At the same time, how can he be with the people who support the ideology of Godse? Both cannot go together"

PRASHANT KISHOR
Poll strategist-turned-politician

"If NRC is implemented, it will affect not only Hindus or Muslims but also Adivasis. NPR is a census, and I don't think anyone will be affected as it happens every 10 years"

UDDHAV THACKERAY
Maharashtra chief minister

"In view of rising finance needs and fiscal limitation of states, rewriting the FRBM Act and Budget Management Act should be considered..."

MONTEK SINGH AHLUWALIA
Ex-deputy chairperson of erstwhile Planning Commission

IN BRIEF

UP provides ₹2,000 crore for new airport at Jewar

The Uttar Pradesh government on Tuesday set aside ₹500 crore for an airport in Ayodhya and ₹200 crore for the beautification of Varanasi's Kashi Vishwanath temple in a Budget that is also big on road and Metro rail projects. The Budget presented in the state Assembly by Finance Minister Suresh Kumar Khanna provides ₹2,000 crore for the new airport project at Jewar near Delhi. The Kanpur Metro Rail Project gets ₹358 crore and ₹286 crore has been allocated for the Metro rail in Agra. It has earmarked ₹200 crore more for Metro rail projects in Gorakhpur and other cities. BS REPORTER

CG Power case: Sebi gets time till Mar 10 to pass order

The Securities Appellate Tribunal on Tuesday granted Sebi time till March 10 to pass the final order in the matter related to CG Power and Industrial Solutions where former chairman Gautam Thapar and other entities were barred from the securities market. PTI

Bandyopadhyay appointed PFRDA chairperson

Supratim Bandyopadhyay was on Tuesday appointed chairman of the Pension Fund Regulatory and Development Authority (PFRDA), the regulator for promotion and development of an organised pension system to serve the old-age income needs of people on a sustainable basis. The name was cleared by the Appointments Committee of Cabinet. He was working as member (finance) in the PFRDA. PTI

IIMC students begin hunger strike for affordable fee

The students of the Indian Institute of Mass Communication began a hunger strike on Tuesday demanding an affordable fee structure. A statement said the students ensured that a circular pertaining to fee was not issued in December 2019. PTI

Now, more *tatkal* tickets as Rlys roots out illegal software

More *tatkal* tickets will be available to passengers now as the Railways has weeded out several illegal software and arrested 60 agents who would use them to block such tickets. Railway Protection Force Director General Arun Kumar said the exercise means *tatkal* tickets, which would earlier vanish within minutes, will now be available for hours. PTI

Simultaneous CoC voting on 2 or more plans proposed

Continuing with efforts to make insolvency process more smooth, the IBBI has proposed allowing the committee of creditors to vote simultaneously on two or more resolution plans for a company. The IBC aims at time-bound and market-linked resolution of stressed entities. PTI

Sebi fines nine firms over fraudulent trading in Turbotech

Sebi on Tuesday levied a total fine of ₹59 lakh on nine firms for indulging in fraudulent trading in the scrip of Turbotech Engineering. Pursuant to a probe conducted by Sebi between October 2012 and January 2015, it was found that the firms had traded with connected entities and contributed towards positive last traded price. PTI

MFIs disbursed ₹64K cr in Q3

A quarterly review of the microfinance sector by Sa-Dhan, an association of microfinance institutions (MFIs), showed the total disbursement for Q3 (October to December) of the current financial year in the sector was ₹63,968 crore. Banks continued to lead, with 40% of the industry's market share, followed by NBFC-MFIs with 32%, small finance banks with 18%, NBFCs with 9%, while not-for-profit MFIs' share was 1%. NEHA ALAWADHI

Average ticket size (%)

	Q3FY19	Q2FY20	Q3FY20
Banks	36,007	39,058	40,740
NBFCs	35,052	35,584	36,874
Small finance banks	30,863	33,655	34,545
NBFC-MFI	26,000	27,611	28,719
Not-for-profit MFIs	26,649	25,696	30,407

Gross loan portfolio

Q3FY20 market share in %; figures in brackets indicate gross loan in Q3 and YoY growth

Banks	40	(₹83,724 cr 28%)
NBFC	9	(₹19,415 cr 12%)
Small finance banks	18	(₹36,639 cr 36%)
NBFC-MFI	32	(₹67,104 cr 41%)
Not-for-profit MFIs	1	(₹1,802 cr 51%)
Industry		(₹208,684 cr 31%)

Record wheat output expected, storage a worry

SANJEEB MUKHERJEE
New Delhi, 18 February

India is expected to produce record 106.21 million tonnes (mt) of wheat in the crop year 2019-20, according to the second Advance Estimates released on Tuesday.

Managing wheat stocks in warehouses and arranging storage for this bumper harvest, which is set to far exceed demand, could be one of the many challenges the government might encounter in 2020-21 unless quick measures are taken to liquidate a big portion of the stock in the coming months, said experts.

The data released on Tuesday showed estimated wheat production in the 2019-20 crop year, which started in July 2019, is 2.61 mt more than the 2018-19 harvest and 5.71 mt more than the target for this year.

Assuming that almost 30-35 per cent of this huge production has to be purchased by state-run Food Corporation of India (FCI) and state agencies from April 2020, as has been the norm, almost 28-37 mt will be added on to the existing inventories. In the 2019-20 marketing year (April to March), FCI and state agencies together purchased around 34.12 mt of wheat from farmers. This could further stretch the already precarious financial position of FCI, which, according to the 2020-21 (FY21) Budget document, is projected to borrow 24 per cent more in FY21 at ₹1.36 trillion from the National Small Savings Fund.

CRUCIAL GRAIN (million tonnes)

Wheat production in 2019-20 (according to 2nd AE)	106.21
Wheat stock as of Feb 7, 2020 (124% more than required)	30.36
Storage position as of Dec 2019 (of this 62.64 mt is covered, rest is CAP)	75.84
Annual allocation for PDS, other schemes in 2020 (of this, 25.38 mt is wheat and 34.90 mt is rice)	60.39

Source: Government agencies

The data showed that total foodgrain stock (wheat+rice) in the central pool as of February 7, 2020, was estimated to be around 57.81 mt, of which wheat stock was estimated to be 30.36 mt, a whopping 124 per cent more than the requirement. Rice stock was estimated to be 27.41 mt, a staggering 260 per cent more than the required stock position on January 1 each year.

As of January 1, FCI, along with state agencies, had around 75.81 mt of storage space available with them, of which 62.64 mt is covered storage space, while another 13.20 mt is covered area plinth (CAP).

In 2019-20 (FY20), the Centre is projected to allocate 60.39 mt for targeted public distribution system (PDS) and other welfare schemes, far less than the quantity procured.

Meanwhile, the second Advance Estimates show that among other major rabi crops, production of gram is estimated to be 11.22 mt, up 12.80 per cent from last year. Output of mustard, the biggest oilseed crop grown during the rabi season, is projected to fall marginally to 9.11 mt, down 1.54 per cent from last year.

Total rabi foodgrain that also includes pulses and coarse grains, according to the second Advance Estimates, was projected at 149.60 mt, up 4.10 per cent than last year.

Together with kharif foodgrain production, India is expected to harvest 291.95 mt of foodgrain in FY20, which is 2.36 per cent more than 2018-19.

The government has also marginally lowered its kharif production estimates for FY20 for pulses in the second Advance Estimates, from the first Advance Estimates released in September last year.

According to the latest data, the production of pulses in the FY20 kharif season is estimated at 7.92 mt, down from 8.23 mt in the first Advance Estimates as *urad* production is now estimated at 1.72 mt, down from 2.43 mt in the earlier data.

Cut expenses, improve efficiency: Irdai chief

Asks general insurers to design better products to avert losses

SUBRATA PANDA
Mumbai, 18 February

General insurance companies should focus on cutting expenses, improving efficiency and designing better products to overcome their underwriting losses, rather than increasing prices, said insurance regulator Chairman Subhash Chandra Khuntia on Tuesday.

Most general insurance companies have been reporting underwriting losses for some years now and bank on other sources of income to run their business. Investment income forms a huge chunk of this.

"This is a short-sighted measure and we have to graduate ourselves to ensure there are no underwriting losses. This doesn't necessarily mean insurers increase the prices because improvement in efficiency can also lead to reduction in underwriting losses," said the chairman of the Insurance Regulatory and Development Authority of India (Irdai). "Similarly, expenses of the company can be controlled."

But, he said, the regulator will not intervene in how insurers price their product. However if it feels the pricing is not right, then at the time of granting approval to the product, the regulator will point it out to the insurer.

"It's an open market and we don't want to regulate prices in a deregulated economy," Khuntia said at the 21st Global Conference of Actuaries hosted by the Institute of Actuaries of India.

The chairman also urged insurers to conduct an annual review of their products and 'weed out' the ones that are not being accepted by customers.

"Generally in insurance companies, the top three-four products make for 80 per cent of the business. So, is there a need for a large number of complex products that confuse customers and drag the insurers' performance also?"

"GENERALLY IN INSURANCE FIRMS, THE TOP THREE-FOUR PRODUCTS MAKE FOR 80 PER CENT OF THE BUSINESS. SO, IS THERE A NEED FOR A LARGE NUMBER OF COMPLEX PRODUCTS THAT CONFUSE CUSTOMERS AND DRAG THE INSURERS' PERFORMANCE ALSO?"

SUBHASH KHUNTIA
Irdai chairman

According to Bhargav Dasgupta, managing director and chief executive officer of ICICI Lombard General Insurance, the first thing that suffers if an insurer doesn't make enough underwriting profits is the claim service delivery to customers. This creates a negative perception of the industry and damages the reputation.

Secondly, if companies don't make enough money they tend not to invest in people, distribution, and technology to the extent they could have. Thirdly, he said, companies don't innovate in terms of creating new products.

The general insurance industry has registered a 14 per cent growth rate this fiscal year, while the life insurance sector is growing at 10 per cent. But, the Irdai chairman said, both life and general insurance sectors have the potential to grow at a faster rate.

Also, he advised the life insurers to focus more on improving their persistency ratio. "The 13th month persistency (ratio) should be around 95 per cent, but the industry average is 65 per cent and there are some companies whose figures are lower than that," he said.

Moreover, Khuntia said, it is a good idea for every insurance company to go public and Irdai will nudge entities for this. The regulator is, however, not making it mandatory because smaller companies are yet to achieve the scale needed for going public. But ideally a company should achieve sufficient scale to list within ten years of its existence, he said.

On the IPO of Life Insurance Corporation, Khuntia said the proposal has not yet come to the insurance regulator for approval.

Revised Bill on tax provides relief to loss-making firms

INDIVJAL DHASMANA
New Delhi, 18 February

Faced with resentment from industry, the government has tried to allay firms' concerns about paying taxes even when they incur losses under the Vivad se Vishwas scheme, in the revised Bill that was approved by the Cabinet recently.

The earlier version of the Bill, tabled in Parliament, triggered fears that firms will have to pay taxes in cases their losses were reduced by income tax officers.

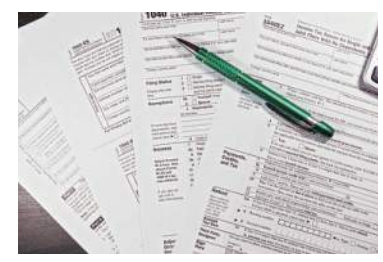
The revised Bill gives companies two options in such cases. They can pay tax on reduced losses and adjust the entire losses to incomes in future years. Alternatively, they can pay a penalty of 25 per cent and adjust only the reduced losses to their future incomes.

For example, a company reports losses of ₹100 crore, but I-T officers do not agree with the firm's computation and reduce this to ₹50 crore. The I-T officer then imposes a penalty that ranges from 50-200 per cent for hiding income. The company, in turn, appeals against the I-T department's decision. The matter gets stuck there.

The original Bill had proposed that the company could settle the case under the scheme by paying taxes, which firms had questioned asking how they could pay taxes on losses.

In relation to the firm mentioned above, this would mean that the firm can either pay tax on the reduced ₹50 crore that it did not disclose and adjust the entire losses of ₹100 crore to the income that it would generate in the future. Companies can carry forward such losses for eight years. Alternatively, the company can pay 25 per cent penalty and carry forward only ₹50 crore of losses.

Amit Maheshwari, partner at Ashok Maheshwary & Associates LLP, said, "there was confusion in the minds of taxpayers on the benefit of the scheme when there was litigation on account of reduction in losses by the tax officer. The proposed legislation has provided much-needed clarity."



LOGJAM

The number of cases stuck as of March 31, 2019

Commissioner of Income Tax (Appeals)	341,000
Income Tax Appellate Tribunal	92,205
High courts	43,224
Supreme Court	6,188

Note: Amount of disputed tax stuck in these cases stands at ₹9 trillion; source: MoS finance Anurag Thakur's written reply in the Rajya Sabha

He said firms with no visibility of set-off losses will probably opt to accept reduced losses and pay only the penalty. The amended version of the Direct Tax Vivad se Vishwas Bill is likely to be tabled next month, when Parliament reconvenes after the recess.

The revised Bill makes the scheme attractive by expanding its scope to cover litigation pending in arbitration forums and debt recovery tribunals. The scheme will also include cases related to small-value search disputes. The modified Bill also seeks to reduce the disputed amount by half for those assessees who got favourable orders that the I-T department challenged.

BPCL's next major capex after new investor steps in

AMRITHA PILLAY
Mumbai, 18 February

As the central government looks to exit Bharat Petroleum Corporation (BPCL), a new investor will step in time for the company's next significant capital expenditure (capex). Executives though add the timing is incidental and not planned.

For the current financial year, BPCL's planned capex is expected to cross ₹7,900 crore. In the next financial year, the oil-marketing company looks to spend another ₹12,000 crore. A significantly higher expenditure is expected in 2021-22 (FY22), by when BPCL will have a new investor in place. At the core of this FY22 capex plans is BPCL's planned expenditure at Rasayani in Maharashtra — a location currently facing land acquisition hurdles.

"A major part of the capex had to happen in Rasayani. We earlier took over a major part of the land at Rasayani and are still in the process of getting encumbrance-free possession there. Unless that happens, we are not willing to invest further there. We are strategically slowing down to not succumb to local resistance and politicians," said a person with direct knowledge of the company's plans.

According to BPCL's latest investment presentation, the company is planning marketing and other infrastructure facilities at this location. The company is looking at shifting some of its facilities from Mumbai to the new location. BPCL is in the process of buying land from Hindustan Organic Chemicals to set up the planned facilities.

