THE MARKETS ON WEDNESDAY Chg#			
Sensex	41,323.0	428.6	
Nifty	12,125.9	133.4	
Nifty futures*	12,142.7	16.8	
Dollar	MARKET CLOSE	₹71.6**	
Euro	MARKET CLOSE	₹77.5**	
Brent crude (\$/bbl)	## 58.2##	57.3**	
Gold (10 gm)***	₹41,469.0▲	₹499.0	
*(Feb.) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA			

INDICES SNAP 4-DAY **LOSING STREAK**

The benchmark indices snapped their foursession losing streak as sentiment towards risky assets improved on hopes that China would take measures to boost its economy. The Sensex closed at 41,323, up 429 points or 1.1 per cent — the most since February 5. The Nifty closed at 12,126 – up 133 points or 1.15 per cent —recouping more than half the losses accumulated over the previous four sessions.

ECONOMY & PUBLIC AFFAIRS P6 RBI sticks to stiff stance on default

The Reserve Bank of India has shown its reservation on reviewing the definition of default. This is a key parameter for credit rating agencies to assign ratings to commercial papers of corporates, even as a parliamentary panel insisted on relaxing the norms, writes **SHRIMI CHOUDHARY**



THURSDAY

PERSONAL FINANCE: Repatriate property sale proceeds to India

Since there will be tax incidence in the foreign country, an investor has to seek credits in India, writes SANJAY KUMAR SINGH

TECHNOLOGY:

Learning via QR codes BIBHU RANJAN MISHRA explains how the digital learning contents integrated into the school learning system are transforming education

ECONOMY & PUBLIC AFFAIRS P7

Govt to link Aadhaar with voter ID soon The Centre is working on a Bill to amend

the election law for linking Aadhaar with the voter identity card. The objective is to clean up electoral rolls, remove duplication, and facilitate migrant workers to vote remotely. According to sources, the law ministry is likely to prepare a Cabinet note soon to amend the Representation of the People Act, 1951

COMPANIES P2

Aurobindo jumps 20% post nod from USFDA

Āurobindo Pharma got a huge relief with its Unit IV, an injectables plant located in Hyderabad, receiving an establishment inspection report from the USFDA. Investors, too, celebrated, with the company's share price surging 20.4 per cent on Wednesday, leading to an increase of ₹5,980 crore in its market value to ₹35,288 crore on the BSE, writes UJJVAL JAUHARI

TO OUR READERS

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www.business-standard.com Business Standard



ECONOMY & PUBLIC AFFAIRS P7 INDIA TO SWITCH TO CLEANEST PETROL, DIESEL FROM APRIL 1

BRAND WORLD P17 BRAND ALIA BHATT PERFECTS HER PITCH

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

Dish-Airtel deal falls through over valuation

Essel promoters are now in talks with a global financial investor to pick up half their stake

SURAJEET DAS GUPTA New Delhi, 19 February

he deal between Subhash Chandra's Essel group, the promoters of direct-to-home (DTH)) company Dish TV, and Sunil Mittal's Bharti Airtel has been called off due to differences over valuation.

The promoters are now in talks with a global financial investor, which has no operations in the country, to pick up half

The cash generated from such a sale will be used as part of the plan by the Essel group to buy back 5 per cent in flagship company Zee Entertainment Enterprises (ZEEL) in the next 12 months.

According to sources close to the discussions, it expects to get around ₹2,000 crore from the deal. The talks with Bharti Airtel were over the latter buying the promoters' stake.

The first offer to buy the Zee shares will be given to the existing financial investors, which include Oppenheimer with a 19.86 per cent stake, as well as GIC, which has around 10 per cent, besides others.

With this, the promoters, who are currently in a minority, will be able to increase their stake from the current 5 per cent.

The game plan is eventually to go up to 26 per cent, say top sources close to the Essel group though a group spokesman declined to comment on the issue.

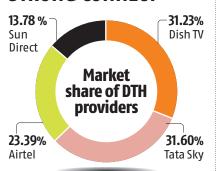
The promoters of ZEEL are also in talks with a US-based strategic investor to pick up a 26 per cent stake in the company. Sources say the potential investor is willing to allow the promoters to manage the company as part of the tentative discussions for a deal.

With operating revenues of ₹6,166.1 crore, Dish TV has a market capitalisation of ₹2,046 crore. It has a subscriber base of 23.94 million, putting it neck-and-neck with Tata Sky, which is just a whisker ahead. But Dish TV's subscriber base is far ahead of Bharti Airtel's 23.39 per cent share of the 69 million subscribers in the DTH market.

Bharti Airtel has been looking at expanding its DTH operations in order to and bring in high speed broadband.

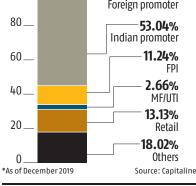


STRONG CONNECT



Figures for quarter ended September 2019

Dish TV shareholding pattern* 1.91% Foreign promoter



Had it worked out, the acquisition of Dish TV would have catapulted Bharti Airtel into the position of the largest player in the DTH market with a marke reach homes through fibre-to-the-home of over 54.62 per cent, overtaking Tata Sky.

Trump dashes trade pact hopes, says 'saving big deal for later'

New Delhi, 19 February

Dashing hopes of a possible bilateral trade deal during his upcoming visit to India, US President Donald Trump on Wednesday said a comprehensive agreement would take much longer to finalise.

'Well, we can have a trade deal with India, but I'm really saving the big deal for later on. We're doing a very big trade deal with India. I don't know if it'll be done before the election," Trump said in Washington DC. The US is set to hold its presidential elections in November.

Trump, who will be on his maiden visit to India on February 24 and 25, also hinted that he remained unhappy with the current levels of import tariffs placed by India on American goods. "We're not treated very well by India, but I happen to like Prime Minister Modi a lot," he said.

Trump has earlier repeatedly called India a "tariff king", arguing that classic American exports like the Harley Davidson motorcycles were unable to compete in India owing to high market access barriers. Diplomatic source say further trade talks are planned during the visit itself with US Trade Representative Robert Lighthizer and US Commerce Secretary Wilbur Ross accompanying Trump.



Preparations underway for the Namaste Trump event in Ahmedabad. US President Donald Trump will be on a two-day visit to India on Feb 24-25

THE DEALBREAKERS

Issues that are holding up an India-US trade pact

INDIA'S DEMANDS

- Resumption of benefits under the US trade preference scheme Exemption from high import tariffs
- on steel and aluminium products Promise of no further reciprocal
- tariffs

US' DEMANDS

- Reduced import duties on engineering goods and automobiles
- Concessions on high-value IT goods, industrial components
- Greater market access for medical devices, farm & dairy products

OBAMA OR NIXON: WHICH TEMPLATE WOULD TRUMP'S VISIT FOLLOW? 4

Mittal, Birla meet FM on telecom crisis as AGR deadline closes in

MEGHA MANCHANDA New Delhi, 19 February

Almost three weeks after the Union Budget, two top representatives of India Inc visited the North Block office of Finance Minister Nirmala Sitharaman on Wednesday. Bharti Airtel Chairman Sunil Mittal and Vodafone Idea Chairman Kumar Mangalam Birla were not there to talk about issues related to the Budget, but to seek relief for the deeply stressed telecom sector.

For Birla, this was the second straight day of reaching out to the government. On Tuesday, he along with Vodafone Idea CEO Ravinder Takkar had met top officials of the Department of Telecommunications (DoT), including Secretary Anshu Prakash, seeking relief from coercive action if the company failed to pay up the dues linked to adjusted gross revenue (AGR).

After meeting the FM on Wednesday.

was not discussed. He said the telecom sector was under stress for the last threeand-a-half years and that the government should focus on its sustainability. 'The only thing the government needs

Mittal told reporters that the AGR issue

to do is to focus on how to ensure sustainability of the sector," Mittal said. He also met the telecom secretary on Wednesday.

Mittal said Bharti Airtel had already announced plans to pay the dues arising from the Supreme Court ruling and was currently calculating its liability. The company has paid ₹10,000 crore out of its estimated liability of ₹35.500 crore. Vodafone Idea, which has maintained that it would be tough to continue as a going concern, has paid ₹2,500 crore and has committed to pay another ₹1,000 crore this week. one Idea's AGR dues work out to more than ₹50,000 crore.

"THE ONLY THING THE **GOVERNMENT NEEDS TO** DO IS TO FOCUS ON HOW TO **ENSURE SUSTAINABILITY OF** THE (TELECOM) SECTOR" SUNIL BHARTI MITTAL, CHAIRMAN, BHARTI AIRTEL



CABINET MAKES CROP INSURANCE SCHEME VOLUNTARY FOR FARMERS More than three years after it was launched by Prime Minister

Narendra Modi with much fanfare, the Union Cabinet on Wednesday decided to make the much-criticised Pradhan Mantri Fasal Bima Yojana (PMFBY) optional for loanee farmers as well and also incorporated a host of other changes to the scheme to make it more farmer-friendly. The scheme would be voluntary for loanee farmers from kharif 2020 onwards. So far, since inception, the central government has spent almost ₹50,000 crore as its share of premium subsidy under the scheme.

Virus pain for Chinese players may be Samsung's gain

MODI GOVT DOES NOT ACKNOWLEDGE THE WORD 'SLOWDOWN': MANMOHAN

Former prime minister Manmohan Singh on Wednesday slammed the economic policies of his successor Narendra Modi, saying the government was not acknowledging there was a slowdown. "The real fiscal deficit is as high as 9 per cent and that is detrimental to a 9-10 per cent growth," Singh said after releasing the book authored by erstwhile Planning Commission deputy chairman Montek Singh Ahluwalia. He said 8 per cent economic growth was feasible, but it required a

NO BAN ON DRUG

OF CRISIS: CENTRE

LIMITED IMPACT

ON INDIA, SAYS RBI GOVERNOR

PAGE 18

revamped fiscal policy and bold tax reforms. 7

Registrations at Bureau of Indian Standards since January 1, indicating planned launches Number of handset models Samsung Cellecor Hitech Redmi Source: TechArd

Korean firm lining up nine launches as rivals crumble under supply chain disruption

ARNAB DUTTA New Delhi, 19 February

As China reels from the coronavirus epidemic, Korean mobile phone maker Samsung seems to be recovering some of the lost ground.

While the outbreak has forced most leading brands like Apple, Xiaomi, Oppo, Vivo, and Realme to rework their launch dates and pricing strategies, Samsung, which struggled to maintain its hold over the market last year, has taken the lead.

The data from the Bureau of Indian Standards (BIS) shows that the local unit of the Korean major has lined up nine new handset models for launch in early 2020. Among major brands, only Redmi (from Xiaomi) and LG have registered two models each since January 1 with the national standards body, followed by Motorola and Coolpad (one each).

Delhi-based local brand Cellecor, which has a presence in the entry-level segment, tops the chart with 15 models registered since January 1. Hitech, another Indian brand, holds the third spot with eight models registered over this period.

According to Faisal Kawoosa, lead analyst at TechArc, the trend clearly indicates that "major OEMs (original equipment manufacturers) are delaying their launches Typically, after the BIS DEATH TOLL MOUNTS TO 2,000

He said, "As of now it gives advantage to Samsung among major OEMs as it can procure from Korea and other countries, resulting in low impact on its supply chain."

registration, models are

launched in 4-6 weeks".

With manufacturing suspended in China and supply of key components and handset models in jeopardy, Chinese firms are feeling the heat. Though many of them

have set up facilities in India, they continue to depend heavily on supplies from China. Samsung, however, is somewhat immune to supply disruptions in the

neighbouring country. This is because

the firm, which has been manufacturing

its capacity in 2018 by adding new lines and product categories at its Noida facility, doubling its installed capacity to 120 million units from 68

most of its handsets locally, ramped up

million a year. Moreover, unlike its

rivals, Samsung has an inhouse supply chain of key components like printed circuit board and display panels. And its largest production base is in Vietnam.

Navkendar Singh, research director at IDC, said Samsung was less likely to be impacted by the recent crisis. "Unlike its Chinese

rivals, Samsung's operations are spread across continents. Thus, it has a larger inventory level and its plans are not solely dependent on China or India. Supply crunch from China, thus, may help it during the first quarter here," he said.

Turn to Page 17

Blackstone leads race to buy largest mallofKolkata

Deal size could be around ₹2,000 cr

RAGHAVENDRA KAMATH & NAMRATA ACHARYA Mumbai/Kolkata, 19 February

US-based private equity investor Blackstone has emerged as the front-runner to buy South City Mall, one of the largest malls in eastern India, said sources in the know.

A dozen investors, including Blackstone, Xander, and GIC, have put in bids for

Mall (Year)

BLACKSTONE

BLACKSTONE

Central Mall, Navi

Mumbai (2016)

BLACKSTONE

Treasure Island Next

Treasure Island;

Indore (2017)

Viviana Mall*

Elante Mall, Chandigarh (2017)

BIGGEST MALL DEALS

Deal size (₹cr)

2,200

1,450

1,200

1,000

IN RECENT YEARS

the mall, measuring about 1 million square feet (sq ft), the sources said, adding that the INVESTOR deal is expected to be around ₹2,000 crore. If the deal goes

through, it will be one of the biggest mall deals in the past five years. In 2017, Blackstone bought Elante mall Chandigarh from the Carnival group for ₹2,200 crore, the largest such deal in recent years. Some of the current

owners, including the Emami group, Surekha Group, Merlin Group, Shrachi Rameswara group, and JB group, want to exit the mall they set up in 2008, said the sources.

Blackstone and its mall company did not comment on the matter. A mail sent to Xander

BLACKSTONE Alpha0ne, Amritsar 800 & Ahmedabad (2015)*GIC bought 50% in Viviana Mall Source: Reports

did not elicit any response. GIC could not be contacted for comments. The Emami group also declined to comment on the story.

2,320 Analysts believe resilient earnings growth to drive performance

-24 688 20

__^{24,900} Inclusion in Nifty50 24,552.20 index with effect from March 27

Vodafone Idea

_5.5 Top gainer among

▶ Granules India

²⁰⁰ Up 50% in 2020 so far on expectation of rise in

CEO'S DANCE VIDEO GOES VIRAL

A video of Dipali Goenka, CEO and joint MD of Welspun India, dancing with employees to the remixed version

IN BRIEF

McLeod Russel defaults on



Williamson Magor Group-owned McLeod Russel on Wednesday said it has defaulted on payments of ₹1,187.09 crore till December 31, 2019, According to a regulatory filing, the firm said while its total indebtness, inclusive of long-term

₹1,187.09 has been made by the firm. The disclosure follows Sebi tightening its disclosure norms for reporting loan defaults. or the interest amount to lenders borne by listed firms which continues beyond 30 days of the pre-arranged repayment date has to be made public.

First 5G phone in India likely to be priced at ₹50,000

The first 5G-enabled handset in India to be launched by Chinese smartphone maker, Realme, is likely to cost around ₹50,000, a company official said. Realme is set to become the first brand to unveil 5G ready smartphone in India on February 24, he

Google-backed Dunzo raises ₹78 cr from Alteria Capital

Google-backed delivery and

e-commerce firm Dunzo said it has raised \$11 million (over ₹78 crore) from Alteria Capital. It said Alteria Capital has been a crucial peg in Dunzo's mission to become a profitable local e-commerce company. PEERZADA ABRAR

evaluates CEO Sanjay Jalona's extension

Sanjay Jalona is likely to get another term to lead the IT services firm after his tenure is comes to an end in August. Sources said board of the firm is weighing an extension proposal. **DEBASIS MOHAPATRA**

Abbott India MD Ambati Venu calls it quits (published on February 19), the firm has clarified that while Venu has resigned as MD of Abbott India, he will continue as its director, and will also take over as vice-president of Abbott's pharmaceutical business in India, which includes the listed Abbott India and the unlisted business, from March 1.

EY Entrepreneur of the Year

SUDIPTO DEY

The 21st edition of the EoY

SHALLY SETH MOHILE

Mumbai, 19 February

vear 2020-21.

cycles, they said.

Suzuki Motorcycle India, the two-

wheeler arm of Suzuki Motor

Company, is eyeing double-digit

growth in sales during the financial

financial year with a 7.5 per cent

increase in sales over last year, said

ume ramp up of newly introduced

BS-VI compliant scooter models

such as the Burgman Street and

Access Gixxer series of motorcycles

as well as greater focus on motor-

at a time when rest of the two-

wheeler makers are staring at a fall

Though on a low base, it comes

the company's top officials.

It expects to end the ongoing

The growth will come from vol-

tive officer (CEO), Nykaa E-Retail (Start-up); Arun Bharat chairman, (Manufacturing); Sridhar Vembu, founder & CEO, Zoho Corp (Services); Yashish Dahiya, CEO and co-founder, PolicyBazaar (Financial Services); Kuldip Singh World Entrepreneur of the Dhingra, chairman, and Gurbachan Singh Dhingra, vice-chairman, Berger Paints (Consumer Products and Retail): Arvind Lal, chairman and managing director, and Om Manchanda, CEO, Dr Lal PathLabs (Life Sciences and Healthcare); KBS Anand, Winners in other cate- managing director and CEO, Asian Paints (Entrepreneurial CEO): and Ravi Raheia and Neel Raheja, group presidents, K Raheja Corp (Energy, Real Estate and

▶ Hindustan Unilever



₹2,293.50 CLOSE

▶ Shree Cement



active API prices 155 ₹ 187.85 CLOSE



of Muqabla went viral on Wednesday

payments of ₹1,187 crore



and short-term loans, stands at ₹2,189.85 crore, a default of According to law, any default in repayment of either the principal **AVISHEK RAKSHIT**

L&T Infotech board

L&T Infotech's CEO & MD

Clarification

In response to a report,

Kiran Mazumdar-Shaw is

Mazumdar-Shaw, Kiran chairperson and managing director of Biocon, was named the EY Entrepreneur of the Year (EoY) 2019. She will represent India at the EY

Year Award in Monte Carlo,

Monaco, in June this year.

awards in India also felicitated industrialist Adi Godrej, chairman of Godrej Group Lifetime Achievement Award.

gories included Tuhin Parikh, senior managing director-real estate, Blackstone India (Transformational Impact Person of the Year); Falguni Nayar, founder & chief execu-

Infrastructure).

FB makes 2nd bet in Indian start-up space Leads \$110-million investment round

in Unacademy

SAMREEN AHMAD Bengaluru, 19 February

Making its second bet in the Indian start-up space, social networking giant Facebook has

participated in a \$110-million

investment round in edtech

start-up Unacademy. The round, which was led by General Atlantic, was also participated by Sequoia India, Nexus Venture Partners, Steadview Capital and Blume Ventures. Flipkart's Chief Executive Officer Kalvan Krishnamurthy and Udaan cofounder Suieet Kumar also took part in the round, which,

according to sources, valued

the company between \$400

million and \$500 million. In June last year, Facebook had invested an undisclosed amount in social commerce platform Meesho, a start-up that connects resellers with customers through channels such as WhatsApp. "Facebook is an ally for India's economic



NEW ARENA

Funds raised by edtech

ompanies in reb 2020				
Byju's	200			
Jnacademy	110			
/edantu	24	(Figures		
lassplus	2.5	in\$mn		
rowth and	social	develop		

ment, and we are excited about India and it's rapidly rising internet ecosystem. With this investment in Unacademy, we are reinforcing our commitment to the Indian start-up ecosystem as well as investing in a firm that is transforming learning in India," said Ajit Mohan, vice-president and MD, Facebook India.

With the fresh funding,

Unacademy also provided exits to some of its earlier investors, which backed it in early stages. The company had so far raised \$88.5 million in six rounds.

Founded in 2015, the Bengaluru-based start-up provides online lessons and specialised courses to crack various competitive examinations such as UPSC, CAT and JEE.

"Our goal from day one has been to democratise education and make quality education accessible to everyone. We do that by bringing the best educators and content on our platform and ensuring it is accessible to everyone across the country," said Gaurav Munjal,

SoftBanktoinvest\$400mninFirstCry

DEBASIS MOHAPATRA

Bengaluru, 19 February

Baby and mother care products retailer FirstCry has secured around \$400 million (₹2,824.23 crore) SoftBank Vision Fund as part of its Series E funding. While the Japan-based pri-

vate equity fund has infused \$296 million (₹2,120.5 crore) upfront, it has committed another \$100 million (₹703.71 crore) in the second tranche.

According to financial data accessed by business intelligence platform Tofler, Supam Maheshwari and current finacial year.

allotted 73.1 million series E shares at a price of ₹386 each to SVF Frog, a Cayman Islands-registered entity of from SoftBank as part of the deal. Though how much stake

Softbank will hold post this round of funding is not given by the company, media reports had earlier suggested that SoftBank was looking at around 40 per cent holding in the company in lieu of \$400 million investment.

Founded in 2010 by

FirstCry's holding entity Amitava Saha, FirstCry has BrainBees Solutions has emerged as the leader in the sunrise baby and mother care sector segment, prompting rising interest of global inves-The funds raised from

Softbank are expected to be used by FirstCry to expand both its offline and online presence as well as to strengthen its technology platform.

The company posted a revenue of ₹535 crore in FY19. which it expects to grow to around ₹2,000 crore in the

Swiggy raises \$113 mn in Series I funding

Food delivery platform Swiggy on Wednesday said it raised \$113 million as part of Series I funding round. The latest round was led by existing investor Prosus NV (earlier called Naspers) and included participation from Wellington Meituan-Dianping and Management Company.

Having grown beyond food delivery, Swiggy aims to use the funds to further execute on our vision while building a susdevelop its new lines of business, addressing tainable path to profitability." PEERZADA ABRAR

visible gaps in the market. The company will continue to invest in new growth areas (Stores, Go and SuprDaily).

"We have created multiple growth avenues for our partners while continuing to invest in new lines of business," said Sriharsha Majety chief executive officer of Swiggy.

"We are laser-focused on continuing to

Aurobindo soars 20% on relief from US regulator

Unit IV, accounting for a third of products pending FDA approvals, gets nod

New Delhi, 19 February

urobindo Pharma got A huge relief with its Unit IV, an injectables plant located in Hyderabad, receiving an establishment inspection report (EIR) from the US Food and Drug Administration (FDA). Investors, too, celebrated, with the company's share price surging 20.4 per cent on Wednesday, leading to an increase of ₹5,980 crore in its market value to ₹35,288 crore on the BSE.

An EIR with voluntary action indicated status means the FDA is not likely to take any action, which could otherwise have hampered drug supplies to the US from this facility. The Street was surprised as analysts were factoring in a much adverse USFDA action on Unit IV.

The facility remains important as it contributes more than 10 per cent to Aurobindo's overall sales and about 20 per cent of the US sales (a majority of injectables supplied to the US market). Further, there were about 46 pending new drug applications (about 30 per cent of 154 pending; see chart) and 50-60 per cent of pending injectable filings from this facility.

Since injectables are complex-to-manufacture limitedcompetition products, the company also garners higher margins. Hence, any negative regulatory outcome would have impacted the company's earnings by about a fifth and also delayed new product approvals and future growth.



ON THE RISE Aurobindo Pharma **113.31** $^{\perp}$ 75.42 Feb 1,'19 Feb 19,'20

BREAKTHROUGH

Unit IV accounts for most pending drug approvals Unit-wise ANDA filings as on December 31, 2019

Site	Details	Approvals u	nder review
Unit III	Oral formulat	ions	2
Unit IV	Injectables &	opthalmics	46
Unit VIB	Cephalospori	ns oral	1
Unit VII (SEZ)	Oral formulat	ions	18
Unit X	Oral formulat	ions	42
Unit XII	Penicillin ora	l & injectables	-
Aurilife & Aurolife II	Orals & topica	ıls	11
AuroNext	Penem inject	ables	-
Eugla	Oral & injecta	ble formulation	ns 20
APL Healthcare	Oral formulat	ions	12
Total			154
			Source: Company

Analysts at Securities now expect the company's US injectables segment to grow 22 per cent annually over 2018-19 and 2021-22, driving overall revenue by 17.1 per cent annually during the period.

