Weekend Business Standard

SATURDAY, 22 FEBRUARY 2020 • MUMBAI (CITY) ₹10.00
VOLUME VII NUMBER 30 • 20 pages in 2 sections

WEEKEND SEPARATE SECTION

OLD PICTURES, COMIC BOOKS, CARS: AUCTIONEERS SELLING MORE THAN ART

COMPANIES P2

GAMING APPS LATEST TO JOIN THE BIG LEAGUE OF ADVERTISERS IN INDIA

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

www.business-standard.com

Proposed competition law may cover buyer cartels

MCA puts draft Competition (Amendment) Bill in public domain

INDIVJAL DHASMANA
New Delhi, 21 February

Buyers forming a cartel may be penalised if the changes proposed by the Ministry of Corporate Affairs (MCA) to the Competition Act are enacted.

The ministry sought to give monetary and penal powers to the director general for investigation under the Competition Commission of India (CCI).

The MCA has put the draft Competition (Amendment) Bill, 2020, in the public domain incorporating these elements, seeking feedback from all stakeholders. Comments on the Bill can be given by March 6, before which Parliament would reconvene after the recess.

Rahul Goel, partner, IndusLaw, said buyer cartels were not covered under the Competition Act and hence the proposed changes would give clarity to this aspect.

So far, the CCI has not imposed any penalty on buyer cartels, he said.

The draft amendments also seek to empower the director general for investigation to send a person to prison for up to six months or impose a fine of ₹1 crore if the latter refuses to produce any book, paper, or document the former has asked for. Currently, the CCI imposes penalties on companies on the basis of their turnover if they flout competition rules. When it comes to directors of companies or proprietorship firms, penalties are imposed on the basis of their income. However, the law does not have any provision to empower the CCI to impose penalties on the income of individuals.

To remove the lacunae, the MCA suggested the Bill has a provision of income, on which penalty could be imposed under Section 27 of the Competition Act.

"Including the word 'income' in the Act may provide a legal basis to the CCI to impose penalties on individuals," Goel said.

Turn to Page 10

EXPANDING THE NET

CURRENT PROVISIONS: Deal with seller cartels only
DRAFT : Seeks to cover buyer cartels as well

CURRENT PROVISIONS: DG (investigation) can recommend penalties for non-compliance with orders. However, these can only be imposed by CCI after a show-cause notice
DRAFT: DG (investigation) to be given powers to send errant persons to six years in prison and impose up to ₹1 crore fine

CURRENT PROVISIONS: Penalties could be imposed on the basis of turnover
DRAFT: Can also be imposed on the basis of individual income

CURRENT PROVISIONS: No commitment and settlement clause
DRAFT: Seeks to insert this clause to give an opportunity to parties to commit to avoid any further action even when investigation is not completed

Sources: Competition Act, 2013, and Draft Competition (Amendment) Bill, 2020

Deal or no deal: Trump flip-flops keep all guessing

SUBHAYAN CHAKRABORTY
New Delhi, 21 February

US President Donald Trump kept everyone guessing on the much-anticipated trade deal with India as he flip-flopped on the issue through the day, ahead of his India visit next week.

Speaking in Las Vegas, Trump hinted that a "tremendous deal" might be achieved during his maiden visit to India. However, political pundits were left baffled by his choice of words. "Maybe we'll slow down. We'll do it after the (US presidential) election. I think that could happen too. So, we'll see what happens," *PTI* reported Trump as saying.

"WE'VE GOT TO TALK A LITTLE...WE'VE GOT TO TALK A LITTLE BUSINESS. IT'S BEEN HITTING US HARD. THEY GIVE US TARIFFS, ONE OF THE HIGHEST IN THE WORLD"
DONALD TRUMP, US President

Later in the day at a political rally in Colorado, he adopted a harder stance, accusing India of hitting the US "very hard" with high tariffs for many years. Trump said he would "talk business" with Prime Minister Narendra Modi to promote American products. "We've got to talk a little...We've got to talk a little business. It's been hitting us hard. They give us tariffs, one of the highest in the world," he said.

Trump's latest comments came a day after the Ministry of External Affairs said India would continue to discuss trade issues with the US and not rush the already contentious negotiations.

On Wednesday, the US president had said a comprehensive trade agreement with India would take much longer to finalise.

The Indian government indicated that the talks would now mostly focus on boosting defence cooperation, expanding the engagement between both nations in the Indo-Pacific region, and India's concerns over the H1B visa issue.

Trump has called India a "tariff king" multiple times, blaming "unfair market access policies" for stifling the growth of American goods like Harley-Davidson motorcycles and high-value electronic products, among others.

On Thursday, he also spoke about the grand welcome he was expected to get in the country. "I hear they are going to have 10 million people. They say anywhere from six to 10 million people are going to be showing up along the route to one of the largest stadiums in the world, the largest cricket stadium in the world, which is brand new and beautiful," Trump said.

Turn to Page 10

GOVT OKAYS BHARTI INFRATEL-INDUS TOWERS MERGER

The telecom department on Friday approved the merger of the country's largest mobile tower company, Indus Towers, with Bharti Infratel, according to official sources. The combination of Bharti Infratel and Indus Towers will create a pan-Indian tower company with over 163,000 towers, operating across all 22 telecom service areas. The combined entity will be the largest tower company in the world outside China. Bharti Infratel and Vodafone hold 42 per cent each in Indus. 12

BACK PAGE P12

Trai for liability burden on sellers in M&A deals

In a bid to reform the merger norms for telecom licences, the Telecom Regulatory Authority of India (Trai) on Friday suggested that liabilities arising out of a deal be the seller's responsibility, as opposed to the buyer's currently.

BS SPECIALS ON SATURDAY

WEEKEND RUMINATIONS
Look back in anger 9
To be sure, there were high points like the reforms of 1991, the years of rapid growth a decade ago, and transformation in sectors like telecom. But we should not have waited till 1991 to launch the reforms, writes T N NINAN

NATIONAL INTEREST
One big deal, six big gains 9
The India-US nuclear deal is the biggest achievement of the turnaround in ties between the two countries. It also helped India's politics by demolishing the Left. SHEKHAR GUPTA writes

Khulbe, Sinha appointed advisors to Prime Minister

Retired Indian Administrative Service officers Bhaskar Khulbe and Amarjeet Sinha have been appointed advisors to Prime Minister Narendra Modi, a government order said on Friday. Both the officers are from the 1983 batch. Khulbe was from the West Bengal cadre and had served in the Prime Minister's Office. Sinha was from the Bihar cadre, having retired as rural development secretary last year. PTI

DHFL's Wadhawan gets bail in Iqbal Mirchi case

A special court in Mumbai on Friday granted bail to Kapil Wadhawan, chairman and managing director of Dewan Housing Finance, directing him to be at the Enforcement Directorate's office whenever summoned. He was accused of money laundering in dealings with gangster Iqbal Mirchi, and was arrested on January 27. PTI

THE SMART INVESTOR P10

Domestic gold rises 2%, touches all-time high

Gold prices jumped 2 per cent in the domestic markets to a new high on Friday, following global cues. This led to domestic consumers staying away from purchases, with even scheme- and exchange-related customers deferring transactions to avoid high charges. Gold in Mumbai's Zaveri bazaar rose to ₹42,400 per 10 gram in spot trade.

ONGC IS CHEAPEST OIL STOCK GLOBALLY

State-owned Oil and Natural Gas Corporation (ONGC) is now the cheapest oil and gas company globally. Earlier this week, the company's stock price fell below ₹100 for the first time in 15 years. Currently, ONGC trades at 4.2 times its estimated one-year forward earnings. Most global oil and gas majors command a price-to-earnings (P/E) ratio of more than 15. Exxon Mobil and Saudi Arabian Oil Company (Saudi Aramco) have a P/E of 18.3 times and 17.3 times, respectively. While ONGC has always traded at a discount to its global peers, it has widened to record levels in recent months.

"Among the global upstream peer group, it is the cheapest stock. ONGC historically has traded at a discount versus global peer group, but over the past 12 months, the discount has widened materially, and in our view, the 'on-tap' government selldown is the key reason," JP Morgan analysts Pinakin Parekh and Sanket Parab write in a note.

The brokerage has a buy rating on the stock, albeit it has cut the price target from ₹190 to ₹172 due to a cut in earnings estimates amid weak global oil prices. JP Morgan says the stock offers attractive yields of about 8 per cent. It has identified a few other triggers for ONGC to do well.

SAMIE MODAK

GOING CHEAP

How ONGC compares to the world's most richly valued oil firms

(Figures in $ billion)

	P/E (x)	Market cap	Sales	Profit
Exxon Mobil	18.3	253	244	14.3
Saudi Aramco	17.3	1,794	315	110.9
Chevron	16.2	208	140	2.9
Petroleo Brasileiro	11.5	92	77	10.2
BP	11.4	120	278	4.0
Eni Italy	11.0	50	90	4.9
PetroChina	10.6	133	356	8.0
ONGC	**4.2**	**18**	**65**	**4.4**

Note: P/E is trailing 12-month forward; sales and profit are for the latest full year
Source: Bloomberg

Sebi probe finds violation of listing norms by Sun Pharma

The Securities and Exchange Board of India (Sebi) has found that Sun Pharmaceuticals violated its listing and disclosure norms by not revealing the related-party transaction with Aditya Medisales (AML), an entity which is owned by the drug-maker's promoters and distributes its formulations in India. The probe, however, did not confirm the alleged misappropriation of funds of ₹42,000 crore, said two people privy to the development. According to them, Sebi's investigation department in its findings recommended adjudication proceedings against the pharma major under Section 15 of the Sebi Act which entails financial penalties if found guilty. SHRIMI CHOUDHARY reports 3

BUSINESS STANDARD-SEEMA NAZARETH AWARD 2019

PHOTO: DALIP KUMAR

Chief guest Ravish Kumar of NDTV with Subhayan Chakraborty (*right*), the winner of the 21st *Business Standard*-Seema Nazareth Award for Excellence in Print Journalism, on Friday. Vireshwar Tomar (*left*) of the *Business Standard* Hindi edition received a special mention award

SHUN 'EASY' JOURNALISM: RAVISH KUMAR P12

Service providers feel pain as India Inc faces working capital squeeze

IN A SPOT

- Law firms, SMEs seeing payment delay of three to six months
- OEMs asking vendors to discount bills
- Bank credit slowdown, NBFC woes lead to chain reaction
- Cases such as DHFL and Cox & Kings causing trust deficit

PAVAN LALL
Mumbai, 21 February

The country's largest corporations are hitting the brakes on payments to be made to service providers such as consulting and law firms amid a liquidity crunch, say senior executives in India Inc. A founding partner at a leading corporate law firm said, "There is a delay of between two and four months above what the normal billing cycle for receivables used to be. The trend extends to some of our top corporations in the country."

The delay, the lawyer said, was a manifestation of pushing service providers lower down the list of priorities. "The thought process seems to be that service companies don't have the exigencies that, say, manufacturing companies do with inventory and stockpiles of goods and what not. But the reality is law firms have huge input costs in terms of salaries and wages."

That's not all. Law firms are also starting to suspend work, and in extreme cases taking action under the Insolvency and Bankruptcy Code (IBC) in order to recover dues. "We have started asking for advances and winding up cases for the recovery of large dues," the lawyer added.

A managing partner with a mid-sized law firm said it was not just domestic corporations but even large multinationals were delaying by as much as two months on outgoings.

The practice is also visible in manufacturing. A promoter of a component-manufacturing firm said one of India's largest automotive companies was asking its suppliers to go for bill discounting with a high rate of interest (much higher than what suppliers were charged by their bank), which was effectively a way to get a price reduction.

The CEO of a private equity major said the common refrain was that "in boom times or recession, lawyers, accountants, and consultants always have steady business. While those categories do have business, payments are likely to be getting delayed because of the overall tightening of credit in the financial markets".

Naveen Tiwari, partner and leader for EY's Working Capital Advisory, said while the data for the current financial year would be available in a few months, there was every indication that liquidity had come under increased pressure.

"From the slowdown at NBFCs to the tightening at PSU banks, the access to working capital for a number of corporates has reduced and that has a trickle-down effect," he said, adding that bank credit growth as of November 2019 was at 8 per cent versus over 15 per cent in November 2018. Several sectors are facing these challenges, especially with receivables, including some of the EPC and engineering services companies, Tiwari added. As a result, one side-effect of the working capital squeeze is that private equity has stepped in to become the available provider of growth capital with entrepreneurs being left with no choice but to give up equity in exchange for funds.

According to a CRISIL report for the fiscal year 2020, there has been slower-than-expected economic growth, slippage in demand growth across sectors, and a consequent elongation of working capital cycles, leading to industries such as the construction material sector, including heavy machinery, seeing more downgrades because of stretched working capital cycles.

Non-banking financial companies (NBFCs) and housing finance companies (HFCs) together have been the major source of funding for the real estate sector, the report said, adding that independent power producers also witnessed higher downgrades because of delays in realisation from distribution companies, which impacted their liquidity and financial risk profile.

Pramoud Rao, managing director of security services company Zicom, said his payments had been held up for six months.

"It's a typical recessionary trend that we see during slowdowns and what compounds it is when companies such as DHFL and Cox & Kings and Talwalkars gyms stop business overnight. That is leading to a deficit in trust and confidence and then people halt payments. So while it's not a welcome trend, we hope it will pass soon."

IN BRIEF

M&M Renewables to sell stake in 3 arms for ₹340 crore to CLP

Mahindra & Mahindra (M&M) on Friday said its wholly-owned arm Mahindra Renewables would sell its entire stake in three subsidiaries to CLP India, a part of Hong Kong-based CLP Group, for nearly ₹340 crore. Mahindra Renewables (MRPL) on Friday agreed to sell its entire stake aggregating 100 per cent of the paid-up equity share capital in Cleansolar Renewable Energy, Divine Solren, and Neo Solren (NSPL), wholly-owned subsidiaries of MRPL, to CLP India, M&M said in a regulatory filing. According to the share purchase agreement, CLP will acquire 9,623,000 equity shares of ₹10 each in CREPL at a price of ₹113.11 per share, aggregating to ₹108.85 crore. PTI

CCI gives go-ahead to GMR-Groupe ADP airport deal

The Competition Commission of India (CCI) has given approval for GMR group's proposed 49 per cent stake sale in airport business to France's Groupe ADP. The nod is via green channel, which allows for an automatic system for speedy approval of combinations, subject to certain conditions. On Thursday, GMR Infrastructure said the French group would acquire 49 per cent stake in its airport business for ₹10,780 crore, a deal that will help the domestic entity reduce its debt burden. PTI

Wipro Digital buys user experience firm Rational Interaction

Wipro Digital, the digital business unit of IT major Wipro, on Friday said it had acquired digital customer experience (CX) firm Rational Interaction. However, Wipro Digital didn't disclose the acquisition amount. Founded in 2009, Rational Interaction is headquartered in Washington and has over 300 employees. It has offices in Seattle, Bellevue, Dublin, and Sydney. PTI

Paytm partners Ola, Uber for FASTags to 100,000 drivers

Paytm Payments Bank on Friday announced it had entered into a strategic partnership with ride-hailing companies Ola and Uber. The tie-ups would empower over 100,000 driver-partners to conveniently use Paytm FASTags and seamlessly commute across the country, the PPB said in a press statement. PPB has set up 12 camps at Uber Green zones across different cities for drivers to purchase and use FASTags. PTI

Tribunal rejects insolvency plea against Sintex Infra

The National Company Law Appellate Tribunal has dismissed the Lloyd Insultations' plea to initiate insolvency proceedings against Sintex Prefab and Infra. The NCLAT bench headed by Chairperson Justice S J Mukhopadhaya observed that there was a pre-existence of dispute between the parties and upheld the order of the NCLT, Ahemdabad. PTI

Hinduja extends hotel tie-up for Churchill's OWO

The Hinduja Group has announced an extension of its tie-up with Raffles Hotels & Resorts, involved in the transformation of former British Prime Minister Winston Churchill's Old War Office (OWO) building, in the heart of London into a luxury hotel. A deal signed by the London-headquartered conglomerate in 2017 for Raffles to operate a 125-room and suites flagship hotel at the heritage building in Whitehall was expanded on Thursday to cover 85 luxury residences on the site. PTI

P&W partners AIESL for maintenance of all types of engines

Aircraft engine maker Pratt & Whitney has partnered Air India Engineering Services for maintenance of all types of engines, including those powering A320 neos, said a source. The two companies are likely to make a joint announcement about the tie-up soon, the source said. A320 neo planes, powered by P&W engines, have been grappling with snags for four years. PTI

Suspension of The Park hotel's trade licence revoked

The New Delhi Municipal Council (NDMC) on Friday revoked the suspension of the trade licence of The Park hotel in Lutyens' Delhi. The civic body had suspended the trade licence after the five-star hotel's Fire Safety Certificate and Cessation order were suspended following a blaze in its basement last week. The fire safety certificate and cessation order were restored on Wednesday. PTI

Larsen & Toubro Infotech enters the Nifty Next 50 Index

The National Stock Exchange (NSE) has included technology consulting and digital solutions company Larsen & Toubro Infotech (LTI) in its Nifty Next 50 Index. LTI got listed in July 2016, and it has grown rapidly during last the four years, leading to this milestone. PTI

Now, Flipkart moves HC against CCI order

This comes just a week after Amazon secured interim stay on probe

PEERZADA ABRAR
Bengaluru, 21 February

The CCI had ordered a probe against e-commerce players last month after a Delhi traders' body filed a complaint on deep discounts

E-commerce firm Flipkart has filed a writ petition in the Karnataka High Court, challenging the Competition Commission of India's (CCI's) order on probing some of its business practices. The move comes just a week after Amazon secured an interim stay on the probe from the high court.

The CCI ordered an investigation against e-commerce players last month after the Delhi Vyapar Mahasangh, a traders' body, filed a complaint against the firms' practices like giving deep discounts on online sales of smartphones and cherry-picking sellers. The probe covered Flipkart and Amazon. In its writ petition, Amazon had made the CCI, DVM and Flipkart respondents. After hearing the case for three consecutive days, the court granted an interim stay on the investigation.

In its petition, Flipkart is also expecting to get a similar "stay order", according to the sources.

"Flipkart is challenging the same CCI order, which was also opposed by Amazon last week. Though the order has been stayed, Flipkart had not challenged it technically," said a person with knowledge about Flipkart's writ petition. "It would be a very short hearing because the court has already taken a view on the matter and there might be a hearing soon," said the person.