"The planned investments are in the range of ₹12,000 crore and ₹13,000 crore, which will add up to the capex for FY22, taking it to a higher ₹18,000 crore," the person added. He, however, clarified it is too early to comment on FY22's exact capex, as a new investor would have stepped in by then.

"We are not abandoning the project, but going somewhat slow. Incidentally, it may mean the major capex starts getting incurred by the time a new investor is in place," the executive added. He clarified there was currently no embargo from the government on capex.

On November 20, the Centre decided to go for the sale of its entire 53.29-per cent stake and transfer of management control to a strategic buyer. People in the know add the sale is likely to attract attention from a host of foreign bidders, mostly oil producers aiming to secure a market for their produce in India.

The go-slow approach may also leave BPCL's next offshore fundraising exercise to its new investor. "The company has not gone for global fundraising (bonds and external commercial borrowings) in 2019-20 and there are no plans for 2020-21 either," said the person quoted earlier, adding FY22's higher capex may need global fundraising.

According to BPCL's latest investor presentation, the company's other upcoming project includes capacity expansion at Numaligarh Refinery, from 3 million tonnes per annum (mtpa) to 9 mtpa, investments in gas distribution infrastructure, biorefineries, expansion of marketing infrastructure, and retail outlets.

ROAD AHEAD

₹8,000 cr expenditure in FY20 | **₹12,000 cr** likely in FY21

- FY22 capex plans to include investments at Rasayani
- New investor likely to firm up FY22 capex plans
- May need to explore global fundraising for FY22 plans

BPCL's CAPEX (₹ crore)

FY18	8,998
FY19	10,982
FY20 (E)	7,900
FY21 (E)	12,000

FINANCIALS (FY19)

Net profit (₹ crore)	8,527.85
Revenue from operations (₹ trn)	3.4

E: Estimates

MUMBAI | WEDNESDAY, 19 FEBRUARY 2020 Business Standard

SUPPLY CHAIN, INTERRUPTED!

DEATH TOLL SOARS TO OVER 18,000; 93 DIE IN HUBEI ALONE

APPLE'S SALES WARNING WEIGHS ON GLOBAL INDICES

CORONAVIRUS OUTBREAK

MOODY'S LOWERS APAC 2020 GROWTH FORECAST TO 5.2%

INDIAN PHARMA INDUSTRY HAS ONLY 2-3 MONTHS' STOCK

Apple catches flu: To miss revenue target

REUTERS
18 February

Shares of Apple fell over 2 per cent on Tuesday and dragged the stocks of its suppliers across the globe lower, after the iPhone maker warned of lower sales in the current quarter acknowledging the coronavirus outbreak was pressuring its supply chain.

The drop in Apple's stock is set to wipe nearly $30 billion off its market capitalisation, just as it was inching closer to $1.5 trillion in value. The stock was trading down at $315.90.

However, several Wall Street brokerages dubbed Apple's update forecast as a "near-term headwind", saying the company is performing strongly outside China and the launch of 5G phones later this year would further boost sales.

"We believe any material weakness in Apple shares as a result of the March 20 quarter revenue shortfall will prove to be a buying opportunity," analysts at Piper Sandler wrote in a client note. "The iPhone supply constraints in the current quarter could result in pent-up demand for future quarters."

In late January, Apple had forecast $63 billion to $67 billion in revenue for the quarter ending in March. It did not provide a new revenue estimate or a profit forecast on Monday.

Venture capital firm Loup Ventures expects March quarter revenue to be in the range of between $58 billion and $60 billion, with a 12 per cent contribution from Greater China.

Manufacturing plants in China that produce Apple's iPhone and other electronics have begun to reopen, but they are ramping up more slowly than expected, Apple said on Monday. That will mean fewer iPhones available for sale.

STOCK $315.90 –$9.05 (2.79%)
till 10.23 pm IST on Nasdaq

"... we do not expect to meet the revenue guidance we provided for the March quarter. Apple is fundamentally strong, and this disruption to our business is only temporary"
TIM COOK
CEO, Apple

One of the primary iPhone manufacturing facilities in China is operating at a 25 per cent factory utilization rate as many workers remain absent, Cowen analysts estimated. "We believe utilisation rates will improve linearly over the next several weeks to 50 per cent by mid-March and followed by a big improvement in late March to normal levels."

Brokerage Canaccord Genuity expects Apple to sell 38 million iPhone units during the current quarter, eight million less from its earlier estimate.

Samsung to benefit

Samsung Electronics stands to be a major beneficiary of the China production problems announced by rival Apple, reaping the rewards of a decade-long bet on low-cost smartphone manufacturing in Vietnam. Huawei, too, has not announced any production problems.

IN THE RED

ASIA	in%
BSE Sensex	−0.39
Nifty50	−44
Nikkei 225	−1.40
Straits Times	−0.51
Hang Seng	−1.54
EUROPE	
FTSE 100	−0.69
DAX	−0.86
THE US	
till 10.23 pm IST	
Dow Jones	−0.86
Nasdaq	−0.45
S&P 500	−0.64

Brent
$57.17 ▼ 46 cents
−0.80% till 10.55 pm IST

- **Gold surged** over 1% to fetch $1,602.64 /oz as investors shivered over Apple's warning

WORSENING IMPACT

JLR rushes parts out of China in suitcases

REUTERS
Coventry, 18 February

Jaguar Land Rover (JLR) has flown Chinese parts in suitcases to Britain to maintain production and could run out after two weeks as the impact of the coronavirus outbreak hits firms across countries and industries.

Britain's biggest carmaker, which operates three car factories in its home market making nearly 400,000 vehicles a year, joined major global companies, such as Apple in warning of the impact of the virus on supply chains.

Fiat Chrysler said last week it had temporarily halted output at its Serbian plant, the first such suspension by an automaker in Europe in response to the health crisis.

Components made in China are used in millions of vehicles assembled around the world and Hubei province — the centre of the virus outbreak — is a major hub for vehicle parts production and shipments.

"We are safe for this week and we are safe for next week and in the third week we have ... parts missing," Chief Executive Ralf Speth told reporters at the official opening of the National Automotive Innovation Centre in Coventry, central England.

India likely to be among worst-hit, says Moody's

Moody's on Tuesday lowered growth forecast for the Asia-Pacific (Apac) region to 5.2 per cent from 5.8 per cent for 2020, citing the lingering impact of the coronavirus outbreak. The impact will be more pronounced on China and India. The forecast incorporates downward projections for India due to the outbreak, coupled with its already weaker domestic demand. **PTI**

Those air-lifted from Wuhan queue up for their release certificates before leaving a quarantine facility in New Delhi
PHOTO: PTI

Wuhan hospital director dead

- Liu Zhiming, director of Wuchang Hospital in Wuhan, died. He was the latest medical worker to fall victim to the virus
- The death toll climbed to 1,868 on Tuesday as 98 more people died. Total number of confirmed cases jumped to 72,436
- Chinese envoy in India Sun Weidong said his country has allocated RMB 80 bn (₹8,170 cr) to contain the disease

Ease duty on China items: Industry

SUBHAYAN CHAKRABORTY
New Delhi, 18 February

With no sign of the coronavirus outbreak in China easing, industries in India have appealed to the government to take extraordinary measures to cushion the impact of an impending shortage in supplies. With China recording thousands of new infections each day, factories there remain shut, or barely operational.

India's imports from China stood at $70 billion in 2018-19, with the neighbouring country being its biggest source of merchandise. China supplies up to 43 per cent of India's top 20 imports, despite the government actively trying to source from alternative markets and making Chinese imports costlier.

Now, the Confederation of Indian Industry (CII) has asked the finance and external affairs ministries to take urgent steps to battle the crisis. Among other things, it has requested import duties on Chinese goods which were raised earlier be rolled back. The prices of such items are expected to shoot up.

"The longer Chinese factories remain shut, the more we are seeing a global scramble to source crucial goods from alternative sources. In the meantime, it would be doubly expensive for Indian consumers to import those items, given the current high duties in place," a senior CII functionary said.

Industry also wants micro, small and medium enterprises to get a one-time three-month-long emergency waiver from the NPA regulations, so that risk of default on loan obligations reduce at a time when supply chains are crippled. This will also benefit exporters to China which are suffering from revenue losses.

Expanding credit to manufacturing units with quicker loan sanctions is also suggested. According to industry bodies, sourcing from other countries where prices of inputs and final goods are higher will elevate costs for manufacturers in India. Similarly, capital will be needed for setting up domestic manufacturing to compensate for the China gap.

Officials said the domestic industry has demanded that the government force shipping liners — currently refusing to dock in China — to do so through incentives and other means.

For pharmaceuticals, imports of which may be choked by the end of the month, companies have asked the government to take active measures by procuring key starting materials, APIs, and intermediate or basic chemicals, and fast-tracking approval processes with coordination between various ministries.

GOING GETS TOUGH

75-80% decline in earnings per day per vessel in dry bulk trade in shipping trade	**8-10%** contraction of Indian auto manufacturing in 2020, if situation persists	**50%** decline in Indian cotton exports becuase of the current disruption	**20%** of production impacted in dyes and dyestuff industry

Crowded corridors of justice

The Supreme Court delivered 1,293 judgments last year; only 3.3 per cent dealt with the Constitution

OUT OF COURT

M J ANTONY

The Federal Court, predecessor of the Supreme Court of India, sat only when a case came up before it, which was not quite often. When the Supreme Court was established in 1950, the list of cases was so small that it was published like in the Engagements column in some Delhi newspapers. Times have changed. Now the case list runs into hundreds of printed pages, and heard by 34 judges sitting in 16 court rooms. The number of lawyers has increased 50 times. This has led to overcrowded corridors and court rooms, leaving the Chief Justice and the Attorney General wondering last week whether the present court complex built in 1958 could take in the pressure on space. They even discussed building a new hub. The court is also reportedly consulting a firm specialising in crowd circulation in public buildings.

There are several reasons for the court to burst at the seams. It has too many jurisdictions. An analysis of the 1,293 judgments delivered in 2019 gives a clue. Though it is considered to be a constitutional court, it delivered only 43 decisions (3.3 per cent) directly related to the statute. In contrast, 188 judgments related to services. They raised mundane issues like selection, transfer, promotion, parity, pension and retirement benefits. There are administrative tribunals and appellate bodies to deal with them, but the doors of the Supreme Court are ajar to try one last fling. Review petitions and curative petitions are open for the utterly desperate. Appeals from the armed forces tribunals dealing with the same issues also reach the Supreme Court. It decided 35 of them, which point to an unhealthy state of affairs in defence forces.

Though there is a comprehensive Arbitration and Conciliation Act, amended a few times, 53 judgments were delivered on this issue. The Insolvency and Bankruptcy Act has taken much pressure from the apex court but matters relating to company law, banking and infrastructure had to be decided in 31 cases. There were 38 judgments settling questions of labour law. Direct and indirect taxes numbered 36. Disputes over land acquisitions, ceiling laws and land reform laws were settled in 63 cases. The court was burdened with 27 landlord-tenant disputes. After the establishment of green tribunals, the number of environment cases has shrunk to 20.

The maximum cases decided were in criminal matters, 324 of them. Most of the appeals dealt with plain murders, domestic violence, sexual assault, juveniles, SC/STs, corruption, preventive detention and bail. These appeals raising questions of facts and evidence should not ordinarily reach the Supreme Court, but they do because of the poor quality of justice rendered at the subordinate level and the material instincts of the legal profession.

There is a section of commentators who think that public interest litigation (PIL) is clogging the court and individual petitioners have to wait longer because of the indiscriminate filing of such cases. But judgments in PIL were mere 18, disproving the impression. Moreover, PIL verdicts benefit large sections of society as governance is seen to be weak.

The writ courts are bound to get even more choked in future, not merely because of the poor infrastructure provided to them in successive Budgets, but also because of the rise in literacy and legal awareness. The present political atmosphere has reportedly pushed up the sale of the copies of the Constitution in bookshops. Reading the Preamble and Fundamental Rights has become part of protests. There are libraries coming up at "occupy sites" in several cities. Fundamental rights have entered school text books. Commercial films are increasingly taking up legal themes and giving titles like "*Section 375*". When people start reading the Constitution, though it is the longest in any democracy with 395 articles, 12 Schedules and more than 120 amendments, they will have plenty to talk about and argue in the courts.

Some congestion can be avoided if the court allows live streaming of its proceedings. The judges could also regulate the flow of special leave petitions which are admitted easily. Litigation over partition suits, college admissions and limitation should end at the high court level; interminable quest for justice must not hinder the march of substantial law. That will leave some time for the court to tackle about 60 constitutional cases pending before it for decades.

CHINESE WHISPERS

New chessboard

Election strategist Prashant Kishor held his much-anticipated press conference in Patna on Tuesday. He attacked Bihar Chief Minister Nitish Kumar for aligning with the Bharatiya Janata Party (BJP) and also for not doing enough for the state's development. Rashtriya Lok Samata Party leader Upendra Kushwaha, an ally of the Rashtriya Janata Dal (RJD)-Congress alliance, supported Kishor. Kushwaha said Kishor's strategy would bring to Bihar the transformation it needs. The Congress is keen that Kumar severs his alliance with the BJP before the Bihar Assembly polls to shape an alliance similar to the one in 2015. However, the RJD's Tejashwi Yadav is unwilling, and the alliance is sceptical about its chances without the RJD's support. The BJP is desperate to retain Kumar and his Janata Dal (United) within the fold of the NDA, and both Narendra Modi and Amit Shah have said Kumar is their chief ministerial candidate. Opposition leaders are set to queue up to meet RJD chief Lalu Prasad in a Ranchi jail, while Kumar is expected to drive a hard bargain on seat sharing with the BJP.

Aftermath of AAP win

The Aam Aadmi Party's (AAP's) spectacular win in Delhi has not only extended the Bharatiya Janata Party's (BJP's) exile from the Delhi Secretariat, it has sent a warning signal to the bodies the BJP still controls — the three municipal corporations (13 years and counting). The buzz is that in a cabinet meeting Chief Minister Arvind Kejriwal has called on Wednesday, the government will discuss sanitation — an area where the roles of the corporations and the government overlap — as a key plank. This has left BJP corporators ill at ease because they have two fears: One, that AAP may now eye the municipal elections, in which it didn't perform well last time, and two, that the government can claim credit (and benefit politically) for some of the work that the corporations have done. A corporator cited the example of the government's claims on dealing with dengue cases, for which the groundwork had been supposedly done by the corporations. However, given that allegations of inefficiency are often levelled against these bodies, their claims are best taken with a pinch of salt.

