MONDAY, 24 FEBRUARY 2020 18 pages in 1 section MUMBAI (CITY) ₹9.00 VOLUME XXIV NUMBER 136

How markets performed last week

	Index on	*One- % chg over Dec		31, '19	
	Feb 21, '20	week	Local currency	in US \$	
Sensex (Feb 20)	41,170	-0.2	-0.2	-0.6	
Nifty (Feb 20)	12,081	-0.3	-0.7	-1.1	
Dow Jones	28,992	-1.4	1.6	1.6	
Nasdaq	9,577	-1.6	6.7	6.7	
Hang Seng	27,309	-1.8	-3.1	-3.1	
Nikkei	23,387	-1.3	-1.1	-3.8	
FTSE	7,404	-0.1	-1.8	-4.0	
DAX	13,579	-1.2	2.5	-0.8	
+61 (01)	-				

I HEAR IT IS GOING TO **BE A BIG EVENT: TRUMP**

his maiden visit to India for talks with the Indian leadership. The nearly 36-hour-long visit is also set to send across a clear message of growing congruence of interests on major geopolitical developments in the region and beyond. "I hear it's going to be a big event... the biggest event they ever had in India," he told reporters outside the White House.





BANKER'S TRUST

After Aditya Puri, who? This is a ₹6.67-trillion question

BUSINESS LAW

Madhya Pradesh proposes to punish officials for delay in industrial approvals, but experts say this should be backed by transparency. **SUDIPTO DEY** writes

PERSONAL FINANCE

changing tax regime Those who can cross certain levels of deduction will be better off sticking

POLITICS & PUBLIC AFFAIRS

A difficult balancing act The BJP in West Bengal is looking for a perfect blend of ideology and credible governance agenda. **RADHIKA RAMASESHAN** writes

www.business-standard.com usiness Standard



REAL ESTATE FIRMS PAYING UP WEAK TRIGGERS: FM % INTEREST RATE ON LOANS FIRMS SEE SLOW REVIVAL



US President Donald Trump on Sunday left for







in Indian banking today. TAMAL BANDYOPADHYAY writes

Non-performers in the dock 13)

Run the numbers before

to the old regime. SANJAY KUMAR SINGH & BINDISHA SARANG write

Firms to be allowed direct foreign listing

Enabling changes in Companies Act being considered

RUCHIKA CHITRAVANSHI New Delhi, 23 February

he government is considering an amendment to the Companies Act to allow unlisted Indian companies to list abroad, a senior government official told Business Standard.

The Companies Amendment Bill is expected to be tabled in the ongoing Parliament session, with changes including decriminalisation and a reduced compliance burden.

"We will specify the jurisdictions where Indian firms can list... They will be mature and compliant with the Financial Action Task Force," the official said. Currently, Indian companies tap foreign capital mostly through American depository receipts (ADRs) or global depository receipts.

Infosys was the first Indian company to list its ADR on Nasdaq, one of the two major stock exchanges in the US.

"Many companies, especially in the technology space, choose to incorporate abroad, so that they can list directly on foreign bourses... We want to encourage them to register in India instead," the official added. Online travel company MakeMyTrip, listed on Nasdaq, took this route.

"Companies prefer foreign listing since investors are more credible on these platforms. It gives them more liquidity to their stock," a senior analyst said. He gave the example of Oyo Hotels & Homes,

which is "externalising its structure", creating a separate entity in the US and moving its "This is a long-awaited reform. At the end of the day, it will bring in foreign capital," said

Shriram Subramanian, managing director of advisory firm InGovern Research Services. In 2018, a panel of the Securities and Exchange Board of India had recommended



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

- Proposed law won't require them to list in
- Companies can issue of shares or existing
- shareholding
- list through fresh
- Currently, listing is done through American depository receipts or global depository

receipts

EASING COMPLIANCE BURDEN: KEY RECOMMENDATION FOR OFFENCES

11 To be limited to **Provisions** to be shifted fine only to in-house **6** To have rationalisation adjudication of penalties

7 To be omitted from Companies Law

5 To be dealt within an alternative framework

allowing domestic firms to list only in jurisdictions that were treaty-bound to share information with India, and would cooperate if there was an investigation.

BSNL, MTNL users put on hold as VRS hits service

New Delhi, 23 February

Vinod Desai, an Ahmedabad-based retired bank official, has been visiting the local Bharat Sanchar Nigam (BSNL) office every week for the last two months to complain about his landline connection going dead.

"Officials say the recent voluntary retirement scheme (VRS) has reduced the workforce and that is hampering the service quality," points out Desai, who's planning to shift to a private service provider for landline connection. Geo Verghese, a businessman from the same city, has found the internet speed of the BSNL broadband connection "unsatisfactory". Desai, a BSNL loyalist, is not alone to have felt let down by the state-run telecom behemoth, which saw around 55 per cent of its staff leave after accepting a VRS package.

In Hyderabad, a harassed Suresh Kumar, another BSNL landline user, points out that the company is taking much longer than before to respond to service complaints. The blame is on the VRS. Several others across the country contacted by Business Standard narrated similar customer experience for BSNL connection — both landline and mobile

If BSNL is a pan-Indian story of increasingly indifferent service, Mahanagar Telephone Nigam (MTNL), the other state-owned telco that operates only in Delhi and Mumbai, is no better.

"The residence landline has been off for some weeks now and complaints haven't helped. Calls made to top MTNL executives, too, didn't yield result. It seems the company does not have the manpower to attend to complaints," said an angry Mumbaikar, who's clearly given up.