According to legal experts, Flipkart had to file the petition as it was one of the respondents in the one filed by Amazon and its legal counsel had also argued against the CCI's order. "The Karnataka High Court has issued an interim stay of the CCI probe. We are a party to the CCI order and a respondent in Amazon's writ against the order," said a Flipkart spokesperson. "Given this position and the high court Stay, as a procedural matter, we are filing a writ," the spokesperson said.

According to sources, Flipkart's main contention revolves around Section 19 (3) of the Competition Act, which stipulates six parameters that the competition watchdog needs to consider while evaluating if a firm has flouted norms. These include creation of barriers to new entrants, driving existing competitors out of the market, and improvements in production or distribution of goods or provision of services. Flipkart's petition talks about how some of those parameters were not considered by the CCI while ordering for a probe, according to sources.

"In the Amazon vs CCI hearing last week, Flipkart pointed out the legality of the CCI's probe order and by filing this petition, it is reinforcing that," said a person familiar with the development. The HC found no merit in CCI's order. According to an analysis of the order, the CCI did not follow set norms for such matters. The order says Flipkart submitted that jurisdiction of the high court under Article 226 of the Constitution was upheld by the Supreme Court in the Bharti Airtel case.

Unless a prima facie case is made out, investigation under section 26(1) of the Competition Act cannot be ordered. The impugned order does not disclose jurisdictional facts and satisfaction of the CCI with regard to the prima facie case, they said.

Don't take chambers lightly: Goyal to bizmen

Commerce and Industry Minister Piyush Goyal (*pictured*) on Friday took a dig at the industry for taking business chambers lightly, saying businessmen only approach these bodies when they face problems.

Goyal said that many times he found at functions of CII, Ficci, and Assocham only the current president, few past presidents, incoming presidents and possibly a few public spirited office bearers.

"Where was the trade and industry and business community when the nation needed them?" he said at an AIMA event.

The minister requested AIMA President Sanjay Kirloskar and past president Harsh Pati Singhania, who were present at the function, to take this message to "all your colleagues and friends that associations are not to be taken lightly."

"Industry bodies and businesses are not something which you only go to when you are in trouble. These are organisations which have a national duty and a national role to play," he added.

Citing the example of the recent decision to increase import duty on toys, the commerce minister said the toy industry has now become "super active". PTI

Australian retailers heading to India for share of online biz

SUBHAYAN CHAKRABORTY
New Delhi, 21 February

Australian retail companies are readying to enter the Indian market through the online route at a time when international investors are facing problems owing to the government's changing policy on e-commerce.

Armed with research on India's latest data legislation mandating local storage, many companies are also in the process of setting up background infrastructure in India to support online retail. "A 150-strong delegation is heading to India next week as part of the Australia-India Business Exchange (AIB-X) with investments figuring prominently in the plans of many companies. Trade Minister Simon Birmingham will also be present," said Mark Morley, trade commissioner of South Asia, Australian Trade and Investment Commission (Austrade).

Morley said premium quality of barley from Australia was ready to be shipped to India, after the country managed to get round India's phytosanitary restrictions. In anticipation of the move, a contingent of wine producers is also headed to India.

The AIB-X is a multi-month programme of the Australia government to generate business in India. It features two-way ministerial visits, and a range of trade shows focusing on four priority sectors — education, agribusiness, resources and tourism — as well as infrastructure as a sector with significant promise.

Despite major trade volumes in high value sectors like petrochemicals, India's trade with Australia ranks way behind that of other similar developed nations. The country is India's 17th largest trading partner, with bilateral goods and services trade valued at $30.3 billion in 2018-19.

The country is also the 25th biggest source of foreign direct investments into India. India's yawning trade deficit has principally been due to Australian coal and natural gas exports worth over $5.6 billion in the first eight months of 2019-20. Total imports from Australia were pegged at $7.8 billion over this period, more than three times the $2.2 billion worth of exports to the country.

Focus on India

On the other hand, India is Australia's eighth-largest trading partner and fifth-largest export market. After concluding a free trade agreement with China, there is an understanding in Canberra that global trade linkages with other nations need to be reinforced to create a more diversified set of trade partners as well as goods.

STRUGGLING TRADE

in $ bn	2015-16	2016-17	2017-18	2018-19	2019-20 (Apr-Nov)
Exports over last 4 years	3.2	2.9	4	3.5	2.2
Imports over last 4 years	8.9	11.1	14	13.1	7.8
Trade deficit	5.1	8.2	10	9.6	5.6

TRADE FACTS

Major exports	Major imports
Refined petroleum	Coal
Pharmaceutical products	Iron and copper ores
Diamonds	Unwrought gold
Apparel	Inorganic chemicals

$949.5 million Total Australian FDI into India

Source : Commerce department

An India Economic Strategy to 2035, penned by former Australian high commissioner to India Peter N Varghese, bats for more economic linkages between the nations at a time Indian businesses have been scouting for newer overseas markets, egged on by the government. "Australia's trade with Beijing is many multiples of our trade with New Delhi, so I'm not expecting India to overtake China. The vision in the report is to bring India up to the third position among Australia's trade partners," Verghese had said earlier.

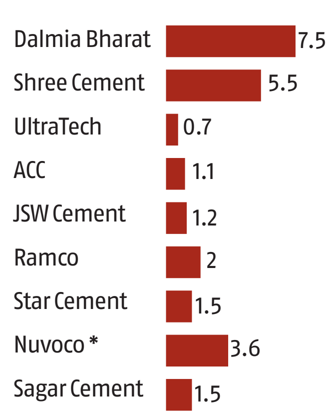
Now, New Delhi has also confirmed to Australia that it will be repaying this attention from the Aussies by bring out its own trade report focusing on the oceanic nation.

Morley also said agri majors such as Graincorp and Olam Australia are also expected to ramp up activity in India. Agri business, along with the associated sectors of logistics and food processing, is among the major sectors that can see economic ties jump according to Austrade.

Cement companies rush east to expand capacity

CONCRETE PLANS

Past and upcoming capacity additions in the East by major cement companies



All figures in million tonne per annum
*Including Emami Cement Source: Industry

AVISHEK RAKSHIT
Kolkata, 21 February

A faster demand uptick — particularly in the home builder and infrastructure segments — has made cement companies line up extensive greenfield and brownfield projects in eastern India. In the recent past, demand remained muted in north, central and western India at 3-5 per cent and volume growth declined by around five per cent in south India.

However, demand in the eastern part of the country went up by nearly 10 per cent, leading to healthier prices.

According to Sandip Ghose, chief operating officer at Birla Corporation, the east presents a good opportunity for cement companies as the potential of people building 'pukka houses' from 'kaccha houses (mud houses)' is huge. Industry officials estimated that around 50 per cent of houses under the Pradhan Mantri Awas Yojana is being constructed in eastern region.

Trade estimates suggest that in Bihar, Jharkhand and West Bengal, demand went up by 10-15 per cent. And, the demand in Odisha rose by 8-10 per cent.

"Demand in the east has been primarily driven by individual house builders and infrastructure to some extent," said Kunal Shah, analyst at YES Securities. As much as 17 million tonne per annum (mtpa) of fresh capacity is expected to be added in the region in the next two years.

Dalmia Bharat is expected to commission two 2.2 mtpa grinding units in West Bengal and Odisha, respectively, in the next fiscal year while its 2.5 mtpa unit in Bihar is set to be operational in 2021-2022.

Shree Cement is expected to commission its 3 mtpa grinding unit in Odisha while Ramco Cement is readying its 1 mtpa capacity in Odisha also.

Besides ACC Cement, UltraTech, JK Lakshmi Cement, Sagar Cement and Nuvoco Vistas are adding grinding capacities. This will take the total installed capacity in the east to around 105 mtpa by 2022.

On the other hand, acquisitions are also paving the way for consolidation in the market. After this, the market will be dominated by a few players only. After the recent acquisition of Emami Cement by Nuvoco Vistas for an enterprise value of ₹5,500 crore, the latter suddenly became the third largest cement maker in the region, overtaking Shree Cement.

Under the changed market scenario, the top six companies in the east — Dalmia Bharat, UltraTech Cement, Shree Cement, Nuvoco, ACC and Ambuja Cement — account for over 80 per cent of the total 92 mtpa capacity.

Mobile's big moment: Gaming apps among top advertisers in India

Size of this category will grow as traditional spenders remain cautious amid slowdown

VIVEAT SUSAN PINTO
Mumbai, 21 February

One of the country's top three advertisers in 2019 wasn't a retail major or a consumer goods company as has been the trend over the years. It was, instead, a popular gaming app.

Dream11, a fantasy sports player, broke into the top three of domestic advertisers in 2019, according to the latest Pitch Madison Adex report. This was also the first time a mobile gaming application had figured on the list.

Dream11's ad budget was ₹800 crore versus Amazon's ₹900 crore, said the report. The latter is the second-largest advertiser in India for 2019, while Hindustan Unilever remains the largest with an ad budget of ₹3,200 crore.

The marginal difference in ad spends between the second and third-largest advertisers, say experts, points to an interesting trend. One is the emergence of new categories in advertising. The second is these companies are willing to spend big bucks to make their presence felt. In the case of fantasy sports, the market is only growing, pushing new players to step in. Last week, Twitter-backed ShareChat became the latest entrant in fantasy sports with Jeet11. Besides these, some other players in the category include MyTeam11, Fantain, and Starpick.

And while some experts point to the thin line of difference between fantasy gaming and sports betting, the former continues to get bigger in size.

A report by KPMG and the Indian Federation of Sports Gaming says the user base of fantasy gaming platforms has crossed 70-80 million in India and will only expand as big tournaments such as the Indian Premier League (IPL) in cricket and the Indian Super League in football continue to grab eyeballs and viewer interest.

From an advertising context, this will mean that the category size (of fantasy sports) will increase. According to Sam Balsara, chairman and managing director of Madison World, "Today there is one player from fantasy sports in the top ten list of advertisers, tomorrow there could be more. Digital is throwing up new advertisers as consumption and entertainment habits change."

Dream11, a fantasy sports player, has broken into the top three of domestic advertisers in 2019, according to the Pitch Madison Adex report

At a time when traditional spenders such as retail, telecom, automotive and even fast-moving consumer goods remain cautious with their advertising budgets given the consumption slowdown, agency heads say it is this new league of advertisers that will make the big difference in the future.

"In 2020, India faces challenges and uncertainties across sectors just like other markets. However, this also brings opportunities for brands including new-age advertisers to innovate.

TOP FIVE ADVERTISERS IN 2019

(Ad budget figures in ₹ cr)

Company	Ad budget	Rank in 2019	Rank in 2018
Hindustan Unilever	3,200	1	1
Amazon	900	2	4
Dream11	800	3*	-
Reliance Industries	750	4	7
Maruti Suzuki	700	5	5

*New entrant Source: Pitch Madison report/Industry

This trend will be propelled by greater use of technology and content," says Prashanth Kumar, chief executive officer, GroupM South Asia.

GroupM, for instance, says categories such as audio and video-streaming services will see a faster evolution in India with hybrid models, including advertising and subscription-led feeds, driving growth. The result will be a fight for content and viewership, GroupM says, pushing streaming services to advertise even more.

Tarun Katial, chief executive officer, Zee5, says the streaming service has lined up over 80 original shows for the current calendar year and will invest behind new initiatives such as gamification of popular characters and launch of a new short-format video platform by April.

Hotstar, on the other hand, will focus on the Disney+ launch as well as the IPL13 that will begin on the same day (March 29). The streaming service will target small and large companies with special packages and will also advertise its services aggressively on television, print, digital, and outdoor, media planners say.

Sebi finds listing norms violation by Sun Pharma

Allegations of fund diversion not confirmed

SHRIMI CHOUDHARY
New Delhi, 21 February

The Securities and Exchange Board of India (Sebi) has found that Sun Pharmaceuticals had violated its listing and disclosure norms by not revealing the related-party transaction with Aditya Medisales (AML), an entity owned by the drugmaker's promoters that distributed its formulation in India.

The probe, however, did not confirm the alleged misappropriation of funds to the tune of ₹42,000 crore, said two people privy to the development.

According to them, the Sebi's investigation department in its findings has recommended adjudication proceedings against the pharma major under Section 15 of the Sebi Act, which entails financial penalty if found guilty.

The Sebi's investigation concluded last week following a forensic audit report submitted to the regulator a fortnight ago. The market regulator had in September 2019 ordered the audit to examine the whistleblower complaints on corporate governance lapses and alleged fund diversion.

"The company has complied with all information requests from Sebi and is cooperating with the regulator," said a Sun Pharma spokesperson in an email query. "In regards to your specific query, we have not received any communication from the regulator. Therefore, we are not in a position to comment on the same," it said.

The investigation report submitted to the Sebi board said the drug maker did not categorise AML as a related party even though the ultimate beneficiary of it was promoter of Sun Pharma, which ought to have been disclosed in public under the prescribed listing regulations, said one of the two persons cited above.

The non-disclosure of the trade arrangement between the AML and Sun Pharma and classified the former as a distributor is a clear violation of Sebi's listing obligations and disclosure requirements. Typically, the distributor is a third-party which buys drugs from the manufacturer and sells them to customers for a margin. However, in this relationship, Sun Pharma was dealing with a distributor which was also its subsidiary.

The forensic audit is learnt to have scrutinised the detailed methodology of AML's operations such as its agreement with the pharma major.

However, later Sun Pharma did reveal its relationship with AML, which is a pharma distribution company. AML was classified as a promoter shareholder by Sun Pharma. It owns a 1.6 per cent stake in Sun Pharma as of December 31, 2018. Sun Pharma's domestic formulation business is entirely routed through it. AML, a super stockist, was declared as a related party of the company only during FY'18.

Further, the Sebi investigation and even the audit report did not find the alleged transactions of ₹42,000 crore or siphoning off/personal profits of ₹10,000 crore as highlighted by the whistle-blower in the complaint letter to Sebi. The findings cited the annual accounts filed by AML, which showed it never had earned profits or borrowings that could substantiate charges made by the whistle-blower.

According to the disclosure, the turnover for FY18 was a little over ₹8,000 crore. In FY17, it was ₹7,800 crore; in FY16, ₹6,000 crore; in FY15, ₹4,300 crore; and in FY14, the turnover was about ₹2,000 crore.

Sebi initiated the probe after several allegations were made by the whistle-blower in a 150-page complaint to the regulator accusing Sun Pharma of committing corporate governance and tax-related offences and securities market-related violations.

THE CHARGES

- Misappropriation and diversion of funds by the promoters
- Personal profit being made by promoters to the tune of ₹10,000 crore
- Non-disclosure of related-party transaction with Aditya Medisales
- Alleged lapses in governance norms and tax-related offences
- Alleged irregularities in issuances of zero-coupon foreign currency convertible bond

Ashok Leyland builds platform to let buyers configure vehicles

ARINDAM MAJUMDER
New Delhi, 21 January

Commercial vehicle major Ashok Leyland has invested ₹500 crore to build a platform that allows customers to configure vehicles based on their financial and business needs.

Known as "modular" platform targeted for medium and heavy vehicles, the company expects that it will bring down its operational cost drastically and result in increase in profits.

The commercial vehicle industry is in the doldrums facing decreasing sales for more than one and half year. The situation is unlikely to improve soon as India's economic activity is yet to pick up due to less business activity and consumer spending.

According to Ashok Leyland Chief Operating Officer Anuj Kathuria, the new platform will remove complexities from operations of the company and will help offer cost-effective products for the customers.

"The modular range can be customised to customer's needs — load, terrain, application, and operational requirements," he said.

In comparison to rivals, Kathuria said, Ashok Leyland would have to migrate all its platforms to BS-VI norms. "The value that we would provide our customers over a period of five to six years would be substantial," he said.

Benefits of the modular platform for the M&HCV range, Kathuria said the new chassis would help customisation of the product, which in turn would deliver better operational economies to the customers.

In April-January period of the current financial year, sales of such vehicles declined by 36.4 per cent year on year to 198,736 units. Ashok Leyland's wholesale despatches during the period declined by 39 percent over last year to 63,178 units.

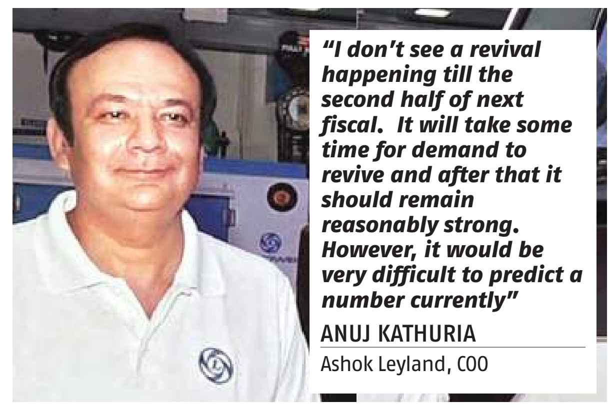
Subdued volumes took a toll on the company's financial health as revenue for the December quarter declined by more than a third year-on-year to ₹4,016 crore, while profit after tax declined to a paltry ₹28 crore from ₹381 crore in the corresponding quarter.

Kathuria doesn't expect the market situation to change soon. "I don't see a revival happening till the second half of next fiscal. It will take some time for demand to revive and after that it should remain reasonably strong. However, it would be very difficult to predict a number currently," he said.

The firm said it didn't foresee the coronavirus outbreak affecting its plans for migration to BS-VI emission norms, although some of its component suppliers source parts from China.

"While we do not have any direct suppliers, some of our tier-1 suppliers will be kind of impacted...As of now whatever we have understood, if everything happens as per that plan and materials start moving out from China, it should not have a major impact," Kathuria said.

He was responding to a query on whether the coronavirus outbreak in China would affect its supply chain, thereby impacting its plans for transition to BS-VI emission norms from April 1.



"I don't see a revival happening till the second half of next fiscal. It will take some time for demand to revive and after that it should remain reasonably strong. However, it would be very difficult to predict a number currently"

ANUJ KATHURIA
Ashok Leyland, COO

Experts: RIL media rejig to create cleaner structure

PRESS TRUST OF INDIA
New Delhi, 21 January

Reliance Industries' (RIL's) move to consolidate its media and distribution businesses under one entity Network18 Media & Investments will create a cleaner structure and make the merger of entertainment channels with Sony less likely, experts said.