The firm has been reporting strong growth in key geographies. The US, which is

ICICI about half of Aurobindo's sales, had grown by 22 per cent year-on-year (YoY) in the December quarter (23.5 per cent in constant currency terms), driven by injectables, orals, and other drugs. The injectables business reported robust growth of 24 per cent to \$76 million, contributing about a fifth to US revenue.

tributing a fourth to overall sales, grew 14.2 per cent YoY (19 per cent in euro terms) in the December quarter. Analysts remain positive on

European revenue, con-

Aurobindo's future prospects, including the US, despite a higher base. Low product concentration (less dependence on a particular product) also provides comfort on the company, which continues to grow on the back of a strong pipeline and the launch of new drugs.

acquisition The Sandoz's portfolio in the US further diversify Aurobindo's dermatology segment. The acquisition though has been slightly delayed and is now expected to close by the end of 2019-20 (FY20). It is looked as a major trigger for Aurobindo and is to further boost its earnings

Analysts at Motilal Oswal Financial Services had already raised their earnings estimates for FY20 and 2020-21 to factor in better traction in existing products in the US and the European Union and their price-to-earnings (P/E) multiple to 9x (from 8x earlier) to include the synergy benefits from Sandoz acquisition and improving prospects in Europe. After the clearance of Unit IV. analysts at ICICI Securities have increased their P/E multiple for the stock to 10x.

Meanwhile, after the resolution of regulatory issues of Unit IV, the firm still requires to resolve USFDA issues related to Unit XI (now under warning letter) and Units VII, I, and IX, which have official action indicated (OAI) status.

DoT still working on final calculation of pending AGR dues PRESS TRUST OF INDIA **Vodafone Idea**

New Delhi, 19 February

Department Telecommunications (DoT) is still working on final adjusted gross revenue dues that service providers have to pay as it has detected variation in accounting practices adopted by different circle offices, according to official sources.

The licence finance wing of the DoT on February 3 issued a letter with guidelines to all controller generals of communication accounts to reconcile adjusted gross revenue (AGR) dues and asked them to give 15 days time to operators for the submission of appeals and documents related to deductions they make in the final payment, sources said.

The letter was a follow up o a previous note sent by the licence finance wing on December 4 and a follow-up on December 13 to the circles for re-verification of debit voucher reports (DVR). "The department has

been facing a challenge in carrying out the revised assessments due to various issues related to DVRs. Telecom operators, including Airtel and Vodafone Idea, have challenged many DVRs. not adopted uniform practice

in accounting. The DoT has

asked them to re-verify DVRs at the earliest in the light of Supreme Court judgement," an official source said. Telecom operators have towards usage charges and roaming

have

3.05 3.88

deductions

shares surge over 38% Vodafone Idea's shares on

Wednesday gained 38 per cent amid reports that the government is unlikely to invoke the firm's bank guarantees as of now. On BSE, the stock

gained as much as 48.18 per cent to ₹4.49 intraday. It closed 38.28 per cent higher at ₹4.19. On the National Stock

Exchange (NSE), the scrip rose 48.33 per cent to touch a high of ₹4.45. Later, after shedding some gains, it settled 40 per cent up at ₹4.20. The stock has ended

the day in green after consecutive sessions. The NSE saw an

exchange of more than 100 crore shares of Vodafone Idea, and over 14 crore units were traded on the BSF.

claimed by telecom operators on a paid basis while on an accrual basis on the other.

"DoT noticed that many "Also, circle offices have controllers of communication accounts have been cherry picking the figures claimed by telecom operators in their final DVRs. In some cases, DoT guidelines regarding deduction verification issued in 2014, 2015 and 2016 been submitting two separate have not been followed. audited details of deduction There have been cases where interconnection one CCA has allowed one kind of deduction and fee to the DoT. In one set, another has disallowed," the source said.

Suzuki Motorcycle on road to beat slump, hopes to log double-digit growth

Expects to end FY21 with a 7.5% increase in sales on volume ramp-up of BS-VI compliant models

to pick up for another three quarters, the change in tack in terms of pro-

Unlike most peers at rival two-"We attribute this success to the wheeler companies, Koichi Hirao, connect with buyers we have manmanaging director at Suzuki aged to establish," Hirao told Motorcycle India, is confident of the Business Standard on the sidelines road ahead. And for a reason – after of the Auto Expo in Greater Noida years of struggle in a highly-comearlier this month. petitive market, dominated by four

ducts and network strategy.

His company was the lone twowheeler maker in the mass segment to participate in the show. The slowdown pains forced others, including market leader Hero MotoCorp, to give the show a miss. A strategic call three years ago to vacate the mass commuter motorcycle market (110 cc) and instead focus on the so-called performance segment (150 cc and above) also helped.

"We realised, globally, we are known for performance products. Hence, we will rather focus on that scooter.



and moved out of the commuter segment," said Hirao. The turnaround ment meant the company no longer efforts gathered momentum after needed to have a very strong presence in rural and semi-urban marlaunch of the new generation Access

An exit from the commuter seg-

FY17 FY18

Sales have been growing steadily

1.99 2.48

Market share (%)

IN TOP GEAR

■ Volumes (units)

strategy and expanded it in areas which mattered, said Devashish Handa, vice-president, sales and marketing, at the firm. The network kets. Hence, it reworked network has grown to 520 now from 300 in

Two-wheeler domestic sales; * Ten months of FY20

now come from the urban markets, he said. Meanwhile, Suzuki is looking to

2016 and close to 70 per cent of sales

reduce dependence on scooters and sees the ratio between scooters to motorcycles settle at 80:20 in the next one year from the current 90:10.

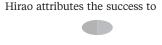
Though Suzuki Motorcycle has a long distance to cover to catch up with bigger rivals, including TVS and Bajaj, the consistent increase in volumes has given it a lot of confi-

in the first 10 months of the current financial year, has contracted to 1.5 million units from 1.8 million units in the corresponding period. "We were not on the growth path

The overall two-wheeler market,

earlier. We have seen double-digit growth in the last three years. Most of the growth in the months ahead will come from the Gixxer series -150 and 250," said Handa,

in sales. They do not expect volumes



that is, before the festive season.

companies, things have started look-

ing up for Suzuki. Amid one of the

most prolonged slowdowns facing

the automobile market in India,

Suzuki Motorcycle has seen a con-

sistent gain in market share and vol-

inched up to 3.88 per cent in the first

10 months of financial year 2019-20

from 1.90 per cent in FY16. Volumes

in the same period have grown to

592,646 units from 313,000 units.

Its share in the segment has

umes since the last three years.

IGL looks beyond NCR to give a boost to revenue

New Delhi, 19 February

aced with the looming threat of loss of exclusivity in the National Capital Region (NCR), Indraprastha Gas (IGL) is looking to rake in revenue from gas distribution networks in other cities over the next five years. The firm says viability of tariff will be more crucial for its survival than the loss of exclusivity.

According to ESR anganathan, managing director of IGL, it is the price of gas and not the end of exclusivity that is the challenge. "Our margins are fixed by the regulator, but there should be a fair return on

The NCR market has been the foundation of firm's growth, though it has bagged six geographical areas outside this region for city gas distribution (CGD) through auctions conducted by the Petroleum and Natural Gas Regulatory Board.

"This has increased our area of operation to 16 districts in three states of Uttar Pradesh, Haryana and Rajasthan. Their contribution to our growth will be visible in five years," Ranganathan told Business Standard. "Beyond NCR, we have to seed the market and create awareness, since currently only areas surrounding NCR have awareness about gas use. We will have to develop commercial and industrial consumers," he added.



Our margins are fixed by the regulator, but there should be a fair return on investment"

E S RANGANATHAN Managing director, IGL

According to a Moitlal Oswal Research report published Wednesday, assuming that the competition takes away 20 per cent of current sales volumes, as mandated in the PNGRB's draft, it would result in 200-360-basis point reduction in return on equity of the CGD players. IGL's marketing

exclusivity expired in Delhi in 2012. The company has planned for capital expenditure of ₹1,100 crore in financial year

2019-20 (FY20), ₹1,400 crore for FY21 and ₹1,200 crore for FY22.

Half of this capex would be outside NCR. In cities like Ajmer and adjoining areas, IGL aims to have 100,000 piped gas customers in eight years

IGL currently has 1.24 million domestic, over 4,000 commercial, and 2,500 industrial consumers. The target is to reach 2 million domestic consumers in three years, and over 2.5 million in eight years. Compressed natural gas (CNG) currently contributes 75 per cent to the company's revenue and this is likely to continue for another five years. "There is more than 10 per cent growth in the CNG business, which will continue since electric vehicles have not taken off in a big way," he said.

Though electric charging is likely to disrupt the market for CNG, IGL plans to install charging points at all new CNG stations. IGL has a signed a memorandum of understanding with Tata Power, one of the two distribution companies in Delhi, for these charging points. The CGD segment was expected to play

a big role in the coming years, but Ranga-

nathan said the pre-condition for natural gas to grow is to bring it within the goods service tax (GST) net. "Since consumers do not get GST input credit, use of gas becomes more expensive in comparison to coal and other industrial fuel. Even industrial LPG is

Gauging impact of US sanctions on Rosneft unit: RIL

19 February

Reliance Industries (RIL), a key buyer of Venezuelan oil, said it was assessing the impact of the latest US sanctions on Rosneft Trading SA (RTSA), the Geneva-based trading unit of Rosneft that supplies oil to the private refiner.

US President Donald Trump on Tuesday imposed sanctions on the trading arm of Russian oil major Rosneft, which has been the largest intermediary of Venezuelan oil, as Washington targeted Moscow over its backing of Venezuelan President Nicolas Maduro's government.

"Reliance will continue its direct communications with the US government to ensure that Reliance's purchases of Venezuelan oil after the RTSA sanctions are both compliant with US sanctions and consistent with US policies regarding Venezuelan oil sector," the Indian refiner said.

Apart from Reliance, India's Nayara Energy, partowned by Rosneft, also imports Venezuelan oil.



Rosneft accepts oil from Venezuelan state oil company PDVSA as payment for billions of dollars in loans extended to Venezuela over the past decade and then ships the barrels onto refineries that used to buy directly from Venezuela, including Nayara's facilities.

"In its dealings with Rosneft and otherwise, Reliance will continue to act in compliance with US sanctions and policy guidelines," the company said.

Reliance, the operator of the world's biggest refining complex, said its purchases of Venezuela crude oil are reported to and permitted by the US government.



No proof of collusion by IndiGo, SpiceJet and others, says CCI

ADITYA KALRA & ADITI SHAH New Delhi, 19 February

The antitrust watchdog, Competition Commission of India (CCI), has found no evidence that the country's biggest airline, IndiGo, and four rival carriers colluded to fix ticket prices, three sources with knowledge of the matter told Reuters.

The CCI in 2015 ordered a probe into allegations of anticompetitive practices after similar fares were being offered on certain routes by Indi-Go, SpiceJet, GoAir, state-run Air India and now-defunct Jet Airways. The CCI inquiry, which included an analysis of the algorithms airlines to determine ticket fares, found that all five airlines were working independently, the three sources said. "No direct evidence of cartelisation was found," said one of the sources, who added the investigation also did not reveal any communication amongst airline executives to fix prices.

IndiGo said "the case is without merit" and added it has been cooperating with the probe. The second-biggest airline, SpiceJet, GoAir, Air India and Jet did not respond to a request for comment. The CCI did not respond to questions from Reuters. An adverse finding could have led to a fine of up to three times the profit made in each year prices were fixed, or 10 per cent of annual

CCI agrees to add **Fab Hotels against** Go-MMT, Oyo probe The CCI has included Fab Hotels

in the ongoing investigation into Oyo and Go-MMT (Golbibo and MakeMyTrip). The regulator had launched a probe into Oyo Hotel and Homes and MakeMyTrip on alleged charges of predatory pricing, creating a monopoly and deep-discounting in October. The complaint against the two firms was filed Federation of Hotel and Restaurant Associations **BS REPORTER** of India.

revenue, whichever is higher. Indian airlines are already grappling with slow growth in air traffic.

Details of the CCI case, which was probed in two phases, have not been made public in line with the watchdog's practice. The agency, whose senior members are reviewing the investigation findings, has not made a final ruling and could further extend the investigation. But two of the sources said the airlines were likely to be cleared.

The CCI's investigation arm had already produced a report in 2016 saying no antitrust practices were detected. The agency directed a further probe into fare-determining software and seat-allocation patterns, a second source said

US drops charges against Droom, ShopClues co-founder

NEHA ALAWADHI

New Delhi, 19 February

The US Department of Justice (DoJ) has dropped all charges against Sandeep Aggarwal, the founder of Droom, an online marketplace to buy and sell used automobiles, in a 2013 insider trading case. "This lasted for almost sever years. But I am very grateful that in the end it was the rightful and just call by the DoJ to drop all charges unconditionally," said Aggarwal.

Aggarwal, who had co-founded online marketplace ShopClues which was sold to Singaporebased e-commerce platform Qoo10 last year — also settled with

the US Securities and Exchange Commission (SEC) relating to the

A civil penalty of \$32,500 was levied by SEC, which Aggarwal has paid. The SEC had barred him from working as a security market analyst or **Aggarwal had**

which will continue. In 2015, Aggarwal had after being to step down as chief exec- charged with utive of ShopClues after insider trading being charged with insidallegations er trading allegations in in the US the US. He was charged by the DoJ and sued by the SEC in July 2013, relating to events that took place in July 2009. He

founded Droom in 2014.

Aggarwal was a Wall Street analyst before he co-founded ShopClues with his then wife Radhika in 2011. One of the youngest and most promising uni-

corns valued at \$1 billion In 2015, Sandeep and above, ShopClues had its share of controas an investment advisor, to step down as versies — the most public CEO of ShopClues of which was a fallout between its co-founders.

> place Droom on Wednesday said the company is confident of hitting profit by the end of this year, and said it

Automobile market-

plans to raise about \$150 million before it launches an IPO in 2021. According to Aggarwal, Droom

did \$1.2 billion in gross merchandise value (GMV) in 2019 — an increase of 65 per cent from the year-ago period. Droom recorded revenue of \$32 million last year and this year expects \$2.1 billion in GMV, \$63 million in net revenue, followed by a \$3 billion GMV and \$120 million in net revenue. "We plan to get listed on the Nasdaq. Unless we pick new battles, we should be fully profitable by the end of this year," added Aggarwal.

Beginning November 2018, Droom launched in Malaysia, Singapore, and Thailand. In the next 18 months, Aggarwal plans to expand to three Southeast Asian countries and three West Asian countries.



Sandeep Aggarwal's Droom aims to hit profit by year-end, to raise \$150 million before IPO



"You want 10 per cent growth rate, then investment rate to the GDP should be 37 per cent and 3.7 per cent should be your efficiency factor and not five per cent as it is today"

SUBRAMANIAN SWAMY





"Political parties that have been insulting the Constitution are today trying to preach us the Constitution. Better they keep off or they will be badly exposed"

YOGI ADITYANATH Uttar Pradesh chief minister



There is no possibility of my becoming the chief ministerial candidate. I, for my part, have been involved in national politics all through my life. And I am not going to change course at this stage" SHARAD YADAV

Loktantrik Janata Dal leader

KEJRIWAL CALLS ON SHAH



Delhi Chief Minister Arvind Keiriwal (left) met Union Home Minister Amit Shah for the first time after taking oath as CM. Taking to Twitter, Kejriwal said both agreed to work together for the development of the national capital

IN BRIEF

Govt to set up authority for **Consumer Protection Act**

The government will frame rules and set up an authority to implement the new Consumer Protection Act by April this year, Food and Consumer Affairs Minister Ram Vilas Paswan said on Wednesday. He stressed on the regulation of the e-commerce sector with a rise in online transactions. Parliament last year approved 'The Consumer Protection Bill 2019', replacing the Consumer Protection Act, 1986. The law seeks to revamp the process of administration and settlement of consumer disputes, with strict penalties, including jail term for adulteration and misleading ads by firms. Paswan held discussions with industry representatives on provisions of the proposed Central Consumer Protection Authority as well as rules and regulations being formed under the Consumer Protection Act. PTI«

Prez's secy Kothari next CVC, former IAS officer Julka to be CIC

Sanjay Kothari, the secretary to the President, has been selected as the new chief vigilance commissioner by a committee headed by Prime Minister Narendra Modi, officials said on Wednesday. The committee has also chosen, by a majority decision, former Information and **Broadcasting Secretary Bimal** Julka, currently serving as an information commissioner, as the new chief information commissioner in the Central Information Commission. PTI

SBI Cards to raise tier-II capital of ₹250 crore



SBI Cards and Services (SBI Cards), which is floating an initial public offering for equity shares

will raise debt capital of₹250 crore via sub-ordinated bonds These bonds form part of tier-II capital structure. The move to raise money via tier-II instrument is aimed at strengthening capital adequacy for the State Bank of India subsidiary. PTI

Donald Trump's first

visit carries a more transactional flavour

trips to India

than other presidential

Cabinet makes crop cover optional for loanee farmers

To spend ₹6,865 crore on promoting 10,000 new FP0s over five years

New Delhi, 19 February

ver three years after Prime Minister Narendra Modi launched the Pradhan Mantri Fasal Bima Yojana (PMFBY, the Union Cabinet on Wednesday made it optional for loanee farmers and also incorporated a host of changes in an attempt to make it farmer-friendly.

The scheme would be voluntary for loanee farmers from the kharif season of 2020.

Since the scheme's inception, the central government has spent about ₹50,000 crore as its share of premium subsidy. Agriculture Minister Narendra Singh Tomar said according to government estimates, 58 per cent of total farmers are loanees.

The share of non-loanee farmers, for whom the scheme is voluntary, has been steadily rising, which shows that there a vast section of growers are in favour of the scheme.

Data shows that in kharif 2016, around 10.2 million non-loanee farmers enrolled in the scheme, which rose to 12.4 million by kharif 2018, a jump of about 22 per cent. In rabi 2016-17, the share of non-loanee farmers was 3.4 million, which rose to 7.9 million by rabi 2018-19, an increase of 132 per cent.

Total enrollement under the scheme, though, has been falling. It was 40.4 million in kharif 2016, dropping to 34.8 million by kharif 2018, a fall of about

The government blamed loan waiver schemes announced by state governments along with mandatory Aadhar linkage for the dwindling interest in PMF-BY. Critics, however, said delayed compensation payment and improper functioning of the scheme were some reasons for farmers preferring to opt out.

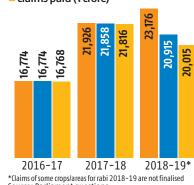
Some critics feel that making the scheme voluntary could lead to higher actuarial premium under PMFBY, resulting in higher subsidy outgo for the government. However, others said it could improve efficiency as nowhere across the world could farmers avail of crop insurance at such low rates.

Under PMFBY, farmers pay 2 per cent of the sum insured as their share of premium for kharif crops, 1.5 per cent for rabi



On Pradhan Mantri Fasal Bima Yojana... ■ Claims reported ■ Claims approved Claims paid (₹crore)

MONEY MATTERS



- The Union Cabinet on Wednesday approved the assisted reproductive technology (regulation) Bill that proposes establishment of a national registry and registration authority for all clinics and medical professionals serving in the field
- Law Commission: Cabinet approved the constitution
- of the 22nd Law Commission, which advises the government on complex legal issues
- Second phase of Swachh Bharat Mission (Rural) to focus on management of solid and liquid waste to be implemented with an estimated budget of ₹52,497 crore from next year
- loans given to the dairy sector raised from 2 per cent to 2.5 per cent to benefit 9.5 million farmers

■ Interest subvention on

■ Empowered Technology Group constituted to render timely policy advice on latest technologies; mapping of technology and technology products

crops, and 5 per cent for horticulture and commercial crops. If the actuarial premium is lower than, the lower of the two rates would apply. The difference between the actuarial premium rate and the premium paid by farmers is the subsidy shared equally by the Centre and states.

The proposal to make PMFBY voluntary for all was, in fact, part of the Bharativa . Janata Party's 2019 election manifesto.

The Union Cabinet also made other changes to the scheme, including introducing cut-off dates for states to release their share of premium subsidy. If states don't release their share before March 31 for the kharif season and September 30 for rabi, they won't be allowed to implement the scheme.

That apart, the Cabinet also decided that states will have to keep insurance companies enrolled in PMFBY for a minimum of three years as against the current provision of one year to three years. In 2019-20, more than three listed pri-

vate insurance companies opted out of PMFBY, questioning the viability of the scheme. "This is good decision in favour of the farmers by the government and we express our gratitude," Bhartiya Kisan Union said.

The Cabinet also decided to launch a new scheme for promoting and creating 10,000 new farmer producer organisations (FPOs) in the next five years, starting from 2019-20. A total budgetary provision of ₹6,865 crore was allocated for this.

WITH OR WITHOUT US TRADE DEAL, REGULATORY ISSUES REMAIN

FDI FROM THE US

SEES SLOW RISE

investment outflows

CHINA (\$ BILLION)

INDIA (\$ BILLION)

US foreign direct

2014-15

2014

No matter whether India manages to sign a deal with US President Donald Trump or not, both countries look headed for a showdown on various pending issues in the regulatory space. The absence of a bilateral investment protection treaty, American concerns with India's data localisation norms and India's attempts to rein in the ecommerce sector are set to become major battle arenas between the two nations once the

wrangling over tariff duties ends. The lack of an investment pact between the two has been raised by US investors for leaving their investments in India without requisite legal protection. India decided to terminate its existing investment pacts with other countries in 2016 with the government maintaining that all future pacts will be negotiated

under the framework of the model Bilateral Investment Treaty issued by the government in 2015. This was meant to form the basis for individual deal agreements to be negotiated with other nations. However, four years after unilaterally terminating investment pacts in 2016, only four BITs - with Bangladesh, Belarus, Colombia, and Taiwan — have materialised. Since the negotiations are not time-bound, there's no deadline to conclude ongoing talks with 11 other nations, an official said.

SUBHAYAN CHAKRABORTY & NEHA ALAWADHI

E-COMMERCE

- India's e-commerce market 2018-19: **\$54 billion** (Nasscom)
- E-commerce market size projected in 2020: \$120 **billion** (IBEF)
- Amazon investment: \$5 bn in last 5 yrs, **\$1 bn** committed ■ Walmart: Bought Flipkart

DATA ON THE RISE

- India's data usage per smartphone 9.8 GB/month (Ericsson report) ■ Most data now stored
- digitally ■ India has over **550 million**
- Internet users ■ Internet users expected to reach **800 million** by

2023 (McKinsey)

Obama or Nixon: Which template would Trump's India visit follow?

With a decelerating economy that weakens India's hands on geopolitical issues, it will be interesting to know which way this visit will go

While it wasn't an official visit, the first occupant of the White House to land on the shores of India was Ulysses S Grant, and likely not the last with, let's say a dodgy sense of aesthetics. The 18th President of the United States, Grant served two consecutive terms in office between 1869 and 1877 and was also the Commanding General of the US Army when the Civil War was won. Soon after his term ended, Grant and his wife Julia set forth on a two-and-ahalf-year world tour that aimed to project the US as an outward looking power ready to engage with the world. Grant arrived in Mumbai in February 1879 aboard USS Richmond and undertook the customary trip, on elephant back, to the Taj Mahal in Agra, whereupon the Grants thought it beautiful but not more than the Capitol Hill building. Grant met the then Viceroy Robert Lytton in Kolkata and professed admiration for his father Edward Bulwer-Lytton's novels. In 1982, the San Jose State University instituted the annual, tongue-in-cheek Bulwer-Lytton Fiction Contest to award the worst possible opening lines of a novel

as a tribute to Bulwer-Lytton's "It was a dark stormy night" in his 1830 work Paul Clifford. It remains to be seen what reluctant traveller Donald J Trump, the 45th President of the

US, on his two-day visit between February 24-26 makes of the spartan Sabarmati Ashram, the Taj Mahal, or the 'Namaste, Trump' rally in Ahmedabad where PM Narendra Modi assures there would be "millions and millions" in attendance.