Lord of the 'wring'

As we grapple with a vicious cycle of job loss and low income, leading to a drop in demand and consumption, one would have expected goods and services tax (GST) collection to slow because GST is a consumption-based tax. But to everyone's surprise, collection has been growing, with GST crossing the ₹1-trillion mark in December last year. When quizzed about the reason for these divergent trends, a GST official asked a counter question: "What do you do after washing your clothes and before putting them out to dry? You wring them." That was an oblique reference to the stringent anti-evasion measures taken by the government to ensure compliance. On their efficacy, the official said such measures could not guarantee sustained growth in revenues.

The essence of liberal democracy

In the concluding part, the author says diversity is the main source of lingering hope in countries like India

PRANAB BARDHAN

In the book *The Political Economy of Development in India*, I had referred to the 19th-century British example of the industrial bourgeoisie allowing an extension of franchise to the working classes, not necessarily out of love or fear of the latter, but more to checkmate their elite rival in the landed aristocracy. (Roughly similar, episodic, cases have been cited by political scientists in the history of Denmark, Greece, Spain and France in the 19th century, and of Argentina and Portugal in the early part of the 20th). In Federalist Paper no. 10, James Madison looked upon a great number of what he called "factions" (the most important example of factions in his mind was the different type of interest groups) and their diversity as the safeguard against tyranny — he pointed to "the greater security afforded by a greater variety of parties (that is, "factions"), against the event of any one party being able to outnumber and oppress the rest".

One, of course, needs more institutional structure for sustenance of civil rights. If elite fragmentation is such that each fragment is suspicious that some other fragment may get too powerful to endanger its civil rights, each fragment may then have a stake in a social contract that ensures some minimum framework of civil rights for everybody. (This is somewhat akin to the Rawlsian theory of justice under a kind of "veil of ignorance", applied here to procedural rights). Mukand and Rodrik have a somewhat similar case in the special situation when there is no permanent majority or minority in society, and if coalitions keep shifting.

To make such a social contract binding the elite fragments may then be interested in constitutions or other such founding documents that limit overreach on the part of anybody through built-in arrangements like separation of powers and checks and balances. In particular, the institutions like judiciary within the governmental set-up, and the media, universities, and other civil society organisations outside can become watchdogs against abuse of power, particularly in oppressing minorities. In India, Turkey, Hungary, Poland, Russia, Brazil, and elsewhere popularly elected governments are now systematically using their majoritarian muscles to weaken and intimidate these institutions that safeguard minority rights. In the United States these institutions, for all their faults, have been somewhat stronger all along, and are offering a bit stiffer resistance so far against a marauding President and his subservient party legislators, but even there, the judiciary seems to be in the process of being captured by partisan political appointments, and the media torn by sectarian polarisation.

Yet on the lines of Madison's thinking it is the diversity of interest groups, regions and identities and their collective action ability that may be the main source of lingering hope in extremely diverse countries like India. The Hindu nationalists currently enjoy a great deal of advantages in their onward march: a massive cadre-based disciplined, though thoroughly bigoted, organisation (RSS) attempting to forge cultural homogenisation among the Hindus, a charismatic political leader not averse to spreading misleading half-truths, lies and disinformation, access to a disproportionately large amount of corporate donations for election funds, and an infernal ability to use the arms of a pre-existing over-extended state to harass and persecute dissidents and intimidate the rest (through ample use of investigative and tax-raiding agencies, and misuse of colonial-era sedition laws against critics of the government, threats of withdrawal of public advertisements from critical media outlets, allowing impunity for the partisan lynch-mobs or police against minorities, and so on). The atmosphere of fear and intimidation has immobilised many civil society groups. Labour unions as a possible centre of organised opposition have been in a kind of structural decline. Sadly, even the judiciary seems to have been compromised, and often timid or erratic.

Nevertheless in the long run the odds are against such drastic homogenisation and cramming of the manifold diversities of Hindu society into the Procrustean bed of an invented, artificial, poisonous, religious nationalism — against which Gandhi, the father of the nation, fought all his life. Hinduism has never been an organised or standardised religion and in a country of extreme linguistic, cultural and other diversities and powerful centrifugal forces, the project of suppression of the civil rights of the world's largest minority population in any one country (nearly 200 million Muslims, apart from other dissidents) is unlikely to be viable over a long period, at least not without giving up all semblance of democracy. Social movements for group and regional autonomy and political movements for more decentralisation and devolution of power are likely to grow in reaction. Already the military lockdown of Kashmir and particularly the anti-Muslim Citizenship Amendment Act and the proposed National Register of Citizens for the whole country have provoked widespread unrest, often led by women. It has been an invigorating sight in recent times in the streets of different parts of India where diverse crowds of young people have gathered in thousands chanting the preamble to the liberal-pluralistic Constitution of India, while a repressive government has continued to use violence and intimidation against protesters. In the near future civil disobedience movements and regional resistance against arbitrary laws that seem to violate the spirit, if not always the letter, of the Constitution are likely to grow and provide formidable opposition.

Of course, this opposition needs to be organised in all fronts, in the legislatures, in the media and in the streets, and by the state governments that are still controlled by opposition parties. For far too long, even the opposition states have allowed the central government to usurp powers arbitrarily, to assault the basic structure of the Constitution in many ways, reorganise and overhaul some states, violate the spirit of federalism in not involving or consulting the state governments while ramming through crucial legislations on policing, law and order and social welfare services (all of which constitutionally are state subjects), in changing the terms of reference of the constitutional body of Finance Commission that allocates resources between the central and state governments, in introducing questionable forms of election funding, and so on. Even when the central government actions are technically legal, one can follow Gandhi who had taught Indians to organise mass civil disobedience when the laws are not socially legitimate. Such movements even when started by refreshing bursts of spontaneity and the vigour and authenticity of decentralised leaderlessness, for gathering steam and ultimate sustenance over the medium to long run they'll need some coordination and direction, particularly from some degree of association with mass organisations, with minimum common agenda for diverse groups and youthful leaders.

This is an uphill battle for protecting the essence of liberal democracy that liberals all over the world should keep a vigilant eye on. It is vitally important particularly at a time when the Achilles Heel of liberal democracy everywhere looks grievously exposed. (Series concluded)

The article was first published on 3 Quarks Daily. The writer is professor of Graduate School at University of California

One India, one stewardship

OCCASIONAL ASIDE

AMIT TANDON

India's experience with stewardship first began in March 2010, when the Securities and Exchange Board of India (Sebi) asked mutual funds to have a voting policy and to start voting. Having set the ball rolling, the Sebi held back and did not ask its regulated entities to unreservedly embrace stewardship. The Insurance Regulatory and Development Authority (IRDA) did so in March 2017 as did the Pension Fund Regulatory and Development Authority or the PFRDA (May 2018). Sebi finally showed-up at the high table on Christmas eve last December, when it asked mutual funds and all categories of Alternate Investment Funds to adopt a stewardship code.

So what is stewardship? A white paper by Blackrock describes stewardship as engagement with public companies to promote corporate governance practices that are consistent with encouraging long-term value creation for shareholders in the company. Engagement and voting provide shareholders an opportunity to express their views. In short, governance for funds.

But why do we need investor stewardship? After the 2008 financial crisis, a view that gained currency was that institutional investors had neglected their fiduciary duties, being far more focused on their opaque NAVs and impenetrable incentive structures. They were seen as being part of the problem. What was needed was a more sceptical community of investors that was more active and engaged with their investee companies. Such contrafactual speculation, many believed, would have prevented a financial meltdown.

So, in 2010, the UK Financial Reporting Council rolled out seven stewardship principles encouraging investors to have a greater say in governance of companies — through engagement with investee companies and voting in shareholder meetings. Although the 2010 was a comply-or-explain policy, investors were held accountable by getting them to disclose their voting and stewardship activities.

The code has since been imitated across the globe, including in India.

While the stewardship codes were first rolled out in 2017, India's experience with stewardship began earlier with Sebi's March 2010 circular.

These intervening years coincided with the adoption of the new Companies Act, 2013, with its trust on governance and increased institutional ownership (from about 24 per cent to around 35 per cent today). The Companies Act made e-voting mandatory for companies, facilitating voting by funds without getting up from their desks. Institutional investors bulking up on their shareholding implies collectively they can engage with the controlling shareholders, (almost) as equals. By encouraging investors to focus more on long-term goals, the expectation was that they will not exit a stock at the first whiff of a governance muddle: they must engage.

As investors have adopted stewardship, they have moved from ticking the box, to a more nuanced view regarding the governance framework of companies they invest in. While currently the disclosures have focussed on voting, there are enough instances of engagement which have largely gone undisclosed. With the thrust on disclosures, as engagements get reported, expect additional pressure to nudge corporate behaviour. As companies may not even propose some resolutions expecting push back, its benefits may not always be obvious, like the dog that did not bark.

The UK code underscored the need for including investors in the governance chain. Its adoption in India has encouraged investors to vote and be more engaged with companies. Even as stewardship increasingly gets embedded in the investment process, there is ample scope for regulator to reset investor stewardship.

Most urgent is the need to address what Umakanth Varottil of NUS, describes as "fragmented stewardship". The regulators — Sebi, IRDA and PFRDA — have each enunciated principles that their regulated entities need to adopt. This is a far cry from how stewardship was originally expected to be rolled out. The Financial Sector Development Council headed by the finance minister was expected to announce a stewardship code for India. There is an urgent need to fix this and have one code across all categories of investors.

We are already starting to see more pronounced signs of regulatory divergence. IRDA — through its circular dated February 7, 2020 — has asked insurance companies to review and update their policies by including not just engagement on ESG, but for a more muscular code with intervention on poor financial performance, engagement on compensation, and litigations. They have set the cat among the pigeons, by asking insurance firms to explore having a nominee on company boards. Umakanth Varottil highlights the difference in firm ownership structures in UK and India. Singapore, cognisant of this, has rolled out investor stewardship together with stewardship principles for family businesses.

It is also important to note another development in this area namely, the Shareholders Rights Directive (SRD-II), adopted in the EU countries. This is part of a wider push to align interests along the investment chain-companies, boards, managements, asset managers and owners and other stakeholders. He is in favour of rolling these into the Indian code.

One code will give us an opportunity to have a more holistic approach to stewardship and give us the governance structures more in consonance with our markets. It will also be the perfect chance to align SRD-II with stewardship.

We are now seeing flows from India driving share prices, in contrast to FII's determining what the price should be. Our investors are sophisticated enough to analyse companies, spot opportunities, and in separating the wheat from the chaff. They expect investors to collectively engage with companies. The regulators now need to work collectively by giving the market one code.

The author is with Institutional Investment Advisory Services India Ltd

LETTERS

Popular, not populist

This refers to the editorial "Power Populism" (February 13). This has been written in the context of power subsidies being given in Delhi and in West Bengal. I do not agree that giving power subsidy is populism. All subsidies are not economically undesirable. All countries, even the developed ones, give it. In England, orphan children or those who have lost one parent, are given subsidy to sustain themselves. They give social security benefits in different forms. In all countries, subsidies are being given to bridge inequality. Nobel laureate Abhijit Banerjee has argued in favour of putting money in the hands of those having Jan Dhan accounts. Subsidy has been given to the passengers in Konkan Railways and different suburban metro railway networks in the form of exemption. That is not criticised since it is not transparent. Transparent subsidy is better than hidden subsidy. West Bengal is wasting electricity by excessively illumining some of the streets leading to the airport in Kolkata. If this electricity is diverted to small consumers, that will be useful and economical.

Electricity boards in states have not been paid by the transmission companies, the editorial says. But that is irrelevant to the issue. If the state government pays the transmission companies or electricity boards to make a lesser bill for the marginal users such as those consuming 200/400 units, then there is no populism involved in it. It is popular but not populist. There is a clear cut difference between the two. It is a subsidy to the poor population and it will bring down the inequality of income in the country.

Sukumar Mukhopadhyay
Former member, CBEC
New Delhi

Dissent is crucial

Supreme Court judge Justice D Y Chandrachud has recently expressed his "candid" views on "dissent" calling it a vital ingredient of a vibrant democracy. In fact, one needs to take inspiration from Mahatma Gandhi, who had the courage and fortitude to express his dissent in a peaceful manner. Further Justice Chandrachud desires that legislature should pass a law to protect dissidents, activists, and whistleblowers to take a stand and speak up.

Satish Murdeshwar Pune

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All letters must have a postal address and telephone number

HAMBONE

Business Standard

Volume XXIV Number 133

MUMBAI | WEDNESDAY, 19 FEBRUARY 2020

A good score-card

Increase in insolvency cases could pose challenges

The implementation of the Insolvency and Bankruptcy Code (IBC) has been one of the biggest reforms in recent years and has significantly helped in improving the business environment. Under the resolving insolvency parameter of the World Bank's Ease of Doing Business rankings, India improved its position by 56 places in the latest assessment. It also helped push up India's overall rankings by 14 places to 63rd position among 190 countries. According to the World Bank, India's insolvency resolution framework is much better than the economies in South Asia with a higher recovery rate in less time.

However, India still needs to cover a fair distance to take the insolvency framework closer to developed world standards. This is reflected in the latest quarterly report of the Insolvency and Bankruptcy Board of India. The data shows that the number of ongoing cases in the December quarter more than doubled, over the same quarter last year. The number of cases going for liquidation also went up significantly. Since the Code came into effect in December 2016, 3,312 cases have been admitted. While a resolution plan has been approved in about 190 instances, 780 cases ended up in liquidation. Although the number of cases ending up in liquidation looks alarming at first glance, it should be seen in the given background. The available data suggests over 70 per cent of these companies were either with the Board for Industrial and Financial Reconstruction or defunct. Differently put, these were legacy cases where the value had already eroded to a large extent before coming under the insolvency framework.

Therefore, it is likely that once legacy cases are resolved, the proportion of companies ending up in liquidation will come down. Nonetheless, the number of ongoing cases needs policy attention. For instance, more than 30 per cent of the 1,961 cases under process have gone beyond 270 days. Although the process must be ordinarily completed in 330 days, an early resolution will strengthen the system. Thus, it is important to build capacity in the bankruptcy resolution system, so that cases are swiftly resolved. This would require regular assessment and provision of adequate resources to the National Company Law Tribunal.