Landlines down for four to six weeks is commonplace in Mumbai now, and so is the grievance about erratic broadband connection in the city. And, it doesn't help when a customer lands up at the almost-deserted MTNL offices, whether in Mumbai or Delhi.

Around 75 per cent of the MTNL staff took the VRS offer and left recently. And, it doesn't help when a customer lands up at the almost-deserted MTNL offices. whether in Mumbai or Delhi. Around 75 per cent of the MTNL staff took the VRS offer and left recently.



BUDGET PROVISIONS (2020-21)

Capital infusion

🛂 for 4G spectrum ₹14,115 cr ₹6,295 cr BSNL MTNL

(No. of employees)

Ex-gratia for VRS to BSNL/MTNL staff ₹9,889.65 cr Implementation of VRS ₹3,294.77 cr



BSNL

hunger strike

relief measures for AGR-hit telcos

The official stand

MTNL

20,000

But, the plush BSNL headquarters at downtown

With inputs from Vinav Umarii in Ahmedabad, Avishek Rakshit in Kolkata, Gireesh Babu in Chennai, Dasarath Reddy in Hyderabad, and Virendra Singh Rawat in Lucknow



Grant for GST payment



call nationwide **Top officials discuss**

Janpath in New Delhi doesn't quite capture the air of allround despondency. PK Purwar, chairman & managing director, BSNL, said on Saturday that the existing employees have responded well to the challenges. The numbers are big: BSNL and MTNL have shed 92,869 at one go through the VRS. While BSNL let go of 78,569, MTNL's offer was taken by 14,300.

intelligence, Internet of Things, cognitive

services, machine learning and develop-

ing smart cities," said Ankur Pahwa, part-

ner and national leader, e-commerce and

ups, and the developer community. It

announced the launch of its GitHub India

office earlier this month. GitHub, bought

by Microsoft for \$7.5 billion in 2018, is the

on how Nadella engages with the govern-

ment, given that Amazon CEO Jeff Bezos

wasn't granted an audience with Prime

Minister Narendra Modi or any other

At the end of the day, all eyes will be

largest repository of open source.

The firm has a huge focus on AI, start-

consumer internet, EY India.

PEERZADA ABRAR & NEHA ALAWADH Bengaluru/New Delhi, 23 February

When, five years ago, Satya Nadella visited India for the first time after taking office as chief executive officer (CEO) of Microsoft, the company was in some disarray while the financials were under stress.

A lot has changed since then. His focused execution on enterprise cloud has driven Microsoft's market cap to grow nearly five-fold to cross the \$1-tril-

Nadella, born in Hyderabad, is visiting the country this week for three days to woo enterprises as well as the government at a time when India has become a very important strategic market for the company.

However, coming on the heels of his controversial comment on India's amended citizenship law, and coinciding with US President Donald Trump's maiden visit to India, there has been a lot of speculation about what he is planning to do.

deal could be on the anvil, there are also murmurs of a larger government deal or strategic partnership. The company, which is eyeing digital transformation opportunities worth \$100 billion, sees Amazon and Google as its major competitors in India, according to the people familiar with Microsoft's India strategy.

In FY19, Microsoft India chalked up ₹7,301 crore in revenue, a growth rate of 13 per cent, while its net profit grew to ₹386 crore at 8 per cent, as the firm continues to expand its cloud business Azure, and Office 365 product suite.

'What an amazing five-year journey and transformation from a 'rookie' CEO to the planet's top-performing corporate leader," said Ravi Gururaj, an entrepreneur and president of TiE Bangalore who met Nadella when the latter visited India after becoming Microsoft CEO.

"He (Nadella) boldly redirected focus from potentially massive market opportunities such as the smartphone segment, medium, the app ecosystem, consumer search and

While some have suggested a large IT digital media streaming," said Gururaj. Nadella's trip is expected to focus on

evangelising Microsoft's platforms and tools to the developer and influencer communities, and building relationships with large enterprise customers.

"I suspect he will, behind closed subtly communicate Microsoft's perspective on the policies India is formulating on personal data protection and privacy, digital intermediaries, and data localisation," added Gururaj.

Among its large partnerships, it counts the ones with Tata Consultancy Services, HCL Technologies, Reliance Jio, and business-to-business marketplace Udaan. The company also counts

large number of large.

small enterprises and thousands of startups in the country as customers

"India is one of Microsoft's top-performing markets globally. The way it has been able to move into enterprises through Office 365 and expanding partnerships with SaaS-based companies is com-

mendable as is their engagement with developers," said Sanchit Vir Gogia, chief analyst and CEO, Greyhound Research. Earlier this month.

Microsoft announced opening a development centre in Noida, its first in the country after the ones in Hyderabad

> **SATYA NADELLA** took over as CEO on Feb 4, 2014

> > "THE GOVERNMENT HAS

and MD,

ALSO FOCUSED ITS

BRANDS. WE WILL

CONTINUE TO EXPAND

OUR DISTRIBUTION

COMPETITIVENESS'

AND ENHANCE

MOHIT

CEO.

2019

MALHOTRA,

Dabur India

COMPANY'S VALUATION under him has risen to over \$1 trillion from \$297 billion in 2014

BIG BETS IN INDIA: NADELLA is visiting Azure, Office 365, Al, Mumbai, Bengaluru start-ups, govt

and Bengaluru. Coming just ahead of his visit, some industry executives say the investment is also politically important. given that UP (where Noida is) and the Central government are ruled by the

same party, the Bharatiya Janata Party. The larger focus of Nadella's visit is expected to be on building trust with its existing business partners and the larger

community. 'The expectation (from Nadella's visit) is that the company will continue

to double down on the investments made in India, especially in areas that will enhance the adoption of data analytics, artificial

\$1bn (₹7,301 cr) India revenue

central government minister. Industry executives describe Nadella as "very thoughtful, charming, and warm".