Beyond the bearhugs and

protestations of great personal bond between the two leaders. this visit carries a more transactional flavour than other recent presidential trips to India. Unlike in the past, a trade deal between the two occupies centre stage, given the context of Trump's domestic policy priorities.

Trump, the self-professed master of deal making has in recent months dubbed India "tariff king" in a tweet pointing towards India's propensity to heavily tax US exports such as the high-end Harley Davidson motorcycles. India, wary of trade deals, has more reason to worry considering the deteriorating health of exports sector after sector, from gems and jewellery to textiles. India's inability to take meaningful advantage in return for greater American access to its domestic markets perhaps explains its lack of enthusiasm on this front. But hey, we're at least talking business. It wasn't like this always.

The first-ever visit of a serving US President was 12 years in the making after India's independence. Dwight D Eisenhower, a decorated war hero, was

welcomed in India as a "Prince of Peace". The weeklong visit was a big success, with Eisenhower relling in an open car with thousands lining $streets. Despite India fronting the \ distinctly \ anti-$ West Non-Aligned Movement, PM Jawaharlal Nehru, the romantic statesman, and Eisenhower, the soldier, seemed to have hit it off. Just as Modi $might personally show {\it Trump} \, around \, the \,$ Sabarmati Ashram, Nehru in 1959 offered the Eisenhowers a guided tour of the Taj. Eisenhower was lavish in his praise for India from the get-go. "In $fulfilling a \hbox{\it desire} \hbox{\it of many years, I pay in person}$ America's tribute to Indian people, to their culture, to their progress and to their strength among independent nations," he declared on arrival, adding that it was a personal pilgrimage of sorts. Not only that, in his address to a joint session of Parliament, Eisenhower spoke about support to India in the face of any external acts of aggression. It could be that the two had cultivated more

than an acquaintance when Nehru was conferred an honorary doctorate by Columbia University in 1949, when Eisenhower was its president. But

matters of commerce hardly figured. Perhaps knowing Nehru's not-so-charitable views on US wealth, there was no business delegation that accompanied Eisenhower something that's an essential part of bilateral head of state visits in the twenty first century.

In the rising heat of the Cold Warthe bonhomie evaporated. Nehru's reciprocal visit to the US in 1961 during John F Kennedy's presidency was a testy affair, given India's embrace of the Soviet Union. Richard Nixon's visit a decade after Eisenhower could charitably be described a disaster. It was more a 22-hour stopover than a full-

fledged state visit. You only need to scan the New York Times' pages on the eve of Nixon's visit to get a $sense\,of\,its\,lack\,of\,purpose.\,So\,wide\,was\,the\,gulf\,of$ distrust between the two nations, and India's inconsequence in the larger scheme of things, that none of the issues you'd normally expect — South Asian regional stability, the Indo-Pakistan arms race, unrest in East Pakistan or the Chinese threat — made the headlines. The touring party was more worried about droppings from Delhi's trees.

top of his bubblecar down, he will have to beware the fallout from Delhi's ubiquitous Jamun trees. Their purplish bounty, a semi-sour cherry like fruit with a big, hard pit, splatters indiscriminately on heads of passers by these days," noted NYT. Not many were surprised when declassified US papers showed the contempt Nixon had for PM Indira Gandhi. The sentiment was certainly mutual. A year later, she returned

"If Mr Nixon rides under clear skies with the









1. Prime Minister Jawaharlal Nehru receiving US President Dwight D Eisenhower at Parliament House in 1959 2. US President Richard Nixon with Prime Minister Indira Gandhi at Rashtrapati Bhavan in 1969 3. Bill Clinton during his visit to India in 2000 in the backdrop of the Kargil war 4. President Barack Obama and Prime Minister Manmohan Singh during the State Dinner at Rashtrapati Bhavan in 2010

the favour by not attending Nixon's banquet for heads of state on the sidelines on the UN's 25th anniversary celebrations. Jimmy Carter's visit in 1978, too, wasn't any more memorable than Nixon's. Carter said he loved reading the Bhagwat Gita presented to him by PM Morarji Desai. Carter in return offered Desai the two-volume journal of

American writer Henry Thoreau. $From \, 1947 \, to \, 2000, there \, had \, only \, been \, three \,$ US presidential visits to India. Since 2000, counting Trump's, there would be five. It was perhaps an acknowledgement of India's growing economic and strategic importance. While Bill Clinton charmed Indians in 2000 in the backdrop of the Kargil war and signalled the end to post-Pokhran nuclear test sanctions, substantive gains were made during George W Bush's visit in 2006, with the signing of the landmark civilian nuclear deal.

Barack Obama is the only US president to make two state visits to India in 2010 and 2015. The

second, a hastily arranged special invitation as chief guest on Republic Day. In 2010, with Manmohan Singh as PM, who Obama had referred to as a "Global Guru" at a G20 Summit for his leadership in diffusing the global financial crisis, the expectations were understandably high. Both had a reputation of being cerebral. While Obama's $celebrity\, quotient, having\, become \, the\, first\, Black$ President of the US with a landslide win, was at its peak, Singh too had won a second term in office with a bigger mandate for the Congress Party. The gush of warmth seemed unstoppable. If Clinton de-hyphenated India and Pakistan, Bush invested plenty of personal political capital on getting the nuclear deal through, Obama followed the path of the predecessors with greater vigour. At least that's what it looked like back in 2010. Moreover, in his address to the joint session of Parliament, Obama publicly endorsed India's candidacy for a permanent seat in the UN Security Council — the

first US President to do so. By 2015, the Modi bearhug had well and truly arrived on the global diplomatic arena and Obama was one of its early recipients. There was to be no parliamentary address during this short visit, but enough time for the man derided as chaiwala to personally make a cup of tea over a televised tete-a-tete in the lawns of the PM's residence. Pomp, pageantry and symbolism trumped over substance.

With a decelerating economy that weakens India's hands on geopolitical issues, would Trump's visit too go down that route? Maybe, just maybe, unlike the Grants, Melania and Donald Trump might think the Taj more beautiful than Trump Towers. One wouldn't bet on it, though.

 $TR\ Vivek\ is\ a\ journalist\ based\ in\ Bengaluru$

Disclaimer: Views expressed are personal. They do not reflect the view/s of Business Standard

Kotak Bank gets RBI nod to trim stake of promoters

SUBRATA PANDA Mumbai, 19 February

Private sector lender Kotak Mahindra Bank Wednesday informed stock exchanges that the Reserve Bank of India (RBI) had given final approval to the bank's proposal on reducing promoters' stake and capping their voting rights.

"Further to our intimation dated January 30, 2020, please note that the Reserve Bank of India has granted its final approval vide its letter dated February 18, 2020 in the matter relating to dilution of promoters' shareholding in the bank," the bank said in a statement.

The RBI had conveyed to the bank on January 29 that its promoters would have to bring down their shareholding to 26 per cent of the paidup voting equity share capital within six months of getting its final approval.

According to RBI rules, the bank was mandated to reduce promoter shareholding to 20 per cent by December 31, 2018, and to 15 per cent by March 2020. This has been relaxed.

Promoters, led by Managing Director and Chief Promoters, led Executive Officer Uday Kotak. owned 29.96 per cent of the share capital as of December 2019. However, the promoters' voting rights will stand curtailed. RBI said the promoters would have 20 per cent of the paid-up voting equity share capital until March 31, and it would be brought down to 15 per cent from April 1. The bank had withdrawn a petition filed in the Bombay High Court against the regulator last month. In December 2018, it had moved the HC against the RBI after the central bank did not accept the reduction of promoter shareholding via an issue of perpetual non-con-

Disclosure: Entities controlled by the Kotak family have a significant holding in Business Standard Pvt Ltd

vertible preference shares.

MPs' panel for dilution of default definition, but RBI flags concerns

The committee sought softening of criteria as it restricts banks from financing low-rated companies

SHRIMI CHOUDHARY New Delhi, 19 February

he Reserve Bank of India (RBI) has shown its reservation on reviewing the definition of default.

This is a key parameter for credit rating agencies (CRAs) to assign ratings to commercial papers of corporate houses, even as a parliamentary panel insisted on relaxing the norms.

The parliamentary committee on subordinate legislation. in a meeting held on Monday, had raised the issue with regulators and the ministry of finance. It sought to soften the stance on default criteria, which restricts banks from financing low-rated firms.

Further, such classification coming out with debt papers.

The commercial or debt paper is the favourite route of corporate houses to raise funds compared to bank loans. They help meet short-term working capital requirements.

Sources said companies once categorised in the "default" or "poor" ratings category do not get finance from banks.

People who attended the meeting are learnt to have cited certain examples where companies are on the verge of collapse because of the strict approach by banks. Besides RBI, the meeting was also attended by officials from the Securities and Exchange Board of India (Sebi), department of financial services, public sector banks and rating firms.

The meeting also highof firms into the default catego- lighted the whole rating ry also prohibits them from process and discussed how once the instrument of a com-



Sources say companies once categorised as 'default' or 'poor' rating category do not get finance from banks

pany gets downgraded, it takes time to upgrade it. A rating takes at least a year's

time to come back to investment grade from default status. According to the CRA guide-

considered speculative grade and above BBB is considered investment grade. The RBI guidelines deal with the definition of curing period, while the

lines, BB and below ratings are

time-frame of curing are under

Based on the RBI guidelines, the capital market regulator, too, has defined default differently across various instruments.

For instance, in case of term

working capital loans. loans, bonds, fixed deposits, certificate of deposits and commercial paper, a default is said to have occurred if there has been a delay of even one day of even ₹1 (of principal or interest) from the scheduled repayment date. For buyer's credit, packing

credit and bill purchase overdue of over 30 days is considered default. Rating agencies normally follow a rating scale that ranges from AAA (highest safety regarding timely servicing of debt) to D (default or expected to default soon).

Rating agencies have been

largely blamed for their lax policies and oversight for the 2008 global financial crisis.

This primarily spawned from junk-type mortgage bonds and their derivatives worth trillions of dollars that the Wall Street bankers invented and hawked across the globe to get AAA ratings and finally imploded. In the IL&FS matter, rating agencies India Ratings, ICRA and CARE had given its debt papers AAA/AA+ ratings a month before it defaulted in September

In the 25th edition of the Financial Stability Report (FSR), the RBI warned of rating shopping by companies for longterm bank loans.

This is based on indicative ratings given by CRAs which are not available to banks or

issued notices to the Centre, state government, GST (goods and services tax) Council, and indirect tax board in a case related to denial of input tax credit on gifts or free samples

Guiarat HC sends notice to Centre

over input tax

credit on gifts

The Gujarat High Court has

given by companies. A petitioner sought declaration of the section 17 (5) (h) of the Central GST Act and associated circular as unconstitutional to the extent that it restricts input tax credit on gifts and free samples. The section provides a list of items where input tax credit cannot be given such as rent a cab. However, the section does not mention gifts and samples.

As the confusion arose whether the credit would also be blocked for gifts and free samples, firms, including pharma ones, approached the government for clarification.

The CBIC came out with a circular in March, which stated samples that are supplied free without any consideration do not qualify as supply under the GST.

INDIVIAL DHASMANA

Core or headline inflation? RBI must debate, say economists

ANUP ROY

Mumbai, 19 February

As the Reserve Bank of India (RBI) engages in an internal review of the monetary policy framework, economists are of the view that there is scope for certain fine-tuning, especially in fixing the level of inflation that would be consistent with the potential output of the country.

Besides, whether the monetary policy committee (MPC) should focus on core inflation or the headline inflation, consisting of fairly unstable food and fuel prices, should also be debated, economists say.

out the potential output of the economy itself is a difficult task to begin with. But the general consensus is it should be the level where the capacity utilisation hits near about 85 per

ANALYSIS

low-70 per cent level. There can also that. "India had multiple indicator be a debate whether the framework should follow single policy objective or multiple. In every aspect though, economists are divided on the right approach.

State Bank of India (SBI) group Chief Economic Advisor Soumya Kanti Ghosh said the MPC cannot afford to only have inflation as the objective. There should be multiple objectives, with growth mandate firmly embedded in it.

The mandate for the MPC is a little restricted. There is a clear distinction between the MPC and the RBI now. Targeting inflation

However, the issue here is finding cannot be the sole mandate in a country like India. It is something for the developed country where growth is not a concern anymore," said Ghosh.

But Gaurav Kapur, chief econocent, or crosses it, from the present mist of IndusInd Bank, differs on

approach before the MPC, but it did not produce desired results. A monetary policy has to be clear and clearly stated and communicated.

Monetary policy globally is getting limited in its ability to push growth, as the central banks tinker with other macroprudential tools," Kapur said.

side with the latter's thinking. "Multiple objec- of 4% tives are not a good thing. They confuse the mardid not wish to be named.

In August, the three-year tenure of external members in the MPC also comes to an end. Economists say they see no reason for a change among the members as they showed independence and offered divergent there is a scope to lower the inflation views, in the true spirit of a commit-

tee approach. However, three members being from the RBI itself means it is always the view of the central bank that gets translated into action. It is, however, the consensus that

the policy framework has served the country well, as in the

three-and-half-years

ation, inflation has

under control except

for the latest prints.

According to the man-

largely

Some economists say the MPC should of it being in the operbe allowed to keep inflation at a slightly remained Generally, economists higher level than the current target

date given by the government, the RBI has kets," said a senior economist, who to maintain inflation at between 2 and 6 per cent, with the mid-point at 4 per cent.

> Economists have also varied opinion about whether a 4 per cent

inflation is good enough. According to Kapur of IndusInd,

"Inflation is not a good thing. that appropriate to go with India's Inflation globally is going down, food and fuel shocks are essentially shortterm. The oil dynamics globally have changed in our favour as supply has outstripped demand, and the fossil fuel concerns will keep oil prices under check," Kapur said, adding the weightage given to food in inflation needs some revision, but that is not a task of the RBI.

level for CPI is a healthy target to maintain for the MPC.

However, some other economists say the MPC should be allowed to keep inflation at a slightly higher level than what the present target of 4 per cent is.

"A slightly higher level of inflation for a developing economy is actually good. It improves the nominal growth and improves tax collections for the government. inflation as cost of funds are also Inflation at 4 per cent may not be

potential growth rate. The bigger question here is whether the MPC should target headline inflation at all, or just focus on the core," said the economist quoted above.

They say it won't be an easy task for the RBI to review an established framework. The central bank will have to calculate the neutral rate, the global environment, unem-According to Kapur, 3.5-4 per cent ployment rate, wage growth and outsized geo-political risks that pop up frequently.

They have to consider currency movement, and an ideal exchange rate. Economists say the growth and inflation tradeoff is no longer operative because of the central bank

interventions. Instead, the RBI must consider that apart from the headline inflation, inflationary expectations and

assuming an equal importance.

Govt working on law to link Aadhaar with voter ID card

New Delhi, 19 February

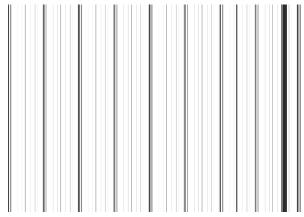
he Centre is working on a Bill to amend the election law to mandatorily link Aadhaar with voter identity card. The objective is to clean up electoral rolls, remove duplication, and facilitate migrant workers to vote

Sources in Opposition parties said the government when the Bill is introduced and debated in Parliament would need to allay their fears that this might become a tool to disenfranchise people.

According to sources, the Union law ministry is likely to prepare a Cabinet note soon to amend the Representation of the People Act, 1951.

The issue came up for discussion on Tuesday at a meetbetween Election Commission (EC) officials and those of the Ministry of Law and Justice. The meeting was called to discuss pending electoral reforms.

Election Commissioner Sunil Arora and Election Commissioners Ashok Lavasa and Sushil Chandra discussed the issue at a meeting with senior officials from the legislative department of the Ministry of Law and Justice, including Secretary Narayan Raju and Additional Secretary Rita Vashishth.



amend the Representation of the People Act, 1951

existing voter card holders and tion of Aadhaar last year. new applicants.

In August, the EC had written to the law ministry that the Representation of the People Act be amended to allow it to collect Aadhaar numbers of current/new voters. It could also entail amending the Aadhaar Act to allow for sharing the unique identification

In 2015, the Supreme Court (SC) had restricted the use of Aadhaar, which had also halted the EC's project to link Aadhaar numbers with voters' electoral data as part of its national electoral roll purification and authentication programme.

At the time the EC aban-The law ministry is working doned the project, it had seedon a Cabinet note to amend ed 320 million voter cards with istration of the spouse of existing laws to empower the Aadhaar. The EC sent the pro- women service officials in the EC 'statutory authority' to col- posal again after the SC category of service voter.

lect Aadhaar numbers of both allowed for mandatory collec-

At the meeting, Arora said there are more than 40 different proposals of electoral reforms which are pending and the EC is currently discussing some of these.

He suggested meetings at regular intervals between the EC and the legislative department of the ministry to 'pursue all such pending proposals".

The officials also discussed the possibility of more than one qualification date in a year for becoming an elector, paid news and false affidavit as electoral offence/corrupt practice and substituting the term 'wife' with 'spouse' in Representation of the People Act to facilitate electoral reg-

Govt doesn't acknowledge slowdown: Manmohan

ARUP ROYCHOUDHURY New Delhi, 19 February

Former prime minister Manmohan Singh on Wednesday slammed the economic policies of his successor Narendra Modi, saying the government was not acknowledging that there was a slowdown, and that there was a need to rethink the reform process afresh to deal with the country's challenges.

"Today we have a government which does not acknowledge that there is a word as slowdown. And I feel this is not good for our economy. If you do not recognise the problems that you face, you are not likely to find credible answers to take corrective actions measures and that is the real danger," Singh said at the launch of a book authored by former planning commission deputy chairman

Montek Singh Ahluwalia. "And therefore, as Montek has also pointed out in his book, the (target of) \$5-trillion economy by 2024-25 is wishful thinking. Also, there's no reason to expect that farmers' incomes can be doubled in three year period."

Singh said while an annual gross domestic product growth of 8 per cent was achievable; it required a rethinking about the role of fiscal policy, and bolder tax reforms. "As Montek says (in the book) if you look at the real fiscal picture, the real fiscal deficit of states and Centre combined is as high as 9 per cent and that's not good for satisfying our ambition of having a dynamic economy, growing at the rate of 8-10 per cent," Singh said.

India switches to world's cleanest petrol, diesel from April 1

PRESS TRUST OF INDIA New Delhi, 19 February

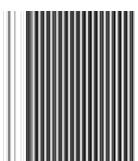
India will switch to the world's cleanest petrol and diesel from April 1 as it leapfrogs straight to Euro-VI emission compliant fuels from Euro-IV grades now a feat achieved in just three years and not seen in any of the large economies around

India will join the select league of nations using petrol From BS-IV to BS-VI it took just and diesel containing just 10 three years. it looks to cut vehicular emis- to leapfrog to BS-VI as first sions that are said to be one of upgrading to BS-V and then the reasons for the choking pollution in major cities.

Sanjiv Singh, chairman of Indian Oil Corp (IOC), the firm that controls roughly half of the country's fuel market, said almost all refineries began producing ultra-low sulphur BS-VI (equivalent to Euro-VI grade) petrol and diesel by the end of 2019 and oil companies have now undertaken the tedious task of replacing every drop of ment is on top of ₹60.000 crore fuel in the country with the new one.

"We are absolutely on track for supplying BS-VI fuel from April 1. Almost all refineries have begun supplying BS-VI fuel and the same has reached storage depots across the coun-

try," he said. From storage depots, the fuel has started travelling to petrol pumps and in the next few weeks all of them will only have BS-VI grade petrol and diesel, he said. "We are 100 per cent confident that fuel that will flow from nozzles at all the petrol pumps in the country on April 1 will be BS-VI emission compliant fuel." India adopted Euro-III equivalent (or Bharat content of 350 ppm in 2010 and together with the city of Agra. then took seven years to move BS-VI grade fuels were made sulphur content of 50 ppm. Haryana from October 1.



shifting to BS-VI would have prolonged the journey to 4 to 6years. Besides, oil refineries, as well as automobile manufacturers, would have had to make investments twice — first to producing BS-V grade fuel and engines and then BS-VI ones. State-owned oil refineries spent about ₹35,000 crore to upgrade plants that could produce ultralow sulphur fuel. This investthey spent on refinery upgrades in the previous

BS-VI has a sulphur content of just 10 ppm and emission standards are as good as CNG.

switchovers.

Originally, Delhi and its adjoining towns were to have BS-VI fuel supplies by April 2019 and the rest of the country was to get same supplies from April 2020. But oil marketing companies switched over to supply of BS-VI grade fuels in the national capital territory of Delhi on April 1, 2018.

The supply of BS-VI fuels was further extended to four contiguous districts of Rajasthan and eight of Uttar Pradesh in the National Capital Stage-III) fuel with a sulphur Region (NCR) on April 1, 2019, to BS-IV that had a available in 7 districts of

Who gains if Voda-Idea fails

Jio, which is not burdened with legacy network and user base, may find it easier to increase its capacity to accommodate Voda-Idea subscribers faster



NOT FOR PROFIT

NIVEDITA MOOKERJI

ho wins and who loses is a logical question to ask when a globally reputed Vodafone is counting its days in India. The question comes against the backdrop of the government failing to step

the ramifications of a possible shutdown of Vodafone Idea, and the regulator Telecom Regulatory Authority of India or Trai remaining absent from the scene even as the world watches one of the biggest telecom debacles. All this while the phrase "adjusted gross revenue" (AGR) may well be on its way to be among the most searched terms.

If sources are to be believed, the once-celebrated telco is preparing to file for bankruptcy as both joint venture partners — UK-headquartered Vodafone and Kumar Mangalam Birla-led Idea have said in no uncertain terms that they would not put good money after bad. That's good enough reason for its close such as to 340 million customers to start thinking of porting their numbers to a safer platform. They have a choice between the two private players left in the fray in effectively when the telecom sector Bharti Airtel and Reliance Jio. Voda needed it the most, the Supreme Court users have begun porting already so that nificantly on many counts.

standing its ground without looking at they are not caught without a mobile connection later as in all likelihood Airtel and Jio (with 327 million and 369 million users, respectively) won't be able to make room for every subscriber getting dropped from the financiallystressed telco's platform.

> That brings us to the question of winners and losers. While popular belief is that Jio and Airtel will gain by getting to share the Voda Idea subscriber base at a time when tariffs will only head north, things may not exactly pan out the way it is being imagined. Let's begin with Bharti Airtel, a telco in which the market has shown immense faith. True that it's got the funds to pay up its ₹35,500-crore AGR-linked dues to the government. It's also true that it would bag a good share of the Voda-Idea subscriber base, at least till the point its network capacity allows. But the burden on Sunil Mittal-led group would go up sig-

If three operators — Airtel, Voda-Idea and Jio — have been together investing in the range of ₹45,000-50,000 crore annually so far, the onus is now on two telcos. And that's a challenge. Even on tower tenancy, the load will be more on the remaining two players. Also, Bharti Group, which earlier had a partnership with Vodafone, has shared a special bond with the UK-headquartered service provider. That has been evident in their joint representations in many forums including on the AGR dispute in courts. When Jio came as a disruptor changing the telecom game, Bharti and Voda-Idea stuck together on several issues.