To be fair, the government has worked promptly in the context of the IBC. For instance, when it emerged that the interests of successful bidders could be affected because of the wrongdoing of the previous management, it quickly amended the law to protect the new owners. Similarly, it strengthened the law by establishing the prominence of secured creditors after an adverse judgment. Improving the capacity of the insolvency resolution system will help the Indian economy in multiple ways. It will aid creditors in minimising the damage. Consequently, it will help reduce the stock of non-performing assets and increase the flow of credit. In large cases, the recovery has been far more than the liquidation value. In the case of Essar Steel India, for instance, the recovery has been over 260 per cent of the liquidation value. Further, a swift resolution will improve the credit culture in the economy. It's no longer possible for promoters to hold on to their companies in the case of continued default. At a broader level, this will make the allocation of credit more efficient and help push up the growth potential.

Credibility deficit

Courts should hold Delhi police accountable

Several sets of CCTV footage released by a group coordinating the Jamia Millia Islamia's protests against citizenship laws have raised fresh doubts about the Delhi police narrative that they had entered the campus on December 15 only to apprehend rioters. Over 100 people were injured in that attack, in which students claimed indiscriminate violence and abuse. Some weeks ago, the police stated that reservations about entering a campus uninvited (as in Jamia) prevented them from responding to calls when masked men attacked students and destroyed property in Jawaharlal Nehru University (JNU). Such reticence did not prevent the police from registering cases against the representatives of JNU's left-backed unions — some of whom were seriously injured in the attacks. As for the attackers and other rabble-rousers, they remain at large.

The first of the videos released by the Jamia Coordination Committee shows police persons storming into a reading-room and indiscriminately beating up unarmed students and smashing furniture. Another showed students running into a room to take shelter directed by a student initially purported to be carrying a stone, which fact-checking site AltNews later showed was a wallet and a mobile phone. The police are then seen breaking down the door to the room, which the students had barricaded with desks, and beating 50-odd male students at random trapped inside (after allowing female students to leave). The same footage shows a policeman entering through the broken door and belabouring the students. As the students flee, one policeman attempts to smash the security camera. Several students were injured in the assault — one required surgery on both fractured legs — and they all attest to being subjected to abuse. Faced with such a starkly contradictory narrative on Jamia, senior officers have issued a bald holding statement that the videos would be viewed to establish the sequence of events. It is unclear why they have not been able to do so for well over a month after the university handed over all CCTV footage.

The fact that the Delhi police come under the purview of the Union Home Ministry, which has openly expressed its determination to implement the Citizenship Amendment Act, makes it difficult to believe that the custodians of law are acting independently. Incredibly, the university had filed a complaint against the police violence but to date no FIR has been registered. Instead the police arrested 17 people and on Monday filed — with uncharacteristic speed — a charge sheet against JNU student and activist Sharjeel Imam, on grounds that he had instigated the violence. The university now plans to go to court to enforce the registration of an FIR. Given the evidence in the public domain and glaring discrepancies in the police account, it is imperative for the judicial system to hold the Delhi police accountable. Doing so is not just a matter limited to two Delhi-centric universities. Police forces everywhere in India are increasingly beholden to the political dispensation rather than acting as independent protectors of civil rights — police behaviour towards anti-CAA protesters in Karnataka and Uttar Pradesh being cases in point. It is urgent that both politicians and the police understand this dividing line, and the courts are best placed to establish this. A country where law and order is a tool of politicians can never be a viable place to do business.

ILLUSTRATION: BINAY SINHA

Taxing digital economy

Analysts are increasing their understanding of it

How best to tax the digital economy is an issue that attracts international policymakers' concern. Last August, ITRAF[1] researchers pointed to constraints associated with both its direct and indirect taxation and, a few days back, have published their findings in a volume, the fourth in an annual series on international taxation[2].

Blockchain and its tax challenges are addressed by Shikha Mehra and Rohit Roy. The corporate income tax uses profit as its base. However, modern business models of richly valued internet companies — WeWork and Uber — are shifting from profit to growth centric models, bypassing traditional tax nets. In response, global efforts to address tax base erosion and profit shifting (BEPS) are being made by the Organisation for Economic Co-operation and Development (OECD), United Nations, European Union and individual countries.

PARTHASARATHI SHOME

According to OECD's interim report, technological advances in the Web 2.0 era brought high profits to companies operating on data aggregation such as Facebook, Uber, and Amazon, with little income to the original data owners — the users. Moreover, such companies have minimal or no economic presence in countries from where they source the data. Countering it, Web 3.0 technology allows users to own their data and monetise it by selling it to these companies for use, with user consent. If operationalised, this would enable tax jurisdictions, where user-generated data is collected, to identify sale of such data at its source. Creation of data market places through technologies such as blockchain would allow tax jurisdictions to tax the sale of such data at its source. Indian tax legislation is introducing provisions to enhance their ability to accommodate such technological change.

Three essential elements for taxation of the digital economy are listed by Alok Prasanna Kumar and Vinti Agarwal. They comprise characterisation of income, identification of a nexus to the digital economy, and designing proper rules to attribute profits once the existence of a permanent establishment (PE) is determined. Tax treaties allocate the right to tax profits if a PE or business connection/nexus is established. The tax is set at 40 per cent for business income and 10 per cent for royalty. Tax authorities prefer business income characterisation while businesses prefer royalty. Obviously disputes arise, for example, over the characterisation of income from subscription fee. Further, though a PE has a geographical connection, a digital enterprise may not require local personnel. Thus arm's length price based on functions performed remains a challenge for PE type calculations.

OECD's final report is expected in 2020. It deliberated upon three alternatives comprising an equalisation levy (EL), a withholding tax, and adherence to the concept of significant economic presence (SEP). SEP was developed by a task force to determine nexus and evidence of a PE, thus moving away from physical presence. SEP includes revenue-based, user-based, and digital factors — the latter reflecting local domain name, local digital platform and local payment options, moving forward the means to tax digital economy.

India's EL suffers from an ambiguous nature and associated uncertainty. After the goods and services tax (GST), EL should not exist independently. EL is not deductible against the income tax, hence a source of double taxation. The Reserve Bank of India's (RBI's) data localisation requirement mandating payment systems operators in India to store data only in India may provide protection to customers. Yet it indirectly converts these businesses to PEs and brings them under Indian taxation. The US and other advanced economies view it as ring-fencing the digital economy. The future course of this tax and its variants elsewhere in the world, therefore, remain uncertain.

Krupa Venkatesh deals with indirect tax, its revenue collection, and constraints in value added tax/GST and customs. The GST is a tax on consumers though businesses collect it as an agent of government. It is not intended to be borne finally by businesses though they actually suffer compliance costs of collection, completing and filing numerous tax returns, waiting for refunds, and being audited and scrutinised. Thus, the burden on businesses is far from light.

Taxation of cross-border trade of goods is relatively straightforward compared to that of services. For goods, GST on imports is collected at customs border, and exports are zero-rated. Thus, imports face the same tax as domestic goods, while exports carry no tax on inputs since they receive input tax credit.

However, taxing services provided across border, mainly electronically supplied services (ESS), is a challenge since it can escape tax more easily. Business models of ESS include "order to fulfilment" services, such as ticketing services, software downloads, radio and TV broadcasting, and telecom. There is a hybrid category — online order with offline fulfilment, including online retail and hotel booking. They possess complex structures that are layered with multiple service providers. An exhaustive list of digital services appears in the IGST Act Section 2(17) though homogeneous taxation of the hybrids remains a challenge.

Other considerations comprise a varying mix of delivery and customers, for example, B2B (both parties GST registered) or B2C (customers unregistered). If a business (B) is also unregistered, it would be taxable as C. In "peer to peer", again, both parties are unregistered, and it includes one-off or pre-owned product sales. Such characterisation of a service as well as determination of the taxing jurisdiction pose challenges. The actual basis of collection reflects whether the supplier is located in the jurisdiction or not.

Collection becomes more complex in the hybrid model especially in defining digital supply. Venkatesh demonstrates through international court cases the complexity of indirect taxation. A case against Uber ruled that the service provided by Uber was an integral part of the principal service of providing transportation, hence could not be included as e-commerce.

The jurisdiction issue in taxing ESS intensifies as businesses locate themselves in low tax jurisdictions. It is difficult to enforce, investigate or audit overseas ESS. The OECD and EU provide guidance on mechanisms for effective collection of GST where the supplier is not located in the taxing jurisdiction—here place of supply should be the location of the service recipient and not of the service provider.

One cautionary note: Whether in the process, policymakers are quashing the social productivity of digital economy, clearly higher than that of government expenditure, seems of little concern despite a recessionary global economic environment. Ironically, US policymakers may provide a brake on this relentless process.

1. International Tax Research and Analysis Foundation (ITRAF). 2. International Taxation in the Digital Era, Oakbridge Publishers, New Delhi, 2020

A defeat or victory for pollsters?

Psephologists around the world have produced several disastrous poll predictions in the recent past. For example, in the 2015 UK election, the average in the final stage of opinion polls resulted in 279 out of 650 seats, which is 42.9 per cent, to the Conservative Party, and 269 seats, or 41.4 per cent, to the Labour Party. The actual outcome of the election was 316 seats, or 48.9 per cent, to the Conservatives and 232 seats, roughly 35.7 per cent, for the Labour.

Again, the 2009 Lok Sabha election is regarded as an example of a monumental blunder of exit polls — the average of the exit polls in this election results in 196 seats (36 per cent), whereas the actual result was 262 (48 per cent) for the United Progressive Alliance (UPA).

ATANU BISWAS

In contrast, there is a perception that pollsters did a smart job for the just-concluded Delhi Assembly election — perhaps because the opinion and the exit polls mostly predicted a victory for the Aam Aadmi Party (AAP). However, the average opinion polls yielded 55 seats (which is less than 80 per cent of the total seats), and the exit polls gave an average of 53 seats (which is 75 per cent) to AAP. We know that AAP bagged 62 seats in the actual poll, which is nearly 90 per cent of the total seats. The allowable "margin of error" in poll prediction is only 3 per cent, as considered by leading psephologists and international organisations such as FiveThirtyEight, Pew Research and YouGov. Let's try to understand the underlying interpretation.

An opinion poll or an exit poll is basically a survey based on a small proportion of the population. And the prediction from the survey is not likely to match exactly the true result that could be obtained by interviewing all members of the population. The margin of sampling error quantifies how close one may expect a survey result to fall relative to the population value. A "margin of error" of ±3 percentage points at a 95 per cent confidence level indicates that if the survey is conducted 100 times, one might expect the result to be within 3 percentage points either side of the true population value 95 of those times, on an average.

Thus, with a ±3 per cent margin of error, for example, a 60 per cent prediction indicates a range of 57 to 63 per cent is actually predicted — be that for voting or seat percentage. Clearly, a ±3 per cent prediction in an election having only 70 seats indicates that the prediction should be as precise as within ±2 seats. However, the pollsters even provided a prediction with a range of ±5 or ±7 seats (which is a range of ±10 per cent) for Delhi election, and they are now celebrating their success! These predictions were very loose by any standard. Since the overall trend was highly skewed favouring AAP in Delhi, such predictions don't appear to be bad-looking.

Yet, imagine if pollsters predict a 32 (±6) seats for any party in an election having 70 seats with only two contesting parties, and both 38 seats (which is victory) and 26 seats (a defeat) in the final outcome are cheered as correct predictions. Statistically, this is what happened in Delhi. And, what's more, if a ±15 per cent margin of error is allowed, the prediction has a wide range covering 30 percentage points, which is absurd. Yet, people are branding it a success! Certainly, the margin of error can be reduced by increasing the sample size. Calculation of the number of seats from the voting percentages is a more complicated process. However, pollsters need to calculate for the seats also, separately for each election, if they aspire to predict the number of seats by different parties in our first-past-the-post system. And, if a 20 or 30 percentage points of error range is projected even for an effectively two-party contest like in Delhi, the predictions will be more off the mark in a multi-party contest, and in states with more economic, religious, and social heterogeneity. Let's consider a simple illustrative example. Suppose, a 55 per cent support favouring a party is estimated with ±10 per cent margin of error using a sample size of 95. Then, a ±5 per cent margin of error could be achieved by increasing the sample size to 380. And, the margin of error could be made to ±3 per cent by a sample size of 1,056. Simple statistical theory can be employed for such sample size calculations, and these are needed a-priori to achieve a ±3 per cent projected margin of error considering the heterogeneity of the concerned population appropriately — be it for a pan-Indian vote, or the states.

This is a problem not limited to Indian pollsters as highlighted in an article published in the *Journal of the American Statistical Association* in 2018, written by Professor Andrew Gelman of Columbia University jointly with Houshmand Shirani Mehr and Sharad Goel — both from Stanford University — and David Rothschild of Microsoft Research. They compared 4,221 late-campaign polls including 608 state-level, presidential, Senate and governor's races of the US between 1998 and 2014, to find the historical margin of error to be plus or minus 6 to 7 percentage points. This means that the error range was 12 to 14 points for most poll predictions in the context of the US — not the typically reported 6 per cent. Pollsters in the US, too, are criticised for their not-so-accurate estimation. The same standard should be applied for their Indian counterparts.

The writer is a professor of statistics at the Indian Statistical Institute, Kolkata

First amendment and 'original sin'

BOOK REVIEW

T C A SRINIVASA RAGHAVAN

The Indian Constitution has been amended more than a hundred times in 73 years. The US Constitution has been amended only 33 times in 227 years. The Australian Constitution has been amended eight times in 119 years. The French have made about 30 amendments in 59 years, mostly about decolonisation.

India is peculiar in this respect. It amends the Constitution at the drop of a hat. The first time it did so was when the ink wasn't dry on it, within a year of it being adopted in 1950. That amendment abridged our freedom of speech.

The author of this book has written about that first amendment of 1951. He has a PhD in history from St John's College, Cambridge. He has published a book before this one. It's called *Imperial Sovereignty and Local Politics: The Bhadauria Rajputs and the Transition from Mughal to British India 1600-1900*, published last year by Cambridge University Press.

And I might add, he is very young. So it jars a bit when the book seeks, quite unabashedly, to portray Jawaharlal Nehru, India's first prime minister, in a poor light. I can't imagine why. There is absolutely no need for that.