Earlier this week, the company said it would merge its TV18 Broadcast business with Network18, and maintain the cable and broadband businesses of Hathway Cable & Datacom and Den Networks, which it bought in 2018, as separate wholly-owned subsidiaries of Network18.

Network18's portfolio includes Nickelodeon, MTV, and CNBC TV18, among others.

"From RIL's perspective, this creates a cleaner structure and is easier to manage (as it reduces listed entities)," BofA Securities said in a report on Friday.

In a separate report, CLSA said the rejig would make a deal with Sony for merger of entertainment channels less likely as the news broadcasting sector has a restriction of 26 per cent foreign ownership.

Between content and distribution, BofA considered distribution to be the more important component for RIL's media business as it generates higher margins and return ratios as compared to content that could be aggregated.

"The merger helps improve capital structure as the combined entity will be debt-free and has a balanced mix of subscription (53 per cent) and advertisements (47 per cent) in its revenues," it said.

From Network18 perspective, this helps reduce dependence on ads and helps especially in times of slower GDP growth.

Stating that synergies aren't much except removal of overheads, the report said NW18 channels could be included in Den/Hathway packs at lower prices.

"We consider RIL via the combined entity to emerge as one of the dominant entities in the media space and through the merged entity gives an opportunity to invest in the high growth segments," it said.

Media contributes to 2.1 per cent of RIL's EV and is not a big driver. "It, however, helps RIL improve customer stickiness with the potential to offer bundled products in the future and better analyse customer trends/segmentation," it added.

In a separate report, CLSA said the restructuring of media assets may be a precursor to Reliance Jio IPO.

RIL "is restructuring its media businesses to mainly a defunct dual holding structure of broadcast operations and merging Hathway and Den Networks," it said adding that multiple businesses are being folded into Network18, which will be the sole listed entity and will be 64 per cent owned by RIL.

"We do not see these deals as a media sector consolidation, but as a precursor to a likely IPO of Reliance Jio," CLSA said. "Reliance's 'news' (carries 26 per cent foreign ownership restriction) and 'distribution' businesses post deals housed in Network18 will likely make a subsequent deal with Sony to merge entertainment channels less likely."

Viacom US, the foreign partner of Reliance, will continue to own 49 per cent in broadcast operations via Viacom18 Media which will be a 51 per cent subsidiary of Network18.

SoftBank to pitch US investors under cloud of WeWork

PAVEL ALPEYEV, GILES TURNER & TAKAHIKO HYUGA
Tokyo/London, 21 February

Masayoshi Son (*pictured*) will head to New York next month for the first time since the implosion of WeWork, seeking to persuade hedge funds and institutional investors that the fortunes of SoftBank Group have turned since the disastrous investment.

The Japanese billionaire is scheduled to address investors on March 2. There, he could point to the approved sale of Sprint, a rally in Uber Technologies shares and Elliott Management's purchase of SoftBank stock as signs of progress at his company, said people familiar with the plans. It's unclear where WeWork will fit into the agenda.

Within SoftBank, there's disagreement about how to convey the company's strategy. Son, 62, is known for his eccentric financial presentations, which have included a "hypothetical illustration" of WeWork profitability and stock photos of ocean waves and calm waters. One memorable slide from 2014 contained only a drawing of a goose and the words: "SoftBank = Goose." Many staff at headquarters in Tokyo love the founder's showmanship, but some senior executives are exasperated and argue a clearer and more sober message is needed, said people familiar with internal discussions.

Ultimately, Son will decide. He has downplayed any pressure from Elliott, a New York-based activist investor that disclosed a nearly $3 billion stake in SoftBank this month. Son called Elliott an "important partner" and said he's in broad agreement with the investor's arguments for buybacks and increasing the stock price. Son has signaled less receptiveness to Elliott's other suggestions: selling more of the stake in Alibaba Group Holding and reining in the Vision Fund, a $100 billion investment vehicle that accounted for more than $10 billion of losses in the past two quarters.

In private meetings with SoftBank, Elliott raised issues over the clarity of SoftBank's strategy, people familiar with the talks said. SoftBank is planning to make hires within its investor relations department to help shape the message to shareholders. SoftBank declined to comment. A spokesperson for Elliott declined to comment.

"Right now, serious heat is being applied on Son," said Justin Tang, head of Asian research at United First Partners in Singapore. "Son has to be seen actually doing something."

T-Mobile, Sprint agree to new terms

Son's heading into the meeting with one win under his belt: T-Mobile US and Sprint have agreed to new terms for their pending merger, a key step toward completing a transaction that will unload the loss-making carrier and unlock new capital for SoftBank.

Although next month's event was scheduled before Elliott disclosed its stake and is not designed to specifically address the activist investor's involvement, it will be a focus for attendees, said people familiar with the preparations. Executives are bracing for questions about Elliott's intentions and how far the shareholder will go to boost the stock's value.

Goldman Sachs Group is organising the March event, the people said. The firm, which helped Japan's Sony and Toshiba in their dealings with activist investors, is vying for the job of advising SoftBank on Elliott, said a different person said.

However, SoftBank is likely to manage the relationship in-house, another person said. The job may fall to Marcelo Claure, the chief operating officer who's helping oversee the WeWork debacle; Katsunori Sago, the chief strategy officer and a former Goldman Sachs executive; or Ron Fisher, a director and trusted adviser to Son. A Goldman representative declined to comment on SoftBank.

Dogs and pizza

SoftBank is recovering from a series of stumbles in recent months. WeWork's plan to go public last year imploded, forcing SoftBank to arrange a rescue financing of $9.5 billion in October. Uber, despite a two-month surge, is still trading about 10 per cent below last year's offering price. The Vision Fund has suffered other high-profile setbacks, including investments in failed online retailer Brandless, dog-walking app Wag Labs and pizza robot company Zume Pizza.

Elliott has said it took the stake in SoftBank because the firm's shares are woefully undervalued compared with its assets. SoftBank's own sum-of-parts calculation puts its total value at 12,300 yen a share ($111). That's more than double SoftBank's actual share price, which values the company at about $104 billion. Elliott has pegged SoftBank's net asset value at about $230 billion, people familiar with the discussions have said.

The disconnect between what SoftBank and Elliott say the company is worth and the market value can be explained by several quirks of how the business is run, according to a report from Pierre Ferragu, an analyst at New Street Research. Many shareholders would like the company to return more capital and improve its governance, he wrote. Risks associated with the Vision Fund and a lack of details about tax liabilities associated with cashing out its investments are other factors.

SoftBank recognised the need for more oversight as early as 2018, when it charged Claure with a broad review of operations across SoftBank companies. Claure, the former head of Sprint, spent months assembling a team of about 40 executives. In the end, he was forced to cede control of the so-called SoftBank Operating Group to the man it was supposed to be overseeing: Rajeev Misra, the head of the Vision Fund.

Elliott wants SoftBank to set up a special committee to review investment processes at the Vision Fund. Elliott argues the fund has dragged down the share price despite making up a small portion of assets under management, said people familiar with the discussions.

Some at SoftBank are resistant to the idea of an oversight committee. Instead, SoftBank is seeking to resolve issues at the Vision Fund with new governance standards for the companies it invests in. The new rules will encompass how the fund approaches the composition of the board of directors, founder and management rights, rights of shareholders, and mitigation of conflicts of interest. Son has conceded that missteps with the original fund is making it difficult to raise money for a successor. He has said SoftBank may need to invest in start-ups using its own capital for a year or two.

'Black Swan'

Elliott is also calling for a buyback of as much as $20 billion. A repurchase of that scale could boost SoftBank's shares by 40 per cent, Ferragu estimated. SoftBank's last share repurchase was announced about a year ago, a record 600 billion yen. It sparked a rally that pushed the stock to its highest price in about two decades. SoftBank said on Wednesday it plans to borrow as much as $4.5 billion against shares of its Japanese telecom unit. SoftBank's debt load exceeds $120 billion. Son's reliance on debt is raising alarms, said Tang. "He's going to get wiped out if there is some black swan event," Tang said. "SoftBank needs to de-leverage, and the best way to do it is to sell the Alibaba stake."

Son, who often goes by the nickname Masa, controls more than a quarter of SoftBank stock through various vehicles, and the company bylaws require two-thirds of votes to pass any proposal made through the board, according to a person with knowledge of the rules. "Unless everyone is against him," said Tang, "it's not possible to dislodge Masa."

BLOOMBERG

USFDA revokes EIR issued for Aurobindo Pharma's facility

DASARATH REDDY
Hyderabad, 21 February

Drug firm Aurobindo Pharma on Friday said the United States Food and Drug Administration (USFDA) revoked the Establishment Inspection Report (EIR) issued a couple of days ago for the firm's formulations unit.

An EIR by the drug regulator would mean the conclusion of the inspection of a particular manufacturing facility without it feeling the need to issue any inspectional observations as it was found broadly compliant with the regulations.

On February 18, the the US health regulator issued the EIR with voluntary action initiated (VAI) for Unit IV of its injectable formulations unit, which had earlier received Form 483 with 14 observations following an audit conducted between November 4 and 13, 2019.

The VAI would mean that the USFDA had found some objectionable conditions but they do not warrant any regulatory action.

But, the US drug regulator sent another letter to the company on Friday correcting its earlier position on the outcome of the said inspection.

"Received a further communication that inspection conducted by the USFDA at our aforesaid Unit IV from November 4 to 13 is still open and under review by way of rescindment of 90-day VAI letter that was issued by them on February 18," the company informed the stock exchanges.

The company's stock had jumped 19 per cent in early trade on Wednesday following the news of USFDA's previous letter.

Alkem Labs gets 2 USFDA observations

Drug firm Alkem Laboratories on Friday said it has received two observations from the US health regulator after inspection of its Baddi facility in Himachal Pradesh.

The United States Food and Drug Administration (USFDA) had conducted an inspection at the company's manufacturing facility at Baddi from February 17 to 21, 2020, Alkem Laboratories said in a BSE filing. "At the end of inspection, the company has received a Form 483 with two observations," it added. PTI

IN BRIEF

Efforts on to include G-secs in global indices, says RBI guv

RBI Governor Shaktikanta Das has said the central bank has already initiated discussions with some institutions and efforts are on for inclusion of government bonds in global indices as quickly as possible. The development would attract higher foreign flows as many overseas funds are mandated to track global indices. It will help bring in large passive investments from overseas, as a result more domestic capital would be available for industry as crowding out to that extent would be reduced. "That is work in progress. We have had our discussions with some institutions which maintain these global index...not possible to spell out a timeline, but it is a work in progress. Our effort will be to see that it is taken forward as quickly as possible. I don't want to give a timeline," he told *PTI*. PTI

NCAER pegs GDP growth at 4.9% for FY20, lower than NSO estimate

The National Council of Applied Economic Research (NCAER) on Friday pegged economic growth for the current fiscal at 4.9 per cent, a tad down from 5 per cent estimated by the National Statistical Office (NSO). However, for 2020-21, the NCEAR expects the Indian economy to improve its growth rate to 5.6 per cent. Indian economy grew by 6.1 per cent in 2018-19. "GDP growth is forecast to be 4.9 per cent in Q3: 2019-20, and 5.1 per cent in Q4: 2019-20. The annual growth rates for 2019-20 and 2020-21 are forecast to be 4.9 per cent and 5.6 per cent, respectively," an NCAER statement said. PTI

Sisodia meets FM, demands share in central taxes

Deputy Chief Minister Manish Sisodia on Friday met Finance Minister Nirmala Sitharaman and demanded Delhi's share in central taxes, which he said would help speed up cleaning the Yamuna and make arrangements for sufficient electricity and water supply in the city. PTI

Retirement funds' AUM jumps 24.5% to ₹10,425 crore

More and more retail investors are parking their funds in retirement solution-oriented mutual funds, taking the category AUM to ₹10,425.3 crore as of end January — a 24.5 per cent growth over ₹8,376.2 crore in April 2019. Amfi attributes this to the robust SIP segment, which has reached an all-time high of ₹8,532 crore by retail investors alone. PTI

Govt's loans from RBI at $947.08 mn in week to Feb 14

The Centre had ₹68.17 billion ($947.08 million) of outstanding loans with the Reserve Bank of India under ways and means advances in the week ended February 14, showed a central bank document released on Friday. PTI

EPFO to soon start online inspection to monitor compliance

The Employees' Provident Fund Organisation (EPFO) will shortly launch an e-inspection system across the country for monitoring of voluntary compliance of EPF scheme by employers, an official said on Friday. It is now working on a process where a person will be able to get their PF on the day of retirement. PTI

Coal allocation for spot online auction falls 8.19% in Apr-Jan

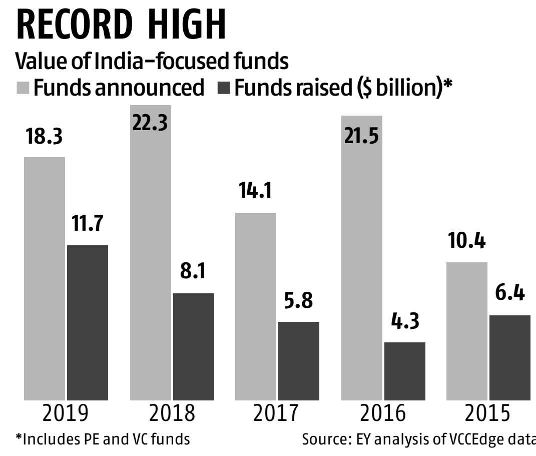
PRESS TRUST OF INDIA
New Delhi, 21 February

State-owned Coal India allocated 24.87 million tonnes of dry fuel for the spot electronic auction (e-auction) during April-January, down by 8.19 per cent over the same period of last year. Coal India had allocated 27.09 million tonne of coal in the year-ago period, according to the government data. For January 2020, the coal allocation for the e-auction scheme declined to 3.62 mt from 4.83 mt in the corresponding month of 2019. Coal distribution through e-auction was introduced with a view of providing access to coal for buyers who are not able to source the fuel through available institutional mechanism. The purpose of e-auction is to provide equal opportunity to all intending buyers for purchasing coal through single window service. Coal India accounts for over 80 per cent of domestic coal output. CIL's coal allocation under spot e-auction scheme had declined 37.7 per cent to 34.34 MT in 2018-19.

India-focused funds raised $11.7 bn in '19

Amount beats the previous record of $8.1 bn raised in 2018

SURAJEET DAS GUPTA
New Delhi, 21 February



The economy might be slowing, but India-focused private equity (PE) and venture capital (VC) funds created a record by raising $11.7 billion in 2019 in 56 funding rounds, an increase of around 45 per cent compared to the previous year, according to an analysis by Ernst & Young based on data from VCCEdge.

The previous record of $8.1 billion in 51 fund-raising exercises was in 2018. The total amount of funds, with the addition of announcement of intentions during the calendar year that might result in fund-raise in the future, of India-focused PEs and VCs was pegged at $30 billion, which is more or less similar to 2018.

The largest such exercise during the year saw the Government of India sponsor a $1.5-billion special window for providing last-mile funding to stalled real estate projects. The second largest player was Edelweiss's alternative investment arm, which raised $1.29 billion to invest in stressed assets.

Kotak Special Situations Fund raised $1 billion for non-performing assets, ChysCapital got $850 million, while India Resurgence Fund raised $750 million for structured debt, amongst others.

Says a top executive of a leading PE firm: "The reason is simple. Global investors in PE funds have seen return in multiples of 2.5-3 times in India in funds that are four to five years old.

With stability in substantial upside in exits they are willing to invest more into India focused funds or those with a substantial India presence".

This does not include Asian funds raised by global PEs looking at earmarking anything between 20-30 per cent of their cash into India say key global PE players.

They say the top 10 global PE funds have raised around $50 billion in Asian funds, which are for classic equity (others are raising VCs and for infrastructure projects of similar amounts).

They project that every year about $40-50 billion is available through these funds for investing in India.

A global PE fund's managing director says, with China having a strong domestic lead PE players market, many Asian funds that are raising huge sums have to look at India, which is a key market.

"The economy might be slowing down, but that offers opportunities for buy-outs at a lower price as well as more companies looking for funds. We currently look at offers from as many as 200 Indian companies, which is a new high, though we only narrow it down to 20-30 of them," said the MD.

Sovereign and pension funds are also pushing more aggressively in the country.

This is reflected in the fact that they put in $10.9 billion last year, again a record.

This constituted 23 per cent of total PE and VC investments in 2019 says Ernst & Young.

UP district has 2,900 tonnes of gold reserves — more than 4 times India's

VIRENDRA SINGH RAWAT
Lucknow, 21 February

Gold reserves, estimated at more than 2,900 tonnes, have been found at Sonbhadra district of Uttar Pradesh with the state government now gearing up for auctioning the mines for extraction of the precious metal.

According to the Geological Survey of India (GSI) and UP geology and mining directorate reports, gold reserves totalling 2,944 tonnes have been found in the Sona Pahadi and Hardi blocks of the backward Sonbhadra district.

"A team of our officials and scientists is currently camping in the district to submit a report in this regard," UP geology and mining joint director Jai Prakash told *Business Standard* on Wednesday. He added that a detailed report was expected by Monday.

On the question of auctioning these mines for commercial extraction, he said there were many formalities, which would precede the prospective mining process. These include clearances by different state and central government departments, including forest, environment go-aheads.

The geology and mining department is also in the process of geo-tagging the areas spread across villages identified for prospective mining of gold and other minerals in Sonbhadra.

Since India is estimated to have gold reserves of less than 700 tonnes, the projected gold reserves in Sonbhadra is nearly four times that amount.

Earlier, GSI additional director general (ADG) Som Nath Chandel had told *Business Standard* that UP contained 'good' deposits of gold, diamond and other precious metals and stones in the Vindhya and Bundelkhand regions.

"From our geological studies, we can say that UP contains gold deposits in Sonbhadra district, while ample copper reserves have been estimated in the Bundelkhand region. However, there is need for more in depth scientific studies in this regard," he said.

He claimed UP was expected to have diamond reserves as well, which had not yet been explored beyond the 150-year-old geological records of the British period, when the area was first mapped for precious metals and stones.

In fact, Oil and Natural Gas Corporation (ONGC) and Hindustan Petroleum Corporation (HPCL) had earlier planned to explore the sub-Himalayan region of UP for oil and natural gas and they were even given prospecting licenses by the state government.

Meanwhile, the state is estimated to have reserves of another precious metal, platinum, which the GSI noted requires deeper drilling.