"What is helping Microsoft penetrate the India market at such a deeper level is that compared to Bezos, Nadella has a better relationship with the Indian government," said a person with knowledge about Microsoft's strategy.

IN BRIEF

Reliance Communications' creditors to meet today



Reliance Communications (RCom) on Sunday said a meeting of the company's committee of creditors is scheduled to be held on Monday. "The 18th meeting of committee of creditors (CoC) of Reliance Communications is scheduled to be convened on February 24, 2020," RCom said in a regulatory filing. No other details were disclosed. According to sources, the CoC will put

to a vote asset bids received from UV Asset Reconstruction Company and Reliance Jio from which lenders are expected to recover around ₹23,000 crore.

Adani's bid to buy Aditya Estates gets **NCLT** approval

Adani group has won a bid to acquire Aditya Estates through an insolvency process for a total deal value of₹400 crore. The Delhibased Principal bench of the National Company Law Tribunal (NCLT) has approved the resolution plan of Adani Properties to acquire Aditya Estates for ₹265 crore. Another ₹135 crore would go towards meeting the statutory charges.

Reliance Retail tops '50 fastest-growing retailers' list

Reliance Retail has topped the list of '50 fastest-growing retailers globally between FV13-18' in the Deloitte's Global Powers of Retailing 2020 index. Deloitte ranked 250 firms globally in its annual report based on their revenues for FY18.

FCA to roll out 2-3 more Jeep models locally next year

FCA India, which had a runaway success with its sole locally made SUV Jeep Compass launched in July 2017 but has tapered off the momentum since then, is "very serious with its operations" and will produce two-three models from the Ranjangaon facility near Pune, Maharashtra, from next year.

Looking to scale up business in India: **Suzuki Motorcycle** Suzuki



Motorcycle India (SMIPL) plans to scale up its motorcycle

business as it aims the segment to account for 20 per cent of its overall sales volumes in the domestic market, a top company official said. They gets just around 10 per cent of its overall volumes from motorcycle sales

Six of top 10 firms lose over ₹29,487 cr in market cap

Six of the 10 most valued domestic firms suffered a combined erosion of ₹29,487 crore in market valuation last week, with Bharti Airtel emerging as the biggest loser. TCS, HDFC, HUL, HDFC Bank and RIL were the other bluechip firms which market capitalisation. PTI

IndiGo in talks with **Jetstar, Qantas for** codeshare tie-up

IndiGo is in talks with Sydney-based Qantas Airways and subsidiary Jetstar Airways on codeshare agreements, which allows an airline to sell other airline's seats, officials said.

Weak triggers: FMCG firms see slow revival

Discretionary businesses, however, are upbeat about near future

VIVEAT SUSAN PINTO Mumbai, 23 February

he heads of some of the country's top fast-moving consumer goods (FMCG) companies have said demand for their products will recover slowly as growth triggers remain weak for now. Their statements are at variance, with what the heads of discretionary businesses are saving about the same. Companies such as Titan. Westlife Development and Jubilant FoodWorks remain upbeat about the future, saying the south and east regions are seeing a sales uptick.

Ajoy Chawla, chief executive officer, Titan's jewellery division said in an investor call. "The outlook for Q4 (of FY20) continues to be good. We see opportunities for market share gains continuing in Q4. We are staying with the guidance that we gave. We are expecting to hit 11-13 per cent of (revenue) growth for the March quarter," he said.

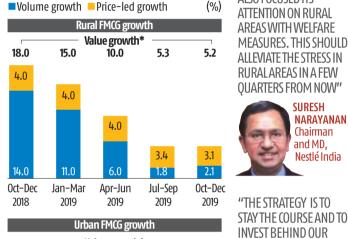
Titan derives 80 per cent of its overall revenue from the jewellery division. In Q3, the company saw a nearly 11 per cent year-on-year (YoY) growth in jewellery sales, primarily led by festive season demand. In Q4, it is the marriage season that is expected to help growth despite gold prices shooting up 9 per cent so far in the calendar year 2020.

Westlife Development and Jubilant FoodWorks, who are the country's top listed food service operover the past few months, pointing to the overall trend of 'ordering-out', that remains strong in urban areas. The two players reported a stronger set of same-store sales growth numbers in Q3 and are expected to continue the trend in O4.

According to experts, discretionary businesses like food services and jewellery continue to have a ing monsoon season will be the key greater presence in urban areas versus rural areas, where consumption has also focused its attention on slowdown has been pronounced.

kets, getting a third of their sales now." Narayanan added. Given that and efficiently."

REPORT CARD



FMCG g Value growth* 12.0 Oct-Dec Jan-Mar Jul-Sep Oct-Dec Apr-Jun

2019 2019 2019 *Value growth = volume growth+price-led growth Source: Nielsen from these areas. In the case of Hin-

dustan Unilever and Dabur, rural sales contribution to overall sales is 40 per cent, said sector analysts.