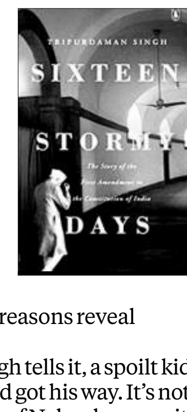
That said, no one can quarrel with the substance of his argument, which is the process by which the freedom of speech, unconditionally guaranteed in Article 19, was qualified by putting some restrictions on it.

The book's form, however, is a different matter altogether because of the needless use of avoidable adjectives. These appear designed to portray Nehru as a sort of spoilt brat.

The publishers also bear some responsibility here. They should have exercised editorial prerogative. The point is this: As the saying went, you mustn't spoil the ship for a ha'penny's-worth of tar.

Nehru, always Nehru: The evidence that Mr Singh has marshalled is, however, impressive and indisputable. The burden of Mr Singh's song is that as early as 1950 an impatient Nehru had begun to chafe at the bit in the Constitution that placed restrictions on the government's freedom of action.

The unhindered freedom of speech, which the Constitution guaranteed, annoyed him hugely. So in the face of stiff opposition from others, which Mr Singh has put together very well, Nehru decided to restrict it and succeeded. He piloted the amendment himself and the stated objects and reasons reveal his fury.



SIXTEEN STORMY DAYS: THE STORY OF THE FIRST AMENDMENT TO THE CONSTITUTION OF INDIA

Author: Tripurdaman Singh

Publisher: HarperCollins

Price: ₹600

The way Mr Singh tells it, a spoilt kid threw tantrums and got his way. It's not a flattering portrait of Nehru because it's incomplete. The fact that he wanted to initiate much needed social and economic reforms gets brushed aside quite peremptorily, as is the fact that for all his several faults, Nehru meant well and what he was proposing made eminent sense.

Amongst other things, this means we must all ask the question: Was he justified in abridging the freedom of speech to get his changes through? The author provides a very informative account of all that happened when the matter was being discussed.

But he doesn't quite deal with the question of what is a reasonable restriction. In mitigation, no one has been able to do that because the interpretation must necessarily be contextual.

For example, Nehru wanted to get on with land reform but when three states passed legislation in that regard, the whole thing got tied up in courts. This was one of the reasons given by Nehru for demanding the amendment. He thought the judiciary needed to be aware of the socioeconomic and constitutional context.

The latter was a reference to Article 31, which gave the right to hold private property and the government's intention to circumscribe it for the "common good".

The concluding chapter is an angry denunciation of the Congress, which, the author says, had despotic tendencies that ran counter to the liberal spirit of the Constitution. That may well be true but in the light of recent events, readers are entitled to ask if that tendency is restricted to the Congress alone.

The fault, dear Brutus, is not our Constitution but in ourselves.

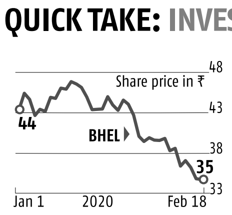
Business Standard

The Smart Investor

MUMBAI | WEDNESDAY, 19 FEBRUARY 2020

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: INVESTORS SHUN BHEL



BHEL has lost a fourth of its value in the past one month. Weak order inflows, execution issues, margin erosion, and negative operating cash flow are key issues plaguing the state-owned power equipment maker. Analysts say the stock could slide even further

"Customer insight is more than walking in the customer's shoes. First, you have to take off your own"

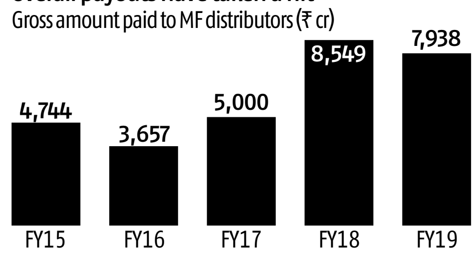
MOTILAL OSWAL,
MD and CEO,
Motilal Oswal Group

Trailing payouts catch Sebi attention

Regulator examining divergence between first-year and subsequent years' commission rates

JASH KRIPLANI
Mumbai, 18 February

SHRINKING PIE
After the scrapping of upfront commission, overall payouts have taken a hit
Gross amount paid to MF distributors (₹ cr)



Note: Commissions and other expenses included Source: Amfi

The Securities and Exchange Board of India (Sebi) could take a re-look at the trail commission structure of mutual funds (MFs).

This is part of its examining instances of divergence between first-year and subsequent commission payouts in some MF schemes, according to people aware of the matter.

Sources suggested the divergence in first and subsequent trail payouts had been 45-50 basis points.

According to industry participants, divergences in such schemes happened after fund houses were debarred from offering upfront commission, and some of them are using the grey area to incentivise distributors through higher trail in the first year. "In the absence of upfront commission, some fund houses have adjusted their first-year trail," said a senior executive of a fund house.

Experts say such a move could dent the purpose of debarring upfront commissions.

"Upfront commission was scrapped with the aim of curbing a portfolio churn. Large distributors in particular nudged their clients to shift schemes to gain from upfront commission," said a fund manager.

Upfront commissions were offered as one-time payment to distributors for selling an MF product. "While the trail model is still better than upfront — which was a clear incentive to churn investor portfolios — there is a need to iron out any further grey areas in commission payouts," said a member of Sebi's 19-member Mutual Fund Advisory Committee.

On the differences in trail commissions, Madhabi Puri Buch, whole-time member of Sebi, said: "This has recently come to our notice as to how trail commission is being structured. We will look into it."

She was speaking on the sidelines of Sebi's board meeting on Monday.

The MF industry has seen a slew of changes in the past couple of years to protect investors' interests and reduce the cost of investing.

The regulator has pulled up fund houses for "unfairly" slapping higher fees upon investors coming through direct plans, where there are no intermediaries and hence there is no need to charge them for commission payouts. To ensure there is no scope for one set of investors bearing the cost for those coming through a different investment mode, the regulator also made it mandatory that fund houses book scheme-related expenses in the same schemes.

In 2018-19, MFs' payouts to distributors through commissions and other distribution-related expenses dropped 7 per cent to ₹7,938 crore, following the scrapping of upfront commission by the regulator.

Private banks that offer distribution services saw a sharp reduction in distribution income because their business models were largely oriented towards upfront commission. Such banks saw 7-20 per cent dip in their commission.

Apart from scrapping upfront commission, Sebi has capped maximum commission payouts to bring down the overall cost of investing.

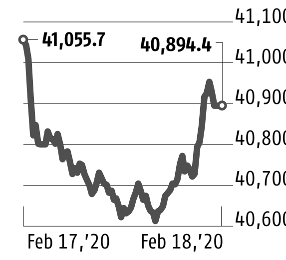
The expense ratios — charges borne by investors — have also been linked to scheme size to pass on benefits of scale to the end investor.

Indices fall for 4th day on global cues

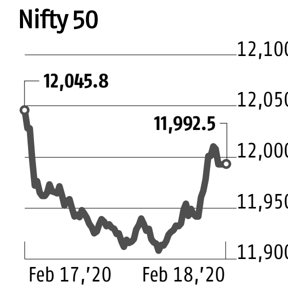
SUNDAR SETHURAMAN
Mumbai, 18 February

FALLING SENTIMENT

Sensex



Nifty 50



The benchmark indices posted their fourth straight session of losses amid weakness in global markets, as investors fretted over the economic impact of coronavirus. Concerns were exacerbated after Apple warned that the outbreak was a threat to global businesses.

Coronavirus has now resulted in the death of 1,800 people, while the total number of confirmed cases has jumped to 72,436. It has crippled economic activity in China.

The Sensex fell as much as 445 points before closing at 40,895 — a decline of 161 points or 0.4 per cent. The Nifty dropped 53 points or 0.4 per cent, to close at 11,993.

Buying was witnessed in the last hour of the trade, with technology companies and select public sector undertakings (PSUs) gaining due to ETF-related buying.

In the past four sessions, the Sensex has declined 672 points, or 1.6 per cent. The index on Tuesday closed at its lowest level in two weeks.

The market trend has been weak because of tepid corporate earnings.

Quarterly profits of more than half of Nifty firms missed estimates in the latest reporting season, *Bloomberg* data showed.

"The global economy will slow down as the virus brings the second-largest economy to a standstill. The economic consequence of the SARS epidemic of 2003, which continued for close to 8 months, impacted the Chinese GDP by 1 per cent. China used to account for about 4.3 per cent of the world economy compared to 16.3 per cent in 2019," said Geojit in a note.

Market players said the markets may remain range-bound with a negative bias due to lack of triggers domestically and rising global uncertainties.

"The indices will track global markets and witness huge volatility tracking the developments around coronavirus and its impact," said Siddhartha Khemka, head (retail research), Motilal Oswal Financial Services.

Among Sensex components, Bharti Airtel dropped the most at 3.05 per cent. IndusInd Bank and Maruti were the other worst-performing stocks, declining 2.4 and 1.9 per cent, respectively. Barring 10, all Sensex stocks fell. Vodafone Idea fell 11 per cent on Tuesday after the ratings downgrade, due to a worsening risk profile.

Nifty: YES Bank to make way for Shree Cement

SAMIE MODAK
Mumbai, 18 February

TAKING STOCK

ENTRIES

NIFTY: Shree Cement

NIFTY NEXT 50: Adani Transmission, IDBI Bank, Info Edge, L&T Infotech, Torrent Pharma

EXITS

NIFTY: YES Bank

NIFTY NEXT 50: Ashok Leyland, Indiabulls Housing, L&T Finance, Shree Cement, Vodafone Idea

Note: Changes to be effective from March 27 Source: NSE Indices

Shree Cement will replace YES Bank in the benchmark Nifty, the NSE has said in a release. The changes will be effective from March 27.

Shree Cement will join UltraTech Cement in the bluechip company index. The Kolkata-based firm has pipped Dabur and Godrej Consumer Products, who were among the front-runners for index inclusion.

Among the three, Shree Cement has the highest free-float market capitalisation, thanks to a ₹3,000-crore fund raise in November. The bourse has also announced five changes to the Nifty Next 50, with Vodafone Idea and Indiabulls Housing Finance moving out, and Torrent Pharmaceuticals and Adani Transmission getting added.

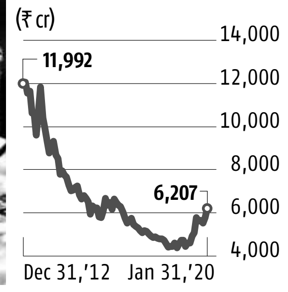
It has also announced major changes to other indices such as the Nifty500, Nifty100 and Nifty MidCap 150 indices.

It has tweaked the inclusion criteria for theme-based indices. Earlier, firms from top 800 in terms of market value were eligible. Under the new criteria, the bourse will select firms from the Nifty500 that comprise the top 500 firms.

AUM for Gold ETFs up 30% in a year

SAMIE MODAK & DILIP JHA
Mumbai, 18 February

REGAINING SHEEN
Gold ETFs are finding favour among investors again
(₹ cr)



Domestic investors are rekindling their interest in gold exchange-traded funds (ETFs), amid a sharp rally in prices of the yellow metal.

In January, gold ETFs offered by mutual funds (MFs) saw net inflows of ₹202 crore, the most since December 2012. In the previous 12 months, the average flows into these investment vehicle was a paltry ₹16 crore, shows data provided by Value Research.

Further, the assets under management (AUM) of gold ETFs has soared to ₹6,207 crore, the most since September 2016. In the past one year, assets have soared by over 30 per cent. This surge has been underpinned by an over 20 per cent plus in gold prices.Experts say many investors are opting for gold ETFs going by past returns.

"Investors always look at past returns for taking their position in gold or any other asset class. Gold has yielded 22 per cent and 33 per cent returns in the last one year and two years, respectively," said Kishore Narne, associate director at Motilal Oswal Financial Services.

Hopes of further gains in the price of the previous metal could sustain inflows into gold ETFs. "With the dwindling global economy awaiting monetary easing, gold prices may rise at least 10 per cent from their current level over a six-month period. In a falling interest rate regime, investors find safe havens better than risky assets," says Narne.

Industry players say some investors are taking money of equity and debt products and reinvesting them into gold.

"The coronavirus outbreak has triggered some rotation into safe-haven assets. As the virus uncertainty remains high, investors' demand for gold remains unabatedly strong, with ETF holdings reaching fresh all-time highs of 83.4 million ounces," said Jitendra Gohil, head (India equity research), Credit Suisse Wealth Management.

Tarun Birani, CEO of TBNG Capital Advisors, said volatility in both the debt and equity markets coupled, with the rise in gold prices, has helped in AUM growth.

Interestingly, the traction in the ETF market has risen despite demand for physical gold remaining soft.

"Physical demand appears weak, considering a 48 per cent year-on-year decline in imports in January 2020," adds Gohil.

Credit Suisse expects investors' appetite for gold to stay intact "given the ongoing uncertainty and accommodative major central banks".

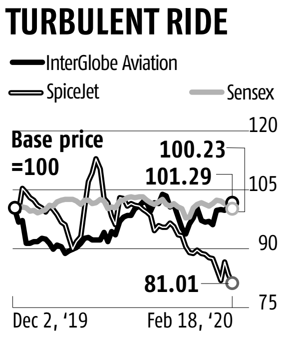
It has 12-month forecasts of $1,600 per ounce. Prices are hovering around $1,587 per ounce.

The current AUM for gold ETFs is half the peak AUM of ₹12,000 crore hit in 2013. Between 2013 and 2018, gold ETFs had lost nearly two-thirds of their asset.

Keep aviation stocks grounded: Analysts

NIKITA VASHISHT
New Delhi, 18 February

TURBULENT RIDE



The contagion effect of the coronavirus (Covid-19) could soon bite the Indian aviation sector, which is already dealing with modest air traffic growth due to the economic slowdown.

While the sector has seen limited impact so far, failure to contain the spread till April could dent sentiment, experts have warned.

Kapil Kaul, chief executive officer of CAPA's South Asia unit, says the demand to East Asia and Southeast Asia could be affected, and outbound travel from April will have to be watched, depending on the severity in the next few weeks.

So far, Indian carriers have either cancelled or temporarily suspended flights to China/Hong Kong. Air India and IndiGo have terminated flights to China, while SpiceJet is running a few routes to Hong Kong.

"There are two scenarios in which the sector could be affected. First, a massive outbreak of the virus in the West could hamper freight movement. Second, the spread of the virus in Indonesia, Thailand, Vietnam, and Singapore — especially till March or April — which are peak tourist seasons could affect the outlook," said Jagannarayan Padmanabhan, director (transport and logistics), CRISIL Infrastructure Advisory.