That explains why Mittal accompanied Voda-Idea brass, including Birla, to meet ministers and bureaucrats several times in the past one year. On Wednesday, too, he did the same, to press for relief and help Voda-Idea stay in business. So, Mittal may not exactly be a winner in the duopoly system for some time to come.

Reliance Jio may share similar concerns, but it has the technology edge for the simple reason that it entered the verse feels the heat?

scene much later. Also, for Reliance Industries, telecom is one of its many businesses, unlike Bharti Airtel. Jio, which is not burdened with legacy network and user base, may find it easier to increase its capacity to accommodate Voda-Idea subscribers faster. So, Jio is unlikely to feel lonely without Voda-Idea being around. That's more like a winner.

But the government, which has been fighting the telecom industry on the AGR issue for 16 years, will be a real loser. The deeply bleeding telecom industry and the absence of a strong player would adversely impact the upcoming spectrum auction and the government's signature project Digital India. That's not something the government would have bargained for when telcos shifted to the revenueshare regime in 1999 and the AGR dispute began in 2003.

In the winner-loser debate, another question keeps coming up: Is there anything that can be done to save Voda-Idea? Well funds that can give loans to stressed telcos are being keenly watched. Also, the government could go for retrospective amendment of the AGR law. But will it, as thousands lose jobs and the equipment/network uni-

CHINESE WHISPERS



O'Brien bats for Kamra

On Wednesday, at a meeting of the parliamentary standing committee on transport, which also looks at aviationrelated issues, members flagged the "unlawful" and "arbitrary" ban imposed on stand-up comedian Kunal Kamra (pictured) by four major airlines. In a letter to the committee Chairman T G Venkatesh, member Derek O'Brien said IndiGo, Air India, SpiceJet and GoAir imposed the ban on Kamra without any inquiry, and that the Union Minister for Civil Aviation endorsed the ban. O'Brien, a Trinamool Congress MP, said the ban on Kamra violated the "rules for handling of unruly passengers and principles of natural justice and was extremely arbitrary". With several other members supporting the issue, O'Brien urged the committee to take cognisance of the incident because "occurrence of such incidents can have a negative bearing on the aviation policy of the nation".

Presidential suite

Traders often try to make money by spreading positive news pertaining to a company as it can potentially drive stock prices. Lately, some of them are attempting to create a positive sentiment about ITC, whose shares have been soft since the Budget, following an increase in cigarette tax. "US President Donald Trump's India visit is a positive for ITC. Previously, four US presidents have stayed at the ITC Maurya in Delhi. This time, too, it should be no exception. US Secret Service books an entire hotel for its delegation and the president stays in the presidential suite on the 14th floor," says one SMS doing the rounds.

Cross connection

Consumer rants about bad mobile networks are nothing new but the whole thing can assume new significance in these volatile times. As Airtel and Vodafone Idea struggle to pay the dues linked to adjusted gross revenues, or AGR, to the Department of Telecommunications (DoT), a telecom executive trudging down the corridor in the DoT office was seen wringing his hands frustratedly: "DoT mein hi signal nahin hai (I am not receiving mobile signals even inside the DoT office)." he said as he stepped outside to complete the call. Theoretically, the DoT softening its stance on the payment of AGR or on the terms of payment process is an obvious step to ameliorate the situation. But making subscribers struggle for signals isn't the best way for struggling

India's race for higher growth

A local buffalo race holds lessons for growth — internal strength may be more important than external support



PRANJUL BHANDARI

new star seems to have arisen in India. Sprinting alongside a pair of buffaloes, construction worker Srinivasa Gowda wowed an audience during a local sporting event, when he covered a distance of 142.5 m in the paddy fields of rural Karnataka in just 13.62 seconds. Equivalent to 100 m in 9.55 seconds, one can claim that this is better than Usain Bolt's world record of 9.58 seconds. Does this make Gowda the fastest man

moment. It is possible that some of Gowda's speed was generated by the raging buffaloes running alongside. Others say that the slushy fields may have instead slowed him down. The truth is that in order to make any comparison, Gowda will need to be timed and tested in an environment where professional athletes compete. That alone will resolve the issue.

All of this seems to oddly resonate with India's growth prospects. Last year was rough. GDP growth slid, as every-The year 2020 could be better. The buf-

in more ways than one.

One, if the rain during monsoon is normal, the rural economy could improve. It would cement the gains that the sector has garnered over the last few months as food prices have risen. Two, the positive supply shock from oil prices sliding down to \$53/barrel, from \$61/barrel a year ago, could also support growth. Three, India's wobbly shadow banks seem to have stabilised as the availability of funds, both local and international, have improved. The costs that non-banking financial companies borrow at are beginning to normalise after skyrocketing in 2019.

Four, on the policy front, the Budget has come and gone, with no major disruption. If the equity market performance is an indicator, the Budget did not seem to be as disruptive this year as it was perceived to be last year. Finally, following the large but conventional lending rate cuts last year, the central bank has forayed into unconventional methods, to try to get the markets to mirror the moves. In the recent policy meeting on February 6, it offered to Cynics urge us to pause for a inject cash through one- and three-year funding operations to try to keep shortterm borrowing costs low. It also loosened regulations on loans made to small businesses, real estate and the

Of course, the deterrents to growth should also be acknowledged. Just as the slushy paddy fields could have slowed Gowda, the fallout from the current coronavirus outbreak could impact India, both directly and indirectly. Around 14 per cent of India's imports come from China, and are spread out thing that could go wrong, did go wrong. across investment, industrial and consumer goods. Persistent supply disruption could hurt India's eco



Kambala jockey Srinivas Gowda created a storm recently by covering 100 metres in 9.55 seconds

may harm the country's exports. Considering both the positives and negatives, we think India's economy will revive gently, from an expected sub-5 per cent growth clip in December 2019 to about 6 per cent by December 2020.

But will the recovery last? And is it good enough? If one argues that the brisk rise in the manufacturing indices over the last few months reflects inventory re-stocking, one must also note that this can be a one-off, unless demand rises to use up the new supply. Also, 6 per cent growth pales, when put alongside the 8 per cent growth achieved just a few years ago. How can India get to a higher growth trajectory, sustainably?

This is where India's economy faces ne real test. External positives can be

higher growth?

In previous research, we have argued that nationwide balance sheets are stretched. Companies have too much debt, banks are battling a large pile of bad loans, the finances of shadow banks remain lopsided, households may not want to take on too much more debt when wage growth is low, and the government debt and deficit situation is tight. The policy priority is clear. The balance sheet clean-up needs to be expedited. That alone can push India sustainably to a high-

Thankfully, the country is working with the right ingredients. For example, The author is chief India economist. the new bankruptcy code can lead to a economy could provide a helping hand ery. And a slowdown in global growth short-lived. Is the domestic economy faster resolution of bad assets. The new (India) Pvt Ltd

structurally strong enough to support coal policy can help untangle some stalled investment projects. The government's ambitious disinvestment plans can help improve government finances. The success of these important reforms, however, will depend on execution. The latter can be tardy in India.

If Gowda wants to prove himself among other athletes, he will have to perform by himself, on a professional track. If India wants to get on a higher growth path sustainably, it will have to build its internal potential. If it cleans up its impaired balance sheets with much-needed reforms, it can win

INSIGHT

From SME to MNC

The transformation of Conzerv offers important lessons on scaling up



HEMA HATTANGADY

y first glimpse of entrepreneurship at close quarters was when my husband's father, H Vasanth Rao or HVR started a business to make electronic voltage stabilisers and digital energy meters in the late eighties. His retirement savings formed the seed capital. He had worked till he was 52 in senior leadership positions with the central government and has been a highly regarded inventor with several patents to his credit. At a time when state electricity utilities were encouraging industries to sign up for more electrical energy, HVR foresaw the inevitable demandsupply gap that would emerge creating the need for accurate digital energy metering so industries would know exactly how much was being consumed/wasted.

In the early years, the enterprise was small but successful. The stabilisers were of excellent quality and soon had the largest market share. In a few years, however, the company hit bad times when its exclusive selling agency (which had retained control of the brand name

pete. I had some experience in maruum the agency had created, until prosper so everyone would win? we could hire a head of sales. I had to learn the basics of electrical engineering and energy management.

the selling agency led to the start by the late T Thomas, former chairman of Hindustan Lever Ltd (now Hindustan Unilever Ltd), who had just then set up India's first venture Management Ltd. The company got the much-needed capital but in the form of equity. This unfortunately meant the family ownership went down to 26 per cent.

My husband Ashok took over as managing director when his father and learning from wiser, more wished to take a step back from operations. Ashok, however, quickly grew tired of all that running the business entailed so he asked T Thomas or TT to make me the CEO.

My first mandate from TT was open communication. "Make the business professional and profitable".

The business had accumulated losses. Its net worth was wiped out. Morale of the family and the employees was low. The venture capitalist investors were expecting a return business would be run ethically or after four years of waiting. It did not not at all. This "sticking to princihelp that I was a non-engineer trying to run a tech company in the business-to-business space of digital energy meters and asking industrial customers to conserve energy!

unflinching support of Ashok as for profitable growth. head of R&D and of T Thomas as Establishing systems and pro-

and customers) terminated the con-chairman. My determination was tract overnight and began to com- probably born out of nervous excitement: I had been handed the opporketing and sales and I found myself tunity of a life-time... how could I out in the field trying to fill the vac- make sure the business would Dramatic changes were needed

in almost every facet of the organi-

sation. I also had to balance work The end of the relationship with with being a new mother (my son had just turned one when I became of a new one - we were discovered CEO). I took the following steps, some in series and some in parallel: ■Culture: A family business had to grow up and get professional. The focus had to shift to high-efficiency capital fund, Indus Venture performance and at top speed. I had to find direct ways of telling people what would change and why.

Finding my voice and my leadership style: As a first-time leader, I tried to be decisive and became obsessively interested in listening experienced people. I learnt later I was called an "ink blotter". I was also demanding and impatient and it took many years before I realised I had become the biggest block to

■Building the senior team beyond just Ashok and me: This turned out to be the most difficult task and seemingly an endless one.

■Developing shared vision and values: We were all aligned that the ples" stance made for very interesting experiences not all of them savoury. The frontline teams in particular had to bear the brunt of the 'no-bribe" policy.

Two things helped — the ■Crafting and executing a strategy

cesses, designing the organisation structure, setting up a proper production and delivery system, building the brand and setting up sales and distribution networks.

Our efforts paid off. We became profitable and dividend-paying from 1998 and the brand gained a presence in the marketplace, quickly achieving a 35 per cent market share. We started exporting to demanding original equipment manufacturers overseas and also set up our own distribution in South-East Asia, the Middle East and in the US.

Through this journey, we became known for some unique HR practices: If I found out that a sales manager's highly qualified engineer wife was sitting at home I would go out of the way to enable her to come for an interview and to take a job with us. Fathers and sons, mothers and daughters, have all built careers with Conzerv.

Conzerv also became known for thought leadership and social responsibility. We were the first ever metering company to introduce and succeed in energy consulting services.

In 2009, we sold Conzerv to the global giant Schneider Electric and stayed for a year to help oversee integration.

Most mergers and acquisitions do not succeed. Conzerv's integration into Schneider, however, has been seamless both for people and product. Today, we see the Conzerv range going global and the senior members of the management team taking their place at the table in India and beyond.

I have documented the story of transforming Conzerv in my recent book Lift Off, published by Westland

The author has served as chief executive officer of Schneider Electric Conzerv India Pvt. Ltd. (formerly, Conzerv Systems Pyt. Ltd.)

LETTERS

China's response

This refers to "Beijing's dangerous groupthink epidemic" by Rahul Jacob (February 12). This article made accusations about China's efforts in combating Novel Coronavirus Pneumonia and has attacked China's leadership and its system. The Chinese Embassy in India expresses our strong dissatisfaction to the article.

The Chinese government puts people's life and health as its top priority. Acting with openness, transparency and a high sense of responsibility, it has been sharing information in a timely manner and taking the most strict and thorough measures to fight the outbreak. mobilised, PLA soldiers, National Commission and the Wuhan neers, construction workers health authorities hold daily and many more have been counterparts. briefings to keep the public deployed to the worst-hit updated. China's decisive areas. We have full confiand effective measures have been recognised by the interthe battle against the epinational community. As the demic. With the strength of or e-mailed to: Director-General of the China's system and the unity World Health Organization of Chinese people, we have (WHO) Tedros Adhanom Ghebreyesus said, the speed with which China detected the epidemic. the outbreak, isolated the virus, sequenced the genome and shared it with

WHO and the world are very Great decision

impressive. It is China's strong leader- This refers to "Permanent ship and system which resources for big undertak-

attached great importance to the epidemic and repeatedly given important instructions. The Central Committee of the Communist Party of China has set up a leading group for comprehensive epidemic. The central and local governments have built an all-round, multi-level prevention and control system focusing on Wuhan city and Hubei province as core areas. The entire nation has been Health experts, medical teams, engidence and capability to win full confidence and capability to win the battle against

> Press Counsellor Chinese Embassy in India

commission, command roles enable us to mobilise all the for women in Army get SC nod" (February 18). It is a hisings. President Xi Jinping has toric decision by the apex court to grant permanent commission to women in Indian Army's non-combative roles. It will have a significant impact on bridging the divide between men and women officers. It is shocking that prevention and control of the despite having shortage of officers in support services, the army is letting go of trained women officers only due to gender discrimination. That unfortunate practice will hopefully end now. Time and again, women in all spheres of our society have proven beyond doubt that they are not inferior to their male

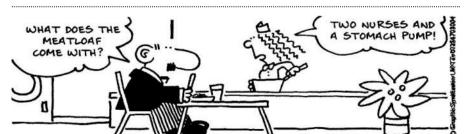
Bal Govind Noida

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All letters must have a postal address and telephone numbe

HAMBONE



Regulatory confusion

Curbs on investment advisers may not address mis-selling

he landscape will change for investment advisers due to decisions taken by the Securities and Exchange Board of India (Sebi) at its latest board meeting. The regulator has decreed that the same entity should not provide both advisory services and products such as mutual funds to a client (defined here as a family with dependent children, parents, etc). Sebi has also put a cap of ₹75,000 per account on the fees that may be charged from a single client for advisory services, with a maximum charge of 2.25 per cent of assets under management for smaller portfolios. However, separate subsidiaries owned by the same entity may sell and advise the same client. Sebi has also said that it will raise the eligibility criteria in terms of both net worth and qualification for registration of advisers, while allowing existing registrations to continue to practice.

This move, aimed at preventing mis-selling, however, will favour companies that can create subsidiaries to use the same brand to sell and advise clients. Individual advisers, who commonly work through limited liability partnerships (LLPs), will find it difficult to stay in the segment. They will either have to be pure advisers, or stick to simply selling products. Moreover, the cap on advisory charges will severely limit the upside in terms of income from such services. It also ignores the fact that advisory requirements of different clients may differ in their level of complexity. Indeed, the cap could make purely advisory services unviable commercially.

In practice, too, the segregation of advice from sales is impractical. While it is theoretically possible for seasoned investors to invest without advice, it is a difficult proposition, given the proliferation of schemes. Most clients will have to work with two separate entities, rather than a one-stop shop. This will likely make them gravitate to the same brand, favouring large companies, rather than seeking out two entirely separate entities. There may also be a situation where sellers offer "informal" advice off the books, while advisers create complicated corporate structures to try and get a slice of the sales commission. That sort of scenario would increase opacity and, possibly, even mis-selling — the very thing that Sebi is attempting to curb. A more optimal solution would have been to address the concerns about mis-selling directly, rather than imposing a cap on advisory services and segregating sales and advice since those services fit together organically. Stringent penalties could have been imposed on mis-selling, promises of extravagant returns, and other common malpractices. Sebi could have looked to create a more transparent format for adviser interactions which clearly delineated the commission payable.

On the positive side, Sebi cleared the concept of regulatory sandboxes at the same meeting. This is a good step since it will allow financial service providers, including fintechs, to experiment with new products without having to worry too much about the fine print at the initial stages. It should spur innovation without creating larger market risks and, therefore, allow the regulator to make informed decisions about any such new products after reviewing their impact in practice within the sandbox.

Inadequate legislation

Pesticides Bill fails to address key issues

he Pesticides Management Bill, 2020, approved by the Cabinet for introduction in Parliament, is unlikely to live up to the expectations of stakeholders in the agro-chemicals sector despite having been drafted after prolonged deliberations over 12 years, and inputs from the parliamentary standing committee. In a bid to shield the farmers' interests, the Bill seems to have willy-nilly tilted the scales against the industry. To ensure speedier compensation for losses suffered by farmers due to spurious, substandard or ineffective pesticides, the Bill moots setting up a dedicated fund of ₹50,000 crore, raised from the fines charged from the defaulting pesticide companies and contributions from the Central and state governments. The penalties for the supply of prohibited or poor-quality pesticides are proposed to be increased to ₹50 lakh and between three and five years of imprisonment. At present, these are pitched at a measly ₹2,000 fine and a jail term of up to three years. The production, trade, and use of pesticides are sought to be regulated through a central pesticides board comprising representatives from the Centre, states and farmers. Promotion of environment- and health-friendly organic pesticides is among the other notable features of this Bill.

The need for putting in place an effective legal regulatory regime for the pesticides sector has been felt for long because the archaic Insecticides Act of 1968 has proved incapable of doing so. The pesticides industry has grown haphazardly, resulting in the emergence of many fake, poor-quality and highly perilous chemicals. Though only around 300 pesticides have been formally registered for production and use in the country, the number of chemical formulations in circulation is far larger because of the production and sale of unregistered molecules. Several dangerous pesticides banned abroad continue to be used in India, causing deaths and grievous injuries to hundreds of farm workers every year. The new law is expected to deter the manufacture and sale of such hazardous chemicals and formulate stricter norms for approving new molecules.

However, the proposed legislation seems to have created a few apprehensions among sections of the pesticides industry. The CropLife India, an association of 16 research- and development-oriented crop science companies, has demanded the Bill to be referred to a Select Committee of Parliament to facilitate fresh consultations with players in this sector. It has also favoured decriminalisation of agro-input manufacturing by removing the applicability of the Code of Criminal Procedure, 1973, arguing that it creates a negative investment climate. Many of these misgivings could have been avoided by seeking public comments on the final draft of the Bill before sending it to the Cabinet for approval. Going by the officially disclosed limited information about the Bill, this measure appears to be wanting in laying adequate stress on checking pesticide residues in farm products which pose grave health hazards for human beings, livestock, and wildlife. The indiscriminate, as also injudicious, use of pesticides is causing widespread air. soil and water pollution. The proposed law, therefore, should not end at ensuring the availability of less-hazardous pesticides but go a step further to oblige the farmers to use them cautiously and in the recommended manner to avoid leaving any traces in the farm produce.

ILLUSTRATION: BINAY SINHA

Reforming GST

We must simplify, lower and make GST comprehensive to fulfil its promise

he goods and services tax (GST) finally became law in 2016, with cross-party support in both Houses of Parliament, and all state legislatures passing it. The GST has come in for a lot of criticism, but it is useful to step back and view it as a whole. To replace excise duty, sales tax, luxury tax, octroi and myriad others taxes and duties, which varied across

with one tax was fundamental progress. To provide a complete set-off for all input taxes, was an essential contribution to competitiveness. Thanks to these two changes from what we had earlier, GST is a landmark policy reform that has taken the country forward.

Having said that, several major problems must be addressed. We took the path of "fitting" the multiple old taxes into a set of rates. This eased implementation, but has led to too many rates — seven in all, 0, 3 per cent, 5 per cent, 12 per cent, 18 per cent, 28 per cent and then the cess

have repeated the earlier complexity. To take just two examples - of something that is even more complex than when GST started — a restaurant can carry a different GST rate if it is in a hotel with a room tariff over ₹7,500 or an independent restaurant. Footwear that sells for less than ₹1,000 carries a GST of 5 per cent, with other footwear of 18 per cent. Further, as the passage of GST required their support, states insisted that GST returns be filed separately in each state where

Multiple rates combined with multiple registrations and filings of returns have hugely complicated the GST. This has had two consequences: Smaller firms have struggled to cope with the system, and the GST system has struggled to automate the matching of input invoices with output invoices. The GST Council has responded by postponing when returns must be filed for smaller firms, reduced micro, small and medium enterprises (MSME) filing to once in three months instead of each month, and raised the exemption limit

repeatedly so that a turnover up to ₹1.5 crore can be exempt by paying a 1 per cent tax. Electronic invoice matching is still not done. And the onus of the correctness of the supplier's invoice and actual tax payment has been transferred to the receiving firm (how a firm can be held responsible for the accuracy of some other firm's invoice and accounts will probably end

> up being settled in court). This complex system creates

a large incentive to stay out of the tax net (there are stories of firms whose business is fake invoices). The net effect is that GST collections have consistently underperformed — missing their budgeted target this year by ₹1.5 trillion (or almost 1 per cent of GDP). So GST must be reformed. How? Our principles should be simplicity, comprehensiveness and low rates

A simpler structure

We should have at the most three or four rates -0per cent for essential food items, 12 per cent for everything else, and a high tax for "sin goods" such as aerated drinks, tobacco and alcohol (I'm open to being convinced that getting from here to there needs the additional 28 per cent rate in the interim). Registration and filing of all returns should be with one authority — with the Union government and states having equal access to the data. Then make GST comprehensive: Bring the remaining items fuel, construction, alcohol — in its fold. Have every one file every month, but in one place alone instead of 29, and drastically lower exemption limits — from ₹1.5 crore to, say, ₹10 lakh. Use the economic census of business enterprises to ensure all firms are registered for GST, and prompt an inspection only if a firm is not paying GST broadly in line with its declared number of employees. Let us close the door to the exemptions that facilitate evasion, instead of bringing in draconian penalties to deter walking through an open door. Bring everyone into the net, and make the filing — and therefore e-linking— of invoices simple

Lower the stakes as we learn

When GST came in, the GST Council insisted on setting up an authority whose remit was to ensure firms passed on any immediate benefits from a reduced tax rate to consumers. This, apart from being a throwback to the 1970s socialism, was always a bad idea: The best way to control one firm's behaviour is through competition from another firm. But at least the National Anti-profiteering Authority (NAA) was to have a life of two years, and then vanish. Come July 2019, instead of vanishing, its term was extended by another two years. This last Budget had a (welcome) section on trust, and decriminalising commercial offences. It then diluted this powerful message, by criminalising the "fraudulent availing" of input credits under GST on the mere grounds of the tax authorities having a "reason to believe". Shouldn't they prove it first before arresting someone? So let's make the stakes lower while we learn how to make GST a huge successscrap the NAA now, and decriminalise all offences unless fraud is proven in a court of law

The GST Council is chaired by the Union finance minister with membership of all state finance ministers. This is a unique institution, where Arun Jaitley's expert initial chairmanship established principles of discussion and consensus. It is exactly how a federal democracy like us should make major policy. Frequent meetings and vibrant discussion are good to build consensus and conviction. But they have one big disadvantage. When senior politicians get together once in three months, they seem to think they must, always, Do Something. So they listen to industry and then tinker with rates, change forms, and twiddle exemption limits. The finance minister perceptively suggested earlier this month that rates should be reviewed only once a year — "once a year" should apply to all it does. It also needs a strong technical secretariat that does the homework and proposes improvements to the Council. A 30-member Council trying to devise solutions reminds one of the saying that a camel is a horse designed by committee.

GST was a major reform, an essential platform for firms to be efficient. It was also intended to lead to great tax buoyancy that would raise the tax-to-GDP ratio above the 10 per cent or so it has been stuck at for 30 years. It still has the potential to do so, provided we simplify, lower and make GST comprehensive. And we must make the administration benign — by scrapping the NAA and decriminalising commercial offences. It can then truly be a tax that illustrates how less government delivers great results.