Muthoot Fin taps bond mkt for $550 mn

T E NARASIMHAN
Chennai, 21 February

Muthoot Finance on Friday said it raised $550 million in fixed-rate senior secured notes, offering a coupon of 4.4 per cent. This is the second bond issue from the company after it placed $450 million for three-year tenor at 6.13 per cent in October 2019. These are part of a $2-billion global medium-term note programme.

The proceeds will be used for onward lending in accordance with Reserve Bank of India's external commercial borrowings (ECB) guidelines and other applicable laws, among other things. The bonds will be listed on the International Securities Market of the London Stock Exchange.

M G George Muthoot, chairman, said, "The response from international bond investors in our second issue is quite overwhelming. We are glad to know that global investors have understood our unique credit story acknowledging our long track record in gold loan business. This fundraise will enable us in further diversifying and strengthening our sources of funding."

This is the second bond issue from the firm after it placed $450 mn for three-year tenor at 6.13% in October 2019

The transaction was officially launched on February 18, following which the company engaged several investors during a series of fixed income investor calls in Hong Kong, Singapore, and London. The transaction was launched with an initial pricing guidance of 4.75 per cent on February 20. Following strong order book momentum, supported by high quality real money investors, it was able to tighten pricing by 35 basis points to 4.4 per cent, added the company.

The final order book was in excess of $1.6 billion with 2.9 times oversubscription. The transaction witnessed 38 per cent participation from Asia, 13 per cent from Europe, and 50 per cent from the United States. As much as 89 per cent of investments were from fund managers, six per cent from private banks, three per cent from insurance firms, and two per cent from others.

The company has a network of 4,536 branches across 23 states, the National Capital Region and five Union Territories. It employs 25,149 persons and its loan assets stood at ₹38,498 crore as on December 31, 2019.

Muthoot Finance: All that glitters is gold P10

Payment modes like UPI a competition: SBI Cards

In IPO prospectus, company says primary risk continues to be credit and debit card issuers

ANUP ROY
Mumbai, 21 February

SBI Cards and Payment Services has stated new-age fintech-led payments modes, including Unified Payments Interface (UPI), as formidable competitors, in a filing of prospectus for its upcoming initial public offering (IPO).

Before going for an IPO, it is mandatory for a company to list out its risk factors so that the public is able to make an informed decision.

In its prospectus, SBI Cards said the primary competition for the company continued to be other credit card issuers, and debit card issuers to a certain extent.

However, new players with innovative products have emerged. The credit card company has competitions from businesses that operate their own mobile wallets or extend credit to their customers and other fintech service providers.

"Mobile, e-wallet, and tokenisation platforms, including the increasingly prevalent UPI, may present formidable competition as they are able to attract large payment volumes at low or no payment processing fees to merchants," SBI Cards said in its prospectus.

SBI Cards expects competition to intensify in future. For example, many credit card issuers have instituted rewards programmes that could be on a par or better in the eyes of the customers.

"As competitive pressures intensify, we may be required to expend additional resources to offer a more attractive value proposition to our cardholders, which could negatively impact our profit margins. In addition, although we continue to benefit from relatively high interest rates on our general purpose credit card portfolio, increasing competition may exert downward pressures on the interest rates we are able to charge our customers, which would ultimately erode our margins," the company said.

SBI Cards' asset quality remained largely healthy. As of December 31, the gross non-performing assets (NPAs) as percentage of gross advances was 2.47 per cent, and net NPA as percentage of net advances was 0.83 per cent.

This is a slight deterioration from the March 31, 2019, level when the gross NPA ratio was 2.44 per cent and net NPA ratio was at 0.83 per cent. In March 2018, the gross and net NPA ratios were at 2.83 per cent and 0.94 per cent respectively.

Among other things, the level of the NPAs for a card company is affected by "the general level of economic growth in India, the amount of non-performing loans written-off and our credit approval and monitoring policies."

Other factors include a rise in unemployment, prolonged recessionary conditions, decline in household savings and income levels, a sharp and sustained rise in interest rates, etc, it said.

'Larger balance sheet helps you give bigger loans'

The government in August last year announced plans to merge 10 public sector banks (PSBs) into four. The move included Allahabad Bank's merger with Indian Bank, creating the seventh-largest public sector bank (PSB) with ₹8.08 trillion on its books. In an interview with T E Narasimhan, **PADMAJA CHUNDURU**, managing director and chief executive officer, Indian Bank, says work is proceeding on schedule and it would be one of the most successful mergers in the Indian banking sector. Edited excerpts:

Q&A
PADMAJA CHUNDURU
MD & CEO, Indian Bank

How is the merger process (with Allahabad Bank) progressing?

It is on schedule and we are sticking to our deadlines. However, it is only after the government comes up with the notification that we will be able to decide on the share swap and the other details.

Employees, mainly of Allahabad Bank, have raised issues and concerns...

There were some issues initially because they were worried about promotion, transfer, etc, which I am addressing in townhall meetings. I spent 20-25 hours attending these meetings. Since there is hardly any overlap of branches, there will not be any large-scale transfer up to the middle level. The perception of the staff has changed after these meetings. They are more optimistic now.

Any unforeseen challenges?

The test is the execution. Despite the best planning, you cannot rule out the unexpected. While products are similar in almost all the PSBs, some tweaking is required. IT integration is a big challenge, but we are well-prepared for that. We have hired a retired deputy managing director of State Bank of India (SBI), who handled the merger of SBI with its subsidiaries.

What is the time frame you are looking at for IT integration?

It will take 9-12 months and will have lots of cost saving. Allahabad Bank has a few licences like the general ledger from Oracle and it is a better system than Indian Bank's. Therefore, we have decided to adopt the Allahabad Bank system. Additional licences are much cheaper than going in for a request for proposal. A lot of hardware, such as servers, are available at Indian Bank. These can easily accommodate the data of Allahabad Bank.

When do you think the merger will start paying dividends?

In terms of business, profits, and others, from 2022.

Does the merged entity require any capital?

For 10-12 per cent growth, we don't require capital. If we want to grow faster, we have headroom in both tier-I and tier-II. We expect (after merger) to touch ₹10 trillion by 2022, and that may require around ₹2,000 crore.

Any advantage that you were not expecting but have come up with the merger?

There are a lot of new things that have emerged. A larger balance sheet automatically enables you to give bigger loans to bigger customers. While the amount that Indian Bank can lend at present has been restricted to ₹3,000 crore per customer, the combined entity can disburse loans of up to ₹5,000-6,000 crore. This will bring in bigger customers and we will be able to have negotiating power in terms of pricing. We will also be able to syndicate the loans. Luckily, neither bank has used the full exposure limits in all the big companies.

Indian Bank has some tie-ups for cross-selling insurance products, both life and general insurance. Allahabad Bank has an insurance subsidiary called Universal Sompo General Insurance. We assume it will be included in the merger and with that when Indian Bank also starts selling, it would be an additional income for both the banks.

Bank to stop dispensing ₹2,000 notes at ATMs

Customers would no longer get ₹2,000 denomination notes at Indian Bank ATMs, with the lender advising its branches to immediately stop loading that currency at its ATMs and cash recyclers.

The bank said the high-value notes were an inconvenience to customers who found it hard to exchange those in retail outlets and other places.

According to a circular issued by the lender's digital banking division on February 17, cash dispensation from ₹2,000 currency cassettes would be disabled at all ATMs and cash recyclers on March 1, 2020. The bank, though, will continue to offer the currency notes, according to sources. "Customers are coming to branches to exchange the ₹2,000 currency notes withdrawn from ATMs, with low-value denomination notes, which is defeating the very purpose of migrating the customers to alternative delivery channels," it said.

GIREESH BABU

No need to fear CAA, NPR: Thackeray after PM meet

PRESS TRUST OF INDIA
New Delhi, 21 February

Prime Minister Narendra Modi with Maharashtra Chief Minister Uddhav Thackeray and his son and State minister Aaditya Thackeray in New Delhi PHOTO: PTI

No one needs to fear about the Citizenship Amendment Act (CAA) and the National Population Register (NPR) is not going to throw anyone out of the country, Maharashtra Chief Minister Uddhav Thackeray said on Friday, after meeting Prime Minister Narendra Modi.

The Shiv Sena chief said an atmosphere is being created in the country that the National Register of Citizens (NRC) is "dangerous" for Muslims.

Talking to reporters after his meeting with Modi that lasted nearly an hour, Thackeray said he had a discussion on the Citizenship Amendment Act (CAA), the National Population Register (NPR) and the NRC.

"I have made my stand clear on all these issues. No one has to fear about CAA. I had said CAA is not a legislation to throw anyone out of the country," the Shiv Sena chief told reporters.

His son Aaditya Thackeray, also a minister in his cabinet, accompanied him during the meeting.

This was Uddhav Thackeray's first visit to the national capital after taking over as the chief minister of Maharashtra.

He later met Congress President Sonia Gandhi and veteran BJP leader L K Advani.

Thackeray's Shiv Sena was earlier a part of the BJP-led NDA, but formed the "Maha Vikas Aghadi" government in Maharashtra with the Congress and the Nationalist Congress Party (NCP) after parting ways with the saffron party.

Thackeray also met Congress president Sonia Gandhi and held discussions on the current political situation and CAA-NPR-NRC.

Thackeray met Gandhi at her 10, Janpath residence and the meeting lasted around half-an-hour. This is the first meeting of Thackeray with Gandhi after the formation of the coalition government in Maharashtra.

Sources said the leaders are learnt to have discussed the functioning of the 'Maha-Agadi' government of Shiv Sena, Congress and NCP.

Thackeray's stand on the Citizenship Amendment Act (CAA) and National Population Register (NPR) has become a bone of contention among the allies in Maharashtra, as the Congress and the NCP are opposed to the measures.

AICC general secretary in-charge of Maharashtra Mallikarjun Kharge and Shiv Sena leaders Aaditya Thackeray and Sanjay Raut were also present during the meeting.

The meeting came soon after Thackeray asserted that one does not have to fear the CAA and no one will thrown out of the country due to NPR, soon after meeting Prime Minister Narendra Modi.

The Congress and the NCP, along with some other opposition parties, have been critical of the CAA-NPR-NRC, and the matter has created discord among the Maharashtra alliance partners.

Thackeray said the Centre has already made its stand clear in Parliament that NRC will not be implemented across the country.

Sources said the leaders discussed the functioning of the state government.

"Talking about NPR and Census...the census happens every 10 years and it is important that it takes place. I have assured all the citizens of my state that no one's right will be taken away," Thackeray said, adding "it's not so".

Delhi to help Maharashtra with education reforms

PRESS TRUST OF INDIA
New Delhi, 21 February

Sisodia said the Maharashtra government has started with some new programmes in the field of education

Delhi Chief Minister Arvind Kejriwal said his government will provide all possible help to Maharashtra in implementing education reforms, describing it as cooperative federalism at its best.

Kejriwal's statement comes hours after Maharashtra Higher Education Minister Uday Samant met Delhi Deputy Chief Minister Manish Sisodia here to discuss various initiatives taken under the AAP government's education model.

"Delhi government will provide all possible help to Maharashtra to implement education reforms in their state. This is cooperative federalism at its best. Both states can learn so much from ech other," Kejriwal tweeted.

After meeting Sisodia, Samant said he also shared about the Maharashtra government's efforts to bring a positive change in the state education model.

"I came here with a lot of curiosity to know more about Delhi's education model. It is so successful and I would like to take ideas from here and adopt in our education system," Samant was quoted as saying in an official statement.

"I also shared about our efforts to bring a positive change in Maharashtra's education model. We should also think of a tie-up between the two states and pick good things from each other's education models," he said.

Sisodia, who is also the Education minister, said the Maharashtra government has started with some new programmes in the field of education and he would like to learn and adopt it in the city.

"We want to take the journey of bringing about a revolution in education ahead by adopting and implementing best learning programmes and practices for our children.

"That is why it's very important to collaborate with each other and learn from the individual experience of education departments of both the states," Sisodia said.

Sedition slapped against woman for raising pro-Pak slogans

PRESS TRUST OF INDIA
Bengaluru, 21 February

A young woman who raised pro- Pakistan slogans at an anti-CAA rally last evening has been booked for sedition and remanded to judicial custody, police said on Friday.

Karnataka Chief Minister B S Yediyurappa said the woman had links with Naxals.

In a related development, security was provided at the home of the woman, Amulya Leona, in Chikkamagaluru district, after it was attacked, allegedly by right wing workers.

Officials said some people had targeted her home on Thursday evening and the window panes were damaged.

Amulya had raised "Pakistan Zindabad" slogans thrice after the organisers, under the banner of "Save the Constitution", invited her to address the gathering in the presence of All India Majlis-e-Ittehadul Muslimeen (AIMIM) chief Asaduddin Owaisi, on Thursday.

After being removed from the stage, she was arrested on charges of sedition and produced before a magistrate's court, which remanded her to 14 days judicial custody.

Her father Wazi also called for action against her as per the law, saying she has made an "unforgiveable mistake." On Friday, Yeddiyurappa said: "Importantly, the organisations that are behind people like Amulya and nurturing them, if we don't take action against such organisations, such things won't end."

J&K signs over ₹2,100 cr MoUs in Mumbai

PRESS TRUST OF INDIA
Mumbai, 21 February

The newly formed Union Territory of Jammu and Kashmir on Friday inked Memorandums of Understanding (MoUs) worth over ₹2,100 crore during its investment summit roadshow in the city.

"We want to maximise industrial growth and employment opportunities in Jammu and Kashmir. For this we are engaging in six city roadshows. Of this, we have already successfully concluded in Bengaluru, Kolkata and Mumbai," Jammu and Kashmir Principal Secretary Planning, Development and Monitoring Rohit Kansal told reporters at an investor roadshow organised by CII.

"The roadshows will further cover cities like Hyderabad, Chennai, Ahmedabad in February and March," he said.

Led by Lieutenant Governor Girish Chandra Murmu, the officials pitched about the business possibilities in Kashmir valley to India Inc.

Kansal said the union territory has signed around ₹2,000 crore worth of non-binding MoUs in Kolkata, ₹850 crore in Bengaluru and over ₹2,100 crore in Mumbai.

J&K has identified 14 sectors, including horticulture, food processing, manufacturing, infrastructure, media and entertainment, film and tourism, to attract investments, he added.

Kewal Kumar Sharma, Advisor to Lieutenant Governor of Jammu and Kashmir said, "We are in the final stages of designing an ambitious Industrial Promotion Policy 2020 in J&K, which will have elements like SGST reimbursement in full, attractive land policy, exemption from stamp duty, support for green industrialisation along with other benefits." When asked about the ground situation in the union territory, he said it is much better than what it was a few months back.

"We're talking about investments in the long term. You're not talking about today, given today's situation (is) much better than what it was, let's say, a few months back. So things are improving, I don't see this becoming a problem for any investment," he added.

Yoga is science, not religion nor political activity: Naidu

PRESS TRUST OF INDIA
Coimbatore, 21 February

Vice President M Venkaiah Naidu said yoga is not a religion or a political activity, but a science and should be practiced for the betterment of an individual.

"The world needs more happiness and that is exactly what Lord Shiva teaches us. Adiyogi is the one who first transmitted the yogic science to humanity," he said, speaking at the Mahashivarathi festival organised at Isha Yoga Centre, where the 112 feet tall statue of Adiyogi formed the background.

Adiyogi is an inspiration and representation of Yoga, which is not a belief, but a technology to transform oneself, the Vice-President said.

"Yoga is not a religion, it is a science. It is time we all now get back to Yoga. I am happy that Prime Minister Narendra Bhai Modi has taken the initiative to take Yoga to the United Nations. Now Yoga is catching up! Thanks to the initiative of the Prime Minister" he said.

New terminal for storing agro products in Mumbai airport

PRESS TRUST OF INDIA
Mumbai, 21 February

The facility will be operated by cargo handling service provider and MIAL's business partner, Cargo Service Centre

Mumbai airport, run by a joint venture between Airports Authority of India and GVK, on Friday announced the launch of an exclusive terminal for processing and storage of agro and pharma products.

Touted as the world's largest airport-based temperature-controlled facility, the 'Export Cold Zone' can hold over 700 tonnes of such cargo at one time with a combined annual capacity of 5.25 lakh tonnes, Mumbai International Airport (MIAL) said in a release.

The facility will be operated by cargo handling service provider and MIAL's business partner, Cargo Service Centre, it said.

Mumbai airport is the largest gateway for movement of pharma and agro products in the country, MIAL said, adding that the fully automated infrastructure caters to the rapidly growing demand for pharma and agri goods.

It connects to over 500 cargo destinations across 175 countries through 60 airlines.

The export cold zone is equipped with 12 truck docks with dock- levellers, spacious acceptance and examination area, automated workstations, X-Ray machines, unit load device (ULD) storage, ballmat system for ULD transfer and cold rooms, the release said.

Spread over an operational area of 6,000 square metres, the facility is equipped with 10 ULD build-up workstations and as many as 172 ULD storage positions.

The pharma terminal itself can hold 140 ULD positions, while the agro terminal can hold 32 ULD positions, it said.

Mumbai airport is the first airport in the country and the third in Asia to obtain "IATA CEIV Pharma" accreditation, a global industry recognition supporting the air transport industry, and is in full compliance with pharmaceutical manufacturers requirements, it said.

MIAL aims to cement Mumbai airport's foothold further in air freight supply chain capitalizing on all the business opportunities, it said, adding that the airport operator is creating a comprehensive digital and temperature corridor between Mumbai and CEIV certified airports powered by its air cargo community portal.

Rupee holds steady amid a meltdown in global currencies

ANUP ROY
Mumbai, 21 February

The rupee has remained largely stable at a time when global currencies are experiencing a rout against the US dollar.

Year-to-date, the Brazilian real has lost 8.31 per cent of its value, while other emerging market currencies have fallen 3.5-7.5 per cent against the dollar on growth concerns in their economies.

The dollar index, which measures the greenback's strength against major currencies, rose to 99.49 from the 97.5 level seen in January. Year-to-date, the euro has fallen 3.55 per cent, while the Japanese yen has lost 2.80 per cent against the dollar.

The world economy was recovering from a US-China trade war when the coronavirus crisis hit crucial inputs from China, which could be dragging down global growth rate, according to various agencies. This may have led to demand for safe haven currency such as the US dollar.

However, even as India's growth rate has fallen, foreign portfolio investors have been pouring in money. After having cut their positions in debt in the run-up to the Budget, foreign investors have now started investing in debt.