ators, said delivery sales had been FMCG growth has halved in the Deccurse and to invest behind our bragood in comparison to dine-in sales ember quarter from a year ago, it is nds. We will continue to expand our etill higher than rural EMCC growth which has fallen by over 70 per cent during the period. The trend is expected to stay for now. According to Suresh Narayanan, chairman and managing director, Nestlé India, a recovery in demand by the third quarter of FY21 is possible. "The rabi season harvest as well as the upcomfactors," he said. "The government rural areas with welfare measures. FMCG firms, on the other hand, All of this should alleviate the stress

growth is expected to come with a lag, FMCG firms are gearing up for the tough times ahead. Mohit Malhotra, CEO, Dabur India, said, "The Nielsen data shows while urban strategy for us would be to stay the distribution footprint and enhance

our competitiveness in the market." Sunil Kataria, chief executive officer, India and SAARC regions of Godrej Consumer, said, "We have a twofold strategy. One is that we will continue to focus on volume growth and will also look at value growth through premiumisation. We will drive the latter through innovations in our products, giving consumers a reason to shell out more money in these tough times. We are also tapping alternate trade channels in our have a greater exposure to rural mar- in rural areas in a few quarters from effort to reach consumers quickly

New appointments at ACC & Ambuja to streamline business

CEMENTING

▲ 2015: Lafarge & Holcim

2016: ACC made a subsidiary

2017: Neeraj Akhoury joins ACC

◄2018: Sridhar

Balakrishnan

from Lafarge Surma Cement

joins ACC as CCO

≥2020: Akhoury

appointed CEO &

MD of Ambuja

Cements

announce global merger

of Ambuja Cements

POSITIONS

AMRITHA PILLAY

Mumbai, 23 February

The appointment of new managing directors at LafargeHolcim-controlled ACC and Ambuja Cements last week is expected to further streamline the reporting structure in the group, bringing in better alignment in operations.

ACC on Thursday said Neeraj Akhoury, managing director (MD) and chief executive officer (CEO) of the company tendered his resignation with effect from Thursday. In a sep-

arate announcement. Ambuja Cements said Akhoury is the company's new MD and CEO, with Bimlendra Jha, of Ambuja resigning Cements, from the same post.

At ACC, Sridhar Balakrishnan, former commercial officer (CCO), has been elevated as the CEO and MD while Akhoury continues as a director on ACC's board.

Both companies in their statements to the exchanges said there was no other 'material reason' for the develop-Analysts. ments. however, see the new appointments helping LafargeHolcim bring better coordination for its two cement firms in

An expected merger between the two Indian

the market guessing for more than a decade now. With no fresh plan for a merger in sight, experts see the appointments as helpful in streamlining their reporting structure.

The appointments at ACC and Ambuja must be seen as another step to streamline reporting structure at the two companies. I expect more alignment between Ambuja and ACC,' Nitin Bhasin, head of research-institutional equities at Ambit Capital.

As MD of ACC, industry sources said. Akhoury reported directly to LafargeHolcim India head.

The new appointments will help streamline reporting between Ambuja Cements and ACC.

An email query sent to the Ambuja Cements on Friday remained unan-

As part of restructuring in group holding in 2016, ACC was made a subsidiary of Ambuja Cements, which, at present, holds 50.05 per cent stake in ACC. The LafargeHolcim group, on the other hand, holds 63.39 per cent in Ambuja Cements.

ACC and Ambuja Cements

explored the merger option in however, the decision was later called off. In March 2018, the two companies decided to enter into a master supply agreement. which intends to bring more operational synergy between the two "The appointments are a desperate measure to agreement

get the master supply going which, so far, has not shown any impact,' said an analyst. Akhoury assumed office as MD and CEO in February 2017;

however, his associawith LafargeHolcim group has been longer. Prior to the ACC appointment, Akhoury was CEO of Lafarge Surma Cement and country

LafargeHolcim Bangladesh. He was brought in at ACC, shortly after the global merger of erstwhile

Lafarge and Holcim. Experts said Akhoury has been able to bring erstwhile Lafarge group's aggression to ACC and with the appointment, a similar strategy is expected at Ambuja Cements. For instance, in 2018, ACC announced its long-awaited expansion plans worth ₹3,000 crore for a greenfield cement plant at Katni, Madhya Pradesh, and expansion of the company's other

Real estate firms paying up to 15% interest rate on loans

RAGHAVENDRA KAMATH & ARHIIIT LELE Mumbai, 23 February

Real estate developers, who are battling a prolonged slowdown in sales, are struggling to raise funds to construct properties, several developers told Business Standard. Even those who are getting funds seem to be paying through the nose.

Going through a liquidity crunch following the Infrastructure Leasing and Financial Services (IL&FS) crisis in 2018, it's become difficult for developers to raise construction finance, which was once considered safest form of lending by banks and non-banking financial companies (NBFCs).

Those who are getting construction finance are paying interest rates of between 13.5 per cent and 14.5 per cent. It was 10-12 per cent about two years ago.

"Construction finance has become difficult even for good companies. Even public sector banks are charging at 13.5 per cent," said Mayur Shah, managing director of Marathon Realty.

According to developers, the ₹25,000 crore distressed asset fund set up by SBICAP Ventures is lending to developers at 15 per cent. However, Irfan A Kazi, chief investment officer at SWAMIH

Investment Fund I of SBICAP Ventures said the fund manager does not charge interest till the project is completed, unlike other lenders. "In the last eighteen months, the

Reserve Bank of India (RBI) has reduced rates many times but borrowing rates for developers are becoming expensive," Shah said. Dhaval Ajmera, director at Mumbai-based Ajmera Realty said

banks had become very strict in adhering to norms and loan disbursals have become very slow. "Earlier, they used to sanction loans in 30-45 days. Now they

take anywhere between 90 days and 120 days," he said. Another prominent Mumbai developer who did not wish to be named said banks were not ready to take risk, and the NBFCs do not

have money. "Even lease rental discounting (LRD) rates have gone up. LRD is the safest loan for bankers," he said.

The developer said an NBFC in Mumbai is charging quarterly interest from developers, but stopped disbursing construction finance committed by it earlier.