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Goodbye, apolitical corporations

INDIA'S WORLD?

NAUSHAD FORBES

engaging with controversy involving the ideology of the ruling regime — any ruling regime is being tested in unexpected ways. These engagements protests against the Citizenship Amendment Act. are the direct result of this ruling dispensation's ideological mobilisation of society. Three incidents in the was reporting him for "anti-national activities", which recent past show that this process of profound political is being increasingly tucked into the wide-ranging evangelism has had the unintended consequence of counter-terrorism law the Unlawful Activities

tomers and service providers, forcing them to show their ideological colours (or not)

First, in August last year one Amit Shukla from Jabalpur, Madhya Pradesh proudly tweeted that he had cancelled an order on food delivery app Zomato because they had allocated a non-Hindu delivery boy and had declined to change the rider or refund the customer for cancelling. Zomato's witty response: "Food doesn't have a religion, it is religion." Founder Deepinder Goval backed this up

with a politically correct message about India's diversity. "We aren't sorry to lose any business that comes in the way of our values," he said, a tactful way of telling customers to like it or lump it.

Perhaps Zomato was lucky that the incident occurred in a non-BJP state. So the police responded by slapping Mr Shukla with a ₹10,000 bond for good behaviour on grounds that his tweet could have disturbed the peace in a communally sensitive city like

Ride hailing service Uber — whose food delivery subsidiary had tweeted its support of Mr Goyal — did not enjoy the same sort of support earlier this month

orporate India's well-established aversion to in Mumbai, that multicultural metropolis under the have responded in the same way had the incident thrall of saffron groupthink. One of its drivers summoned the police to arrest a passenger for discussing The driver had recorded his client's conversation and

> (Prevention) Act. That the police responded at all was notable — that too, not to the driver's invasion of his client's privacy. Instead, they interrogated the passenger and let him off with a paternal warning against wearing a red scarf in these "troubled times".

> Uber's response was as mild as you can get. It suspended the driver for 72 hours while it conducted a review, then reinstated him and decided to send him to "re-sensitisation classes" — meaning he will have to re-attend the compulsory sensitisation programme for drivers before

they start work with Uber. This course of action begs several questions. First, did Uber not consider it reprehensible that a service provider should record a client's conversation without permission (there was no statement to this effect). Second, what does this sensitisation programme entail? Does *not* snooping/snitching on a passenger — courteously minding your own business, in other words not form a part of a driver's basic training? If it does, then this driver clearly hadn't got the message the first time. Is he likely to absorb it now that the local BJP workers had feted him for being "an alert citizen"? It is worth wondering whether the cab company would

occurred in the US.

In January, an Ola driver took issue with his client's phone conversation criticising the Modi government. An argument ensued, the client complained but the Ola management's response was that it would take "corrective action" (unspecified) and not dismiss the driver in the interests of respecting India's democratic principles and encouraging "a healthy exchange of thoughts". True, this was not an incident worthy of dismissal and, absolutely, everyone in India should have the right to express their views. Back in 2018, Ola underlined its secular platform when a Hindu client declined a Muslim driver and proudly tweeted the fact.

Meanwhile, the private airlines' heavy-handedness in the case of comedian Kunal Kamra raises discomfiting questions. Mr Kamra accosted the famously obstreperous anchor of a BJP-cheerleading channel on an IndiGo flight. For this, he was banned for six months immediately. A tweet from the civil aviation minister encouraged other private airlines and stateowned Air India to do the same. The *locus standi* of a political leader interfering in a row between a private airline and its customers remains unclear.

So far so bad. Soon it transpired that all airlines were guilty of overkill. Three months was the maximum ban for an offence that, while not to be condoned, did not disrupt services or delay the flight in the same way as some politicians had done in the not so distant past. Worse, the pilot complained that he had not been consulted, and the aviation watchdog backed him up by saving due process had not been followed. Mr Kamra has since sued the airline for "mental harassment".

All these incidents go to show that the day of the anodyne, apolitical corporation is running out fast. How they respond will determine the politico-business dynamic in the days to come.

Education's 'non-profit industrial complex'



CHINTAN GIRISH MODI

66 How do we make sense of the enormous expansion of educational institutions and desires to access these spaces despite them being exclusionary, disciplining and alienating? How do caste-blind assumptions and castedriven practices impact everyday schooling and institutional cultures? How do educational ideals such as equality, autonomy and respect begin to change as they begin their institutional lives?" asks Shivali Tukdeo in her book India Goes to School: Education Policy and Cultural Politics. She is an Associate Professor in the School of Social

Sciences at the National Institute of Advanced Studies in Bangalore where she has been researching social exclusion and changing modes of public education in India, with special attention to new policy regimes and how these are shaped by the international development discourse as well as nationalism.

What makes this book riveting is Ms Tukdeo's view of policy as socially and culturally constructed. She draws on feminist, post-colonial and anti-caste literature to critique policy frameworks that masquerade as apolitical while they diligently serve "neoliberal directives...using technological interface and the rhetoric of efficiency and transparency." She writes scathingly about "the non-profit industrial complex," which has been responsible for mainstreaming "capitalist solutions to social problems" by replacing mass struggles for social change with donor-driven agenda. The

broader context is a diminished role for the state as provider and manager of education, and ample opportunities for private players to be involved in administration, curriculum design, assessment and teacher education.

Apart from undertaking an extensive review of academic literature and policy documents concerning her area of research, Ms Tukdeo has spoken to people in the field. She reports a conversation with a municipal school teacher who said, "We are not sure if we will have enough supply of chalk for next week, but there will always be an organization visiting us, teaching us how to manage our classrooms, how to improve, develop leadership skills." Ms Tukdeo learnt how educational reforms introduced in government schools are often invasive and top-down as they have become spaces for experimentation by start-ups. foundations, and various kinds of nonstate actors. Unfortunately, this book

does not engage with how students and parents perceive

India Goes

to School

these reforms. Mr Tukdeo is concerned about the impact global integration has had on education in India, where it is being increasingly "thought in terms of employability, certification, authenticity and

validation." She makes a reasonable argument about being warv of policy ideas that are presented as easily translatable across cultural and political contexts, particularly those generated by the World Bank, the Organisation for Economic Co-operation and Development and UNESCO. Her book examines the intellectual hegemony inherent in the specific targets set up by Education for All, and the generic

standards laid down in the Millennium Development Goals. She writes, "The continuation of target-driven programmes in India points out the steady gain of ground by neoliberal

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INDIA GOES TO SCHOOL **Author:** Shivali Tukdeo **Publisher:** Springer **Price:** ₹9,436 **Pages:** 138

determinants and transposing it in the realm of business opportunities." Ms Tukdeo has also studied the engagement of diasporic groups in fundraising for educational interventions in India. According to her, their work is based on the assumption that access to schooling will overcome inequality, enhance civic participation,

and grow an educated workforce that

will secure India's national interests.

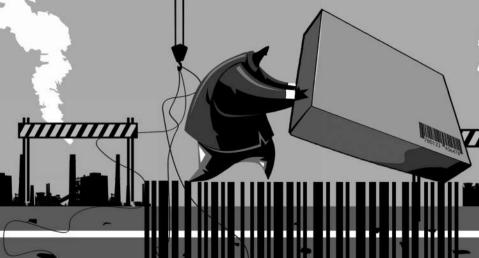
acknowledging the kind of politics this

However, they shy away from

work is informed by and feeds into. Referring to the work of the Ekal Vidyalaya Foundation, she remarks, 'What is crucial here is how education and development have become vehicles to consolidate the base for the Hindu right, and Ekal schools essentially provide a cover for transnational Hindutva organizing."

Ms Tukdeo's book could not have come at a better time. It invites the reader to think about how education policy is a tool for creating consensus around ideas of citizenship. These are some of the questions that came up in my mind as I was reading: What does nation-building mean in the contemporary moment where citizens are not up against colonial oppressors but against democratically elected leaders who slap sedition charges on students upholding constitutional rights? Will excessive privatisation in the education sector further marginalise Dalit, Adivasi and Muslim students or will it open up the space for dissent and protest? How beneficial is our critical consciousness if it does not give us the tools to build alternatives?





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SWOT KANIKA DATTA WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

Business Standard The Smart The Smart Thursday, 20 February 2020 Thursday, 20 February 2020



QUICK TAKE: BHARTI INFRATEL UP ON VODA RELIEF



The stock of Bharti Infratel rose 7 per cent on Wednesday. The gains came on expectations that the government is unlikely to encash bank guarantees of Vodafone Idea, which is a key tenant of its towers. The tower operator will be impacted if there is a drop in tenancy ratios

"Government dumped 51% of HPCL onto ONGC in January 2018 for ₹37,000 cr. ONGC had a market cap of ₹260,000 cr on that day. Today, it is ₹125,000 cr. Massive destruction of value SANDIP SABHARWAL, **Investment Advisor**

MFs: 'Against' votes hit a 5-yr high

Shareholder resolutions saw higher opposition. with abstention at 11%

ASHLEY COUTINHO

Mumbai, 19 February

Mumbai, 19 February

profits they make.

People who manage investment

increasingly pitching for a model

where they are only paid for the

portfolio management services

(PMS) providers an annual fixed

them a share of the profits made.

This is usually around 20 per cent

of gains above a certain threshold.

This 'two and 20' model is giving

'We are increasingly seeing a

trend wherein a service provider is

Essentially, the investor has to pay

only when the returns are above

way to a 'zero and 20' model.

according to industry experts.

willing to forgo fixed fees and

agree to only 'profit-share'.

Investors typically pay

fee of around 2 per cent of the

portfolios of the rich are

hough mutual funds (MFs) may still be hesitant to take on India Inc head-on, their share of votes against shareholder resolutions has seen an uptick over the previous calendar year.

The percentage of 'against' votes rose to 4.23 per cent in 2019 — the highest in the past five vears for which data was analysed. It was 3.4 per cent in 2018. In developed markets, institutional investors typically vote against 5-10 per cent of shareholder resolutions floated by firms.

Only 3.3 per cent votes of the top 10 fund houses, however, were cast against managements. Six of these — Aditva Birla Sun Life, HDFC MF, ICICI Prudential MF, Kotak MF, IDFC MF and Axis MF — cast less than 0.1 per cent of their votes this way, data from primemfdatabase shows. The percentage of 'abstain' votes, on the other hand, dipped to 10.9 per cent last year from 12.5 per cent a year ago. This was a huge reduction from the highs of 80-90 per cent seen in the early 2010s.

"More than half the industry did not vote in the past. Given that, the drop in abstain votes to 11 per cent and the nominal surge in 'against' votes should be viewed very positively," said Dhirendra Kumar, chief executive officer, Value AMIT TANDON, FOUNDER, IIAS "FROM A MERE TICK-THE-BOX APPROACH, VOTING

HAS BECOME A LOT MORE

THOUGHTFUL NOW, WITH

COMPANIES ON DECISIONS"

FUNDS ENGAGING WITH

TAKING A STAND

'Against' votes still few and far between, despite rise

			_	
	Number of resolutions	%	Number of resolutions	%
Franklin Templeton MF	7,202	10.3	559	0.8
Nippon India MF	3,816	5.5	83	0.1
Aditya Birla Sun Life MF	3,340	4.8	9	0.0
UTIMF	2,924	4.2	149	0.2
ICICI Prudential MF	2,645	3.8	19	0.0
HDFCMF	2,560	3.7	14	0.0
IDFCMF	2,186	3.1	18	0.0
SBIMF	1,898	2.7	239	0.3
Axis MF	1,726	2.5	45	0.1
Kotak Mahindra MF	762	1.1	8	0.0

Research. Voting at general meetings is a tool available to minority shareholders to influence decision-making.

"From a mere tick-the-box approach, voting has become a lot more thoughtful now, with funds engaging with companies on decisions they take," said Amit Tandon, founder, IiAS.

The way Indian MFs vote assumes significance, as they have grown in clout over the years. With an equity corpus of over ₹7.8 trillion,

Source: primemfdatabase.com MFs are increasingly dictating market direction.

Net MF inflows totalled ₹1.65 trillion in the past

two years, about 2.5 times the ₹67,098 crore

inflows from foreign portfolio investors. According to experts, it's not just the percentage but the type of 'against' votes that matter. "Indian institutional investors should take a stand on important corporate matters such as appointment of directors and auditors, rather than confining themselves to matters pertaining to change in capital structure such as issuance of equity or raising debt," said Shriram Subramanian, founder and MD of InGovern Research Services.

MFs manage liquid assets for several companies. This could, say experts, dissuade fund houses from going against managements, as the companies in question might then withdraw the amounts parked in these funds. Also, many MFs are themselves owned by large corporate houses, which could result in a conflict of interest during voting. "Since more than 50 per cent of the shares are held by promoters in India, voting on resolutions may not yield as much results as, say, in the US, where institutional holding is high," said Kumar.

Franklin Templeton MF, a foreign fund house, has taken the lead in voting on shareholder resolutions. In the past two years, the fund house has voted on about 14,400 resolutions, which is 22 per cent of the total number of resolutions of the top 10 fund houses. It also tops with 1,259 or 8.7 per cent of 'against' votes. A mandatory 'stewardship code' for MFs from April 1 could also help improve participation of funds in shareholder resolutions in future.

"Franklin Templeton has a clearly defined proxy voting policy based on well-known principles of governance such as independence of the board, prudent capital allocation decisions. minority shareholder friendliness and fair practices and adherence to well-established environmental, social and governance principles," said Anand Radhakrishnan, managing director & chief investment officer, Emerging Markets Equity — India, Franklin Templeton.

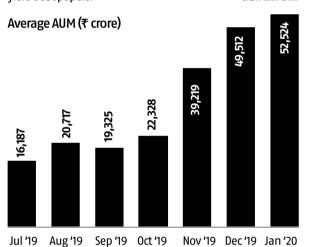
OVERNIGHT SCHEMES CROSS ₹50,000-CRORE MARK



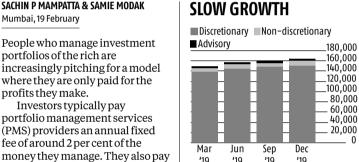
Overnight schemes are now included in the larger-sized category, given the shift by investors — with daily liquidity needs - to such schemes, following the Securities and Exchange Board of India's (Sebi's) restrictions on liquid schemes. Average assets under management (AAUM) of these schemes stood at ₹52,524 crore in January — a more than 4x jump since the beginning of the current financial year. The AAUM of overnight schemes in April 2019 was ₹11,566 crore. According to industry players, institutional investors are showing appetite for these funds considering the low-risk and high-liquid nature of the underlying portfolio.

Such schemes can invest in debt papers with maturity as short as one day. Further, these schemes invest in the collateralised borrowing and lending obligation (CBLO) market, which offers a high degree of safety. Last year, Sebi tightened norms for liquid schemes to curb risks in the underlying portfolios of such schemes and prevent volatility in investor flows.

To this end, graded exit loads were introduced in case of investments being redeemed within seven days. In addition, such schemes were directed to hold 20 per cent of corpus in government securities, while restricting exposure to highyield debt papers.



PMS schemes experiment with pay-only-for-profit model SACHIN P MAMPATTA & SAMIE MODAK



Figures denote absolute no. of clients in every ent as of quarter-end, compiled by BS

the hurdle rate. Under this, there is onus on the fund manager to generate returns," said Roopali Prabhu, director-head of investment products, Sanctum Wealth Management.

"We have recently launched a zero fixed fee model," said Akhil

Chaturvedi, associate directorhead-sales and distribution at Motilal Oswal Asset Management Company — one of India's largest PMS players.

He said the model, which is on a select distribution channel basis, was started three months ago. The idea was to encourage investors to not desist from investing in equities merely due to fees being levied in volatile times. Such investors would pay a certain percentage on profits on annual basis only when a certain basic hurdle on return is achieved, which in this case is 6 per cent.

Typically, the hurdle rate can vary between 6 per cent and 10 per cent, depending on different variable fee models. Others in the industry are also likely to see similar zero fixed fee models, said

Daniel GM, founder-director at

industry tracker PMSBazaar, said the balance has shifted in favour of investors from portfolio managers. Regulatory changes, such as the introduction of a direct option, are also a tailwind. The emergence of a pay-only-for-profit model to challenge the fixed fee model will not be a temporary trend, as investors are now evaluating fees and not just the performance. "This will also co-exist," he said.

The model has emerged during a period of regulatory change. The Securities and Exchange

Board of India (Sebi) recently doubled the minimum investment size to ₹50 lakh. It also raised the net worth requirement from ₹2 crore to ₹5 crore.

A circular on recent changes also mentioned introducing a direct plan. This would mean investors can enter into a scheme without recourse to a distributor.

"Portfolio managers shall provide an option to clients to be on-boarded directly, without intermediation of persons engaged in distribution services. Portfolio managers shall prominently disclose in their disclosure documents, marketing material and on their website, about the option for direct onboarding," said the circular dated February 13.

A large portion of the fixed fee in the first three years after an investor came on board often went to distributors, according to industry sources. The creation of a direct plan removes the need for high fixed fees. However, others also feel that given the limited presence and employee strength of these asset managers, a distribution network and appropriate fees may be necessary to garner assets.

STREET TALK

Indices snap losing streak on China fillip

Mumbai, 19 February

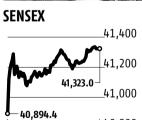
The benchmark indices snapped their four-session losing streak as sentiment risky towards assets improved on hopes that China would take measures to boost its economy

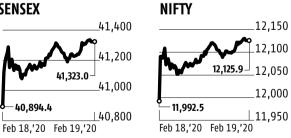
Gains in index heavyweights such as Reliance Industries and HDFC helped domestic indices posts their biggest jump in two weeks. Further, short-covering following successive days of losses accentuated gains, even as overseas investors' selling exceeded buying by nearly ₹200 crore.

The Sensex closed at 41,323, up 429 points or 1.1 per cent — the most since February 5. The Nifty closed at 12,126 — up 133 points or 1.15 per cent —recouping more than half the losses accumulated over the previous four sessions. Most Asian markets traded about 0.5 per cent higher.

Reports suggested that China was considering measures such as direct cash infusion and bail-outs for industries worst hit by the virus outbreak. like aviation. China's central bank has already lowered interest rates and opened a medium-term lending facility for banks.

"Market sentiment turned positive after new cases of coronavirus showed a decline Finance Minister Nirmala Sitharaman said the government would soon announce measures to deal with its impact on industry. The government also hinted at some relief for the troubled telecom sector, which uplifted the market," said Siddhartha Khemka, head





Shree Cement could see ₹700-cr inflow

Shares of Shree Cement gained on Wednesday after the NSE announced its inclusion to the Nifty. The stock rose 2.6 per cent to end at ₹24,406. Analysts at Edelweiss estimate inflows of \$96 million (₹700 crore) into the stock on account of the Nifty inclusion. The Kolkata-based cement maker will replace YES Bank in the index. The private sector lender is expected to see selling of \$24 million (₹170 crore) due to the exclusion. Changes in the Nifty index will come into effect from March 27. On an absolute basis, Shree Cement will be the most expensive stock in the 50-share index. At present, Nestlé India, which too was recently added, has the highest share price at ₹16,758.

BS REPORTER

(retail research), Motilal Oswal Financial Services.

Vodafone Idea rose as much as 48 per cent on hopes that the government would offer relief on AGR (adjusted gross revenue) dues. The stock closed at ₹4.2, up 38.3 per cent. Analysts said Vodafone Idea will continue to exhibit extreme volatility as various market forces bet

on its future. Reliance Industries rose 2.6 per cent on reports that the firm was inching close to a deal with Aramco. The

stock made a 115-point contribution to Sensex gains. The broader market outperformed the benchmarks.

markets continue tracking global developments around coronavirus," said Khemka. Another key event is the minutes of the US Federal

Market players said investors are eyeing the central bank's plans on balance sheet expansion. Any indication to end liquidity support would be a negative, they added.

THE COMPASS

Power plant acquisition value-accretive for JSW Energy

Debt/equity ratio to remain intact at below 1x following takeover

UJJVAL JAUHARI

JSW Energy's share purchase agreement to acquire GMR Kamalanga Energy — which owns and operates a 1,050-Mw coal-fired power plant enthused the Street.

The acquisition is in the right are low. Analysts peg direction as it puts JSW Energy's the same at ₹1.5-1.6 robust balance sheet and cash flows per Kwh. Another to better use, and gains are expected to accrue from the first day. Valuations appear reasonable too, and the deal does not change JSW Energy's debt-equity ratio, which remains at less than 1x.

ing an EV per Mw of ₹5.1 crore. Analysts feel this is in line with

Since the plant is located near the coal belt in Odisha with dedicated rail transportation and easy water supply, variable costs positive is that 84 per cent of the capacities are tied up under long-term power purchase agreements (PPA) of 25 years, for

The acquisition of three units of which coal linkages of 3.64 million execution. The earlier owner was 350 Mw each is valued at an enter- tonnes per annum are in place. The unable to buy coal and run the untied basis-point accretion to JSW Energy's prise value (EV) of ₹5,321 crore, imply- PPAs are with the Odisha, Bihar, and capacity (170 Mw), due to working return on equity. "We envisage a re-Haryana governments, while 170 Mw capital crunch. JSW believes it can is available for merchant power sales, easily utilise this capacity for merwhich could further improve finan- chant sales. With the plant load factor

JSW Energy Feb 19,'20 Feb 1,'19 Compiled by BS Research Bureau

ution of ₹1 per kWh," note analysts at JM Financial. though, Gains, depend on JSW's

cost gets recovered in

the PPAs, while mer-

chant capacity oper-

ates at a variable cost

of ₹1.5-1.6 per Kwh.

Hence, even at low

merchant realisation

of ₹2.5 per kWh, the

plant can earn contrib-

rising to 90 per cent (from 75 per "Most of the fixed cent). JSW expects an Ebitda of ₹900 crore for FY21, led by contribution from open merchant capacity (₹125 crore). GMR Kamalanga had reported revenue of ₹2,195 crore in FY19.

Most analysts remain positive and see the development as favourable. Analysts at Motilal Oswal Financial Services have raised FY21 and FY22 earnings estimates by 15 and 8 per cent, respectively, to factor in the acquisition.

On the acquisition, Swarnim Maheshwari and Ashutosh Mehta of Edelweiss Securities estimate a payback period of five years and a 200rating potential with the missing link — inorganic growth — now in place,'

Lower costs could spur margins for high-flying SpiceJet

Expansion in regional connectivity, induction of MAX aircraft major triggers

RAM PRASAD SAHU

The SpiceJet stock gained utilisation for the Boeing 4.3 per cent, thanks to the introduction of new regional routes and expectations of improving profitability from FY21. The carrier launched 20 new flights effective March-end, which will add to its existing network and, more importantly, to a couple of regional routes.

tance and lower competi-

tion, compared to the pric-

ing pressures in busier

routes including metros.

With the latest additions, flights under the regional connectivity scheme have MAX to its fleet. now increased to 52 destina-Analysts at Edelweiss tions — the highest in the Research said while the sector. Yields from regional revenue passenger kilomedestinations tend to be tre growth of 46 per cent higher, given the shorter disexpected in FY20 - has

new routes could enhance 737-800 and Bombardier Q400 aircraft, which will be deployed for these routes. The company now has a total of 82 Boeing 737s, two Airbus A320s, and 32 Bombardier Q-400 aircraft as part of its fleet. While the addition of new Sensex

> 737 MAX. Higher capacity (220 seats against 180 for the 737

Base=100 Feb 1.'19 Feb 19,'20

tressed by the addition of tially in the December

with market leader IndiGo.

In addition to efficiencies from the induction of the MAX aircraft, the fuel bill is likely to decline on account of lower crude oil prices and a higher international mix.

bridge the 7 per cent gap

ICICI Securities expects unit fuel costs to decline by 9 per cent during FY19-22. While there is uncertainty over traffic growth because of the coronavirus outbreak, analysts believe that yields on international routes are better, as some of the slots vacated by Jet Airways have not yet been replaced.