According to CRISIL estimates, there were 6 million passengers that travelled to East Asia in 2019.

Further, market leader InterGlobe Aviation-run IndiGo has 9 per cent of its entire international capacity allocated towards East Asia, of which China accounts for about 3 per cent.

Air India operates the maximum number of flights to the region.

Given these developments, analysts remain cautious on both SpiceJet and IndiGo, on account of weak fundamentals, and have advised investors to avoid the stock. The coronavirus outbreak, they say, adds to the concerns.

"Each flight cancelled could cause an Indian carrier to miss out on gross revenue of approximately ₹55-72 lakh per flight, according to CARE Rating's estimates, which would eventually impact the profitability of these players that are already reeling under intense pressure. Both IndiGo and SpiceJet will remain highly volatile, until the epidemic stabilises. It is best for investors to avoid both these stocks for now," says Nirali Shah, a senior research analyst, at Samco Securities.

Fundamentally, she says, Airbus has shut down its final assembly line producing A320 planes in Tianjin due to Coronavirus, which will slow down aircraft delivery to IndiGo. SpiceJet, too, recently inducted two A320 aircraft to its fleet.

At the stock exchanges, both SpiceJet and IndiGo have underperformed the benchmark Sensex in the past three months.

While SpiceJet and IndiGo have declined 19 per cent and 0.6 per cent, respectively, the Sensex has added 2 per cent during the period.

Gagan Dixit, an analyst tracking the sector at Elara Capital, further says that while IndiGo has been unable to resolve its A320neo-based engine issues, growth prospects for SpiceJet remain dependent on the return of Boeing 737 Max, which could negatively affect their expansion plans.

THE COMPASS

Consolidation a blockbuster move for RIL shareholders

In addition to synergy gains, strategic partner could add to digital offerings

RAM PRASAD SAHU

GOOD SHOW
Price in ₹

	Feb 18, 2020	1-day % Chng
Hathway Cable & Datacom	23.10	20.00
TV18 Broadcast	28.85	14.71
DEN Networks	59.50	9.98
Network18 Media Investment	30.05	4.89

Source: Exchange Compiled by *BS* Research Bureau

The merger of the media and distribution arms of Reliance Industries under the Network18 umbrella is a positive for shareholders of all four entities.

Analysts believe that despite a common ownership, it was difficult to value the separately listed entities. With consolidation of cable distributors DEN Networks and Hathway Cable and Datacom, broadcaster TV18 under the holding company Network18 Media and Investments, the 'sum of parts' valuation is expected to be higher. The merged entity will rank among the top three Indian media companies.

The head of research at a domestic brokerage believes the move will improve decision-making and avoid overlaps across business functions. This should help generate synergies and improve operating efficiency of the combined entity, he added.

In addition to fine-tuning content deals within the group, the merger could lead to rationalisation of the 27,000 local cable operators with a base of 15 million households and 1 million broadband subscribers.

Edelweiss Research says there would be better cash flow management with funding requirement of the cable business met by the free cash flow of the entertainment segment. The cash will come handy as the group plans to expand and strengthen its reach in the northern and western regions of the domestic cable market.

While a single entity should help, there are multiple challenges ahead. Implementation of the new tariff order from March 1 could lead to lower subscription revenues.

Further, heavy competition in the digital space is expected to result in higher costs. Monetisation could be an issue, given the lack of traction for a majority of new content.

Higher competition from Netflix, Amazon, Disney Star, and HBO Max, and the proliferation of niche and regional content will add to pressure. In this context, bringing in a strategic partner could help both on the content front as well as improve its market share across mediums. Given the swap ratio and discount at which they were trading, shareholders of TV18 and Hathway, which ended 15-20 per cent up, gained the most.

Asset quality remains Achilles' heel for IndusInd Bank

Stock price needle hasn't moved despite lender's clarification on telecom exposure

HAMSINI KARTHIK

ON THE BOURSE
BSE price in ₹

	Feb 18, 2020	YTD Chng (%)
IndusInd Bank	1,144.15	-24.26
HDFC Bank	1,213.55	-4.58
Axis Bank	733.40	-2.73
Kotak Mahindra Bank	1,691.05	0.39
ICICI Bank	541.30	0.47

Source: Exchange Compiled by BS Research Bureau

IndusInd Bank's stock hit a three-year low on Tuesday, when it tanked over 2 per cent to end the day at ₹1,140.

Even if over 70 per cent of analysts polled by *Bloomberg* are positive (with an average target price of ₹1,676), the Street's actions don't echo this stance. IndusInd has seen the biggest fall of over 24 per cent in calendar year 2020 so far among top private banks.

Marred by concerns, especially uncertainties over its telecom exposure, the compulsion to remain positive seems to be drying up fast. This probably explains why it didn't move the needle much, despite the bank clarifying its telecom exposure.

Also, while the telecom sector's exposure is restricted to 1.2 per cent of its total book, and fund-based exposure to Vodafone India is ₹995 crore (non-fund based ₹2,409 crore), the worry is whether IndusInd can afford another round of asset quality pressure.

With the Infrastructure Leasing & Financial Services (IL&FS) fiasco and housing finance companies-related bad loan pressure hitting the bank, its gross non-performing assets (GNPA) ratio touched a multi-quarter high of 2.2 per cent in the December quarter (Q3).

According to estimates of Suresh Ganapathy of Macquarie Capital, the total exposure to the three main stress sectors — real estate (including lease rentals), telecom, and possibly gems and jewellery — stands at close to 13 per cent of the loan book.

"In addition, there are worries cropping up over microfinance (10 per cent of the loan book) and commercial vehicles (16 per cent) book," adds Ganapathy.

Even if one were to regard the stress in commercial vehicle loans as cyclical, how other sectors play out will be closely monitored.

The larger worry is also a likely deferral in its asset quality improvement.

The management, in its Q3 results meet, hinted at normalisation of asset quality in 2020-21 (FY21). However, Morgan Stanley estimates GNPA as a ratio of total loans to touch 3.7 per cent in 2021-22 (FY22), from Q3's 2.2 per cent.

The brokerage had earlier estimated FY22 GNPA ratio at 2.4 per cent.

"We had built in elevated provisions, but see increased risk in some sectors. This drives an increase in our provisioning estimates from 145-155 basis points (bps) earlier for FY22 to 165-250 bps now, and cuts in earnings estimates of 29 per cent for FY21 and 11 per cent for FY22," the brokerage adds.

The Street is also apprehensive about the bank's silence in revealing the successor to Romesh Sobti, who is expected to step down as its managing director and chief executive officer on March 23.

With uncertainties looming large, investors need more comfort than just valuations at 2x its FY21 estimated book.

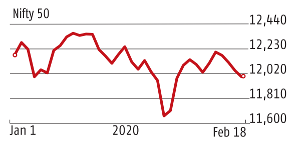
TODAY'S PICKS

BY DEVANGSHU DATTA

Nifty

Current: **11,992 (fut: 12,019)**

Target: **NA**

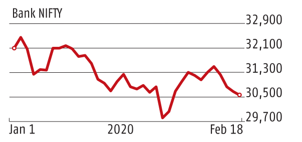


Stop long positions at 11,920. Stop short positions at 12,120. Big moves could go till 12,250, 11,750. Trend seems negative. A long Feb 27 11,900p (47), short 11,800p (26) could gain 10-15 if the index drops below 11,900.

Bank Nifty

Current: **30,562 (fut: 30,625)**

Target: **NA**

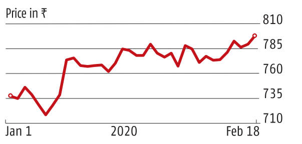


Stop long positions at 30,500. Stop short positions at 30,750. Big moves could go till 31,000, 30,275. Trend seems negative.

Infosys

Current: **₹798**

Target: **₹810**

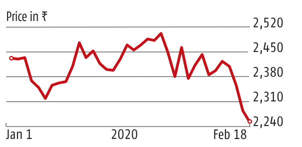


Keep a stop at ₹793 and go long. Add to the position between ₹806-809. Book profits at ₹810.

Hero MotoCorp

Current: **₹2,253**

Target: **₹2,225**

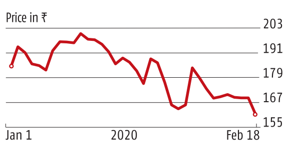


Keep a stop at ₹2,265 and go short. Add to the position between ₹2,230-2,235. Book profits at ₹2,225.

Tata Motors

Current: **₹162**

Target: **₹158**



Keep a stop at ₹164 and go short. Add to the position between ₹159-160. Book profits at ₹158.

Target prices, projected movements in terms of next session, unless otherwise stated

ONGC falls to 15-yr low as virus outbreak hits crude

This comes when the company's oil and gas production has failed to impress investors

UJJVAL JAUHARI
New Delhi, 18 February

Shares of Oil and Natural Gas Corporation (ONGC), which have declined 44 per cent from their May highs, fell to a 15-year low on Tuesday.

Concerns over decline in crude demand led by the spread of coronavirus and resultant fall in oil prices further weakened Street sentiment, which had remained soft after the firm's muted December quarter (Q3) performance.

In Q3, ONGC's standalone revenues declined 14 per cent and net profit almost halved on a year-on-year (YoY) basis because of weak crude and gas prices. The realisation from nominated oil blocks came at $59.73 a barrel, and was down 10 per cent YoY. What's worse, the average Brent price was $62.5 per barrel in Q3, but has now slipped to $56.5 levels. And, this has raised concerns about the company's earnings.

The pressure on realisations comes when the firm's oil and gas production, too, has failed to impress investors. While the company's crude oil production declined by 1 per cent sequentially during Q3, output was down 3 per cent for the first nine months of financial year 2019-20 (FY20). The firm's efforts to increase crude oil production have not yielded much over the past few years. Analysts say a large part of the production comes from age-old fields, and new fields have not been able to compensate.

The Street was looking forward to a ramp up in gas production to provide support. However, here too, expectations were not met. The firm's gas production in Q3 declined 8.4 per cent YoY. Though this decline was attributed to civil disturbances in Assam, the first 9 months' gas production, too, was down 2.6 per cent.

The uptick in gas production remains important to lift Street sentiment looking at the fact that gas prices remain soft. On gross calorific value (or GCV) basis, Q3, for instance, saw gas prices decline 3.9 per cent YoY to $3.23 per mmbtu (million British thermal units).

Analysts at Centrum Broking had said after Q3 results with oil production declining YoY for nine successive quarters and gas production falling for two quarters, the operational performance is expected to remain subdued for next 12-15 months, before recovering from FY22 according to latest estimates and company guidance. The overhang of stake sale by the government over the years has continued to put pressure on stocks of public sector undertakings like ONGC. "ONGC's stock price has declined sharply because of weak Q3FY20 performance, declining oil and gas realisation and overhang of government's stake sale," says Abhijeet Bora at Sharekhan.

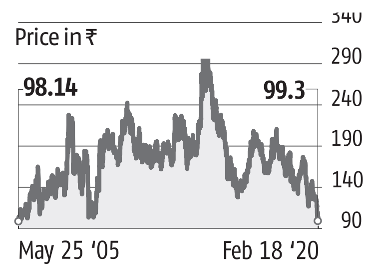
However, there are hopes of a revival in gas production from fields such as KG 98/2, which is likely to commence this month and could help arrest declining output. Production from such fields would also fetch premium domestic gas prices, with attractive valuation of 6.2x FY22 estimated EPS (44 per cent discount to its historical average one-year forward multiple) and high dividend yield of 6-7 per cent, Bora said.

SUBDUED EARNINGS GROWTH

in ₹ crore	Q3FY20	FY20E	FY21E
Net sales	23,710	97,290	101,154
% change YoY	-14.4	-11.3	4.0
Ebitda	12,298	51,321	53,445
% change YoY	-25.8	-14.7	4.1
Net profit*	4,152	22,494	23,698
% change YoY	-49.8	-15.8	5.4

E: estimates , *Adjusted for one-offs, Ebitda: Earnings before interest, tax, depreciation and amortisation Source: Centrum Broking

SHARP DECLINE



Source: Exchanges

Nifty PSU Bank index nears four-year low

DEEPAK KORGAONKAR & PUNEET WADHWA
Mumbai/New Delhi, 18 February

Shares of public sector banks (PSBs) continued to reel from pressure on Tuesday, with the Nifty PSU Bank index nearing its four-year low level.

The index hit an intra-day low of 2,074.55, its lowest level since March 1, 2016, when it touched 2,053.60 in intra-day trade. It dipped below its previous low of 2,113.05 hit on October 9 last year. In the past three trading days, the index has slipped 6 per cent as against a 1.5 per cent fall in the benchmark index.

Bank of Baroda, Punjab National Bank, Union Bank of India, Oriental Bank of Commerce, Syndicate Bank, Allahabad Bank, Andhra Bank, and Bank of India hit a more than 10-year low on the NSE.

Besides, Indian Bank and Canara Bank hit a four-year low.

The fall comes amid weakening economic trends, which can lead to subdued credit growth and continued elevated fresh stress formation in the immediate term. That apart, the developments in the telecom sector have added to concerns.

The Supreme Court recently came down heavily on the Department of Telecommunications (DoT) for not recovering adjusted gross revenue (AGR) liabilities from the telecom companies and has asked the operators to pay their dues before the next hearing on March 17 this year.

According to Motilal Oswal Securities, the verdict will further affect banks' asset quality and could drive an uptick in credit cost over FY21, especially at a time when Vodafone Idea (Voda-Idea) faces an imminent shutdown. "In comparison with its peers, State Bank of India (SBI) has a good ability to provide for this stressed telecom company owing to its higher recovery potential from other stressed accounts/divestment in cards business," said Gautam Duggad, head of institutional research at Motilal Oswal. Those at Emkay Global also share a similar view. The court rebuke, they say, has raised the risk of default (without government support) from Voda-Idea for select banks like State Bank of India, IndusInd Bank, YES Bank, ICICI Bank, Axis Bank, and Punjab National Bank.

Meanwhile, resolving corporate insolvency cases under the Insolvency and Bankruptcy Code (IBC) remains a work in progress and is yet to demonstrate signs of speedier resolution or high recoveries, as indicated by the Q3FY20 publication of the Insolvency and Bankruptcy Board of India (IBBI), analysts at SBICAP Securities said in BFSI sector update.