Srinivasan Gopalan, chief executive at The Ozone Group, a Bengaluru-based developer, said there was no credit available. "Banks are not lending to residential



IN THE LAST 18 MONTHS. THE RBI HAS REDUCED RATES MANYTIMES BUT **BORROWING RATES FOR DEVELOPERS ARE BECOMING EXPENSIVE**

MAYUR SHAH, managing director, Marathon Realty



BANKS ARE NOT LENDING TO RESIDENTIAL PROJECTS AND THE NBFCs HAVETHEIR OWN CHALLENGES. WEWERE BANKING ON COLLECTION FROM CUSTOMERS

SRINIVASAN GOPALAN, chief executive, The Ozone Group

projects and the NBFCs have their own challenges," he said. Gopalan said Ozone was mostly

banking on collection from customers, and aggressively investment advisory Monal Capital,

marketing its projects. "There is no problem with affordable homes in Bengaluru and Chennai," he said. Ajay Jain, chairman of

said: "To become eligible for availing working capital, developers have to borrow at holdco level and multiple

However, some of the top property developers say they have not been impacted much.

"Our current average borrowing rate is eight per cent which is more or less equivalent to last year's borrowing rate. We have no issues in raising construction finance," a Godrej Properties spokesperson said.

An executive from Oberoi Realty said neither Oberoi nor any reputed company have any problem in getting monies from the banks and that too on their terms. "Our borrowing cost is lowest in the industry. It has not gone up, in fact it has come down," he said.

However, bankers said they are cautious due to heightened risk in the sector.

CV Rajendran, chief executive and managing director, CSB Bank said lenders are cautious on lending for construction in parts of Mumbai, Delhi and Chennai market which are little tough. His bank will look at selective exposures with tight clauses for recovery.

Rates of interest are higher to compensate to some extent for elevated risk of default, said another private sector banker.

BSNLunions call nationwide hunger strike

grinding capacities.

New Delhi, 23 February

State-run telecom firm BSNL's employee unions have called a nationwide hunger strike on Monday, to protest against delay in execution of the ₹69,000-crore revival package announced by the government.

'The All Unions and Associations of BSNL (AUAB) is organising a country-wide hunger strike on February 24, 2020. This hunger strike is being organised to demand the expeditious implementation of the Union Cabinet's revival package in respect of BSNL, as well as to demand settlement of the grievances of the employees," AUAB said in a statement.

In October 2019, the central government approved a ₹68,751-crore revival package for loss-making BSNL and MTNL, including 4G spectrum allocation and voluntary retirement scheme (VRS), as well as their merger.

AUAB said the salient feature of the revival package is the allotment of 4G spectrum, the issuing of sovereign guarantee for raising funds to the tune of ₹15.000 crore. with share of BSNL at ₹8,500 crore and ₹6,500 crore for MTNL, by way of issuing long-term bonds, monetisation of assets and implementation of a VRS. "Out of these, only the VRS has been implemented, through which 78,569 BSNL employees have been sent home," statement said.

TCG plans investment of ₹1.3 trillion in Odisha, TN

Kolkata, 23 February

he Chatterjee Group (TCG) is in talks with global energy firms to enlist them as equity partners for its upcoming petrochemicals project in Odisha, and is also on the lookout for partners and strategic investors for its project in Tamil Nadu.

TCG, which is looking at a 2:1 debt-equity ratio to fund these projects, is also planning to approach investors and banks to raise capital in the next six months, a person aware of the development told Business Standard.

TCG, owned by Purnendu Chatterjee, is planning to invest around ₹78,000 crore in Odisha and ₹50,000 in Tamil Nadu.

"The estimated investments will take place over a five-year time period, and as projects keep coming up, funds will be needed. TCG is in talks with global companies both for equity partners as well as strategic investors," the person said.

The project in Cuddalore in Tamil Nadu, which has port access, is expected to come up first. TCG's flagship company, land. "While the land with Haldia Petrochemicals (HPL), after getting a go ahead from the National Company Law Tribunal (NCLT), is poised to take over 2,100 acres of land hitherto with Nagarjuna Oil Corp (NOCL).



TCG IN TALKS with global energy firms for equity partnership in Odisha project

THE GROUP HAS also started talks with investors for equity and strategic investment in Tamil Nadu project

TCG WILL MAINTAIN status quo on West Bengal project TAMIL NADU project to start in 6 months, Odisha project may take around 2 years

NOCL is facing liquidation. Besides HPL, Accord Distillers & Brewers and Adani Ports & SEZ had also submitted bids during

the liquidation process. NOCL went into insolvency soon after it started constructing a refinery, thus, most of the land is vacant. HPL will be coming up with a new project on the NOCL is readily available, the same needs to be acquired first in Odisha, which will take some time. Thus, it is expected that the petrochemicals project in Tamil Nadu will start first rather than Odisha," the person added.

The Odisha government has started the process of acquiring around 3,320 acres of land in Balasore, which is near the upcoming Subarnarekha port. This project is expected to have a 1.08-mtpa (million tonnes per annum) polyethylene unit, a 1.6-mtpa unit of paraxylene, and another 1.25-mtpa unit of purified terephthalic acid, besides a light crude oil refinery. Aromatics complex and ethylene complexes would be set up.

According to the person, while work can be started in India back in 1994 by setting up Tamil Nadu within six months this project in Haldia.

after clearances from the NCLT, the project in Odisha may take around two years to start as land acquisition process has to be completed first, and the necessary environment and forest clearances have to be obtained.