On the domestic front, the delay in ramping up of capacity across carriers is also a major positive, given

routes is a positive, the key trigger for the stock is the induction of Boeing 737

Analysts said that the

been boosted by higher fuel efficiency is addition of 30 B737 NGs from Jet Airways, FY21 growth is likely to be but-

quarter to ₹2.7 per kilometre, a figure expected to drop further as new planes NG), along with 20 per cent replace the older 737s. With these costs expected to expected to boost profitabil- reduce by a further 4 per itv. Non-fuel unit costs cent over the next couple of the muted growth in passlipped 10.6 per cent sequen- years, the firm is expected to senger traffic.

Advisors miffed at cap on fees

Regulator's move could force players to shift to alternative business models, they say

IASH KRIPLANI

Mumbai, 19 February

The Securities and Exchange Board of India's (Sebi's) move to cap fees for advisory services could force players to move out of the advisory business and switch to commission-linked services, with advisors seeing the move as detrimental to business viability.

In its board meeting on Monday, the markets regulator laid down norms for advisors. It barred them from offering distribution services and stated there will be an upper limit on the fee advisors can charge from their clients.

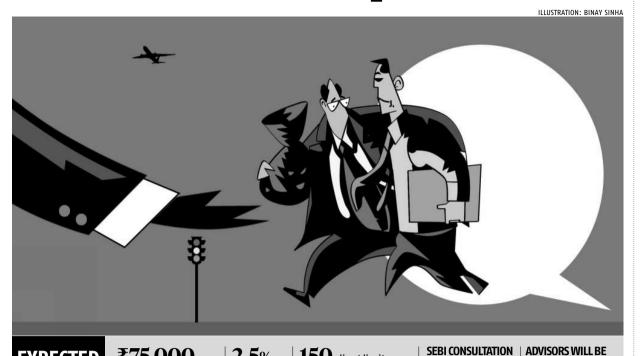
Industry participants say this could make life difficult for advisors offering services to high net-worth investors, where operating costs are on the higher side.

"If there is a big client, the amount of work involved is likely to be huge. Typically, it entails 30-45 days of intense work with that client. The fee involved for such a client can easily surpass ₹75,000 per annum," said Suresh Sadagopan, founder of Ladder7 Financial Advisories.

"Running a business can become unviable. Several costs are involved pertaining to office, staff, salaries, etc. An advisor may be forced to consider exiting or switching to commission-linked models," added Sadagopan.

"On the one hand, Sebi has enhanced the eligibility criteria for an advisor in terms of qualification and experience. At the same time, it expects professionals to enter the industry where fees are going to be curbed," said another

While a detailed circular on the matter has not vet been issued. Sebi in its consultation paper had said the maximum fee an advisor can charge from a



EXPECTED CURBS

if the client comes through the assets

under administration (AUA) model, the

advisor can charge 2.5 per cent of AUA.

Further, the advisor cannot use a hybrid

set of challenges. Some clients would

switch to the AUA model. on the higher side

model, but choose between the two.

like to continue after the

Advisors are of the view

need to offer more clarification as to

"While we need to wait for the fine

that the regulator would

how this model can work.

cost-efficient

₹75,000 cap for fixed fee model proposed by Sebi

2.5% 150 client limit breach, advisor needs of advised assets (AUA) net worth of ₹5 million

paper on advisors was issued last

ADVISORS WILL BE forced to opt for either of the two models

client can be ₹75,000 per annum. And print, the consultation paper says clients can be charged in AUA mode. What about instances where there are no assets involved? There can be cases where the client wants to consult for coming out of a debt trap, making Advisors say this can pose another his/her Will or the family budget," said Gaurav Mashruwala, certified financial

planner.

initial two-month engage- Industry participants ment, and would prefer the say this could make life AUA model — it is more **difficult for advisors** offering services to Market observers say high net worth that capping of fees at investors, where ₹75,000 can force some to operating costs are

Mashruwala currently offers advisory services through the fixed fee model. Another proposal in Sebi's con-

not in AUA mode.

He says there is uncer-

tainty around these

aspects and whether

clients would need to be

charged separately for

such engagements and

sultation paper that advisors are worried about is the requirement to corporatise once the client limit reaches 150 or advised assets ₹40-crore mark.

"While the provision didn't find any mention in the board meeting minutes released by Sebi, such a move could create high entry barriers and deter new players," said Melvin Joseph, founder of Finvin Financial Planners.

The consultation paper says that within six months of reaching either of the above two marks, the individual advisor would need to mandatorily have a net-worth of ₹50 lakh and re-register as a corporate advisor.

In its consultation paper, the capital markets regulator also proposed that an advisor could charge only half the fee in advance, which, advisors have said, could make the process of recovering any outstanding dues from clients an onerous task.

Current: ₹475

Target: ₹468

Nomura finding its feet in Asian I-banking venture

Hong Kong, 19 February

Nomura Holdings' investment banking business in Asia is set to return to profit this year after more than a decade of losses since its Lehman Brothers Holdings acquisition, according to its division chief.

Cost cuts and fees from financing will drive the profit rebound in the year ending March 31, said Kenji Teshima, head of i-banking for Asia (excluding Japan). Revenue is set to rise by about one third, led by private financing and dealmaking in India and Australia, he said, while warning that some transactions in China may be affected by the coronavirus outbreak.

Japan's biggest securities firm last year unveiled plans to cut \$1 billion of costs at its struggling global wholesale operation, helping to revive profit that's been under pressure from years of losses abroad. Teshima's group is benefiting from the firm-wide savings even as he keeps net headcount largely unchanged.

The cost cuts "will indirectly have a positive impact in terms of cost to my business," he said in an interview in Hong Kong. Coupled with the revenue gains, that means "all of a sudden, it's a gamechanger year."

Nomura's 2008 purchase of Lehman assets in Asia swelled costs as it took on bankers. For global firms in the region, it can be harder to make money from investment banking than in Europe and America because of lower fees and high costs of running operations in multiple countries.

Teshima has shifted Nomura's focus in several nations since taking the role four years ago. In India, he increased the emphasis on financing and the capital markets business rather than mergers advice, because many companies there need access to funds for growth. In Australia, he built a sponsor business from scratch, helping private equity funds execute deals.

While Nomura doesn't split out regional earnings figures for its investment banking unit, wholesale revenue — which also includes global markets - in Asia ex-Japan jumped 53 per cent in the nine months ended December 31. Pretax profit from the region was 23.1 billion ven (\$210 million) in the period, compared with a 3.7 billion yen loss a year earlier.

Shares of Nomura closed 0.3 per cent higher on Wednesday in Tokyo. The stock has gained about 68 per cent since early June on renewed optimism over the profit outlook.

Private financing, which involves giving loans against collateral, has been growing in India and Australia in the past few years, Teshima said. India has provided "a very good mix" of revenue as the bank bolsters its margin lending business there, enabling it to compete with foreign players, he said.

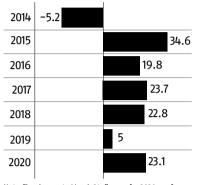
The bank set up a joint entity with the markets division two years ago to better structure financing deals when advising ceived risks, he added.



CASH COW

Nomura has been profitable in Asia despite struggles in I-banking

■ PBT for Asia/ Oceania (ex-Japan) (Figures in ¥ billion)



Note:Fiscal years to March 31; figures for 2020 are for

clients on mergers and stock and bond transactions. One growth area is to provide leverage to hedge funds and insurers to purchase high-yield bonds underwritten by the bank, allowing it to earn multiple fees from one transaction, he said.

Mergers advisory between Japan and Asia and cross-border activity between the region and the rest of the world "has also made a step up," contributing to the growth, Teshima said. Nomura was ranked 12th in Asia ex-Japan M&A last year, up from 30th a year earlier, data comoiled by Bloomberg show.

In Australia, there are opportunities stemming from Japanese companies' appetite for acquisitions. "Australia is a country where there's a hot eye from Japan in terms of foreign investment. he said. Australia and India contribute about 20 per cent and 15 per cent of ex-Japan Asia investment banking revenue respectively, while China is the biggest market, making up about 40 per cent, Teshima said.

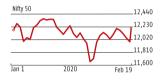
Deals involving public fund raising

in China may be affected by the coronavirus outbreak and the trade war as market valuations shrink, Teshima said. Still, that will lead to more deals where companies need to raise funds privately, he said, adding that he expects inbound mergers and offshore financing for Chinese clients to increase. Investors will switch to investment-grade issuance due to higher per-

TODAY'S PICKS BY DEVANGSHU DATTA

Nifty Current: 12,125 (fut: 12,148) Target: NA

Stop long positions at 12,250. Stop short positions at 12,050. Big moves could go till 12,325, 11,975. Strong resistances between 12,200-12,250. A long Feb 27 12000p (33), short 11900p (19) could gain 10-15 if the index tests 12,000.



PRICE CARD

As on Feb 19

Aluminium

Gold (\$/ounce)

Silver (\$/ounce)

Crude Oil (\$/bbl)

ENERGY

Maize

Sugar

Palm oil

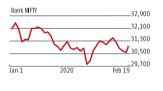
Cotton

Copper

METALS (\$/tonne)

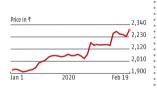
Bank Nifty Current: 30,838 (fut: 30,862) Target: NA

Stop long positions at 30,700. Stop short positions at 31,000. Big moves could go till 31,200, 30,500. Shortcovering driving uptrend - it could go negative against towards end of today's settlement.



Current: **₹2,292** Target: **₹2,320**

Keep a stop at 2,275 and go long. Add to the position between 2310-2315. Book profits at 2,320.



Current: ₹404 Target: ₹397 Keep a stop at 407 and go short. Add to the position between 398-399. Book profits at 397.

Sun Pharma

Keep a stop at 479 and go short.

Add to the position between

469-471. Book profits at 468.

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

COMMODITIES

International

1,681.0

5,728.0

1,608.4*

18.3*

196.2

182.8*

675.0

1,506.9

2,128.0 -9.9

58.1* -4.7

%Chg#

-3.1

-1.6

9.2

6.8

5.8

1.1

25.6

6.3

7.7

Domestic

%Chg

Price

1,970.4

6,302.4

1,802.4

20.7

55.8 -10.3

2.0 -22.1

290.0 -3.5

485.5 -0.4

1,077.8 6.8

1,575.0 0.7

247.2

6.7

2,403.6 -11.1

Centre readying revival package for tea sector

The government is working on a revival package for the tea industry, which has been under severe stress because of the rising production costs and low availability of credit. The package may include a one-time grant of ₹300 crore to improve the cash flow situation, besides clearing subsidies, which have been pending for over five years, to the tea firms. A relaxation of 1-1.5 years can also be provided to the plantation companies to enforce the Labour Code once passed by the Parliament.

The package is likely to be sanctioned dur-

ing April-May this year. "A revival package is in the making and we are consulting with the industry as well. An increase in wages, as a result of the Labour Code, will further complicate matters for the already stressed tea companies, and so some help is needed," A K Ray, deputy chairman of the Tea Board of India, told Business Standard. The package comes at a time when several large companies, such as McLeod Russel, Warren Tea, and Jay Shree Tea among others, are selling tea estates to pare debt. In the last five years, the production costs have increased by 15-20 per cent, while the prices have risen by only 5-7 per cent, leading to a sharp fall in tea firms' profitability, industry officials said. Considering stress in the sector, banks have also been unwilling to extend the lines of credit. For instance, Warren Tea reported a net loss of ₹15.92 crore in the financial year 2018-19, compared to a net profit of ₹20.24 crore in FY14. McLeod, which had posted a ₹257.15 crore net profit during FY14, posted a net loss of ₹4.42 crore in the last financial year.

Similarly, Goodricke's net profit shrank to ₹9.49 crore during the financial year ended March 31, 2019, from ₹22.24 crore in the calendar year 2014. Rossel India too had posted a Labour Code will help the firms adjust to the ₹20.40-crore profit during FY14, which fell to new laws gradually.



The tea firms are also faced with the prospect of input costs going up after the implementation of the Labour Code. Officials said increase in wages will lead to a collapse of around 65 per cent of tea estates in West Bengal and Assam

Currently, under the Plantation Labour Act (PLA), 1951, apart from a cash component, which is around 50 per cent of the total wage, tea workers are also provided with in-kind benefits like housing, sanitation, education and ration, among others.

The officials claimed that, under the new wage structure, the non-cash benefits cannot be more than 15 per cent, and also the new wages will be based on the Minimum Wages Act, 1948, which will lead to an effective increase of around 40 per cent in wages.

On an average, wages alone account for around 40 per cent of the total input costs for a tea company.

According to the Tea Board, the revival package can provide the tea firms with cash to opt for better plantation techniques and methods as well as improve cash flow and clear debts to an extent. Also, a relaxation in enforcing the

Higher whole-leaf tea output boosts income from exports

Higher exports of whole-leaf tea, particularly to Iran, helped Indian tea exports grow by 2.05 per cent in terms of value. However, total exports dipped by 3.03 per cent in terms of volume under volatile market conditions.

In absolute terms, total export value last year stood at \$796.36 against \$780.34 in 2018. The volume stood at 248.29 million kg (mkg) as compared to 256.06 mkg registered in 2018.

Exporters as well as planters attributed the rise in export income to higher production of whole-leaf or orthodox tea variety which fetches much better prices than the crush, tear, curl (CTC) variety. Data from the Tea Board showed that while production of CTC tea increased by 2.06 per cent last year to 1,233.73 mkg, orthodox tea production grew 25.9 per cent at 138.83 mkg. "Higher orthodox production is good as nearly this entire tea variety is exported," Vivek Goenka, chairman, Indian Tea Association told Business Standard.

While the average price for CTC tea ranges between \$2.25 and \$3 per kg while orthodox teas are exported at prices between \$4 and \$5 per kg. "The improvement in prices is primarily on account of higher volume of whole-leaf exports. Quality of CTC has also improved in some markets, leading to better prices," said Arun Kumar Ray, deputy chairman of the Tea Board.

Exports of whole-leaftea to Iran increased by around 74 per cent at 53.45 mkg while in case of Germany, it stagnated at 10 mkg.

On the other hand, exports of Darjeeling tea also increased to 4.97 mkg to Japan from the earlier export of 3.69 mkg. In the US, another orthodox and premium CTC market, exports increased to 12.22 mkg from the earlier volume AVISHEK RAKSHIT of 11.03 mkg.

Select base metals, energy rise on China stimulus

ΠΙΙΙΡ ΚΙΙΜΔΕ ΙΗΔ Mumbai, 19 February

Prices of select base metals and energy rose on the back of hopes of a demand revival, Japan, for example, has on Wednesday, following announced a ¥26-trillion expectations of further eco-

The Chinese government infused \$250 billion last week to support the economy, large economies to follow suit. which was hit by the coronavirus outbreak.

interna-

WHEDE THEV CTAND tional markets surged 1.5 per cent to trade at \$58.20 a barrel silver

and gold prices jumped by 1 per cent (to

\$1.610 per ounce) and 0.5 per cent (to lus will be negative for currency \$18.37 per ounce), respectively, in the benchmark London spot market. At the Zaveri Bazaar here, standard gold in at Anand Rathi Shares and physical markets hit all-time high of ₹41,400 per 10 grams and silver firmed up at

₹47,600 a kg. Started with the trade war between the US and China, followed by the political instability in West Asia and Brexit. and now the coronavirus pandemic in China, the global eco-

nomic growth is at stake.

Consequently, leading progressive world economies have already started the process of economic stimulus. (\$239 billion) package to boost nomic stimulus from China. its economy and prevent recession. Now, analysts forecast China, India and other

> "Prices of sensitive commodities are up today, predom-

> > stimulus

planned

govern-

China.

ment of

positive

ment is

building

econom-

senti-

While crude oil price in inantly on expectations of eco-

MUEKE IUET SIAND			
	\$/tonne	% change*	
Aluminium	1,716.0	-0.3	
Lead	1,881.0	-0.3	
Nickel	12,815.0	-0.3	
Zinc	2,146.0	0.1	
Copper	5,785.5	0.4	
Brent crude (\$ / BBL)	58.2	1.5	
Change over previous close ources: LME, Bloomberg			

ic stimuand thereby positive for gold energy and some base metals, said Naveen Mathur, Director Stockbrokers, Non-investment linked sensitive commodities including nickel, lead and aluminium on the benchmark London Metal Exchange, how ever, declined marginally.

On the MCX, crude oil futures for delivery in February jumped 1.78 per cent to ₹3,764 a barrel.

2) International metal are LME Spot prices and domestic metal are Mumbai local spot

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 MODX future prices of near month contract, Palm oil &

ational metals, Indian basket crude, Malaysia Palm oil, Wheat LIFFE and Coffee taka robusta pertains to previous days price.

* As on Feb 19, 20 1800 hrs IST, # Change Over 3 Months Conversion rate 1 USD = 71.6 & 1 Ounce = 31.1032316 grams

Natural Gas (\$/mmBtu) 2.0* -21.9

AGRI COMMODITIES (\$/tonne

5) International Wheat, White sugar & Coffee Robusta are LIFF E future prices of near

) Domestic Wheat & Maize are mountained.

Rubber are NDCR Spot prices.

3) Domestic Coffee is Karnatakar orbusta and Sugar is M30 Mumbai local spot price.

3) International cotton is Cotton no. 2–NYB0T near month future & domestic cotton is MCX

Firture orices near month futures.

Compiled by BS Research Bureau

Repatriate sale proceeds to India

Since there will be tax incidence in the foreign country, an investor has to seek credits in India

SANJAY KUMAR SINGH

th Indian real estate, especially its residential segment, caught in a prolonged slump, high net worth individuals (HNIs) are increasingly gravitating towards foreign markets. Knight Frank, a real estate consultancy, had recently reported a rise in the number of Indian home buyers in the London market. Indian HNI investors are also making a beeline for properties in the US, Canada, Australia, the United Arab Emirates (UAE), and so on

Alongside, the Income Tax (I-T) Department in India has also become more vigilant about tracking foreign transactions. India has signed the double taxation avoidance agreement (DTAA) with around 90 countries. This agreement allows the tax authorities to ask their foreign counterparts for information on transactions done by their country's residents. This makes it essential for HNIs investing in real estate abroad to be fully aware of the rules that govern the purchase of foreign property.

Remitting money abroad: Under the Reserve Bank of India's (RBI) liberalised remittance scheme (LRS), a resident Indian can remit \$250,000 in each financial year to buy immovable property abroad. "Over the years, the RBI has relaxed the norms pertaining to investments made outside, which has led Indians to consider property buying abroad. In 2015, it doubled the limit under LRS for resident individuals to the current level," says Anui Puri, chairman, ANAROCK Property Consultants.

Form A2 has to be filled at a bank for remitting money via LRS. Details of all LRS transactions done during that financial year have to be provided in it (so that a person doesn't breach the ceiling). "If multiple members of the family plan to buy the property jointly, then each one can remit up to \$250,000. In such a case, each member must also get a share in the property in the proportion contributed," says Sonu Iyer, tax partner & national leader, people advisory services, EY India. Another form called 15CA also has to be filled. In this form, a chartered accountant certifies that the money being remitted has been subject to tax in India.



BLACK MONEY ACT: STRINGENT PENALTIES

Whom does it apply to

Resident ordinarily

What is its purpose

Tax on undisclosed

To tax or penalise RORs having undisclosed foreign asset or

Fine on foreign property bought with reported income

₹10 lakh Flat 30 per cent

income/value of asset Penalty on property

300% of tax computed. purchased using Imprisonment of six months to 10 years unreported income

"If family members buy a property jointly, then each one can remit up to \$ 250,000. Each member must then get a share in the property in the proportion contributed"

SONU IYER, Tax Partner & National Leader, People Advisory Services, EY India

Declaration of foreign property: If an individual is a resident and ordinarily resident (ROR) in India, he needs to provide details of any foreign property he owns while filing his income-tax return (ITR). This has to be provided in Schedule FA of the ITR form. "Non-residents and resident but not ordinarily resident (RNOR) are exempted from providing this information. says Naveen Wadhwa, DGM, Taxmann.com. Details like the address of the property, date of acquisition, the amount invested, etc. have to be provided. Failure to disclose foreign income

and assets invites penalties under the provi-

sions of the Black Money Act (see table).

Taxation of rental income and capital gains: An ROR's global income is taxed in India, including income from property. The taxation norms on rental income and capital gains are similar to those that apply to resident Indians.

First, the rental income for the year is taken and a standard deduction of 30 per cent is applied to it. The amount after deduction is added to the head "income from house property" to calculate total income, and then the individual is taxed at the applicable slab rate.

If a resident sells a property abroad, he will have to pay capital gains tax on it in India. If the property has been held for more than two purchase a property abroad.

years, the seller will get indexation benefit and will be taxed at 20 per cent. If the property has been held for less than two years, short-term capital gains tax rate will apply. The gain will be added to the individual's income and will be taxed at the slab rate

Both rental income and capital gains will also be taxed in the country in which the property is situated (holds true for most countries). "The Indian resident will have to look up the provisions of the double taxation avoidance agreement (DTAA) with that country, or get an expert to do so, to see what credits he can claim in India on tax paid overseas," says Wadhwa.

Repatriation of money back to India: When you purchase a property by sending money through the LRS route, there is no specific requirement to bring the money back to India. The investor can retain abroad the income earned from an LRS investment. He can reinvest that money overseas," says Rupali Singhania, partner, Areete Consultants LLP. The authorities in India have already ensured that tax has been paid on the money going abroad, and it is going out for a bona fide purpose.

However, if a person is a resident of India under the Foreign Exchange Management Act (FEMA) and the I-T Act, and he sells a foreign property that he has inherited, the money from such a sale must be brought back into India.

How to respond to a tax notice: First, the assessee must review his I-T return to see if he had reported his foreign income and assets in the concerned year. Next, he should provide all the supporting documents to show his sources of income. Rental income from a property owned abroad would, for instance, have been reported under the head "income from house property". The bank statement of the account into which rental income was credited can be produced. If asked to disclose the source of funds used for purchase, the person will have to show his salary or business income, as declared in his tax returns over the years. If he had sold a property in India to purchase a property overseas, he will have to dig up the trail of documents showing this sale. Note that loans cannot be taken in India to

When concession is a penalty



PLAINLY SPEAKING

HARSH ROONGTA

The trend in Budget 2020 seems to be towards a reduction in tax rates in lieu of giving up exemptions and deductions. Currently, it is only an option for individuals, but the direction is clear. This affects many industries such as real estate and insurance.

In case of real estate, the impact of limiting interest deduction up to₹2 lakh has had detrimental effect. For example, if a person takes a loan of ₹1.4 crore to buy a property for ₹2

crore. His rental income would be around 2.4 per cent or ₹4.8 lakh a vear. He will pay 8 per cent on his home loan or ₹11. 2 lakh a year. So, renting out would mean a loss of ₹6.4 lakh a year. Of this, he can offset ₹2 lakh as interest income under Section 24(b). This loss can be carried forward but is lost if there is no real income from the property in future. If the property is self-occupied, his actual loss is the entire interest cost minus ₹2 lakh, and the balance interest is not even allowed to be

carried forward. This brings into focus the so-called 'concession" of allowing the rental value of self-occupied property being allowed to be treated as nil. Due to this concession, the deduction for home loan interest was restricted. The original provisions were introduced in 1960s when rental yields were 6-7 per cent a vear. Few owned a

house and taking home loans was unheard of.

Allowing owners who stayed in their own houses to treat the annual income as nil was a real concession in those days, especially since the deductible expenses were not high. To ensure this "concession" was not misused, this treatment was restricted to one self-occupied house. A second selfoccupied house was taxed as if it had been rented out.