Currency dealers say the central bank is intervening so that the currency doesn't strengthen more. The rupee ended at 71.66 a dollar on Thursday. The rupee had ended 2019 at 71.38 a dollar.

Year-to-date, foreign investors have put in $3.429 billion in local equities and debt, most of it coming after the Budget. Since the Union Budget was presented on February 1, the net inflow has been nearly $3 billion as investors increased their bond purchase. They have been net sellers of debt before the Budget.

According to a bank treasury head, even as bond yields have fallen in recent times, it still provides an attractive level for foreign investors. With currency volatility kept in check, foreign investors get to earn 3-4 per cent on an unhedged basis, considering 2 per cent natural depreciation of the rupee.

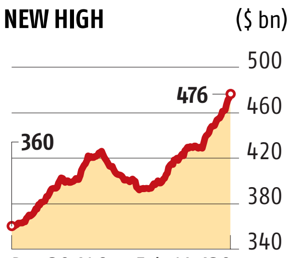
HOW THEY STACK UP
Currencies against $

	Dec 31,'19	Feb 21,'20	% change
Brazil real	4.02	4.39	-8.31
Thai baht	29.71	31.63	-6.08
Singapore dollar	1.35	1.40	-3.86
Russian ruble	61.95	64.37	-3.77
Euro	0.89	0.92	-3.55
Japanese yen	108.61	111.74	-2.80
British pound	0.75	0.77	-2.53
Malaysian ringgit	4.09	4.19	-2.40
Taiwan dollar	29.99	30.40	-1.34
China renminbi	6.96	7.03	-0.99
Philippines peso	50.66	50.89	-0.47
Indian rupee	71.38	71.66*	-0.39
Mexican peso	18.93	18.94	-0.07

* As of 20 February

Forex reserves rise by $3 bn to record $476 bn

NEW HIGH ($ bn)



Source: RBI

The country's foreign exchange reserves swelled by $3.091 billion to a lifetime high of $476.092 billion in the week to February 14, mainly due to a rise in foreign currency assets, according to the RBI data.

In the previous week, the foreign exchange reserves had increased by $1.701 billion to $473 billion.

Foreign currency assets, a major component of the overall reserves, rose by $2.763 billion to $441.949 billion in the reporting week. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves. **PTI**

Too early to understand virus impact: IMF

Chinese President Xi Jinping warns coronavirus yet to peak as death toll climbs to over 2,200

GLOBAL IMPACT
- Israel, Lebanon confirm first case
- South Korea confirms 48 more cases, total rises to 204
- Hundreds infected in China's prisons
- Singapore says recoveries outpace new cases
- IATA says virus may slash $9 billion from airlines' revenues
- Jack Ma teams up with Columbia University to find cure

REUTERS
21 February

It is premature to give precise projections of economic growth in China and the world in 2020 following the outbreak of coronavirus, IMF Managing Director Kristalina Georgieva said on Thursday.

The IMF is still reviewing its projections for growth in China while looking at the impact of the epidemic on the global economy, Georgieva told a news conference in Morocco's capital Rabat, where she discussed preparations for IMF and World Bank Group meetings to be held in October 2021 in Marrakech.

The IMF said last month global growth is projected to rise from an estimated 2.9 per cent in 2019 to 3.3 per cent in 2020 and 3.4 per cent in 2021.

"We are still hoping that the impact will be a V-shaped curve" with a sharp decline in China and sharp rebound after the containment of the virus, she said. "But we are not excluding that it might turn to be a different scenario like a U curve where the impact is somewhat longer."

CORONAVIRUS OUTBREAK

The virus has not yet peaked, Chinese President Xi Jinping warned the ruling Communist party officials on Friday as the death toll climbed to over 2,200.

The overall confirmed infection cases have climbed to 75,567, the country's health officials said amidst mounting concern over its spread to prisons in different provinces.

India set to import record LNG volumes

REUTERS
Singapore, 21 February

India is set to import record volumes of liquified natural gas (LNG) this month, data shows, taking advantage of the super-chilled fuel's price hitting all-time lows due to the coronavirus outbreak dampening demand in China.

The South Asian nation is estimated to import about 2.36 million tonnes in February, shiptracking data from Refinitiv Eikon showed. That would exceed India's LNG imports in October of about 2.3 million tonnes, the previous highest monthly total.

The country's annual LNG imports is expected to rise by 10-15 per cent this year, said Poorna Rajendran of consultancy firm FGE.

SNAPSHOT
- Feb imports estimated at 2.36 mt, shows Refinitiv data
- This year's LNG imports expected to rise by 10-15% vs 2019: FGE
- Cargoes bound for China re-directed to India

China car sales slump 92%

China car sales plunged 92 per cent during the first two weeks of February in the wake of the coronavirus outbreak. It was even worse in the first week, when nationwide sales tumbled 96 per cent to a daily average of only 811 units, the China Passenger Car Association said in a report released earlier this week. Deliveries this month may slide by about 70 per cent, resulting in a roughly 40 per cent drop in the first two months of 2020, it said. The figures exclude minivans. The situation is expected to improve in the third week of February. **AGENCIES**

***BUSINESS STANDARD*–SEEMA NAZARETH AWARD 2019**

Shun 'easy' journalism, says Ravish Kumar

BS REPORTER
New Delhi, 21 February

In this age of "deepfake" technology and TikTok style speed news, journalism is facing a crisis both at the institutional as well as individual levels, Ravish Kumar, senior journalist and recipient of the 2019 Ramon Magsaysay award, said on Friday. Cautioning against easy journalism, he said it was up to the media to choose between a pond and the sea.

"This is an age where we are not information seekers, we are narrative seekers," Kumar said at a function organised to present the *Business Standard*-Seema Nazareth Award for Excellence in Print Journalism 2019.

He said while media institutions, especially television news, may have failed to keep the trust of the people, few individuals in the profession were expanding their boundaries. "We have chosen our ponds and we are not ready to embark on a sea voyage," Kumar said, while pointing out that pursuing real journalism, even if it's boring, would save the future of media. News, which once empowered citizens of the country, is now disempowering them, said Kumar, managing director, *NDTV* India.

Ravish Kumar, senior journalist and recipient of the 2019 Ramon Magsaysay award, at the Business Standard-Seema Nazareth Award for excellence in Print journalism in New Delhi on Friday PHOTO: DALIP KUMAR

Earlier in the evening, Kumar presented the *Business Standard*-Seema Nazareth Award to Subhayan Chakraborty, a senior correspondent with the newspaper's New Delhi bureau. Chakraborty was selected for the award for his understanding of complex trade and economic issues.

The award, given every year to a journalist under the age of 30, carries a prize of ₹50,000, a silver pen and a citation.

Chakraborty is the 21st recipient of the award, instituted by *Business Standard* and the Nazareth family in memory of Seema Nazareth, a young *Business Standard* journalist who died on March 19, 1999.

The jury also recognised Vireshwar Tomar of *Business Standard* Hindi edition for his contribution on a diverse range of subjects from blockchain technology to socio-economic issues.

Speaking on the occasion, Seema's father P A Nazareth said the award was being away on his daughter's birth anniversary. He also talked about the power of non-violence as preached by Mahatma Gandhi, juxtaposing it against the threat of communalism in the country. "Religious tolerance was India's gift to the world," he said.

Big e-com meets small biz: A balancing act for Amazon, Flipkart

As trader groups cry foul against them, online majors learn to do business with small companies

NIVEDITA MOOKERJI
New Delhi, 21 February

NEWS ANALYSIS

International retail chains have historically considered micro, small and medium enterprises (MSMEs) a roadblock for their India investments. That backdrop can hardly be wished away at a time when marquee global e-commerce companies are caught in a tumultuous relationship with small businesses and the government is clearly backing the underdog.

Are e-commerce majors such as Amazon and Walmart-owned Flipkart attempting to erode the business opportunities of MSMEs through their deep discounts, "predatory pricing" and preferential terms for select sellers on their online marketplace platforms, as the popular narrative suggests? Or, is there another side to the story: that MSMEs, which Amazon and Flipkart say form the bulk of their seller base in India, are benefitting from being on the platform of global biggies? Before addressing those questions, let's rewind a bit to policy-making and also political compulsions.

Baggage of the past

Of the many conditions in the foreign direct investment (FDI) rulebook, 30 per cent mandatory sourcing from MSMEs has triggered stormy exchanges between global players and the Indian government. Many companies resisted, prompting the government to relax the sourcing guidelines at least in single-brand retail.

The change came with Swedish furnishing brand Ikea's promise to invest Euro 1.5 billion in 2012. The company, which had once shelved its India plan, stuck to its stand that 30 per cent sourcing from MSMEs was unfeasible. The Congress-led UPA government had just relaxed the rules allowing 100 per cent foreign investment in single-brand retail, and Ikea couldn't afford to lose the first big-ticket FDI. Following much back and forth, the sourcing rules were changed. The rules first stated that at least 30 per cent of the value of procurement of manufactured/processed products purchased shall be sourced from Indian MSMEs. In what looked like a minor tweak, "sourced from Indian MSMEs" was changed to "sourced from India, preferably from MSMEs". The tweak enabled Ikea to enter, but not Cupertino-based Apple, which claimed meeting the 30 per cent mandatory India sourcing was tough. The iconic company behind iPhone is yet to start a fully-owned signature store in India.

Then there were other majors like Bentonville-headquartered Walmart, which dropped out of its joint venture with Sunil Mittal's Bharti Group in 2013, saying "the time had passed". One of the hurdles was the multi-brand retail FDI condition on mandatory 30 per cent sourcing from Indian MSMEs. Walmart, with its cash-and-carry platform and having acquired a majority stake in Flipkart for $16 billion in 2018, is still waiting to enter multi-brand. FDI in multi-brand (up to 51 per cent foreign investment in this format was permitted by the UPA government) brings us to the other big hurdle: traders and kiranas or neighbourhood mom & pop stores. The Narendra Modi government, when it came to power in 2014, kept multi-brand FDI policy on hold in a bid to protect small traders and kiranas, an important voting constituency.

The fear of job loss

Now connect the dots in the current context. If Indian traders feared losing employment and business because of deep-pocket foreign majors like Walmart setting up multi-brand retail stores, it's the same worry when it comes to Amazon or Flipkart (read Walmart) offering goods at a lower price. If sourcing from MSMEs was mandatory for physical retailers to partially set off the perceived adverse impact of foreign investment on small businesses, the current discourse linked to protecting Indian sellers on foreign e-commerce platforms has the same root.

E-commerce in India generates business of around $40 billion per annum: a small amount compared to the total retail pie at close to $700 billion. "With e-commerce being a miniscule portion of the total retail, it's far-fetched to say it's hitting small traders. On the contrary, the MSME sellers are getting to access a growing new consumer base and reaching out to rural India as well through the tech-enabled platforms," according to a source in a large online marketplace firm. According to this executive, things turned noisy due to Delhi elections with traders at the centre of things.

Not one bucket

An analyst argues that it's important to differentiate between traders, manufacturers and retailers (kiranas) being pitched against e-commerce players. "While retailers and manufacturers are positively impacted by e-commerce, traders working on arbitrage through selling Chinese goods for a higher profit are not," he said. When Anil Bhardwaj, secretary general of Federation of Indian Micro, Small & Medium Enterprises (FISME), is asked whether e-commerce companies offer any benefits to small businesses, his answer is, "everything depends on the volume that MSMEs are able to sell on these platforms." He says the impression is that around 80 per cent of the products sold on platforms such as Amazon and Flipkart is imported, though there's hardly any data to back it. "In the process, domestic manufacturers are adversely hit," according to Bhardwaj.

E-commerce majors argue most products they sell are Indian. Bhardwaj says while e-commerce is powerful, a safety net (for MSMEs) has to be created. Moving forward, Bhardwaj speaks of partnerships with e-commerce companies and the government to scale up MSMEs and improve their export prospects. Some of that has already begun.

What's on offer

On Flipkart, for instance, there are 200,000 sellers and 150,000 artisans, most of whom would qualify as MSMEs. Their reach at present: 200 million customers. A Flipkart spokesperson says, "as a homegrown company, we understand that MSMEs are the backbone of the Indian economy, creating lakhs of jobs and fueling the country's economic growth engine. Hence, enabling the success of MSMEs through our marketplace becomes core to our mission of democratising e-commerce in India and contributing to the country's ambition to be a $5 trillion economy by 2025."

Flipkart also talks of investing in the on-boarding process to ease and improve the first-time e-commerce experience for sellers, enabling them to use the company's logistics to reach out to every nook and corner of the country, and helping them cash in on the partnerships with kiranas. It has signed MoUs with state governments and NGOs for skill development too.

Walmart, too, maintains its commitment towards MSME growth. The American major counts 'Vriddhi' as an important milestone in supporting schemes such as the Women Entrepreneurship Development Program (WEDP), which, it says, has provided intensive, highly focused training for women-owned businesses since 2016. Then again in December 2019, it introduced the Walmart Vriddhi Supplier Development Program (Walmart Vriddhi) to train and prepare 50,000 Indian MSMEs to "Make in India" for global supply chains. The objective is to train and support MSMEs to reach both online and offline customers in India and overseas through the supply chains of Flipkart, Walmart India and Walmart Global Sourcing besides other major domestic and international enterprises, according to a Walmart spokesperson.

The needless snub

When Amazon chief executive Jeff Bezos, the world's richest man, committed $1 billion investment to digitise small and medium businesses in India earlier this year, the response from the government and the industry was far from welcoming. The finer details of that investment are not known, but Amazon India Marketplace vice president Gopal Pillai told *Business Standard* that from 100 MSME sellers six years ago, the numbers have risen to 550,000. Through various schemes like Sambhav, Tatkal and Karigar, the company says it has tried to motivate MSMEs. It has meant spending working capital, investing in technology and training.

While the allegation against Amazon is that its preferred seller Cloudtail gets a large chunk of the business on the platform (its revenue grew 25 per cent in the year ended March 2019), Pillai turns to the larger ecosystem of sellers. "In 2019, there were as many as 3,500 crorepati sellers and more than 18,000 millionaire sellers on Amazon India platform—isn't that a big positive impact on MSMEs," he asks.

Swadeshi recipe

Praveen Khandelwal, who led traders' protest against Amazon during Bezos' visit last month, doesn't mince words while giving his verdict. "MSMEs have got no benefits from e-commerce companies like Amazon and Flipkart. Rather, they are being crushed by e-commerce companies through predatory pricing and violation of FDI guidelines," he says.

Khandelwal, national secretary general of the Confederation of All India Traders (CAIT), argues that 90 per cent of the business on these e-commerce platforms goes to their preferred sellers and not to the MSME sellers. If there's no benefit, why are the sellers there on Amazon and Flipkart then? Khandelwal believes registered sellers are not dependent on these platforms, as they have separate businesses going.

At a time when even the Competition Commission of India (CCI) launched a probe into alleged anti-competitive practices by e-commerce companies (now stayed by the Karnataka High Court), Khandelwal has a bigger swadeshi plan in mind for the estimated at 63 million MSMEs in the country that employ close to 110 million people. The MSME sector accounts for 30 per cent of India's gross domestic product (GDP), and Khandelwal aims to make it independent from Amazon, Flipkart, or Walmart by launching e-stores from April 1.

"We're not dependent on any e-commerce firm," are his last famous words on the subject.

Trumps of the Tropics

COUNTRY CODE

RAHUL JACOB

As the country gears itself up for the great Trump roadshow on Monday, India's finest astrologers must urgently tackle the question of whether an invitation to visit India brings bad luck to majoritarian demagogues. The trend is unquestionable.

Not long after Brazilian president Jair Bolsonaro agreed to be chief guest at the Republic Day celebrations, the rainy season cleared the smoke over the Amazon forests, and the country's space agency shared photographs that revealed that 3,700 square miles of the world's largest rainforest had been burned to the ground. This propelled to global prime time the weakening of enforcement of environmental regulations under Bolsonaro, and he was pilloried in editorials and on Twitter worldwide. Then, just a week or so before Bolsonaro arrived in New Delhi, his culture minister took it upon himself to borrow lines from a speech by Nazi propaganda chief Joseph Goebbels and record them while music from Adolf Hitler's favourite Wagnerian opera played in the background. President Bolsonaro's insulting sexist and racist remarks rival the US president's — hence his nickname as a Trump of the Tropics — but this proved too much. The minister was fired.

The term "Teflon President" was coined to describe how blame or criticism never stuck to President Ronald Reagan decades ago, but he did not bathe in the stuff in the manner that Bolsonaro and Trump appear to do. But as the visit to the Taj Mahal and Motera stadium has loomed, the India jinx struck again. President Trump, who had shrugged off impeachment, has been hit by a political storm after seeking to influence the legal process so a friend of his, Roger Stone, could get a lighter sentence. On Sunday, more than 2,000 former Department of Justice officials condemned the president's actions and sought the resignation of US Attorney General William Barr. Their letter cited the department's manual which calls on officials to "be impartial and insulated from political influence". As the Democratic debates take a toll on that party's candidates, Trump still looks favoured to win but the episode has been damaging. even in a presidency that continually plumbs new lows of political propriety.

Given such a backdrop of ignominious behaviour in the world's large democracies, including India's, President Xi Jinping ought to find a ready audience worldwide for what is called "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". But no sooner had the sand been dusted off Xi's shoes after taking in the beautiful beach at Mamallapuram with Prime Minister Modi than a district election in Hong Kong strengthened the position of those canvassing for greater democracy there, a mysterious virus struck Wuhan in December, and a huge landslide win for the incumbent president in Taiwan in January was seen as a rebuke for China.

All is not well, to put it mildly, in the world's most populated and vainglorious democracy, either. One could pick any number of indicators but perhaps the most depressing this month was the Jammu and Kashmir high court's dismissal of the petition to free the Kashmir bar association president, Abdul Qayoom, who is 76 and in poor health. Qayoom was detained under the Public Safety Act on August 5. The continued detention of two former chief ministers more than six months after the abrogation of Article 370, amid claims that normalcy has returned, is difficult enough to accept, but preventive detention of a bar association president in poor health is incomprehensible. "Subjective satisfaction of the detaining authority to detain a person or not is not open to objective assessment by a court," the judge declared. "A court is not a proper forum to scrutinise the merits of administrative decision to detain a person." Reading this left me at a loss for words.