STOCKS TUMBLE

Price in ₹	Dec 31, 2019	Feb 18, 2020	% chg
Allahabad Bank	18.80	14.00	-25.53
Syndicate Bank	27.80	21.70	-21.94
Canara Bank	221.30	172.90	-21.87
Punjab & Sind Bank	21.10	16.65	-21.09
Union Bank of India	54.80	43.30	-20.99
Bank of Baroda	101.90	81.05	-20.46
Indian Bank	100.85	80.25	-20.43
Oriental Bank of Commerce	52.05	41.80	-19.69
Punjab National Bank	64.35	52.05	-19.11
Indian Overseas Bank	11.25	9.10	-19.11
Nifty PSU Bank	2,524.35	2,128.20	-15.69
Nifty 50	12,168.45	11,992.50	-1.45

Compiled by *BS* Research Bureau Source: Exchange

Donations can be fruitful for your finances

Section 80G deduction can be availed of by a person who makes an eligible donation, but conditions apply

BINDISHA SARANG

YOUR MONEY

Giving money for a good cause often needs a nudge. And the Income Tax Act does that well with Section 80G, which provides good tax benefits for giving donations.

"Section 80G of the Income Tax Act, 1961 provides for deduction from Gross Total Income (GTI) of a taxpayer in respect of certain donations made," says Suresh Surana, founder, RSM India.

This means if you have made any donations in the financial year, then Section 80G can work like a charm. The deduction can be availed of by any individual or assessee.

Ashok Shah, senior partner, NA Shah Associates, says: "Donation to some specified funds is eligible for 100 per cent or 50 per cent deduction without any limit linked to the qualifying amount. However, a donation to a certain charitable organisation is allowed deduction at 50 per cent of the amount donated or 10 per cent of the adjusted total income, whichever is lower." Also, only financial donations qualify, food or clothes do not get any benefits.

Surana says: "The taxpayer shall aggregate all the donations made to the eligible funds, institutions as mentioned in both the categories (deductions eligible for 100 per cent and 50 per cent category) subject to qualifying limit. The aggregate amount is then compared with 10 per cent of Adjusted Gross Total Income (AGTI), and the lower of the two amounts is the maximum permissible limit. Further, the first deduction for the eligible donations to 100 per cent eligible projects shall be given first."

Keep in mind that the qualifying limit refers to the restricted amount of deduction that can be claimed by an assessee. In respect to Section 80G of the Act, the qualifying limit is again 10 per cent of the Adjusted Gross Total Income for donations that qualify for 50 per cent deduction, subject to qualifying limit. The balance of the maximum permissible amount is to be considered, and 50 per cent of the balance amount is the deduction, which is eligible under this category, is subject to such qualifying limit. Donation under Section 80G can be made in any mode cheque, cash, drafts, electronic transfer, UPI transfer and others. However, cash above ₹2,000 is no longer allowed as deduction.

Then, there are special donations as well. If you plan to donate for scientific research and rural development, you need to keep in mind that Section 80GGA of the Act provides for deductions from GTI.

Shah adds: "Taxpayers, not having any business income, can claim a deduction of the entire amount towards donation made to specified institutions."

However, you need to keep proof of payment. Surana says: "Receipts received from the institution with details such as name and address of the institution, donor name, amount and registration number issued by the income tax department need to be produced. This may be required in future if the case is taken up for income tax assessment. Further, the details regarding name, PAN, address of donee and amount would be required to be filled up in the income tax return."

TAX SAVING

Donations eligible for 100% deduction without qualifying limit

- National Defence Fund
- Prime Minister's National Relief Fund
- National Sports Fund
- Swachh Bharat Kosh
- Clean Ganga Fund

Donations eligible for 50% deduction without qualifying limit

- Jawaharlal Nehru Memorial Fund
- Prime Minister's Drought Relief Fund
- Indira Gandhi memorial Trust
- Rajiv Gandhi Foundation

Note: List is not exhaustive
Source–NA Shah Associates LLP

COMMODITIES

Farmers irked as prices of pulses fall below MSP

Dabba trading, smuggling of peas contribute to price fall

DILIP KUMAR JHA
Mumbai, 13 February

With rabi harvesting a few weeks away, prices of pulses in select mandis have slipped to trade below their minimum support price (MSP) — the threshold at which the government procures the kitchen staple.

While chana (Bengal gram) in Gadag (Karnataka) is selling at ₹4,122 a quintal — 11 per cent below its MSP of ₹4,620 a quintal — prices of moong (green gram) in Nasrullaganj (Madhya Pradesh) slipped to ₹5,201 a quintal — a staggering 26 per cent below its MSP of ₹7,050 a quintal.

Similarly, tur (red gram), masur (lentil), and black gram (urad bean) are also selling at substantially subpar MSPs.

The fall in prices of pulses ahead of the rabi harvesting season could prove to be a major blow to farmers anticipating better realisations on lower acreage this year. Experts, however, have divergent views on the price collapse. "A huge quantity of peas is being smuggled into India by road from Nepal, Bangladesh, and Myanmar. None of these countries cultivates peas. These are imported from Canada and other countries. Since the smuggled quantity evades a massive tax of 50 per cent, importers have room to sell their goods dirt cheap. This is pulling down the prices of pulses in India," said Bimal Kothari, managing director, Pancham International.

The National Collateral Management Services forecast India's rabi pulses output to decline by 2.1 per cent to 14.48 million tonnes (mt) this year, compared to 14.8 mt reported in the same season the previous year. Rabi season contributes nearly 60 per cent to India's pulses output, kharif season contributes the rest.

In its latest report, chana output is forecast to decline by 5.4 per cent to 9.58 mt during the ensuing rabi harvesting season, compared to 10.13 mt of output reported in the previous year.

To discourage the import of peas and making India self-reliant in pulses production, the government has levied 50 per cent import duty on peas, in addition to fixing ₹200 a kilogram (kg) as the minimum import price. Thus, the landed cost of peas — either from Canada, Russia or Ukraine — works out to ₹325 a kg. With some profit for traders factored in, the ideal retail price should be at a minimum of ₹350-375 a kg.

"Chana is a substitute for peas and hence, traders are working to increase its supply from overseas through the illegal route. Such illegal trade needs to be curbed straight away," said Kothari.

Meanwhile, Babulal Goyal, president of Rajasthan Dal Mill Association, has a different explanation for the diminishing prices.

"Dabba traders (who take prevailing prices on commodity exchanges as a reference point to quote for bilateral deals) are purposefully quoting chana prices lower to build their stock during the current harvesting season and make profits in futures when its price moves up. Normally, a lean season or farm month price quotes are higher than near month in the harvesting season. So, dabba traders need to be curbed," said Goyal.

According Goyal, the government needs to intervene and procure the entire quantity of pulses available for trade, especially when their prices decline below the earmarked MSP.

LOW PRICES

Arrivals in tonne; Price in ₹ per quintal

Pulses	Centre	Arrival	Traded date	Traded price	MSP	Variation (%)
Arhar (*Tur*/red gram)	Gulbarga	1,507	2/14/2020	4,936	5,800	-15
Bengal gram (Gram)	Gadag	583	2/15/2020	4,122	4,620	-11
Black gram (*Urad* beans)	Kota	456	2/12/2020	5,300	5,700	-7
Green gram (*Moong*)	Nasrullaganj	26	2/14/2020	5,201	7,050	-26
Lentil (*Masoor*)	Chanderi	150	2/13/2020	3,700	4,475	-17

Compiled by *BS* Research Bureau Source: Agmarknet.gov.in

PRICE CARD

As on Feb 18	International		Domestic	
	Price	%Chg#	Price	%Chg#
METALS ($/tonne)				
Aluminium	1,678.5	-3.8	1,970.4	4.9
Copper	5,802.0	-0.4	6,302.4	3.1
Zinc	2,153.5	-9.7	2,403.6	-11.0
Gold ($/ounce)	1,587.1*	7.9	1,780.7	8.4
Silver ($/ounce)	17.9*	4.8	20.2	5.8
ENERGY				
Crude Oil ($/bbl)	56.2*	-10.0	56.6	-10.3
Natural Gas ($/mmBtu)	1.9*	-24.5	2.0	-24.5
AGRI COMMODITIES ($/tonne)				
Wheat	196.5	6.3	290.0	-4.2
Maize	182.8*	1.3	250.0	-3.0
Sugar	412.3*	21.2	485.5	-0.3
Palm oil	682.5	7.5	1,090.0	8.2
Cotton	1,515.5	7.1	1,580.7	0.7

* As on Feb 18, 20 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 71.6 & 1 Ounce = 31.1032316 grams.

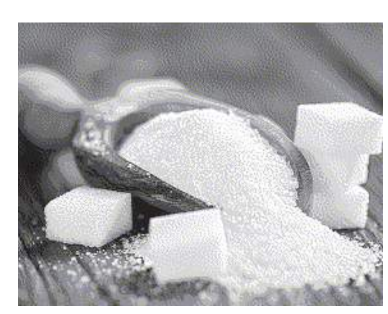
Notes

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

Source: Bloomberg Compiled by BS Research Bureau

Government tweaks rules to ensure sugar exports meet target

RAJESH BHAYANI
Mumbai, 18 February



Though sugar export has picked up this season, with further scope for growth as Indonesia is expected to soon open the doors for Indian sugar, it is still expected to miss the government target.

This prompted the government to issue new guidelines directing the reallocation export quotas from mills that haven't been able to use them to those that have asked for higher quotas.

In a circular issued on Tuesday, the government warned mills that were not able to utilise their export quotas and don't surrender or relinquish them that "such mills will not be entitled for their claims for third and fourth quarters for the sugar buffer stock they are maintaining". The claims are for incentives given for maintaining buffer stock.

According to the Indian Sugar Mills Association (ISMA), a few mills have surrendered or will surrender minimum admissible export quantity (MAEQ) or exports quota that they cannot fulfill to the government.

ISMA and traders have estimated that exports would be about 5 million tonnes (mt) this season, against 6 mt of MAEQs issued by the government. Exporters say that about 1.6-1.7 mt have been exported and about 3.2-3.3 mt of export contracts have been signed.

When the season began in October, the initial realisation for export of raw sugar was ₹21,000 per tonne against the minimum selling price of ₹31,000 per tonne in the domestic market. However, exporters are now realising a price of ₹24,000 per tonne, and can claim a government subsidy of ₹10,480 per tonne.

This means mills in Maharashtra are realising ₹31-32 per kg in domestic sales and ₹34 a kg on average for exports, including the subsidy.

Added to this is the fact that some sources have said that Indonesia has finally decided to allow sugar imports from India, discussions for which had been going on for about two years.

Indonesia is expected to relax quality standards to allow Indian raw sugar. It had kept a minimum limit of 1,200 ICUMSA (International Commission for Uniform Methods of Sugar Analysis) for its imports, but Indian mills don't produce raw sugar of such quality. Now, sources believe, this level will be relaxed to 500-600 ICUMSA. A formal announcement is expected soon.

ISMA also said in a note issued Tuesday that "there is an estimated deficit of 8-9 mt in 2019-20 sugar season in the global market and that Thailand's exports are likely to be down by 3-4 mt due to lower production there. Indian sugar exports may get accelerated in the coming months, and could achieve more than 5 mt of MAEQ in the whole season against 6 mt of MAEQ."

However, Praful Vithlani, chairman of All India Sugar Trade Association, aired concerns over the delay in subsidy payment. This adds to working capital cost, he said, adding that some mills were yet to receive last year's subsidies.

Star sets up the drumbeat for IPL13

Brands and franchises get ready to put their best pitch forward over an exhausting tournament calendar

T E NARASIMHAN
Chennai, 18 February

Star India has announced its schedule for Season 13 of the Indian Premier League (IPL) that starts next month, setting down a long 55-day calendar for an event that has managed to inveigle its way on to the advertising plans of almost every brand in the country. For 2020, 13 brands are said to be on board already and advertising rates have been fixed at a premium of 10-15 per cent over 2019, said sources.

But, ask brands and marketers, has the event that has been valued at $6.8 billion (Duff & Phelps, IPL 2019) priced itself too high, especially in the midst of a deep economic slowdown?

The brands already on board include many that were a part of the IPL-Star retinue in 2019; Vivo, Coca-Cola India, Amazon, Nestlé, PhonePe, Dream11 and Maruti Suzuki, among others.

Star India, it has been reported, has set its targets at least 40 per cent higher in revenue collection as compared to 2019, pushing up the cost of association and aiming for more brands in the league.

Sandeep Goyal, advertising and media practitioner and founder Mogae Media, said the tournament has earned its spurs and, consequently, its high rates. He said, "IPL is a must buy for millennial-targeted brands. It is the one window during the year when viewership peaks. Brands conserve budgets to splurge during IPL."

Nipun Marya, director, brand strategy of Vivo India, which is the on-ground title sponsor for IPL and a broadcaster partner for Star India, said there is huge value in such an association. In his experience, the IPL platform offers multiple avenues for a brand to engage with its customers. "We saw an opportunity to build our brand through IPL (since 2016) and this association has helped create awareness and develop meaningful connections with our customers," he said.

There are some naysayers too; according to one major global brand that has been associated with the tournament in the past, it is staying away from the official league this year. Ad and sponsorship rates are unrealistically high, a spokesperson for the company said, making it out of reach for many brands in a year when most are struggling to keep their budgets in control.

Goyal said IPL is to Indian brands what Super Bowl is to Americans, which despite the increasing cost of association has become an annual marketing ritual. New launches for products and campaigns are planned around the IPL, because the tournament continues to exceed expectations, said Savio D'Souza, director of Brand Finance. "IPL is doing what La Liga and the English Premiere League have accomplished in football," he said.

According to a Brand Finance report for IPL 2019, the tournament ran up over 330 billion minutes of broadcasting time and logged 300 million viewers into the streaming service. Not just the numbers, but the nature of the engagement, intense and continuous participation from the viewers at home and on the field, is what has brands hooked say several reports on the tournament.

According to a spokesperson for PhonePe that is repeating its association with the IPL, the platform has served the brand well by creating mass awareness and generating interest about the brand among a wide base of users. In 2020, the firm aims to grow the pie of digital transactions while driving greater awareness and preference for PhonePe's features and services.

Despite the big leap that the IPL has seen in viewership and brand participation, it has a long way to go before it can truly compare with international leagues. According to the Brand Finance report, the top five teams of the IPL have a combined brand value of $321 million which pales in comparison to the top five in English Premier League ($6.5 billion) and La Liga ($4.2 billion).