Later, more people started borrowing. As the number of people who started claiming interest deduction increased, the amount of deduction was restricted to the one self-occupied property. Meanwhile, the rental yields fell to around two per cent, and since interest costs were high, it always resulted

in a loss even The new after considering optional tax a deemed rental. regime is likely Taxpayers disto become the covered that the only one so-called tax disavailable in a advantaged secfew years. This ond "self-occuwill affect real pied property' estate

advantage. So many started buying second properties. To plug this loophole, the overall allowance of loss on house property was restricted to ₹2 lakh. The whole "concession" thing had come full circle now.

was a significant

Allowing a full deduction for the expenditure of interest in the year in which it is incurred while taxing the rental derived from the property is not a "concession". In any case, not even allowing such disallowed interest expenditure to be deductible at the time of final sale of the property is entirely unjustified. The finance ministry should look into allowing this legitimate demand from the real estate industry to enable the deduction of interest in some form and not club this other with "deductions/exemptions" that are being phased out.

The writer is a Sebi Registered Investment Advisor

BUDGET: ₹1.5 CRORE -₹2 CRORE **REALTY CHECK**

Business Standard brings you a snapshot of average current rates and unit sizes in localities that offer property in the price range of ₹1.5 crore and ₹2 crore.

If you are looking at buyir prevailing rates would co		idea about
Avg	price (₹/sq ft) Avg ı	unit size (sq ft)
BENGALURU		
Hennur Road	6,802	2,368
Carmelram	5,815	2,690
Kanakpura Road	7,651	2,153
Haralur Road	7,060	2,546
Jakkur	8,300	1,996
Sahakara Nagar	7,589	2,264
J.P.Nagar	7,245	2,360
Rajajinagar	10,314	1,826
CHENNAI		
Saligramam	9,781	1,783
Anna Nagar	11,485	1,492
Pallavaram	6,150	2,555
karapakkam (OMR)	6,542	2,686
Vadapalani	10,454	1,753
Kodambakkam	12,915	1,475
Kolathur	5,250	3,217
Sholinganallur (OMR)	6,408	2,591
GHAZIABAD		
Indirapuram	6,567	2,513
Vaishali	7,000	2,488
Vasundhara	5,575	3,250
GURUGRAM		
Sector 65	8,955	1,932
Sector 81	7,413	2,348
Sector 108	8,080	1,976
Sector 109	6,380	2,669
Sector 89 A	6,637	2,478
Sector 22	11,000	1,380
Sector 36 A	8,111	1,965
Sector 48	16,596	1,065
HYDERABAD		
Yapral	5,054	3,503
Kondapur	6,931	2,431
Nanakramaguda	6,215	2,734
Nallagandla	6,390	2,546
Shaikpet	6,626	2,622
Kokapet	6,469	2,500
Moosapet	5,927	2,847
Kothaguda	7,133	2,386
MUMBAI		

Ticket price range considered for the above data points is between 1.5 Cr and 2 Cr

14,861

16,126

14,409

17,658

16,076

13,861

1,193

1,079

1,208

1,008

1,098

1,251

Source: PropEquity

· All the data points discussed in the above table refer to Primary Market

 Above residential data set comprises of Residential Apartments only · Above residential data is representative of organized real estate

 The top performing micromarkets based on sales during last year Jan-2019 to Dec-2019) is represented on the above table Data points are updated till Dec-2019

Mulund(W)

Andheri(E)

Malad(W)

Chembur

Andheri(W)

Kandivali(E)

Five ways to reduce investment risk

Do the simple things well to ensure that there is no sudden wealth erosion

SARBAJEET K SEN

With the Bombay Stock Exchange Sensitive Index or Sensex, continuing to oscillate due to the onset of the coronavirus in China and other global headwinds, investors would be wondering how to play this market. While the disciplined investor should take the systematic investment route, many would like to dabble in the stock market directly. There is more buzz now because the fortunes of mid-and smallcap indices, after two years of bad ormance are beginning to look However, remember that most investments come with varying degree of risks, with equities ranked right at the top. So, equity investors need to adopt a few strategies to reduce investment risk in their portfolios.

Don't go lock, stock and barrel on equities: With the Sensex close to

41,000 points and falling interest rate scenario, the urge will be to invest in stocks more aggressively. But it just might be a good idea to book some profits on equities and invest more in debt or even sit on cash. This will ensure that the portfolio isn't overexposed to equities. Your own personal situation plays a big role. For example, a financial advisor would advise different

 $allocation\,between\,debt\,and\,equity\,to\,a$ 25-year old and a 50-year old. In fact, the advice on allocation will differ for the same age group for a married person, those having children, as against an unmarried person. "In investing, divide and rule is better. Instead of embracing equities alone,

DIVERSIFY WITH US FUNDS

Returns (%)

3 Years 1-year AND ABOVE returns are in CAGR Source: mutualfundiadia

diversify investments across stocks, bonds, real estate, and so on. In times of volatility, when one asset class underperforms, the other holds up, thus reducing wealth erosion. A successful investment strategy demands proper asset allocations," says Abhinav Angirish, founder,

More stocks or mutual funds: A

concentrated portfolio in one or two stocks has a high potential of wealth erosion. In case of mutual funds, too, many chose to have only a few funds. "Diversification ensures you do not put all your eggs in one basket; the aim is to reduce risk. For example, within equities, investors should invest in a

mix of large-cap stocks, midcap stocks, small-cap stocks, international securities and emerging markets. Some portion should be in fixedincome securities, the money market, real estate investment trusts (REITs), gold funds and some government schemes. Do not build a portfolio using ultrasafe government schemes like PPF, NSCs and RBI bonds only,"

says Ankit Agarwal, managing director, Alankit Ltd.

MONEY

Be price-conscious: Yes, a good stock will be expensive. But the question is, how expensive? So, if you are investing directly in stocks, you need to do your homework well. The stock market can

calls through tips from unreliable sources without doing their own research. In general, it is good to avoid stocks with high price-earnings multiples (P/E multiples) as it indicates that they are ruling at high valuations. "We can minimise our investment risk by staying away from stocks with high P/E ratios and unstable management. Agarwal says.

punish people who take investment

Cost averaging is important, but only to an extent: With the help of rupee cost-averaging method, the cost at which you buy units of a

stocks/mutual fund gets averaged out. So, basically, you get a higher number of the units/shares when the market is down, and when the market is up, you get a lower number of units or shares. Since the equity market remains volatile reflecting the ups and do the economy, it becomes important to average out the units making your investment portfolio less risky. But if a stock, especially one without great fundamentals or management record, is on a free fall, don't try this. "Systematic Investment Plans (SIP) help to mitigate the risk associated with volatility. SIPs help you to save part of your income and amass decent corpus in the long run. It is an ideal way to reach one's investment goals," says Angirish.

Evaluate and exit: The capital market and the situation with different asset classes are going through constant change. At times the asset allocation you did six months or a year ago might not work as per the current market situation. If you do not monitor your investment periodically, investment risks that did not exist at some point may creep into your portfolio. Therefore, it becomes important to keep an eye on your investment holdings and evaluate them periodically to assess whether there is a need for any change to get the allocation right according to your current risk tolerance.

TIPPING POINT

Does gold remain a good investment?

Gold has performed very well over the past year, giving investors a return of 22.11 per cent. The strong performance does not mean that the bull run in the vellow metal has run its course. The

RUN UP CONTINUES

	CONTINUES		
Period	Return (%)		
1month	2.32		
3 months	7.45		
6 months	8.66		
1year	22.11		
3 years	11.46		
5 years	8.84		

Less than 1-year returns are absolute, greater than or equal to 1 year are CAGR Source: mutualfundindia.com

coronavirus epidemic has lent fresh impetus to this safe-haven asset class, and it has run up 7.45 per cent over the past three months. Bull runs in this commodity tend to last for threefour years. However, in view of its strong performance in the recent past,

investors entering the yellow metal now need to exercise some caution. They should either buy on corrections or make systematic purchases.

READER'S CORNER

GENERAL INSURANCE



I purchased a new car last year. I took insurance from the dealer. I have No Claim Bonus (NCB) on it. Will my NCB migrate if I

Yes, you will be eligible for NCB based on the slab mentioned in the India Motor Tariff. To get it, however, you will have to renew within 90 days of the expiry of your old policy. To avoid any problems at a later date when making a claim, it is best to get an NCB certificate from your previous insurer.

I am 35, my wife is 31, and we have a five-year old daughter. I am looking for a health insurance policy for my family. My daughter has a congenital heart problem. She was operated for VSD closure (openheart surgery) when she was three months old. A health insurance agent said I would not be able to get a policy for my daughter because of her condition. What should I do now?

Pre-existing illness or condition plays a vital role while accepting an insurance proposal. The congenital heart problem will generally be treated as a pre-existing condition while evaluating your family's proposal. I suggest that you consult or visit the branch office of an insurance company for greater clarity on your child's situation, and its implication on whether you will be able to get insurance, the associated premium, and the exclusions,

I am 24 years old and live in Mumbai. My mother owns the car that I drive. While renewing the insurance policy, can I buy it under my name? Can the insurance and

vehicle ownership be in different names? No, the insurance must be in the name of the

registered owner of the vehicle. As your mother is the registered owner of the car, the insurance must be purchased in her name to ensure that there is insurable interest.

I am a 53-year-old male trying to lead a healthy life. I plan to run a marathon next month. If I buy a health insurance policy now and something happens to me during the marathon, will it be covered by my health insurance policy?

Staying fit and healthy is the way forward for all of us. Insurance companies do provide coverage for any mishaps during such events. However, I suggest you go through the standard exclusions section of the policy wording before buying the health insurance policy, or seek clarity from the insurance company directly before purchasing the policy.

I'm 32 years old and live in New Delhi. Last week I was in Paris on vacation. Due to some emergency at home. I had to come back home five days before my trip ended. Can I

claim a refund for my curtailed trip?

Yes, you can. But this will happen provided you have a travel insurance policy that offers the trip curtailment cover. Also, your trip should have been cut short due to certain pre-defined conditions defined in the policy. Before raising a claim, read the policy document issued to you carefully and check whether trip curtailment is covered, and the circumstances under which you can make a claim for it.

There are frequent riots and protests in different parts of the country. Will my motor insurance policy cover any damage that happens to my vehicle due to such a

development? Yes, damages due to riots and strikes are covered under the own damage section of the motor policy. It is one of the ten perils covered under this section.

The writer is CEO & Whole Time Director, Liberty General Insurance Limited. The views expressed are his own. Send your queries to vourmoney@bsmail.in



change my insurance company?

Learning via QR codes

Bibhu Ranjan Mishra explains how the digital learning contents integrated into the school learning system are transforming education

any of us are familiar with the electrocardiogram of the heartbeat. But have you ever wondered what the heartbeat of a nation's learning might look like? Especially, the learning graphs of those who are still in school?

Thanks to the efforts of the ministry of human resources development (MHRD) at the Centre and also individual states, QR code-based learning platforms for school students and teachers have made it quite easy to gauge this in the form of a graph in real time. A QR or Quick Response code is a two-dimensional barcode which contains specific information and can be read digitally.

Sunbird, an open source platform for creating learning content developed by the Nandan Nilekani-run EkStep Foundation, is quietly empowering school education through MHRD's project Diksha. Every time a student accesses content by scanning the QR codes given in the textbook using the Diksha app, his/her learning preferences and patterns get recorded at the backend.

The app captures the learning data of a 30-day period through a centralised dashboard and gives a fair idea about the types of content being used and the popularity of various subjects. It also helps in discerning the learning ability of students, why they have not fared well in certain subjects, and accordingly finetunes the digital learning content.

Launched in 2017 in just five states, today, the Diksha project has been implemented in as many of 28 states (and union territories), in some form or the other, for schools affiliated to state boards, up to Class 10.

Even the CBSE is also looking at QRcoding all NCERT text books for Classes 1 to 10 to offer digital learning content. Besides, CBSE is also creating teacher and student resources by crowdsourcing the material from over 100 schools. This includes teaching resources such as lesson plans, power points and teach explanation videos, and student resources such as experiential learning videos, multiple type questions, and long and short answers

A brainchild of the MHRD and steered by CBSE, project Diksha aims at providing a digital learning platform to empower both students and teachers. They can download the Diksha app, scan the QR codes given at the end of each chapter, and get access to multi-



LEARNING DIGITALLY

- QR (Quick Response) codes are basically an upgraded version of barcodes
- When scanned using a smartphone, it leads to the landing page
- and give access to those information
- HRD Ministry is encouraging states to provide digital content to students, through project Diksha
- States are using QR codes in textbooks to provide digital content to school students
- These content has been created using an
- open source platform called Sunbird
- Multi-media content like audio, video, text and PDF can be embedded in a QR code

been developed by one state can now be media content in text, audio and video. Diksha's USP is that it has the flexibility to create content, depending on the requirement of the students and teachers, and can even update it in the middle of the academic session. happening a lot," says Anita Karwal, chairperson of CBSE.

For example, with the secondary school board exams just around the corner, the Karnataka school education department is offering the students probable questions and their answers through the QR codes. While the codes are already there at the end of every chapter, the department is now linking these with around 40-45 questions along with the best answers to them.

"Besides, the content which has

easily consumed by another state. All they need to do is put a subtitle or a voice- over, and reuse the video by putting it in their QR codes — and this is

The technology underlying QR codebased digital learning is an open-source platform called 'Sunbird'. Initially built and developed by EkStep Foundation, a not-for-profit organisation run by former UIDAI chairman and Infosys cofounder Nandan Nilekani and his wife Rohini, Sunbird is the fabric on which huge volumes of digital learning content have been created. And these are being offered to students via the QR codes printed in the text books.

"Think of it as an equivalent of Linux for learning or open-source software for learning. But this is a technology which has been made in and for India, keeping in view the diversity of the country," says Shankar Maruwada, CEO of Foundation. "Sunbird is not the solution itself, but a digital infrastructure which gives you the ability to solve. One can go to the platform and use it to create content for learning as the MHRD has done for Diksha and several other states and NGOs are doing."

The content can be accessed

online or offline, through a smartphone or a personal computer. The Maharashtra government, for example, is using Sunbird platform to create content on financial technologies for college students. The ministry of housing and urban affairs (MoHUA) has contracted an agency to launch a National Urban Learning Platform by using this platform.

Advaith Foundation, a non-profit set up by Infosys co-founder SD Shibulal and his wife Kumari Shibulal, has used Sunbird to create a learning platform school teachers ShikshaLokam. In fact, the World Bank has also shown an interest to take the software to several other countries such as Peru and Costa Rica.

But the best use case of Sunbird has been in school education through project Diksha. So far, the Diksha app has seen over 7 million downloads in Play Store while over 500 million textbooks have been published across 15 languages, which are being accessed by roughly 110-120 million children and 30-40 lakh teachers.

"The way we look at it is, use technology as an enabler and see what problems we can solve through it. We have to first understand the problem which we want to solve and then use technology to distribute the ability to solve which we call 'societal platform thinking'," says Rohini Nilekani.

Typically, each chapter in a textbook has 1-3 pieces of QR codes. Each of these codes has 1-3 pieces of content in it. For project Diksha, along with the QR codes, the students have been furnished with a unique set of numbers. These numbers, when entered on the Diksha website, lead to the contents that are linked to the QR code

Certain states have done quite well in implementing the project. Maharashtra, for example, has QR-coded every textbook across all classes and subjects across eight languages. Some states like Andhra Pradesh and Chhattisgarh are working on using the platform for teachers' training as well.

Then there are states that are thinking beyond text and video. Tamil Nadu is said to be experimenting with 3D content, especially for explaining the intricacies of human organs such as the heart.

From January this year, CBSE has launched another initiative called 'critical and creative thinking practice'. Under this, five questions are put up every week on Diksha. Focussed on four subjects - Science, Maths, English and Hindi — these questions test a student's conceptual clarity.

"We will also have online assessment of students on the Diksha portal and app. This way, we will get to know the 'hard spots', depending on which, more content will be created on these subjects," says a senior official in the MHRD.

in India. 2019)

messenger Facebook

messenger Facebook

MX Group Times Group

Instagram Facebook

Source: App Annie-State of mobile 2020

Facebook

Truecaller

SHAREIT

Amazon

0ne97

Disney

Whatsapp

Facebook

Truecaller

Facebook

Shareit

Amazon

Paytm

Hotstar

Digital content, DIY learning

In the season of school

examinations, it is

worth reflecting on the

tyranny of rote learn-

ing which still hobbles

British era objectives,

our education is stag-

nating in the era of

fourth industrial revo-

lution. Rote based

learning is preventing

education institutions

from riding the bene-

Rooted in obsolete

Indian students.



KRANTI NATION PRANJAL SHARMA

fits of the technology. Tinkering labs set up under the Atal Innovation Mission of the government have provided a glimpse of what could be done to revamp the learning ecosystem. Embedded in schools, these labs help students to learn while they tinker with scientific experiments using robotics 3D printers etc. Over 5,400 schools and 6 million students have benefit-

This is but a drop in the ocean. Digital classes combined with do-it-yourself (DIY) learning is our best hope. India is struggles to prepare hundreds of millions to survive in an age where automation

ed from this initiative according to the government.

The Global Learner Survey by Pearson has surprising insights for educators. About 81% of people around the world believe that "learning will get more DIY the older they get." In many countries DIY education starts at an early age. Bringing private tutors for home studies is common form of DIY in India which supplements and sometimes even replaces

DIY education is transforming with the rise of online courses and digital learning materials. Personal tutors are being replaced by their digital avatars. Moreover, school and college students are realizing that is integral to their future.

Respondents were asked in the Pearson survey

The Global Learner Survey by Pearson has surprising insights for educators. About 81% of people around the world believe that learning will get more DIY the older they get." In many countries, DIY education starts at an early age

about the language considered important for future of work. English, Chinese and Spanish were among the top four preferences, as expected. The number two choice was surprising: coding. A choice which was often the preserve of technology students, is now considered a mainstream option by most. Coding is the new second language.

About 30% respondents feel that knowledge of coding is

more important than learning Chinese or Spanish. This sentiment will only increase with time. Already the top business schools in US and elsewhere are beginning to offer coding for management students.

Coding and digital learning will reinforce each other as they spread across schools and colleges in India as well. Educators should now ensure that coding is offered to everyone and not just computer science students.

The good news from the Pearson survey is that India is high on upskilling. A global upskilling divide is emerging, but India is on its right side. 'People in China, India, Brazil and Hispano-America are more likely to upskill or retrain than workers in the US and UK," says the survey. Over 76% respondents from India said they felt the need for further education for their job. And most of these took a course, self-taught themselves or accepted a training programme from their employer. Indians are realizing the futility of depending on

degrees and academic education and From schools to colleges to mid-career education. There is a crying need to foster DIY learning and digital classrooms. In many ways this approach is age and sector agnostic. Corporate and government employers must reduce their fixation on degrees while emphasizing on ability and skills. A recent six-month course in data science can be more valuable than a 10-year-old degree in mechanical engineering. A student who can recite poetry and code as well, can be more valuable to an organization than one that scores 99% in a school board exam.

Indian learning ecosystem should step away from rote and tighten its embrace of DIY learning.

ALGO RHYTHM MOBILISING INTERNET, THE INDIAN WAY

Even though different reports throw varied numbers, one thing that all agree that the internet user base in India is bound to rise, at a faster pace. While the recent annual internet report by Cisco predicted a more than two-fold increase in internet user base in the country by 2023 at 903 million, the India Statista Digital Market Outlook pegs this at 666.4 million by the same period. Much of this growth is expected to come from rural India, propelled by greater proliferation of internet enabled smartphones. The Mobile Marketing Ecosystem Report 2020 for India prepared by trade body Mobile Marketing Association India, in collaboration with GroupM, gives a deeper understanding into the usage pattern of mobile internet, banking on some external as well as its own



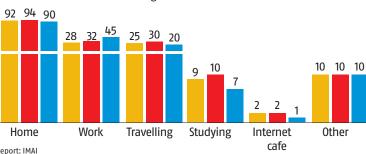
MOBILE, THE MOST PREFERRED **DEVICE TO ACCESS INTERNET**

■Urban ■ Rural Figures in % Mobile Laptop Desktop phone



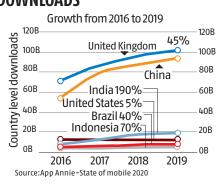
Tablet Source: India internet 2019 Report: IMAI

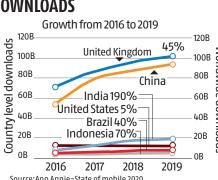
POINT OF ACCESS ■ All India ■ Urban ■ Rural Figures in %



LEADER IN MOBILE APP DOWNLOADS The cheaper mobile internet

access and smartphone has made India to see the highest growth in terms of app downloads. In the past three years while the global growth in app downloads was 45%, India witnessed a staggering 190% growth. In 2019, consumers worldwide downloaded 204 billion apps of which Indian users downloaded 40 million apps, alone.





KATERRA INDIA FOOTPRINT Infosys building (Electronic city, Bengaluru) 1.6 mn Embassy 3A (Bengaluru) 1.62 mn

Lulu Mall (Lucknow)

Bosch (Naganathpura)

region. The bed then starts vibrating

smoothen the surface. The slab is taken to the steam curating chamber where it is kept for eight hours to achieve the strength of the concrete. Every eight hours, a new batch of slabs for walls, $ceilings\, and\, flooring\, comes\, out\, of$ the curating chamber. Each slab is tagged with a barcode, which is scanned by the production team once transported to the project

700,000 12 months

2 years

210,000

2 mn

Completion time

16 months

19 months

site, to keep track of the shipment. Located next to the casting factory is the joinery room which does all the woodwork such as doors, windows and furniture. The cutting line of the factory has all machineries connected to a central dust collector, hence the work is sawdust free. The cut wood pieces are fed into a CNC (computer numerical controlled) $machine \, to \, produce \, woodwork \, in \,$ the desired style.

Next comes the aluminium and glazing set-up, which fabricates panels for the doors and windows as per the project's requirements. Here too, CNC machines do the cutting and polishing of the panels.

The entire pre-cast manufacturing and onsite installing activities are supervised by Katerra Apollo, the company's in-house software.

"Use of precast construction is offering added advantages by significantly reducing construction time as well as providing sustainable and better quality. With components being manufactured in a controlled environments, they offer human and environmental benefits such as site safety, waste reduction, improved air quality and quality management," said Gurjot Bhatia, Managing Director, Project Management, CBRE South Asia. Katerra's pods factory will

soon have automated lines for

conference kits. These

rolled out from this year.

prefabricated bath, kitchen and

prefabricated kits are currently in

the R&D stage and will be slowly

Katerra is also looking at launching a product in the affordable housing segment. Called K-10, the one and two bhk apartments will be manufactured as blocks at the flagship plant and can then be fixed on top of each other, going up to 10 storeys. These buildings can be set up in a span of 20 days to 2 months,

depending on the requirement of the client, says Katerra. The company has two more factories coming up — one in Hyderabad and another one between Pune and Mumbai — to cater to its growing client list in southern and western India, including Embassy, Bosch, and

the Vaishnavi Group. For projects in north India, the company has been installing portable factories. A temporary factory in

Lucknow is building the 2 million square feet Lulu mall, which is likely to be completed in two years. Katerra also plans to set up a plant in Delhi-NCR by 2021.