The great legal scholar Gautam Bhatia, ordinarily prolific, writes that even merely discussing this judgment has a certain futility: "There probably comes a point at which (it) is necessary only to complete the record, rather than present any new or interesting insight about the workings of the judiciary today." But there is more — lots more. The High Court quotes the Greek playwright Sophocles to the effect that "laws can never be enforced unless fear supports them". This bizarrely undemocratic sentiment is voiced in Sophocles' play *Ajax*, as Bhatia points out, in "the aftermath of a destructive and unjustifiable war of aggression, where a soldier from the army of conquest massacres innocent civilians because he feels that he has not been credited enough for his role in the war".

As so often, reading of judgments over the past few months that have come down heavily on the side of the executive at the cost of personal liberties, especially in cases pertaining to Kashmir, one is left feeling let down. On February 24 there will be loud acclamations of two great democracies coming together, but think also of Qayoom and Kashmir and observe a minute's silence before discussing whether the "millions" Trump expects to greet him on the streets of Ahmedabad will help re-elect him in November. With any luck, the Delhi jinx will continue.

The mayhem that is Congress

Who's calling the shots in the party? Rahul says he's out of it all but people handpicked by him are advisors to Priyanka. His aides continue to have a say in key appointments. So do those who claim loyalty to Sonia

PLAIN POLITICS

ADITI PHADNIS

The management principle is: lead, follow, or get out of the way. It is not clear which of these Rahul Gandhi is doing. And his indecision is harming India's principal opposition party irreparably.

It is now more than six months since Sonia Gandhi became provisional president after the Congress's disastrous showing in the Lok Sabha elections and Rahul's resignation as party supremo. The organisation is yet to ratify Sonia's appointment (which, by the way, is unconstitutional, in that there is no position of "provisional president/interim president" in the party's constitution). The last plenary session of the Congress was held in Delhi in 2018. Ordinarily plenary sessions are held once every three years. But we're hearing that the timetable may be advanced — because frankly, the Congress is in a big mess and by applying its collective mind, the party hopes to drag itself out of it.

Rahul Gandhi once said power is poison. But he isn't giving it up either. The plenary is being brought forward to orchestrate a "Rahul Lao Desh Bachao" type of campaign so that he succumbs and once again becomes Congress president, a post occupied by his father, mother, grandmother, grandfather and great-grandfather. All his relatives were strong-minded individuals who left their own mark on the Congress party and the direction it took. But really, no one knows about Rahul.

Rahul Gandhi has had phases of obsessions about the way the Congress should look. At first, it was all about internal democracy. More of it. So the organisation was told that it must hold primaries where the people who get the most votes of party workers would be selected as party candidates in the next election, whenever it was held. But that didn't really work. Many of those who won the primaries were children of Congressmen. As second or third generation Congressmen they enjoyed loyalty and extended patronage, so losing the primaries was like losing the family title. And those who did win the party elections lost the real election. So the project to make the Congress looks less like a Mother and Child party was put off.

Then there was the question of whom or what the party must stand up for. Should it be Rahul? Or Sonia? Or now, Priyanka? And possibly in the future, Robert? Should it be secularism? Socialism? A bit of both? Neither because a political counterpoint to Narendra Modi can only be an individual, not an idea or issue?

There is complete confusion on this too. Rahul says he's out of it all, but he's not really out of it: Persons handpicked by him are advisors to Priyanka. His aides continue to have a say in crucial appointments. But so do those who claim loyalty to Sonia. So party workers are confused: Who's calling the shots?

When Jairam Ramesh says an opposition party must appreciate decisions taken by the government that it thinks are in public good (Ujjwala, for instance) Veerappa Moily and Kapil Sibal contradict him immediately. When Milind Deora praises Aam Aadmi Party for its fiscal prudence, Ajay Maken catches him by the throat and tells him to leave the Congress. Ditto for Sharmishtha Mukherjee who tells P Chidambaram it is inappropriate to "gloat" over AAP's victory in defeating bluster and bullying... All ordinary workers can do is watch helplessly, rather like spectators at a tennis match. Some confess freely their necks are beginning to ache a bit!

The fact is, for the Congress, the family is the final court of appeal, the first among unequals. If there is no family, all leaders are equal. If all leaders are equal, anyone can lead the Congress. So every time the family has stayed in the background, the Congress has split.

This then leads us to the somewhat unsettling conclusion that one of the most important political forces in the world's most populous democracy can only be run by one family. And only that family has the power to divest itself of that responsibility — which it does not seem to be inclined to do at present. The BJP is debating almost silently whether it is time to ratchet up the game a notch ahead of 2024 and take it from a battle of individuals to a battle of ideas. And the Congress is neither clear about individuals nor about ideas.

DINNER WITH BS ▸ VINEET RAI | CHAIRMAN, AAVISHKAAR GROUP

Early mover advantage

Vineet Rai tells Anjuli Bhargava that a high risk appetite combined with a strong survival instinct is the recipe for success

In the early 2000s, when the world was yet to wake up to the promise of impact investing, Vineet Rai was registering a firm with the princely sum of ₹5,000 to raise funds to transform rural India. The following year, he borrowed a lakh from his wife and registered an advisory company to help new entrepreneurs. Around the same time, in the United States, Jacqueline Novogratz set up Acumen, first as a fund and which later became a nonprofit. A year later, UK businessman turned philanthropist Sir Ronald Cohen set up Bridges Fund Management that in due course crystalised into an impact investing company.

That makes Aavishkaar group chairman Rai a pioneer in the impact investing space in India and one of the early entrants globally.

We are meeting for a long pending Dinner with BS at The Table in Mumbai's Colaba area. Without wasting time we order a SoBo salad that we intend to share. Rai opts for shrimp tacos and a diet coke and I order a roasted almond tortellini.

The term "impact investing", he explains, was coined many years later — at a meeting at Lake Como, Italy, in 2008 by 10 members of the impact community. Would he then qualify as the "father of impact investing" in India like his mentor Basix's Vijay Mahajan, who is ofetn called the father of micro-finance? He laughs off the suggestion, adding that would be too laudatory.

Rai was 29 when the idea that a blend of talent and high risk capital could transform rural India gripped him. He presented his idea before the board of the Gujarat government non-profit he was CEO of only to be told that venture capital was barely available in Indian cities, let alone raising such capital for rural India.

Meanwhile, a small group of Indians based in Singapore had heard of Rai and sent him a ticket to visit them (Rai couldn't afford the tickets for what would be his first-ever visit outside of India). They hosted a dinner of 50 local Indians, sat through his presentation and a bunch of them committed some money to his plans, not expecting to get it back.

A bull in a china shop and keen to prove his theory, Rai returned to India, quit his job — to his wife's horror -- and set the ball rolling. He had earlier helped Vikram Akula in building SKS Microfinance as a friend and consultant and had become quite familiar with the micro-finance landscape in India. But the going wasn't easy for Aavishkaar in its early days and by end-2003, Rai was struggling to keep his head above water. That's when Mahajan pointed out that Rai was in a unique position — he knew more about micro finance than most people in the equity space did and he knew more about equity than most in the micro-finance space did. So why doesn't he just marry the two?

He followed the advise and worked "30 hours out of 24" with his small team of equally committed people. At that time, Intellecap was assisting two billionaire Kiwi brothers, Richard and Christopher Chandler, find the right opportunity to invest in India's micro-finance industry. Impressed with his handling of the deal, the brothers offered to pick up a majority stake in Rai's business. Rai refused. "At the time, Intellecap had ₹1 crore in spare cash and I thought I was the richest man in the world," he says. That apart, he also knew there were no free lunches and was sceptical of the strings that might be attached. The Chandler brothers were not accustomed to taking a "no" for an answer and persuaded Rai to sell 40 per cent in Intellecap for $8million. The year was 2007.

Our dinner is over and Rai orders a cappuccino. We are by now in 2011 and the pressure on Rai to find a way to return the money invested by the Chandlers was building up. So he took another mad gamble, against the advice of all. He went ahead and created Intellegrow (an NBFC) and bought Arohan, a micro-finance company, which he got cheap at the peak of the micro-finance industry crisis.

As they say, fortune favors the brave. The Aavishkaar fund became one of the first investors in several early stage, highly successful MFIs of the day including Equitas, Basix and Utkarsh. Arohan grew by leaps and bounds and is the fifth largest MFI in India today.

Rai starts talking about a mind-blowingly complex restructuring of the group that I tune out of and by the time I catch him again the holding company Aavishkaar Group has been born. The group sold stake in the holding company twice, raising over $100 million in two years (part of the money was used to buy back stake from the Chandlers), taking Rai and his associates' share in the group down to just over 51 per cent.

I interrupt to point out that many in the impact space have questioned his decision to venture into Africa and South East Asia, arguing that he's bitten off more than he can chew. "Can we go wrong? Yes, we can. But if I don't take risks, we die," argues Rai.

If some describe Rai as a risk-taker, others say he is ambitious. The group today has ₹8,000 crore in assets under management, and by 2025, he aims to be well entrenched in the international market, with assets under management to the tune of ₹50,000 crore. He's also under pressure again to create exit options for his present set of investors.

I switch to a broader debate: Over the years, there has been criticism globally that the impact sector is seeking to take a moral high ground and make other businesses appear soul-less. This lot argues that every business will have some impact and that the impact community comprises wolves in sheepskin. So does he see himself as a messiah for India's poor? Rai holds no grand illusions. The impact sector isn't really a "Florence Nightingale" and cannot solve the more complex problems that society faces. "If a child is dying of starvation or a baby girl is killed, what can I do?" he asks. He can only solve problems that lend themselves to a viable business model. Also, he's in it because this is what he likes doing, not because he can "change the world".

That more or less confirms my assessment of Rai — that he is grounded. He lives in Mumbai's western suburb of Kandivali although he can easily afford a fancier address in the city. I also see him asking his driver to call it a day even before we finish dinner because he is concerned it might be too late for him to find transport to get home.

We have been talking over three hours now. As we wind up, I tell him that he appears to be enjoying the perpetual — pressure-cooker work environment. "An entrepreneur should always remain under pressure or he will die," he says simply. He just hopes many more are left better off at the end of this over-wrought journey.

Lessons in love

PEOPLE LIKE THEM

GEETANJALI KRISHNA

On Valentine's Day, I was following Google Maps through the crowded narrow bazaar lane of Sundarnagri when I saw two children with a placard that read Happy Valentine's Day India. I put away my phone and tailed them to Sundarnagri's very own Shaheen Bagh, where local women have occupied a neighborhood park since January 20, to protest against the CAA and NRC. The park was full of women and children, chanting slogans, singing songs and waving the tricolour. The atmosphere was made even more festive because the Mahila Ekta Yatra, a large group of women from representing NGOs and diverse communities had stopped by to express solidarity with them. Flags, posters, laughter and joy filled the sunny tent as I chatted with organiser Shahana Parveen and volunteers Ayesha and Razia. As our conversation deepened over cups of tea and glucose biscuits, I discovered an unforeseen fallout of this protest — a somewhat unusual sort of love had taken root here, one that one would never find on a commercial Hallmark card.

"Till last month, we were all ordinary people, struggling to rise above poverty, too busy with our daily lives to even interact with neighbours," said Parveen. But the events at Jamia University, Shaheen Bagh and JNU compelled her and others like her to start worrying about what the enactment of CAA and NRC would mean to their community. "To start a protest of our own wasn't easy," she said. But once they started sitting here all day and all night, a new dynamic emerged. "For the first time, we actually got to know each other," says Razia. "United in our opposition to CAA/NRC and love for our country, we all became a family."

This new-found camaraderie was evident all around — children coloured posters supervised by older students; supportive families pitched in by taking care of home and hearth; women babysat each other's children while taking turns to rush home every now and then. Ayesha, a college student with a part-time sales job, has started a library for young children in the park. Razia is preparing a play on CAA/NRC which she will get the locality's children to perform. Parveen is identifying all the illiterate women among them and hopes to start an adult education class for them soon.

"This new-found sense of community has changed us," ruminates Ayesha. "Our neighbourhood seems to have become a warmer, friendlier place..." Razia, a tuition teacher and she, like many others here have foregone over a month's wages to sit together for over 10 hours every day. Both believe it is worth it. "Just like after demonetisation when many of us had to forgo several day's wages to stand in long lines outside banks," says Razia, "the fear that unites us is that soon we might have to queue up to prove something that we've always taken for granted — our Indian citizenship."

After all the depressing hate speeches and divisive politics we've seen since the beginning of 2020, the sense of love, patriotism and community I experienced in Sundarnagri was a breath of fresh air. Imagine my consternation when I learnt that barely minutes after I left the gathering, Delhi police detained the peaceful gathering for being a law and order risk. All I can say is that the government and police would greatly benefit from learning some lessons in love that abound in Shaheen Baghs across India.

Winter bellies v/s summer abs

PEOPLE LIKE US

KISHORE SINGH

How seriously the young generation of millennials takes itself struck me when I overheard a colleague tell his peer group that, thanks to a tryst with typhoid, at least he was ready with his "summer body". For those of us in the northern parts of the country, the only downside of winter is the fantastic range of foods and feasting, the results of which are hastily tucked behind sweaters and coats. The unusually cold spell this winter meant that pushing oneself out of the comfort of one's bed for an hour of walking in the morning chill, or even getting dressed for the gym, was given short shrift. The arrival of spring, and rising day temperatures, has led to a shedding of layers, but most are still clinging resolutely to the last refuge offered by a jacket or shawl.

It's a matter of days before that too must go, resulting in visible panic. The dreaded D word — diet — is everywhere. Any visible remains of winter food – stuffed *parathas* as brunch, *haleem* for breakfast or at dinnertime, *halwas* and other sinful desserts as anytime treats, *chiki* as a frequent snack, *samosas* for tea — are being shunned, but four months of indulgence leaves empirical evidence. Weighing scales are being sulked over. Everyone's making the shift from the delicious addiction of carb-heavy foods to scrimping with salads. Clear soups are being offered as an antidote, the weather no longer permits lingering lazily in bed, but to achieve in days what took weeks and months to build is an unenviable task.

Eavesdropping over conversations, I can state with some authority that the transition from a winter body to a summer one is proving traumatic for most, the winter wardrobe chastened by the summer one. Emergency options are driving up sales at malls with special consideration for flowing, free style options that enjoy a brief spurt annually — a brief "season between seasons" according to fashionistas. Restaurants are doing less well than shops.

Those who command flexible work options have a solution — simply extend the season. I know a few who're headed for parts of Europe where it will remain cold for a while longer, though the recent floods in England and France have proved a damp squib (literally). There's always New York to escape to, where it's colder than most prefer, but at least the food isn't as fattening as *desi khana*, and all that trudging around Manhattan provides the exercise one misses at home. Lurking anxiety over coronavirus — with airlines and airports cited as suspects — are proving a deterrent. The argument for looking good versus mortality is at best weak.

Those of us who must stay on for reasons of work have our task cut out for us. One friend has been put on a "liquid only" diet by his dietician; another has shifted entirely to fruit for breakfast, lunch and dinner — and I'm referring only to the male of the species — while soup and salad now comes in gourmet varieties with conditional prices. Those like us have fortunately made peace with our bodies that remain resolutely beyond the care of winter or summer. My generation is comforted by the knowledge that somewhere behind our winter bellies are our summer abs enjoying a temporary hiatus, only we're less fraught about proving the point.

Weekend Business Standard
Volume VII Number 30
MUMBAI | 22 FEBRUARY 2020

WEEKEND RUMINATIONS

T N NINAN

Look back in anger

Montek Singh Ahluwalia, in his non-memoir, *Backstage: The Story behind India's High Growth Years,* recounts how he and wife, Isher, decided to return to India from Washington 40 years ago, giving up attractive careers at the World Bank and International Monetary Fund (IMF). Montek joined government as an economic advisor in the finance ministry, and Isher joined a think tank. They would have had modest salaries and below-par government housing, but they felt they were contributing to India's development process. Along the way, they became the capital's power couple, so life had its compensations.

Other economists too came back around the same time, some earlier, and some later: Manmohan Singh, Bimal Jalan, Vijay Kelkar, Shankar Acharya, Rakesh Mohan, and so on. They returned after studying at the best universities and working in plum jobs at international organisations. They and others like them became the leading makers (or influencers) of economic policy for the next three or four decades, rising like Montek to high offices and enjoying good reputations, plus of course the bungalows of Lutyens' Delhi and social cachets that would not be available to them elsewhere.

The question that was posed earlier this week at the release of Montek's book was: Why aren't people like them coming back today, bag and baggage, to set down roots here in India? The ones who came more recently were clutching the green cards that gave them an escape hatch through which to return to green pastures: Arvind Panagariya, Raghuram Rajan, Arvind Subramanian, and other perfectly honourable gentlemen like them.

One answer is that India has always had economic refugees, and they went where they could find jobs (in West Asia and Singapore), or a better education that would underwrite good careers. Many have done brilliantly, heading global tech giants and winning Nobel prizes. But there is a darker side to the story. Although India is no longer the desperately poor country of the 1980s and 1990s (having risen a few years ago to lower-middle income status), has ceased to be an economic prison like Cuba, and offers more career options with higher salaries, vastly superior cars and consumer goods, modern hospitals, and new liberal arts colleges, and the simple freedom to travel without signing "P" forms and getting eight dollars to take with you, it seems to have become a less attractive country in which to live and work.

Businessmen, including some with recognisable names and faces, are becoming "overseas citizens". They are investing more in other markets where life is simpler. Wealthy professionals with internationally marketable skills and degrees are also taking their money with them (prompting the finance minister in her Budget to introduce a tax on such money transfers). They may be fleeing tax terrorism, prodded by more limited economic opportunities than they had imagined, or simply keeping one foot in India and another overseas because public discourse here has acquired a nasty edge and who knows what's coming next. Or perhaps it is just the air quality in our cities which is a deterrent. Whatever the reason, the economic refugees of old have been replaced by well-placed people leaving (or staying away from) India's unattractive political economy. Diplomats from under-populated countries like Australia and Canada report a sudden increase in the number of Indians seeking to emigrate.

The other question is, should our economists look back with satisfaction, or in anger? To be sure, there were high points like the reforms of 1991, the years of rapid growth a decade ago, and transformation in sectors like telecom. But we should not have waited till 1991 to launch the reforms. As Montek writes, Rajiv Gandhi was warned by the IMF chief in early 1988 that a crisis was building up, but he did nothing. The telecom revolution here was not special to India; other countries too engineered dramatic improvements in teledensity. Nor were India's years of rapid growth unique; emerging markets as a whole grew at 7.9 per cent in 2004-08. Forget China, today India is being bettered in trade by Bangladesh and Vietnam. And the Thai baht is worth ₹2.25; it was half that in 1991.