In Odisha, of the total land to be acquired, 900 acres is held privately, while 700 acres is forest land. The state government has around 800 acres, and the rest is a mix of Bhoodan land and others.

Industry officials are of the view that the land acquisition of this proportion is a sensitive matter in the state, given its past when South Korean firm Posco backed out owing to land issues.

When asked about these developments, the TCG official declined to comment.

While TCG has decided to invest heavily in Tamil Nadu and Odisha, it has decided to maintain status quo on its operations in Haldia in West Bengal.

The person said the decision had been taken considering the congestion around Haldia port, which the group feels is unable to handle more loads.

"Unless Haldia port is able to handle more cargo, and the congestion is addressed, it is unlikely that the existing TCG facility in Haldia will be scaled up," the person said.

TCG had marked its foray in the petrochemicals business in

Essar signals resuming investment-led growth

PRESS TRUST OF INDIA New Delhi, 23 February

The \$10-billion energy-totechnology conglomerate Essar is looking to embark on a new phase of investment-led growth on the strength of a its 50th-anniversary celebrasubstantially lighter balance sheet arising from repayment encer outreach. of ₹1.4 trillion loans over the last three years, the promoter ministers, chief ministers and

Ruia family has said.

Despite losing Essar Steel in insolvency proceedings, cash flows remain strong, with ₹1,00,000 crore of revenues from existing businesses.

The group has kickstarted tions with an aggressive influ-

In a mailer sent to Union

top bureaucrats, the Essar tic and evolving economic Group has indicated that it is "poised to embark on a new phase of growth while driving growth in its existing portfolio." Essar did not specify what the new growth areas could be, corporate India, we have paid but said it is "armed with a substantially lighter balance

sheet" after it took "a con-

scious call of reducing its debt

in response to evolving domes-

scenario." The letter was jointly signed by Ravi Ruia and Prashant Ruia.

"In the largest debt reduction exercise in the history of about ₹140,000 crore (\$20 billion) of debt to the banking system over the last three years," the promoter Ruia family wrote in the letter.

Special-series bonds could be over 10% of borrowing target

Amount of debut issue and subsequent tranches will be finalised by FinMin, RBI in end-March

ARUP ROYCHOUDHURY New Delhi, 23 February

ndia is planning a massive debut issue of specialseries government bonds, upwards of ₹10,000 crore, in the first half of 2020-21. This will be followed by multiple tranches, which could combine to be more than 10 per cent (₹80,000 crore) of the FY21 gross borrowing estimate of ₹8.1 trillion, helping India get a substantial weight after its inclusion in global bond indices.

'The Finance Ministry's view is that the share of special-series bonds in a year should be more than 10 per cent of the total borrowing requirements. The amount of the debut tranche and subsequent tranches will be decided by the Reserve Bank (RBI) in consultations with the government," a top official told Business Standard.

The details of the debut have any limit for foreign portand subsequent tranches will folio investors. This will be a be finalised by the time the precursor to get Indian G-Secs Finance Ministry and the indices in a bid to attract for-RBI announce the April-September borrowing caleneign capital. The foreign portfolio investor limit on G-Secs dar in end-March. As reported earlier, the stands at 6 per cent.

Centre will issue a special



■ The Centre will issue a special series of G-Secs, which won't have

any limit for FPIs

■ Finance ministry officials have met RBI as well as

administrators of global bond indices

Over the coming weeks, there will be meetings with investment banks who may act as potential

specified categories of govern-

available to domestic investors,

Some of the global bond

market makers for the bonds

■ In dollar terms, 10% of FY21 gross borrowing target is approximately \$11 billion

series of G-Secs, which won't Finance Minister Nirmala indices that could embrace Sitharaman in her 2020-21 Indian G-Secs, if all the condi-Union Budget speech, "Certain tions are met, include the Bloomberg Barclavs Global included in global bond ment securities would be Aggregate Index, FTSE Russel opened fully for non-resident Pacific Government investors, apart from being Bond Index, JP Morgan Government Bond Index-

Emerging Markets, and others. "These indices have condi-

that the amend-

ment allowing

payment of inter-

est on the basis of

net tax liability is

clarificatory and

therefore, retro-

spective in its

receiving the noti-

ces for interest,

started

operation.

payers

size. For example, each issuance should be \$400 million at least, and the total quantum of the bonds should be at least \$5 billion. For us that is doable," said a second official aware of deliberations regarding the instruments. Ten per cent of the FY21 borrowing target equates \$11 billion. Finance ministry officials

tions which favour scale and

have had a number of meetings with the RBI as well as the administrators of global bond indices. Over the coming weeks, there will be meetings with investment banks who may act as potential market makers for the bonds, a second official said.

Government officials as well as bond market analysts said that being part of global bond indices will help the Indian G-Secs attract large funds from major global investors, including pension funds.

A large number of bond investors, including global pension funds, are passive investors, in that they just follow what is in the benchmark indices. So, once the central government's G-secs are included in these indices, officials expect a chunk of foreign liquidity to come in.

Policy transmission getting better, up by 20 bps in 2 mths: Das

New Delhi. 23 February

Reserve Bank of India (RBI) Governor Shaktikanta Das said monetary policy transmission

was steadily improving and was expected to improve further. Transmission is improving. If you see it was 49 basis points transmission for new loans in the December Monetary Policy Committee (MPC). In February MPC, it has gone up to 69 basis points.

So it is steadily improving,"

he said. The RBI is reviewing the retail inflation targeting framework behind policy decision as well as its effectiveness and also plans to hold stakeholders consultations including with the government in June. Das said.

To keep inflation under specified level, the government in 2016 had decided to set up MPC headed by RBI governor entrusted with the task of fixing the benchmark policy rate (repo rate).