Nestled in the picture sque rocks of Krishnagiri, some two hours from Bengaluru, the company's 43-acre plant looks like a huge park at first sight. However, when you pick up one of

Apart from the public health

days to accommodate 1,000

spread, China also made

emergency of the Coronavirus

headlines last week for building a

makeshift hospital in a record 10-

patients infected with the virus.

small town of Tamil Nadu, a US-

based startup called Katerra is

also executing building projects

houses, offices and malls almost

three times faster than the time

art technology, the company is

making building blocks which

Lego pieces, facilitating

the traditional method.

can be fitted into each other like

construction which is dust free

and at least 50 per cent faster than

usually taken. Using state-of-the-

with great speed. It is building

Hundreds of miles away, in a



the bicycles parked at the gate and reach the batching facility, you realise the complexity of this automated factory. You find green shuttles carrying concrete mix to the pre-cast factory, from where a line of concrete walls can be seen to come up one after another.

Building the Lego way

the usual time taken, reports Samreen Ahmad

Silicon Valley startup Katerra is making buildings in India in half

"We are a full-stack company, right from design to delivery, which is converting the construction site into an installation site as we do not build anything on site," says Najeeb Khan, who heads Katerra's India business. The company entered India in June 2018 after acquiring an offsite manufacturing company, KEF Infra.

The SoftBank-backed startup begins the manufacturing process with a design for manufacturing and assembly technology. The entire project is sliced into different parts, to be manufactured in the plant and later installed at the site.

claims Khan. Once design optimisation is done, the assembly line production of each element begins. There are four facilities - pre-cast, joinery, aluminium blazing and pods factory—which work in syncto complete the project. First, the concrete mix is

For its 1.6 million square feet

and taken by automated shuttles to the pre-cast bay. A mesh welding machine cuts the long iron rods and prepares the skeleton for the slabs according to the required length and breadth of the design. The welded mesh is then bound to a metal bed by a shuttering robot. The bed has

prepared at the batching plant

Infosvs project at Electronic City,

manufacturing began. Katerra is

looking at completing the project

in 16 months, whereas it would

have taken at least 25 months to

build it via the traditional method,

48,000 pieces on the design

software before the actual

the building's design was split into

Vaishnavi tech park (Bengaluru) magnets which keep the mesh in place. The shuttles take the concrete mix to the concrete spreading machines which have attached sensors. So if the mesh is for a wall with windows, the machine makes sure that it does not to pour concrete in that

to settle the concrete mixture and

Brand Alia Bhatt perfects her pitch

From colas and toothpaste to travel and fashion, the actor has become the go-to endorser for brands of all shades



THE A LIST * MakeMyTrip (Travel) **Nokia** (Smartphones) PhonePe (Fintech) Caprese, VIP Industries (Handbags) Flipkart (Fashion, e-commerce) Maybelline (Beauty) Garnier (Hair care) Vicco Vajradanti (Toothpaste) **Sunfeast Dark Fantasy** (Biscuits) Pepsi Lay's (Snacks) Coca-Cola (Beverages) Cadbury Perk (Chocolates) **Philips** (Hair dryers)

SOHINI DAS Mumbai, 19 February

hat does a 60-plus brand do when it needs to infuse fresh energy into its promise? Or a youthful cola brand look for when it needs to ratchet up the engagement on video-sharing platforms, or how does a stodgy electrical goods maker find a millennial connection? Increasingly, over the past year and more, brands across disparate categories and target audiences, have chosen actor Alia Bhatt for the job.

The face that every brand wants, has seen a meteoric rise up the endorsement tables. According to the recent Duff & Phelps celebrity valuation report, Bhatt is the only woman, apart from Deepika Padukone, in the top 10 in the list of top paid endorsers in

the country. She has dislodged veteran actor, Amitabh Bachchan, to take the seventh spot and has beaten M S Dhoni, Ranbir Kapoor, Hrithik Roshan and a host of her peers, Priyanka female Kareena Kapoor Chopra, Khan and Anushka Sharma at the endorsement races.

Bhatt has just been signed on as endorser for Vicco Vajradanti, one of the oldest toothpaste

brands in the country which is keen to broaden its appeal among the young

Bhatt earned her Bollywood spurs with a string of hits through 2018 and 2019 and currently endorses brands worth \$45.8 million. She backs everything from high fashion to food and beverages and has also invested in a start-up, a personal styling platform called Stylecracker. What is firing up the brand allure of the 26-year-old actor?

Her ability to hold her own in Bollywood that is still largely a male-dominated favour, according to N

Chandramouli, chief executive officer of brand intelligence and data insights company, TRA. The celebrity desire quotient is made up of four components, rational, emotional, communication and aspirational he said, and Bhatt stands tall on the aspirational track. Her choice of movies, refusal to be typecast and her willingness to experiment with her roles has meant that her movies are not just box office successes, but appeal to a diverse audience set. This makes her an end earing choice for brands, said marketers.

Known to charge around one crore rupees per brand per year, for her endorsements, Bhatt is also more affordable than many others. Her price adds to the attraction of her industry sticks out in her reach, but marketers said they were drawn to her as much for

the fact that she fits the budget as for her ability to appeal across demographic, geographical and gender divides. Plus her vibrant and active social media presence helps brands visibility online.

Harish Bijoor, founder-CEO Harish Bijoor Consults believes that Bhatt has a clear slot to fill, now that Priyanka Chopra is out of the running (given her international commitments). Plus her advantage is that she can make her appeal work across brands that are very different from each other. She is the perfect new age brand endorser according to him. 'Young, approachable and looks like the pretty girl next door. Add a dash of the modern and the versatile and that is her," he added.

Brands say they are drawn by the buzz around her, be it in the movies she has chosen or the way she conducts her personal life. She connects with the millennial consumer. Sanjeev Pendharkar, director, Vicco, speaking to the media at the launch of a new campaign had said, "Vicco Vajradanti has been a household name since 1952. It has a large base of loyal users. The marketing task was to appeal to the younger generation, the millennial and who better than Alia (Bhatt) as a brand ambassador to do this."

Like Vicco, brands are keen to leverage her huge social media presence. Bhatt has 43 million Instagram followers, 1.3 million YouTube subscribers and over 20 million Twitter followers. She promotes her brands on her timelines, sharing their stories with a personal touch. For Vicco for instance, she posted that she was thrilled to be a part of a jingle she has grown up on (The toothpaste brand's jingle has unprecedented nostalgic recall and has been retained in the new ads).

Her social media platforms can do better with some professional management, however, say experts. If that is fixed, it is likely that the actor will find her brand value soar and the endorsement list swell

▶ FROM PAGE 1

Dish-Airtel deal...

Bharti Airtel has followed a dual strategy. Apart from DTH services, it is also the second largest player in fibre-to-the-home with 2.2 million broadband users. This puts it behind BSNL but far ahead of Reliance Jio which has over one million users. However, last year Reliance Jio bought Hathway and Den Cable which both have fixed broadband customers. The Essel group has been gripped by serious financial crises due to its foray into infrastructure projects for which it took loans by pledging ZEEL shares. It has been trying to improve its finances.

Currently, it has to pay back loans of ound ₹2.500 crore which it hopes to finance through the sale of 14 road projects. If it fails to sell some of these assets, it will, as a last resort, go to the IBC for redress.

The Dish TV deal is important for Essel because it will generate the cash it needs to buy back part of the shares in ZEEL.

Trump dashes...

Hope on agri pact

Officials say India is now hoping to sign a smaller pact, focusing on agriculture goods. "Talks on agri are still open and a limited trade cooperation pact arising out of these may be included in the joint statement announced by both leaders," a commerce

department official said. This may see India systematically rolling back duties on high-value farm imports such as almonds, walnut, apples, and wine, which were among 29 items on which the government had hiked duties by up to 50 per cent last year, he added. Trump's core

constituency of American farmers has lost of 850 people. their prime foreign markets after nations retaliated to Trump's unilateral tariff hikes by making it equally expensive to buy American products.

But talks remain deadlocked over New Delhi's decision to saddle medical device imports with an additional health cess announced in the last Budget. Despite remaining the largest source of shipments, US-made devices have continued to lose market share in India to cheaper alternatives from China and Germany. Though India has said it won't roll back the tax. sources said the Centre was considering allowing a trade margin policy for certain high-value items such as coronary stents.

"Discussions on other issues — lower ies for LIS industrial components, engineering products, and information technology goods like smartwatches and iPhones only after Trump's visit," an official said.

GSP not yet

New Delhi's biggest demand — the reinstatement of trade benefits under the US' Generalized System of Preferences (GSP) scheme — has been rebuffed by US officials. "They made their position clear last week by classifying India as a developed economy, which we don't support," a senior

trade department official said. The GSP is America's oldest preferential trade scheme, which offered Indian exporters tariff-free access to the US until June 2019, when all benefits were suspended. India was the largest beneficiary nation with tariff exemptions amounting to \$260 million in 2018, which covered exports worth \$6.35 billion, according to the data

from the US Trade Representatives. India's merchandise exports to the US

have risen in the past four years, reaching \$52.4 billion in FY19, up from \$47.8 billion in FY18. But inbound shipments too have jumped to \$35.5 billion last year from \$26.6 billion in FY18, reducing India's trade surplus.

Blackstone...

"We are doing the valuation for South City Mall. At this stage, it is too early to comment on the matter," said Pradeep Sureka, promoter, Sureka Group. "There are no plans for a stake sale. South City Mall is one of our prized projects," said Sushil Mohta, MD, Merlin Group. The mall underwent a massive revamp in the past two years and saw the entry of global brands such as Starbucks and Harley Davidson. The average monthly footfall at the mall is around 2 million, among the highest in the region.

The mall had many firsts to its credit. It was the first mall in the country with a multi-level roof top car park facility, with a capacity of 1,500 cars. It was also the first mall (when launched) with six movie screens (Inox cinemas). It also had

Global investors have bet big on malls in the country due to fixed rental income and low risk involved. Total inflows in the retail real estate sector in 2019 were \$970 million. the highest since 2015, real estate consultant Anarock said in a recent report. Of the PE investments of \$5 billion in Indian real estate in 2019, retail comprised 19 per cent, it said. Blackstone-owned Nexus Malls, which started investing in 2016, has a portfolio of 5.4 million sq ft. It owns malls in Mumbai, Pune, Ahmedabad, Chandigarh, Indore, and Amritsar.

Singaporean sovereign fund GIC has bought stakes in Viviana mall and Runwal group's malls in Mumbai. It has also partnered DLF to build malls. Virtous Retail South Asia (VRSA) in December last year bought malls in Nagpur and Amritsar from Tata Realty & Infrastructure for ₹700 crore. - are lengthy and will need to be taken up The deal took its portfolio from 5.4 million sqft to 7.1 million sqft.

Virus pain...

"We not only produce most of our components in India, but also, we have a huge facility in Vietnam. Thus, we are not expecting any major impact on operations because of the coronavirus crisis," said a senior executive of Samsung India.

According to the person, the firm is on course to roll out its two new flagships -Samsung Galaxy Z Flip and Samsung Galaxy S20+ — by March. It has opened pre-booking for the models.

Samsung had steadily lost market share last year — from 25.3 per cent in the June quarter to 15.5 per cent in the December quarter. Samsung, which was once the market leader, was pushed to the third spot by the end of 2019 — behind Xiaomi and Vivo. With its rivals pushed to the corner, it has a chance to extend regain lost ground by April.

Mittal, Birla...

It is learnt that the two telcos have proposed a few options to the Union government for consideration. This includes creating a telecom fund to give soft loans to the service providers and extending the payment timeline. A relaxed AGR law was also suggested to bring some relief in the sector.

SC on Monday had dismissed Vodafone Idea's petition seeking relief from invocation of bank guarantee by DoT in case it failed to pay its AGR dues in the stipulated time. According to the unified licence agreement, the licensor or DoT can invoke bank guarantees and convert the same into cash security if the service provider violates any term of the licence.

On February 14, SC had rejected the modification applications of Bharti Airtel and Vodafone Idea seeking relaxed payment scheme for the AGR dues. The apex court directed the companies to make payments immediately. The issue dates back to 2003 when the AGR dispute had started. On October 24, 2019, the SC ruled that AGR for telcos should include all revenues accrued the largest food court, spread over to carriers, including that from non-core 40,000 sq ft with a seating capacity activities, upholding the DoT's stance.

TENDER CARE

BoM launches 'Mahabank Cashback Scheme'

Bank of Maharashtra (BoM) launched 'Mahabank Cashback Scheme' for New Debit Card Issuance, Internet Banking and Mobile Banking registration during campaign period from 15th February to 15th March, 2020. Digital Payments are emerged as most convenient and secure payment system. Debit Card issuance is the backbone of all Digital Channels as the Debit Card credentials are required for Mobile Banking, Internet Banking and UPI registrations. Under cashback schemes, customer performing one POS/E-com purchases using 'Mahabank Debit Card for minimum of Rs. 1000/- during campaign period, will get Rs. 100/- as cashback in customer's linked account. Similarly, those customers registering for Internet Banking and Mobile Banking during campaign period per forming one financial transaction of minimum Rs. 100/- will receive Rs. 100/- as cashback in their linked account. Mahabank Cashback Scheme is applicable for first 5 lakh customers only.

Incentivization of local industries/MSMEs around DSP

 $D_{ized}^{urgapur}$ Steel Plant in collaboration with CMO, SAIL, Kolkata organized an informative session to create awareness towards the new scheme of SAIL named



'Incentivization local industries/MSMEs around five Integrated Steel Plants, committed socio-economic development of the region" on 14.02.2020. The session saw wide participation of digni-

taries from State administration, representatives of local chamber of commerce, entrepreneurs from Paschim Bardhhaman region and other senior officials from different units of SAIL, i.e. CMO, ISP, ASP and DSP etc. The session was chaired including delivering of the welcome address by ED (MM), DSP. It was followed by a detailed presentation by RM, CMO after which wide discussions took place on topics ranging from objectives to incentives being provided under the scheme (both price based and nonprice based), eligibility & process to avail benefits. During the meeting various queries of the entrepreneurs were also addressed and answered by senior officials of DSP.

Oriental Bank of Commerce celebrates 78th Foundation Day

The 78th Foundation Day of Oriental Bank of Commerce was celebrated with much pomp and camaraderie at its Circle Office, Ghaziabad premises. Bank's higher Management officials including Deputy General Manager Manik Kumar, other senior functionaries, retired officials, young officers and workmen in large numbers were present on this occasion. A cake was cut to commemorate the occasion. Circle Head Manik Kumar



gave opportunity to all who were present to speak and put forth their views. Retired comrades shared their experience and advised their young counterparts about future strategies to be adopted. Manik Kumar dwelt in brief about glorious past of the bank and also said that all will keep OBC in their hearts. A Blood Donation Camp was organised with help from District MMG Hospital, Ghaziabad. An eye check-up camp was also organised with help from M/s Lawrence & Mayo, Ghaziabad wherein customers and bank employees got their eyes checked and availed consulta-

Commercial Feature

Amitabh Akhauri takes charge as Executive Director & State Head, Maharashtra & Goa State Office, IndianOil



Amitabh Akhauri has taken charge as Executive Director & State Head, Maharashtra State Office, IndianOil, which caters to the POL (Petroleum, Oil & Lubes) needs of Maharashtraand Goa State. With more than three decades of rich and diverse experience in the Eastern Region and Head Office of Marketing Division, Mr. Akhauri brings with him an experi-

ence of working at various states across the country and in the Middle FORBES listing for Middle East 2015-16.

GRSE delivers the 4th Anti-Submarine Warfare Corvette, Yard 3020 (Kavaratti)

arden Reach Shipbuilders and Engineers Ltd., (GRSE), a leading Garden Reach Shippunides and Engineers Etas, (2002), Warship builder and Miniratna Category 1 Company under the administrative control of the Ministry of Defence delivered Yard 3020(Kavaratti), to the Indian Navy on 18 Feb 20. The ship is the 104th Warship built and delivered by GRSE since its inception in 1960 and is the Last in the Series of 04 Anti-Submarine Warfare Corvettes (ASWC) under the Project 28.



"Kavaratti" was handed over by Rear Admiral VK Saxena, IN (Retd.) Chairman & Managing Director, GRSE to Cdr. Sandeep Singh Commanding Officer (Desig) of the ship, in the presence of Cmde. DK Goswami, CEO, Chairman, D448 Eastern Naval Command, Shri S S Dogra, Director (Finance), Cmde. Sanjeev Nayyar, IN (Retd), Director (Shipbuilding) and Cmde. P R Hari, IN (Retd), Director (Personnel) and other Senior Officials of Indian Navy and GRSE.

LIC HFL applauds its agents

IC Housing Finance Ltd, the housing finance major, organised a mega Laward ceremony, Mahasammelan, to applaud its agents and marketing officials on 17th February 2020 at Ramoji Film City, Hyderabad. There were over 1200 stakeholders, including agents, marketing officials and top management of LIC HFL, in attendance. The top performing agents and Area Managers were felicitated in a grand award ceremony by Mr. Harbhajan Singh and Ms. Geeta Basra, who were the chief guests at



(Left to right) Mr. Siddhartha Mohanty, MD & CEO of LIC Housing Finance Ltd + Mr. Harbhajan Singh and Ms. Geeta Basra as the chief guests at Mahasammelan of LIC HFL in Hyderabad



Death toll mounts to 2,000

No ban on drug exports in wake of crisis: Centre

CLOSING STOCK

Amoxycillin + clayulanic acid

Glimepiride + metformin

Human pre-mix insulin

Paracetamol

Voglibose + metformin + glimepiride33

AS ON JAN 20

Ceftriaxone

SOHINI DAS Mumbai, 19 February

he government on Wednesday decided not to ban or curb drug exports, in the wake of the coronavirus crisis that has created supply disruption of raw material. It also account of disruption in supplies caused by delay take months at times. in shipment from China.

In a meeting that industry captains had with various government departments and the NITI Aayog, it was decided to grant speedy environment clearances for bulk drug units to enable them to tweak their product portfolio.

A committee formed by the government under the chairmanship of the ioint drug controller general of India had recommended a ban on exports of 12 key APIs. These included APIs for some vitamins and antibiotics. In the high-level meeting, however, the government decided against the ban.

As a long-term measure, the government decided to build largescale manufacturing of bulk drugs and intermediates used to make medicines. "Instead of having

multiple bulk drug parks, the industry and government are in consensus that there should be only a handful (two to three) of large manufacturing clusters, where power and water would be available at competitive rates. A larger scale would make manufacturing of these low-value active pharma ingredients (APIs) more viable. and focus would be on those APIs where our dependence is very high on China," said an industry executive.

India sources almost its entire requirement of fermentation-based APIs from China. These are used to make key antibiotics and vitamins.

For the immediate crisis at hand, the environment ministry will grant speedy approvals to bulk drug units to alter their product portfolio as long as the effluent load did not change. At said that contractors will not face any action if present, state pollution control boards grant they fail to honour contractual obligations on approvals, and industry claims these approvals

(days)

39

51

32

29

Indian drugmakers will, however, not halt exports and meet their commitments as long as they have their supply of raw materials.

'The industry was against a blanket export ban, as this would have had long-term implications. The government, too, felt it would hurt the country's image if such a knee-jerk reaction was taken," added a senior member of a pharma lobby group. He added that the government had cautioned everyone not to hoard medicines or raw material. India's drug market is staring at a crisis as uncertainties over supply of raw material from China have started causing disruption. Small drug manufactur-

ers, who do not hold large inventories, say their stocks would only last 15-20 days.

Contract manufacturers, too, say that order flow has dipped in the past fortnight as big pharma firms are in a

wait-and-watch mode as prices of key raw materials have increased. The data shows that trade inventory of key medicines is not high either. Trade inventory, however, is not very high, given that replenishment has slowed.

The data from market research firm AIOCD AWACS showed that for a pouplar antibiotic (amoxycillin and clauvulanic acid, which is sold under several brands like Augmentin), the trade inventory was 39 days as on January 20.



Infections on the Diamond Princess cruise ship, moored near Tokyo, rose to 621 on Wednesday, even as passengers began disembarking following a contentious two-week quarantine that some foreign health experts said appeared insufficient. Japan said it had discovered 79 additional cases of the flu-like disease on the ship

■India to send its largest military aircraft to evacuate more Indians from Wuhan today

■ Third patient in Kerala has now tested negative; Pune's Serum Institute says vaccine to be ready by 2022

Globally, confirmed cases have exceeded 75,000

■ Iran has reported two deaths because of the virus

■ China is taking over the HNA **Group** to contain the economic fallout of the outbreak

■Sanofi said it will leverage its previous work to develop a potential vaccine

■ Chinese firms say economic toll has left them unable to cover their labour costs

INDICES RALLY ON HOPE

A decline in the number of new cases in China, along with mounting expectations of more policy stimulus, boosted global stock markets on Wednesday. Oil rose more than 2 per cent to \$58.82 (as of 22:36 IST)

Majorindices	Country		% change*
Asia (as of 21:55 IST)			
Sensex	India	41,323	1
Nifty	India	12,125.9	1.1
Nikkei	Japan	23,400.7	0.9
America (as of 21:55 IST)			
DowJones	USA	29,375.6	0.5
S&P 500	USA	3,389.6	0.6
Nasdaq	USA	9,823.8	0.9
Europe (as of 21:55 IST)			
FTSE 100	Britain	7,459.4	1
DAX	Germany	13,776.3	0.7
*Change over previous day's close Compiled by BS Research Bureau Source: Bloomber			e: Bloomberg

Limited impact on India; global GDP to suffer: RBI

PRESS TRUST OF INDIA

New Delhi, 19 February

The outbreak will have a limited impact on India but global GDP and trade will definitely get affected because of the large size of the Chinese economy, RBI Governor Shaktikanta Das has

being explored to overcome ed, Dastold PTI in an interview. those issues, he said.

The deadly virus has brought a large part of the my to a standstill, and its impact has been felt across industries. India's pharmaceutical and elecsaid. Only a couple of sectors in tronic manufacturing sectors haps on a lower scale, for only 4.2 per cent of the India are likely to see some dis- are dependent on China for occurred last time during the world's GDP.

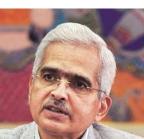
ruptions, but alternatives are inputs and they may be impact-outbreak of the Severe Acute "It is definitely an issue

which needs to be closely monitored, whether in India or any world's second-largest econo- other country. The coronavirus issue needs to be closely watched," he said.

A similar problem, per-

Respiratory Syndrome (SARS) in 2003, he said, adding that the Chinese economy had slowed down by about 1 per cent during that time.

At the time of SARS outbreak. China was the sixthlargest economy and accounted



Job offers delayed in Asia's biggest financial hubs

investment banks and wealth-

managing partner at Sirius

BLOOMBERG 19 February

Financial firms operating in Singapore and Hong Kong are delaying hiring as the coronavirus outbreak disrupts their

Both domestic and foreign hunters in the financial hubs. They've been impacted by management units. quarantines, restrictions on travel to and from China, remote working arrangements and decisions not to conduct face-to-face interviews.

It's another aspect of the fallout from the virus, which has also caused factory closures, disrupted supply chains and initiated the world's largest work-from-home experiment. Recruiting has become less of a priority as firms including DBS Group Holdings Ltd. have highlighted the revenue impact of worsening business conditions.

"Everybody is distracted," said Gurj Sandhu, a managing director at Morgan McKinley Group Ltd. in Singapore. Hiring is falling down the "pecking order," he said, while adding that nobody is canceling roles yet.

Bloomberg spoke with six Partners Ltd. in Hong Kong. recruitment firms, all of which Private banks and investment confirmed the slowdown. banks are holding off on hiring Hiring processes and relocation until they can meet candidates plans are taking longer at most in person, "even if they performed well last year," he said. companies because of logisti-What's more, many private cal difficulties. While some financial firms are conducting interviews by video conference

bankers covering China would have to travel to the country to institutions have slowed recruit- or phone, closing the deal is meet clients and "get their ment, according to head-more problematic, especially at blessings" before they move banks, according to Amo a Morgan McKinley consultant Bankers are "big-ticket in Singapore. "Not everything items," said Hubert Tam, a can be done by phone."