One big deal, six big gains

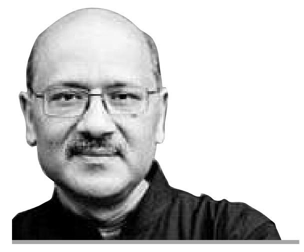
Why the India–US nuclear deal is the biggest achievement of the turnaround between the two countries. It also helped India's political economy by exposing and demolishing the Left

In the first 53 years of our independence, only three US presidents visited India: Dwight Eisenhower (1959), Richard Nixon (1969), and Jimmy Carter (1978). Donald Trump's, next Monday, will be the fifth presidential visit in the past 20 years. Two big nations that remained at strategic odds for half a century are making up for lost time.

The end of the Cold War and the Soviet Bloc coincided with the Narasimha Rao-Manmohan Singh economic reforms and the 25 years of Indian growth. A fresh opening up between India and the US was natural. But, if you were asked to name one fact or achievement that characterises this turnaround most of all, what would it be?

I'd say, it's the India-US nuclear deal. I know it will draw two extreme reactions. One, so what is the big deal, everyone knows it. And at the other end, ha ha, big deal! Not one megawatt of nuclear power has been installed since, and an American reactor won't be producing any for the next 15 years, if ever.

To think that the India-US nuclear deal was either about a bilateral relationship or energy is to miss the point. The degree of difficulty that Dr Singh faced in making it a reality underlines how complex it was and what wide-ranging implications it had. Let us list six here.



NATIONAL INTEREST

SHEKHAR GUPTA

● The first and the biggest implication of the deal was ideological. It was the first time that India had signed a treaty of any kind bilaterally with the Americans, with high strategic implication. Not only did it mark a 180 (if not 360) degree repositioning of India in the post-Cold War world, it also tested our public opinion on a vital question: Would it trust Americans to be friends after decades of suspicion?

To that extent, it ran contrary to the ideological nationalism the Congress and its Left intellectual vanguard had built so masterfully. That is why it ran into immediate opposition from the Left but also almost the entire Congress establishment. Besides, there was the usual nonsense, like Muslims will be upset.

Because Dr Singh decided to make this the touchstone of his prime ministership and threw into the battle all his carefully conserved political capital, he pretty much arm-twisted a reluctant Sonia Gandhi into agreeing, even as her old guard turned up its nose.

The general election that followed, in 2009, proved that the Indian voter was smarter, a better judge of the national interest, and enormously more honest than the old Left and, frankly, even the Right. The BJP, usually seen as pro-West through India's decades of Soviet enchantment, opposed the deal even more strongly on nationalist grounds than the Left did ideologically.

Both were defeated. The UPA returned in larger numbers and the ideological ghost of anti-Americanism was buried so deep that you do not see it being exhumed. The post-Cold War India was born.

● The second gain was of strategic principle, although Montek Singh Ahluwalia, who was deputy chairman of the Planning Commission, talking to me at our show 'Off The Cuff' about his latest book, Backstage, put it at the top of his list. He said Dr Singh was deeply concerned about India having been subjected to nuclear apartheid as, despite being a declared nuclear weapons power, it wasn't treated as one for nuclear commerce and technology transfer/exchange regimes because of the old, discriminatory regimes originating from the discriminatory Non-Proliferation Treaty.

The nuclear deal gave India the opportunity to break out. It was also a fortuitous period when the US president had greater leverage with his Chinese counterpart and could lean on him to ease up on India. India is now accepted as a nuclear weapons power, more or less like any other under the NPT, but also respected as a responsible, non-proliferating one, unlike rival Pakistan.

● The third is of great domestic significance. Until now, there was no compulsion on India to subject itself to accepted international safeguards and standards of transparency. Because civilian and nuclear programs were mixed up, and deliberately so, to ensure one masked the other. There was zero transparency and oversight. This included Parliament.

At the same time, because civil and military were mixed up, nuclear scientists in Indian labs struggled to excel in a free, international peer-reviewed environment as everything was seen as covert and suspect. One big gain of the nuclear deal therefore was to bring India's nuclear programme, including its funding and performance, into a more transparent domain. It also brought more installations, declared civilian, under international safeguards. Overall, it promoted more responsible behaviour, accountability, and safety.

● The benefits in the tactical, military, and scientific fields come next. It may have been called a "civilian" deal, but in essence it was deeply military and strategic. It resulted in a rapid relaxation of the US establishment's old fears of transferring sensitive military technologies and equipment to India.

In the mid-1980s, India and the US struggled to arrive at sufficient confidence for Washington to even sell a Supercomputer to India for monsoon prospecting. This, despite a fine personal equation between Rajiv Gandhi and Ronald Reagan. Now, the most sensitive military technologies, data, and intelligence resources are being shared. This would not have happened without that one, big deal that changed the fundamentals of India-US relations.

● The fifth gain is the context of regional geopolitics. For 15 years since the Cold War ended, America had moved gingerly towards de-hyphenating its India policy from Pakistan. The nuclear deal changed all that dramatically.

For the first time, Washington had signed a strategic deal with India which wasn't — and has still not been — offered to Pakistan. If you do not see it as the final striking out of that dreaded hyphen, ask a Pakistani strategist. Since then, the Americans have done very little to bring it back. It is just that we Indians, especially under the Modi government, keep relapsing into that trap, given how undeservingly important Pakistan is made out to be in our internal politics.

● The sixth and the last, and I say so with trepidation, is my favourite. It is a gain of immeasurable significance in our domestic politics. The nuclear deal, and the way our political Left went out on a limb to fight it, and lost, ended a scourge of our political economy: The Left. In 2008, it owned the central government with 60-plus seats. Now, it struggles to get into double figures in the Lok Sabha.

It made common cause with the BJP in Parliament to bring down Dr Singh's government, and was defeated. It exposed both, the Left's ideological bull-headedness (blind anti-Americanism) and hypocrisy (joining hands with political Hindutva). Soon enough, it was routed in West Bengal, as if forever.

That's a gain to keep for generations. So what if it took a little bit of the foreign (American) hand to achieve this.

By special arrangement with ThePrint

One man's meat is another's poison

AL FRESCO

SUNIL SETHI

Fancy a fruit bat for breakfast? How about a few sea slugs in your soup? Or some scales from the ant-eating pangolin for starters? If none of the above is to your taste, some succulent morsels of dog meat might pass as a health-giving and warming repast to fend off the icy winds that sweep through the bitter winters of northern China.

Many of these tastes are considered treats in countries of Africa, Southeast Asia, the Indian Ocean, the Pacific Rim, and especially China. In the Seychelles and Guam Mariana, fruit bats are considered a delicacy. The current outbreak of coronavirus with its apocalyptic spectre of more than 2,000 dead and thousands afflicted in a wide swathe of countries has sent tremors through the world economy. It is said to have emerged in the wet markets of Wuhan in Hubei province, which had "a thousand stalls selling fish, chickens, pheasants, bats, marmots, venomous snakes, spotted deer, and other wild animals", confirming that the virus had an animal source.

The plague-like spread of respiratory disorders and pneumonia, resulting in a trail of deaths, is far greater than the SARS (severe acute respiratory syndrome) epidemic of 2003, which caused around 800 deaths. Both epidemics are caused by genetically similar strains of the virus.

A *Bloomberg* report in *Business Standard* last week, quoting a 2014 survey of five Chinese cities, found that 83 per cent of respondents in Guangzhou had eaten wildlife in the past year; in Shanghai it was 14 per cent. The consumption of a baffling variety of wildlife isn't merely a weakness for exotic bites. Traditional Chinese medicine using wild and domesticated animal products, the report adds, is a $60-billion global industry.

Chronicles of life in China devote chapter and verse to the ongoing battle between government authorities and consumers over what the public can or cannot eat. Journalist Pallavi Aiyar's award-winning reportage-cum-memoir *Smoke and Mirrors: An Experience of China* (Fourth Estate; ₹395) goes one step further than graphic man-eats-dog accounts. At the onset of the SARS crisis she comes upon a poster showing a man, with fork and knife, with a fluffy, smiling cat on his plate, carrying a prohibitory warning: "I was aware that some Chinese ate dogs, but I hadn't been aware that cats were considered chow too..." Banning dog-eating had been subject to extermination campaigns since Maoist times but, following rabies scares in 2006, 54,429 dogs were killed in Yunnan province. "All dogs were ordered killed regardless of whether they were strays or pets and without mind to whether or not they had been vaccinated."

A key issue was the suppression of SARS fatalities due to stringent censorship: Most students in the institute where Ms Aiyar taught English were blissfully unaware of the galloping SARS crisis; such a situation may be amplified in the current spread of coronavirus. More piquant is her account of the horrors that ensued when she chaperoned Indian business delegations to Chinese banquets. Meatier and weirder dishes indicated high status and respect but provoked protestations of outrage among Indian guests, when, for example, confronted with "chicken feet a la mode".

More recently, the human rights lawyer and activist Nandita Haksar, in her entertaining culinary history *The Flavours of Nationalism: Recipes for Love, Hate and Friendship* (Speaking Tiger; ₹350), gives a telling account of deep-seated cultural and caste prejudices that prevail among Indians over diets. When she married a fellow Naga student at Jawaharlal Nehru University, a question she was inevitably asked was: "Does he eat dogs?" What people from the Northeast eat may be repugnant to some but even among her own meat-eating community of "downstairs Kashmiris" (that is Kashmiris settled in the plains), certain dishes, such as a dessert called "khubani", cooked with goat's meat, may seem unconventional to many.

Ms Haksar delves into the politics of food, in particular a spirited debate between Gandhi and Ambedkar on the prohibitions on inter-dining among castes and communities. Gandhi revised his conservative opinion that restraint on inter-dining was essential for the "rapid development of the soul" when Ambedkar, in his attacking 1937 essay titled "Annihilation of Caste", exhorted, "You seem to be erring in the same way as the reformers working in the cause of removing untouchability ... Every man and woman [must be freed] from the thralldom of *Shastras* ... [so that] he or she will inter-dine and inter-marry, without your telling him to do so."

The debate's violent spillover poisons the present with lynching of Muslims and Dalits trading in cattle and cow hides. Enforced bans on eating beef, and even eggs, are today the hallmark of vegetarian Hindu nationalism.

The proliferation of dietary bans now invades the lofty corridors of high culture. This week the National Museum in Delhi barred non-veg dishes being served during an exhibition on the culinary history of the archaeological kitchens of Harappan sites. When it became clear that the ban was due to objections by some MPs, a museum official explained: "This museum has so many idols of gods and goddesses, and a relic of Lord Buddha. International dignitaries visit this museum. We have to consider these sensitivities here."

Tapping talent

EYE CULTURE

SUHIT K. SEN

The Netherlands has won only one major football tournament. They did it in 1988 when they won the European Cup after beating a Soviet Union side that was one of the favourites of the tournament.

The result was 2-0 in favour of the Dutch. The second goal, scored by Marco van Basten, went down in history as one of the best goals in football history. Van Basten was lurking on the goal-line, when a crossed ball found him in the clear. From a "zero angle", van Basten hit a first-time volley that curved out and then curled into the top corner of the far post, leaving the goalkeeper stranded.

This is not by way of comparison of any kind, but closer home a slip of a boy recently sent a corner bending outwards and then bending back in, prodigiously, to nestle in the top of the net in the far corner. No chance for the goalkeeper.

The boy in question is Dani P.K., a 10-year-old from Kerala. He is a class-five student of Presentation School, Kozhikode, and he scored the goal for the Kerala Football Training Centre (KFTC) club in the final of the All Kerala Kids Football tournament at Meenangadi in Wayanad district. He was chosen player of the tournament for the total of 13 goals, including a hat-trick in the final. The game was played on February 9.

The video of the goal went viral after it was shared by former striker IM Vijayan, with a short caption: "Superb". It has got more than a 100,000 views and more than 2,000 shares. That's all very well, one supposes. But the question is: Will it give Dani the opportunity to develop his undoubted potential.

At the time of writing, there have been no reports of the boy being offered top-quality training, either by a government agency or a private club or academy, which is not to belittle the training programme run by the KTFC. It is merely to point to the inadequacy of the scouting and training systems in the country.

In Europe and elsewhere, it's pretty much certain that after the video grabbing attention, big clubs or academies would have beaten a path to Dani's door to sign him into their training programmes. Unfortunately, most of the big clubs in India don't have youth training programmes worth the name, depending almost entirely on signing already developed talent.

It would be unfair to include Manipur in this category. The state has been producing top-class talent with limited resources. A look at the national team sheets, especially in the different youth categories — under-19, under-17, etc. — shows the small north-eastern state's dominance. There really is no point in cribbing about the standard of Indian football despite its 1.3 billion-plus population — it was ranked 108th at the end of last year, after rising to 96th in 2017 under former coach Stephen Constantine.

The whole system is not geared to producing top talent— as mentioned, neither the All India Football Federation nor private football clubs invest in the kind of infrastructure needed to develop home-grown talent, though they invest enough resources in players and coaches for their senior teams.

India has done a lot to develop top talent in cricket — partly because the game and the bodies that govern it attract the kind of money needed to develop quality infrastructure. But even in areas where there is practically no money by way of sponsorship or other deals the past few years have unveiled some exciting talent without much support. Athletics is a case in point.

Take Hima Das. This Assamese girl was born in a village in a family of agriculturists. She started out playing football but switched to sprinting on the advice of the physical education teacher in her school. Since there was no racing track nearby, she started out training in the paddy fields in her village. From there she went on to run the 400-metre and 4x400-metre sprints in the 2018 Commonwealth Games. With some institutional support, she went on to win gold in the 400-metre sprint in the World Under-20 Championship in Finland the same year. Das became the first Indian sprinter to win a gold medal in an international track competition. She's won gold at a number of international championships subsequently.

Swapna Burman has a similar story. She was born into a poor family in north Bengal and was handicapped in her athletics career because she had six toes on each foot and couldn't afford extra-wide running shoes. At the beginning of her career, she had to run barefoot. Despite this, Burman won the heptathlon gold in the 2018 Asian Games. She's received some support in the later stages of career.

There was some sensation when it was reported earlier this week that a construction worker named Srinivas Gowda had run a distance of 142 metres in 13.42 seconds in a traditional sporting event in Karnataka involving running while tied to two buffaloes, also running. Extrapolated to 100 metres, this would have shown a time of 9.55 seconds, faster than Usain Bolt's current world record of 9.58 seconds.

The bottom-line is that the talent's there to be tapped.

Every week, Eye Culture features writers with an entertaining critical take on art, music, dance, film and sport

Is 'black history month' pride or marketing?

YES, BUT...

SANDEEP GOYAL

To be honest, I was completely ignorant of the fact that February is Black History Month, and that much of corporate America today commemorates the occasion with much gusto. And celebration. And increasingly, with much hype.

It was actually Google's airing of an ad titled "The Most Searched: A Celebration of Black History Makers" during the Grammy Awards on January 26 that started trending like crazy, and caught my attention. As the name suggests, the 90-second spot features the most searched African-Americans who made history — including abolitionist Frederick Douglass, musician Louis Armstrong and poet Maya Angelou — and the moments that defined contemporary history, like the Montgomery bus boycott and Martin Luther King Jr.'s "I Have A Dream" speech.

Now that I had gotten drawn to the subject, I figured that Google were not the only ones championing the cause of African-Americans. Coca-Cola's new "History Shakers" ad spot released earlier this month highlights six African Americans — homeless activist Terence Lester, Olympic gold medalist Simone Manuel, opera singer Davóne Tines, food activist Champale Anderson-Greene, roboticist Ayanna Howard and media producer Tony Weaver Jr.— and highlights their roles in shaping modern history in their own unique ways.

Not to be left behind, Twitter has through @Blackbirds — the official account of the social media platform's business resource group for members and allies of the African diaspora — launched a campaign called #LoveToSeeIt, through which the company hopes to amplify the voices of those in the black community and their allies by encouraging users to tweet celebrations of African-American pride.

Is all this true "pride" and support for America's coloured folks? Or is it clever marketing hype targeted by "woke" brands at the substantial black audience in the United States? Feel-good, and no more? Lip-service, and nothing beyond?

There is of course a school of thought that emphasises that instead of a month of perfunctory gestures, the US needs yearlong efforts for recognising African-Americans who made — and continue to make — a substantial contribution to the country's progress and well-being. This recognition needs to be an integral part of everyday American lives all year round, and not just during the year's shortest month.

But I don't want to get lost in the semantics of such a debate. What I admire about American marketers and brand-builders is the ability to create events and occasions out of almost nothing. January 13 is now celebrated as National Sticker Day and July 17 is World Emoji Day. March 6 is National Dress Day, January 15 is National Hat Day, December 4 is National Sock Day ... but more interestingly, June 14 is National Flip-Flop Day and July 5 is National Bikini Day!

What's even better is that February 2 is celebrated all across North America as Groundhog Day. According to what I call modern marketing tradition, on February 2, groundhogs wake from their winter slumber to peek out of their burrow. If they see their shadow, they go back inside, which predicts six more weeks of winter. If they don't — spring will come early that year. And this has become the trigger for large scale store promotions, and maddening activity online on e-commerce sites.

The newest creation of the past decade is White Day, celebrated on March 14. In many Asian countries, especially Japan, women celebrate Valentine's Day by giving chocolates and handmade gifts to their boyfriends, male colleagues, and friends. A month later, on March 14, the men are supposed to reciprocate the gesture. This is now branded as White Day in the US, and is being aggressively marketed. In the years to come it may become as potent a marketing aperture as Valentine's. Who knows? Family Day (February 17), Sibling Day (April 10), Best Friend Day (June 8), Boss's Day (October 16), Singles' Day (November 11) are other tent-pole days invented by marketing minds in the US, and each of them has substantial franchise.

In India Akshaya Tritiya is the only occasion of note in recent years that has created a new window for marketers, especially for purchase of gold. Twenty years ago, the festival was largely unknown across the country, or at least not celebrated with full page ads by jewellers. Today Akshay Tritiya competes with Dhanteras on gold sales. Valentine's has gained momentum too, and Ganesh Chaturthi has slowly gone national. But we have not managed to ignite anything close to a Black History Month which can catch the popular imagination and make even controversial events of the past, a strong marketing hook for today's millennials.