The broadcaster and franchise owners are keen to exploit the gap, leveraging every opportunity to monetise the brand. In 2020, the IPL will be played for almost a week more than it did in 2019, the organisers are hoping to drive more associations, offer more advertising time and engagement opportunities.

Star India is also sharpening the focus on Hotstar, aiming to create a more alluring digital platform. Goyal said that Star has been reaping the benefits of its digital strategy as the spending used to be 90:10 in favour of television in the past. "Now it ranges between 75:25 and 67:33 between broadcast on Star and Hotstar. So the importance of digital is being further underlined," he pointed out.

GAME, SET, GO

- The first match will be played on March 29 at Wankhede Stadium in Mumbai, between defending champions Mumbai Indians and Chennai Super Kings
- The final match will be played on May 24
- Tournament will last for 57 days, a week longer than in 2019

FROM PAGE 1

Govt moves...

"Banks will be encouraged to extend the window of servicing the loans by MSMEs by 15 days or so, as it will be a 'force majeure' event," an official said. Another official said that to enable banks to do so, firms across sectors might invoke 'force majeure' with their suppliers and partners in China.

Force majeure refers to a clause that is included in contracts to remove liability for natural and unavoidable catastrophes that interrupt the expected course of events and restrict participants from fulfilling obligations. The government will also actively consider the suggestion of airlifting formulations of essential pharmaceutical products and raw materials that will be exempt from or have lower import duties.

India depends heavily on China for active pharmaceutical ingredients (APIs). In 2018-19, India imported bulk drugs and intermediates worth $2.4 billion from China, making up 68 per cent of the imports, according to CARE Ratings.

A representative from the pharma industry is learnt to have suggested that India should list all the raw materials and products for which it is 100 per cent dependant on China. "If we can make special logistical arrangements to bring those items to India, as soon as the situation allows, we should airlift them," the person said.

The industry also fears that China might soon block export of certain APIs for essential drugs to India, since it would need these for its own use. The industry has requested that India should talk to China to ensure such curbs on imports don't take place.

According to sources in the meeting, some sectors expressed concerns about a slowdown in activity, either due to raw materials not coming in from China or being stuck at ports, or because China and neighbouring Southeast Asian countries being major destinations for their exports. These sectors were pharma, solar, chemicals, iron, metals and steel, and marine food. Consignments are stuck at ports due to the Chinese not being able to provide paperwork from their end. A relaxation regarding such paperwork has been given at Chennai port and is being extended to other ports.

Some representatives said there were Indian manufacturers of the components that were needed from China, but these firms are fully export-oriented. "It will be of help if there are some export restrictions and we can use these locally-made components," said a person at the meeting.

At the briefing, Sitharaman said various secretaries of the finance ministry would take stock of specific sectors and interact with their counterparts in the relevant ministries before suggesting sector-wise and broad solutions to her on Wednesday. She said the Centre would come up with a road map for the short- and the medium-term for addressing "undue situation" that may arise due to coronavirus.

The FM acknowledged congestion at eastern ports, especially concerns raised by the fertilisers industry related to import of raw materials. She asked the industry whether western ports were also facing similar issues. She said the government would be alert to the fact that piling up of inventories did not cause price distortion. "We will not spend much time on measures, and interventions will come immediately," Sitharaman said.

DoT set to...

The telecom licence rules state that the licensor or the DoT can encash bank guarantees and convert them into cash security if the service provider violates any term of the licence. The other operator that had asked for a staggered payment — Bharti Airtel — paid ₹10,000 crore to the government on Monday out of its pending AGR dues of ₹35,500 crore, while committing to make the remaining payment before March 17. Tata Teleservices, which sold its mobile business to Airtel, paid ₹2,197 crore against estimated dues of ₹14,000 crore. Reliance Jio had already paid ₹195 crore towards AGR dues.

PFC-REC...

The official said the direct stake of the Centre could fall to 38-45 per cent after the two firms merged.

A senior executive involved in the acquisition process said: "The idea of asking state-owned companies like LIC, NTPC, Power Grid, and NHPC to pick up a stake in the merged company has been floated, so as to increase the stake of the Centre, indirectly."

A government source said: "Most of the institutional investors have lent to both PFC and REC not only because they are central government firms but also because the government has a majority stake in them. If the stake falls below 51 per cent, many of them can cite it as breach of contract and ask for a payback."

He said several global lenders had conveyed to the authorities they might increase the rate of lending and reduce their exposure to the merged company.

External borrowings of PFC and REC stand at $10 billion (above ₹70,000 crore).

The Centre would need to put back ₹7,000-10,000 crore to increase its stake to 51 per cent in the merged firm.

Several sector executives pointed out the cost of borrowing could go up for PFC and REC and rating agencies might review their evaluations. "Even if there is no rating downgrade, many lenders will review their risk exposure to a company, in which Centre does not have a majority stake," said a senior sector executive.

Sharma, in an investors' concall last week, said borrowing limits were not restricting the merger. "The only deal breaker for PFC is the dilution of government stake below 51 per cent on merger. The government intends to hold management control in PFC and as well as in the merged entity. Considering various options available, a final decision will be taken," he said.

Several officials also pointed out PFC was pushing for the merger because its capital adequacy would improve. Sharma in the concall, however, said PFC was able to improve its capital adequacy ratio to 19.32 per cent, higher than what it was before acquisition at 18.95 per cent.

Flipkart growth...

Walmart is locked in a battle with Amazon for dominance in India's online retail market through Flipkart. "The fourth quarter started and ended strong with solid sales growth through Cyber Monday and in January," said Brett Biggs, chief financial officer, Walmart. "We experienced softness in some key international markets, as well as in Chile, where unrest led to disruption in the majority of our stores. Walmex (Walmart de Mexico), China, and Flipkart all had a solid quarter."

The firm said it reported record sales at Flipkart's "The Big Billion Days" sales event

Walmart said the return on assets (RoA) was 6.7 per cent and 3.4 per cent for the financial years ended January 31, 2020 and 2019, respectively. The increase was due primarily to the increase in consolidated net income chiefly due to the change in the fair value of the investment in Chinese e-commerce firm JD.com and lapping up the $4.5 billion net loss in FY19 related to the sale of the majority stake in Walmart Brazil.

This was offset partially by the dilution to operating income related to Flipkart as well as business restructuring charges recorded in fiscal 2020. The return on investment (RoI) was 13.4 per cent and 14.2 per cent for the fiscal years ended January 31, 2020, and 2019, respectively. The decrease was due to the reduction in operating income primarily as a result of the dilution from Flipkart as well as business restructuring charges recorded in fiscal 2020. Walmart's net cash also decreased due to the inclusion of a full year of Flipkart operations and other factors. It had net cash provided by operating activities of $25.3 billion for the fiscal year ended January 31, 2020, which decreased when compared to $27.8 billion for the fiscal year ended January 31, 2019.

HSBC to cut 35K jobs in CEO's 'endgame'

Investment bank in Europe and US targeted; buyback suspended

BLOOMBERG
18 February

HSBC Holdings is set to slash about 35,000 staff and is taking $7.3 billion of charges in its most dramatic overhaul under Chairman Mark Tucker.

The London-based lender is targeting cost reductions of $4.5 billion at underperforming units in the US and Europe.

In the meantime, it will accelerate investments in Asia, where the bank draws the bulk of its profit but is grappling with risks from the Hong Kong protests and China's coronavirus outbreak. The board is also deciding whether the sweeping overhaul announced by interim boss Noel Quinn is enough to secure him the top job permanently.

"Parts of our business are not delivering acceptable returns," Quinn said in the bank's full-year earnings statement on Tuesday. Quinn, who is also exiting several business lines, also said staff numbers could drop by 15 per cent within the next three years.

"We are looking at an endgame of closer to 200,000," he said told *Bloomberg*.

The cutbacks will extend into parts of HSBC's European and US investment banking businesses, particularly in fixed income. In the US, assets linked to its trading operations will be nearly halved under the new plan. HSBC is also scaling bank its retail network by 30 per cent.

The shares fell more than 5 per cent in London trading, the most in three years and the biggest drop among Europe's banks. HSBC also suspended share buybacks for 2020 and 2021, when most of the restructuring will occur.

The fresh strategy makes sense, but is "on the conservative side," Alan Higgins, chief investment officer of Coutts & Co, said. The lender will bolster its investment banking units in Asia and West Asia. Questions have mounted over HSBC's relatively poor returns given its exposure to many of the world's fastest-growing economies, particularly China.

"We are intending to exit a lot of domestically-focused customers in Europe and the US on the global banking side," Chief Financial Officer Ewen Stevenson said. Management will be "surgical and ruthless" in targeting parts of the business where returns aren't acceptable", he said.

On the conference call, Tucker declined to clarify whether the bank is closer to finding its next CEO.

HSBC India profit crosses $1 bn in 2019

HSBC India's profit crossed $1 billion in the fiscal year ended December, the bank's annual report shows. Profit before tax for the full year was $1 billion against $825 million in 2018.

The global banking and markets segment contributed to $466 million in profits, against $387 million in 2018. The retail banking and wealth management segment of the bank contributed to $48 million, against $20 million in 2018. Commercial banking for HSBC India resulted profits of $181 million, and the corporate centre yielded profit of $311 million.

In Asia, India contributed the third–most profit for the bank after Hong Kong ($12.049 billion) and mainland China ($2.877 billion). BS REPORTER

SOPHIA RETURNS

The world's first robot citizen Sophia, which can display over 60 facial expressions, visited Kolkata to interact with students on Tuesday. This was the humanoid's second visit to India

TIMES HIGHER EDUCATION RANKINGS 2020

11 Indian varsities in top 100; highest since 2015

VINAY UMARJI
Ahmedabad, 18 February

With 11 universities getting ranked this year in the top 100, India has seen the highest representation since 2015 in the latest Times Higher Education's (THE's) Emerging Economies University Rankings 2020.

The achievement marks the second time 11 Indian institutions have held top 100 positions since 2015 when an equal number of universities were ranked in the top 100.

According to THE, with 30 varsities, China has more universities in the top 100 than India, from a total of 47 countries and territories included in the ranking. Overall, 56 Indian universities appear in the full ranking of the 533 universities in total.

While it retained its top position among Indian varsities, Indian Institute of Science, Bangalore fell by two places to 16, followed by Indian Institute of Technology (IIT)-Kharagpur and IIT-Bombay at 32nd and 34th positions.

Further, one of the participating universities in the Ministry of Human Resources Development's Institutes of Eminence scheme, which was established in 2017 to influence the ranking data, Amrita Vishwa Vidyapeetham broke into the top 100 for the first time, moving up a massive 51 places from a joint 141 in 2019. According to THE, Amrita declared improvements in almost all the ranking metrics, compared to 2019.

The other universities included in the Institutes of Eminence scheme that appear in the top 100 mark the biggest improvers in the ranking, with IIT-Kharagpur moving up 23 places to 32, IIT-Delhi climbed 28 places to a joint 38, while IIT-Madras rose 12 places to a joint 63. Both IIT-Ropar and Institute of Chemical Technology, Mumbai, on the other hand, marked their debut with joint 63rd and joint 73rd positions in the top 100.

The Institutes of Eminence scheme provides participating universities with government funding and greater autonomy with the aim of moving them into the top 100 of the world university rankings, including THE's World University Ranking, over time.

The government expects to achieve this through a number of changes, including an increase in foreign students and staff, offering online courses, and encouraging academic collaboration with top universities around the world.

"There has long been a debate on the success of Indian universities in world rankings, and for too long they have been seen as underperforming on the global stage. The Emerging Economies University Rankings 2020 suggests that real progress is being made by a number of institutions in a number of metrics across our robust methodology, and could mark an exciting turning point for Indian higher education, enabled in part by the Institutes of Eminence scheme," said Phil Baty, chief knowledge officer, THE.

PERFORMANCE OVER YEARS

While IISc retained its top position among Indian varsities, it fell two places to 16

Year	No. of Indian univs in top 100
2014	10
2015	11
2016	9
2017	8
2018	8
2019	10
2020	11

INDIAN UNIVERSITIES IN TOP 100 IN 2020

University	2019	2020	Movement	
IISc Bengaluru	14	16	–2	▼
IIT Kharagpur	55	32	23	▲
IIT Bombay	27	34	–7	▼
IIT Delhi	66	38	28	▲
IIT Roorkee	35	58	–23	▼
IIT Indore	61	61	+/–0	↔
IIT Madras	75	63	12	▲
IIT Ropar	NR	63	N/A	↔
Institute of Chemical Technology	NR	73	N/A	↔
IIT Kanpur	46	77	–31	▼
Amrita Vishwa Vidyapeetham	141	90	51	▲

Source: Times Higher Education

Bezos commits $10 bn to combat climate change

His company is often criticised for its environmental record, but Jeff Bezos, CEO of Amazon and the world's richest man, said he was committing $10 billion to a new fund to tackle climate change.

In a post to his 1.4 million followers on Instagram on Monday, the e-commerce tycoon said the Bezos Earth Fund would "fund scientists, activists, NGOs — any effort that offers a real possibility to help preserve and protect the natural world." "Climate change is the biggest threat to our planet," said Bezos.

Hundreds of Amazon employees last month signed a blog criticising the online retail giant's climate policies and demanding it do more to tackle climate change.

Amazon has been accused of creating vast amounts of waste from the packaging it uses for doorstep deliveries, as well as for the greenhouse gas emissions from huge fleets of vehicles. AFP/PTI

LeT planned to project 26/11 attack as 'Hindu terror': Maria

Former Mumbai police commissioner Rakesh Maria has claimed that the Lashkar-e-Taiba (LeT) had planned to project the 26/11 Mumbai terror attack as a case of "Hindu terror" and Pakistani terrorist Mohammed Ajmal Kasab to die as Bengaluru's Samir Chaudhari.

In his memoir *Let Me Say It Now* released on Monday, Maria mentioned about the investigation helmed by him in the 26/11 Mumbai terror attack, which was planned by LeT and Pakistan hand was also unearthed.

According to excerpts from the book, (Pakistan's) ISI and LeT were striving to eliminate Kasab in the jail as he was the key evidence linking them with the attack and Dawood Ibrahim's gang was tasked with eliminating him. While describing LeT's plan to project the 26/11 attack as "Hindu Terror", Maria wrote, . PTI