The six-member panel, October 2016, was given the inflation at 4 per cent until March 31, 2021 with an upper tolerance of 6 per cent and a improve further. lower tolerance of 2 per cent.

The monetary policy have initiated a process of at 5.15 per cent but main-

how the monetary policy framework has worked" SHAKTIKANTA DAS **RBI** Governor

"The policy framework is in

years. We have initiated a

operation for three and a half

process of internal review of

monetary policy framework has worked," Das told PTI in an interview.

"We have commenced an internal review of the working of the monetary policy framework, and going forward by the middle of the current calendar year, that's by June or so, we will be holding a round table with all analysts and experts and other stakeholders to do further consultations including the government at the appropriate time," he said.

Obviously, RBI has to interact with the government because the framework is a part of the law, he said, adding, "so, which had its first meeting in naturally government has to take a view." With regard to mandate to maintain annual monetary policy transmission, the governor said, it is steadily improving and is expected to

On February 6, the sixmember MPC headed by Das, framework is in operation for for the second meeting in a three and a half years. We row, kept reporate unchanged

internal review of how the tained accommodative policy stance which implies it was biased in favour of cutting rate to boost growth.

> Prior to going for status quo on rates in December, the central bank had slashed rates five consecutive times that resulted in a cumulative 1.35 per cent decline in reporate.

On RBI aligning its financial accounting year with that of union government. Das said the current financial year will end in June while next financial year starting July one would end on March 31.

So, the current year will go on till June. It will have 12 months. Next accounting vear will start on July 1 and end on March 31, he said.

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

With this move, the RBI will do away with nearly eight

Trade wants GST Council to change late payment rule

Sitharaman had said.



EXIM MATTERS

T N C RAJAGOPALAN

The Central Board of Indirect Taxes and Customs (CBIC) has asked its field formations. to collect about ₹46.000 crore as interest on delayed payment of goods and services tax (GST) on the basis of gross tax liability, i.e. the tax liability without adjusting the input tax credit (ITC) available in the electronic credit ledger. This move has caused a lot of heartburn in the trade. net lax liability. The central

to pay tax of ₹1 crore but has available ITC of ₹99 lakh and delays payment of the due tax of ₹1 lakh after adjusting the ITC, then interest must be paid on the gross tax liability of ₹1 crore.

The plan was spelt out by

upheld by the Telangana High Court in the case of Megha Engineering and Infrastructures. [2019 (26) GSTL 183 (Telangana)], on the basis of the law as it stands.

The contention of the will trade is that the interest prospectively and should be collected on the net tax liability of ₹1 lakh in the above example, which is the of tax till the amount payable in cash after adjusting the available ITC. The GST Council, in its 31st meeting on December 22, had accepted this stand and recommended charging interest only on the

Central GST Act, 2017 suitably amended last August.

However, it has not yet the case of M/s Refex notified the amendment but Technologies (2020-TIOLhas assured that the same will 382-HC-MAD-GST) has held be given effect as

soon as the two This position has been remaining states, Telangana and West Bengal, amend the relevant State laws. The CBIC says

this amendment operate so, all interest on delayed payment amendment takes effect will be on the basis of

gross tax liability. The trade says once the GST Council has conceded the unfairness of charging interest on gross tax liability,

there should be no hesitation

The government contends government has also got the in giving retrospective effect the government is to garner that if a tax payer is required relevant Section 50 of the to the amendment. Meanwhile, the Madras

that the aim of the government is to garner revenue by any means, even when it knows that there is no merit in asking for interest on the basis of gross

The overall sense

in the trade is

tax liability some approached the courts and the Gujarat High Court, in the case of Amar Cars, stayed the notice demanding such interest and asked the government

1: RECOVERY RATE DROPS TO THE LOWEST

Amount recovered by financial creditors

■% of claims ■% of liquidation value

- 2018 -

to respond. The overall sense in the email:

revenue by any means, even when it knows that there is no High Court, in the case of in merit in asking for interest on the basis of gross tax liability.

As the law stands, the government may have a right to demand interest on gross tax liability but it must recognise the unfairness of the demand, hold up such demands and amend the law retrospectively providing for interest on net tax liability, say the tax payers. The wise way forward for

When the tax the government is to persuade the GST Council to allow interest payment on net tax liability retrospectively, get necessary amendments made in the GST laws and give effect to the same quickly. Meanwhile, demands on the basis of gross tax liability can be held in abevance.

trade is that the main aim of tncrajagopalan@gmail.com

Rangarajan for supply-side shocks to contain inflation

PRESS TRUST OF INDIA New Delhi, 23 February

RBI governor C Rangarajan (pictured) has said the Reserve Bank of India (RBI) alone could not contain inflation as supply-side shocks are needed to be managed by the government.

In a paper titled 'The New Monetary Policy Framework -What it Means', Rangarajan talked about the limitations of the RBI's monetary policy in containing inflation.

"The inflation mandate as frame for adjustment which the government," he said.



should not be too short. Nevertheless, monetary policy must act irrespective of what triggered inflation. Obviously, supply-side management is needed in situaalready mentioned must provide for a range and a time should be the responsibility of

adoption of inflation targeting by India had given rise to many doubts and concerns. The new policy framework requires the RBI to maintain consumer price inflation at 4 per cent with a margin of + or - 2 per cent. "Thus in a sense, it is flexi

Rangaraian said the

ble targeting. The amendment to RBI Act also provides for the setting of a MPC which will determine the policy interest rate in order to abide by the inflation mandates," he said. The focus on inflation targeting by monetary authorities hardly mean a neglect of other objectives such as growth and financial stability, he noted.