Sandeep Goyal is an advertising and media veteran

MFs see surge in new fund offers

Broader market recovery seen as catalyst as fund houses look to plug gaps in portfolios

JASH KRIPLANI
Mumbai, 21 February

The mutual fund (MF) industry has seen a strong pick-up in new fund offers (NFOs) in the current calendar year, with over a dozen new products being launched or filed by fund houses.

According to industry experts, the rising pile of NFOs could be attributed to the broader market recovery, and also to fund houses looking to fill up gaps in their product basket. While there have been three NFO launches in January, many more are in the pipeline.

"Since September last year, market breadth has been improving. Typically, during such periods, NFO collections tend to be higher as investor confidence improves with value of investments going up. In addition, fund houses find such periods more conducive to quickly deploy investor funds flowing into their schemes," said Vidya Bala, co-founder of research platform Primeinvestor.in.

Since September, the broader market indices — BSE MidCap and BSE SmallCap — have given returns of 17 per cent apiece, against 10 per cent returns posted by frontline indices such as the Sensex and Nifty.

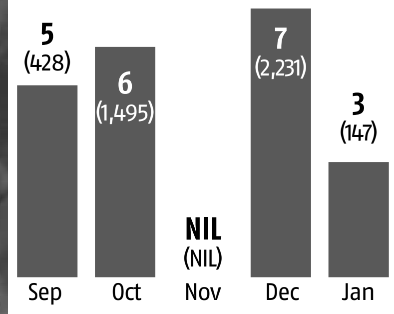
After staying away from the small-cap space for long period, the country's oldest fund house — UTI AMC — has filed for a small-cap fund. IDFC AMC is another fund house that has launched a small-cap fund. Fund houses are also launching thematic funds to expand their product offerings.

Edelweiss MF has launched a US Technology Fund of Fund (FOF). BNP Paribas MF has also filed for a technology fund, which will be an FOF investing in BNP Paribas Funds Disruptive Technology.

CASHING IN

Fund houses expect collections to improve with markets seeing broader recovery

■ No. of NFOs
Figures in brackets: Funds mobilised in ₹crore



Includes equity, index, and exchange-traded funds; Govt ETFs excluded
Source: Amfi

Environmental, social and governance, or ESG, funds that invest on the basis of ESG standards of companies, have also seen some product launches.

Both Birla Sun Life MF and DSP MF have filed for an ESG Fund.

Meanwhile, Tata MF has launched a multi-asset fund, which will be the first MF scheme to have exposure to the commodities basket.

The foreign fund house HSBC AMC has filed for a focused equity product, which, as the name suggests, is mandated to make high-conviction bets with the number of stocks in the portfolio limited to 30 stocks. According to experts, however, investors should be cautious when investing in new fund offerings.

"We advise investors to look at NFOs only if the product is introducing a new concept or investment strategy. Otherwise, investors are better off sticking to existing schemes that have a longer track-record and have navigated various market cycles," said Amol Joshi, founder of Plan Rupee Investment Services.

"With an existing scheme, it is relatively easy to check whether the scheme has been true to its mandate, or whether it has moved away from it in the past," he added.

Further, fund houses have been launching a slew of passive funds to tap into the rising investor interest in such schemes. "Investors have become a bit more cost-conscious of late, and are showing interest in passive funds in which the expense ratios tend to be lower," Bala added.

Both Birla Sun Life MF as well as Nippon India MF have filed for a mid-cap index fund and a small-cap index fund, in recent times.

THE COMPASS

Muthoot Finance: All that glitters is gold

Strong growth prospects support valuation of 2.1x its FY21 book

HAMSINI KARTHIK

A rally of more than 75 per cent over the past year has put Muthoot Finance — a gold financier headquartered in Kerala — in the league of top-rated financial services firms such as Bank of Baroda, Bandhan Bank, and HDFC AMC in terms of market value.

The icing on the cake is that it has displaced names such as AU Small Finance Bank, Punjab National Bank (PNB), and Shriram Transport on the bourses.

Factors like strong underlying growth led by the gold rally, the firm's ability to tap capital at reasonable rates, and diversification efforts have all contributed to this surge.

For instance, the 19 per cent year-on-year (YoY) growth in its gold loan book in the December quarter (Q3) seems to have made up for the previous quarter's dip (9 per cent), thus lifting the stock by 23 per cent in a week. In Q3, the firm held 173 tonnes of gold, up 4.2 per cent YoY.

Year-to-date, financial gold assets under management (AUM) have risen 12 per cent, against 10 per cent in FY19, indicating FY20 may close stronger than anticipated.

In addition, its near-leadership position in the gold loan business gives it the edge over its peers.

While gross non-performing assets (NPA) fell to 2.54 per cent in Q3 from 3.43 per cent in Q2, analysts at IDBI Capital note that NPA isn't really a pain point in the gold loan business.

That Muthoot Finance could bring down its cost of funds by 32 basis points sequentially to 8.98 per cent in Q3, also helped its financials.

LEAGUE TABLE

List of financial services players, excluding holding companies, with market value of less than ₹1 trillion

	(₹crore)
IndusInd Bank	81,947
HDFC AMC	71,970
Bandhan Bank	66,949
Bank of Baroda	38,027
MUTHOOT FINANCE	**36,620**
IDBI Bank	35,865
AU Small Finance	35,641
Punjab National Bank	35,608
Power Fin Corp	34,915
Shriram Transport	30,448

Source: Capitaline
Compiled by *BS* Reseach Bureau

However, given that it has always worked with cost of funds at 9.0-9.2 per cent, the decline in Q3 could just be a one-off.

Another factor working in its favour is the ability to diversify into new avenues. Besides picking a stake in Belstar Investments and Finance (a microfinance business) in 2016, Muthoot has since branched out to affordable housing, vehicle financing, insurance broking, and asset management.

The diversification move has helped it partially offset its dependence on gold loans, the share of which stood at 88 per cent, with other businesses contributing 12 per cent to consolidated revenues.

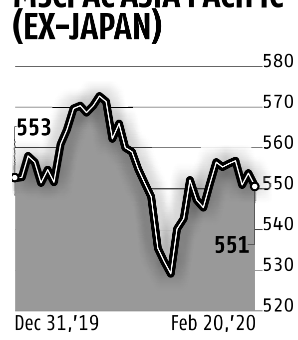
A reasonably insulated business, coupled with decent asset quality, puts Muthoot Finance in the shopping cart of 12 out of 13 analysts polled on *Bloomberg*.

Valuations at 2.1x its FY21 book also appear reasonable, in the context of strong growth prospects.

Virus fear grips Asian indices

AFP/PTI
Hong Kong, 21 February

MSCI AC ASIA PACIFIC (EX-JAPAN)



Source: Bloomberg

A spike in new virus cases outside China spooked Asian indices on Friday, after Wall Street pulled back from record highs as more companies warned of earnings being hurt by the epidemic.

More than 2,200 people have died from the novel coronavirus, which has infected over 75,000 people — mostly in China — and spread panic around the world.

While Beijing claims its epidemic control efforts are working, the rising death toll and number of new infections abroad have rattled investors.

A batch of warnings from companies over the impact of the virus on bottom lines — including Danish ship operator Maersk and Air France-KLM — and weaker manufacturing data in Japan also fanned anxiety.

Initial hopes that the virus would have only a short-term impact on earnings and economic growth have given way to the reluctant realisation that it could linger.

"It took Apple to do what the coronavirus couldn't — make stocks feel a little queasy," said Stephen Innes of AxiCorp, referring to the tech giant's warning Monday that it would miss its quarterly revenue forecast because of the disease.

"The market seemed to absorb the initial Apple shock in its typically pleasant manner, but it's the aftershocks when corporate America starts waving the warning flags in tandem that could prove to be the biggest gut check."

Seoul's Kospi fell 1.5 per cent. The country confirmed 48 more virus cases on Friday afternoon, adding to the 52 it announced in the morning, taking its total to 204.

Japan's benchmark Nikkei 225 closed down 0.4 per cent as investors took to the sidelines ahead a long weekend.

Mainland China's key Shanghai Composite Index closed up 0.3 per cent, following central bank efforts to cushion the impact of the virus on the world's second-largest economy, where manufacturing activity has been hit hard.

Elsewhere, Sydney, Taipei and Singapore all shed 0.3 per cent. China reported Thursday a big drop in the number of new infections after it once again changed the method of counting patients with the virus.

It was the second revision of criteria in just eight days and the flip-flopping "did not help the mood" of investors, noted Rodrigo Catril of National Australia Bank.

The National Health Commission reported 889 new cases on Friday, up from the previous day.

After the losses on Wall Street and in Europe, Jeffrey Halley of OANDA likened the reaction on Asian markets to "more a case of the sniffles, rather than a full-blown cold".

But he said company warnings "could turn into a flood" if the virus crisis continues for the rest of the first quarter and extends into the next.

The MSCI world equity index, which tracks shares in 49 countries, fell 0.2 per cent, while MSCI's broadest index of Asia-Pacific shares outside Japan slipped 1 per cent.

China is the world's biggest importer and consumer of oil — and prices have been particularly sensitive to the epidemic affecting dozens of countries and territories.

Both main contracts were lower on demand fears, with Brent Crude off 1.6 per cent and West Texas Intermediate down 1.4 per cent.

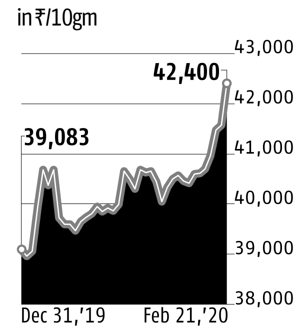
With inputs from Reuters

Domestic gold at all-time high

DILIP KUMAR JHA
Mumbai, 21 February

STANDARD GOLD

in ₹/10gm



Source: IBJA, Trade

Gold prices jumped 2 per cent in the domestic markets to a new high, on Friday, following global cues. This led to domestic consumers staying away from fresh purchases, with even scheme- and exchange-related consumers deferring transactions to avoid high making charges.

Standard gold in Mumbai's Zaveri bazaar rose to ₹42,400 per 10gm in spot trade. While most retail shops in Zaveri bazaar were shut for Mahashivratri on Friday, the ones that were open did not witness any footfall.

"There is no business, perhaps because of the sudden spike in gold prices. Even monthly deposit scheme and exchange-related customers were absent," said Kumar Jain, director at Umedmal Tilokchand Zaveri, a bullion dealer and jewellery retailer in Zaveri bazaar.

Gold prices in India have jumped 8.5 per cent in CY20 so far, and a staggering 26 per cent in the last one year following the rise in global indices. In the benchmark London spot market, gold was trading at $1,639 an oz — the highest in seven years — in early trade, on fears of falling dollar interest rates and monetary easing by China and Japan, which has raised gold's safe haven appeal.

US Global Investors' CEO Frank Holmes does not rule out prices to hit $1,900/oz in the medium term and hence recommends investors to buy more gold and silver.

"The falling interest rate cycle has always supported a rise in gold prices. While the minutes of the Federal Open Market Committee in the US are yet to be out, concerns remain on the interest rate cut in CY20. In such circumstances, investors remain bullish on gold," said Ajay Kedia, MD of Kedia Commodity.

E*Trade deal: Morgan Stanley fuels banking takeover buzz

JENNY SURANE, LANANH NGUYEN & NABILA AHMED
New York, 21 February

The chief executive (CEO) officer of Morgan Stanley, James Gorman, had just ended a decade-long drought of major takeovers by top US banks with his surprise deal to buy E*Trade Financial Corp for $13 billion. Across the industry, speculation was erupting that conditions had finally lined up for a wave of similarly hefty acquisitions.

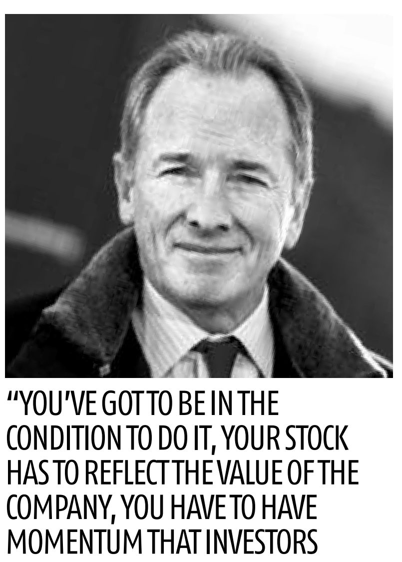
Morgan Stanley's announcement is being interpreted by analysts, investors, and investment bankers as just the start of a long-predicted series of deals big enough to reshape the upper echelons of the US financial industry. Many of the largest banks are wielding highly valued stocks at a time that Silicon Valley innovators are looking to wrest away business. Mergers and acquisitions (M&A) are one way for banks to both scale up and adapt.

"The financial performance of the industry allows acquirers to transact from a position of strength," said Anu Aiyengar, co-head of global M&A at JPMorgan Chase & Co. "More broadly, digital disruption is making it more important to optimise cost and efficiency."

Some observers also point to the prospect that regulation may stiffen after US elections in November if a Democrat wins the presidency. The field of candidates seeking to challenge Donald Trump includes several who have vowed to rein in — or even break up — 'too big to fail' banks.

'Big chance'

Gorman had eyed the online retail brokerage for almost 20 years before everything lined up. For Morgan Stanley, the all-stock deal lands E*Trade's direct-to-consumer digital capabilities as well as $360 billion of client assets. Gorman reassured analysts that his firm is already conferring with regulators — such as the Federal Reserve, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. — to win approval for the deal.



"YOU'VE GOT TO BE IN THE CONDITION TO DO IT, YOUR STOCK HAS TO REFLECT THE VALUE OF THE COMPANY, YOU HAVE TO HAVE MOMENTUM THAT INVESTORS WANT TO SEE"

JAMES GORMAN
CEO of Morgan Stanley

"We wouldn't be entering into this if we didn't think, from a regulatory perspective, this would be viewed favourably," Gorman said. "That's not something we would put to big chance."

While Gorman said he still sees E*Trade as a so-called bolt-on acquisition, the price is significantly larger than the takeovers the largest banks have emphasized in recent years to augment business lines. It may open the way for rivals to seek larger targets too.

Other industries

Matchmakers have proposed a wide variety of large takeovers by big US banks over the past decade only to be disappointed. Some suggested, for example, that credit-card lender Discover Financial Services could make a juicy target for a variety of large consumer banks.

It's not just banks seeking to grow through M&A. The two biggest US life insurers, MetLife Inc. and Prudential Financial Inc., are both open to acquisitions even as they seek to divest in slower-growth areas.

Leaders of payments companies also have said they're looking to participate in the industry's consolidation. Mastercard Inc's CEO Ajay Banga compared his business development team to 'gnomes in Santa's shop' that bring him as many as 60 deals in a year to consider. FleetCor Technologies Inc., a fuel card provider, has said it has a list of 'big elephants' it hopes to bag.

Wealth managers and robo-advisers are also appealing targets because of their relatively stable revenue, which can offset volatility from trading businesses. Goldman Sachs bought United Capital for $750 million last year, while Morgan Stanley beefed up its wealth division by buying stock-plan administrator Solium Capital Inc. for $900 million.

Buyers aren't the only ones under pressure. Charles Schwab Corp's acquisition of TD Ameritrade Holding Corp. in November reshaped the brokerage industry and encouraged E*Trade to consider a sale. Goldman Sachs Group was among firms that also took at least a cursory look at E*Trade before giving it a pass, according to people with knowledge of the matter. "Frankly, if I'm on the E*Trade board, I'm certainly feeling a sense of urgency to find a buyer," Thomas Bradley, the former president of TD Ameritrade, said at the time.

Still, Gorman cautioned that it's unlikely that the biggest banks will try to pull off transformational deals. They will instead stick to targets that add capabilities or round out businesses. And not every firm, he noted, has the means to shop. "You've got to be in the condition to do it, your stock has to reflect the value of the company, you have to have momentum that investors want to see," Gorman said in an interview.

BLOOMBERG

▶ FROM PAGE 1

Buyer cartels may be covered under...

However, the amendment does not take into consideration the concept of "relevant turnover" as decided by the Supreme Court in the Excel Crop Care matter in 2017.

As such, penalties may still continue to be an issue of discretion and debate, Goel said. The draft amendments also call for introducing a "commitment and settlement" clause in the Competition Act. The enabling clause will allow those found in contravention of the competition law to "commit" to correct their ways to avoid action even before investigation is completed. Even in cases where investigation is over, evidence has been found, and the adjudicating process has started, the companies can still enter a settlement. The companies will have to pay a certain amount as fine and avoid legal proceedings after ensuring that any anti-competitive practice will be corrected.The proposed amendments also seek to provide clarity to "hub and spoke cartels". The MCA suggested hubs also be covered under Section 3(3), which deals with cartels that hinder competition.

A hub-and-spoke cartel is basically an arrangement between companies where a dominant player, called hub, is wooed by other firms, called spoke, to destroy competition by, say, increasing or lowering prices.

Goel said hub-and-spoke agreements were not specifically covered under the Competition Act.

The CCI has imposed penalties by independently invoking Section 3(1) of the Competition Act.

"However, the CCI's powers to invoke Section 3(1) independently are pending adjudication before the Supreme Court," he said.

The proposed amendments also seek to expand the composition of the CCI by including part-time members in the Commission. The Commission is currently a four-member body, including the chairman.

Deal or no deal: Trump flip-flops...

He said the "Namaste Trump" rally in Ahmedabad would spoil him.

"Prime Minister Modi said, we will have 10 million people greet you. Here's my problem. We have a packed house. We have a lot of people, thousands of people that couldn't get in. It's going to look like peanuts from now on," he said. "I'll never be satisfied with the crowd. If we have 10 million people in India, how can I be satisfied when we fill up like a 60,000-seat stadium? I am getting spoiled," Trump said.

He is scheduled to travel to Ahmedabad, Agra, and New Delhi on February 24-25.

Senior Indian officials say India is now hoping to sign a smaller pact focusing on agriculture goods.

"The US wants a big deal which can match the one signed with China earlier this year to slowly wind down the trade war. But the sudden cancellation of US Trade Representative Robert Lighthizer's visit to New Delhi as part of the vanguard negotiations team has almost shut down the talks," an official said.

Lighthizer, considered Trump's point man on trade, was responsible for shutting down the vast majority of India's export promotion schemes last year after a sustained fight at the World Trade Organization.

With inputs from PTI