SBICAP Ventures vetting 18 realty projects for ₹3K-cr funding

ABHJIT LELE Mumbai, 23 February

SBICAP Ventures is vetting last-mile funding to 18 stuck residential projects with a potential disbursal of ₹3,000 crore. The total value of these projects is ₹22,000 crore. Irfan Kazi, chief investment officer of SBICAP Ventures, said investment panel of fund had met four times.

The disbursement in two projects — one in Mumbai and other in Bengaluru having 640 housing units has been done. The fund had looked at 300 projects across the country, Kazi told media on the sidelines of a real estate summit organised by the Confederation of Indian Industry (CII). It is a category II alternate investment fund formed under the special window announced by the Centre to provide last-mile funding for stalled affordable and middle-income housing projects. SBICAP Ventures, a subsidiary of SBI Capital Markets, and the Union government are investment fund managers.

The fund achieved its first closure in December 2019 with commitments for ₹10,530 crore. The government, SBI, LIC, HDFC, and other leading public sector institutions are among those that have put money into the fund. Further investments will be brought in through institutional and private investors to generate a corpus of ₹25,000 crore.

The company is in talks with some global investors, including sovereign funds, for investment.

STATSGURU Three years of IBC



THE INSOLVENCY AND Bankruptcy Code (IBC) has completed more than three years in operation, and the data is available now. An

analysis of the Insolvency and Bankruptcy Board of India (IBBI) data gives insights into how the system has evolved. The amount recovered by financial

creditors has varied, and does not show a clear improvement. In fact, the recovery rate was just 12 per cent in the quarter ending December 2019, the lowest in at least two years (Chart 1). Further, the IBBI data processed by

EY India shows that bigger cases — with higher claims by financial creditors - take more time to get resolved (Chart 2). Also, the average recovery rate rises with time, but only till the upper limit of 330 days (Chart 3). After the 330-day period, there is no clear trend as to how fast or efficiently the cases get resolved, aside from this important fact: The most delayed cases are the ones with the higher claims.

Due to such cases, the average time taken for resolution, and even liquidation, is slowly rising (Chart 4). The data also shows that it is better to admit a company in the IBC process while its in operation, as the recovery rate is better (Chart 5A). A third of the companies not resulting in resolution were already defunct, shows Chart 5B.

Among manufacturing companies that went to the National Company Law Tribunal (NCLT), chemicals and metal firms witnessed more resolutions. Companies in the labour intensive (employment friendly) leather and textile sectors mostly get liquidated (Chart 6).

In services, companies in the real estate and construction sector go for appeal or review the most (Chart 7). A resolution is more likely in the power and hospitality sector companies. **ABHISHEK WAGHMARE**

44.5 40.5 561 66 213 124 Defunct Resolved

Jan-Mar Apr-Jun Jul-Sept Oct-Dec Jan-Mar Apr-Jun Jul-Sept Oct-Dec



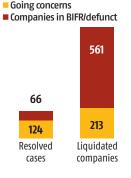
45.1 43.6 41.1 20.4 200-270 270-330 330-400 400-500 Days required for resolution

5: A STITCH IN TIME SAVES NINE Recovery better when running A third of resolved cases

creditors

StatsGuru is a weekly feature. Every Monday, Business Standard guides you through the numbers you need to know to make sense of the headlines

companies see resolution were of defunct firms Average recovery by financial (Number of companies) Going concerns



6: MANUFACTURING: LABOUR-INTENSIVE SECTOR FIRMS END UP MORE IN LIQUIDATION Share in total cases admitted

60 28 22 27 18 Machinery Food & Wood, rubber, Chemicals

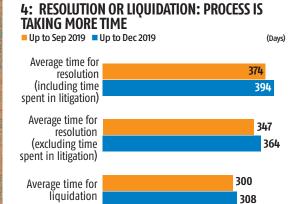
leather, & equipment | beverages plastic, & paper | metals

5,115 1,684 1,491 848 584 500+ 200-270 270-330 330-400 400-500

Days taken for resolution

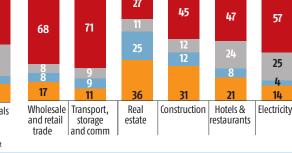
Average claims admitted by financial creditors vs resolution time

2: BIG-TICKET CASES TAKE MORE TIME



7: SERVICES: REVIEW AND WITHDRAWAL COMMON AMONG REAL ESTATE AND CONSTRUCTION FIRMS Share in total cases admitted

Appeal/review/settled Withdrawn under Sec 12A Resolution plan approved Liquidation commenced 25



Source: IBBI, EY India Compiled by BS Research Bureau IN BRIEF

IAF plane using bio-fuel mixture to help cut crude oil imports: PM



Prime Minister Narendra Modi on Sunday hailed the use of a mixture of 10 per cent indigenously produced bio-jet fuel to fly an Indian Air Force transport aircraft, saying such efforts will not only help bring down carbon emissions, but also reduce the country's dependence on imported crude oil. Addressing his monthly

Mann ki Baat radio address, he said "history was made" when an IAF AN-32 aircraft took off from Leh's Kushok Bakula Rimpoche airport using a mixture of 10 per cent Indian bio-jet fuel. "This was the first time that this mix was used in both engines. Not just that, the airport from which this plane took off from Leh is not only one of the highest altitude airports in India but also in the world." the prime minister said. He pointed out that the bio-iet fuel is prepared from "non-edible tree borne oil" and is procured from various tribal areas of India.

SC rejects Adani Gas' plea on piped gas distribution award

The Supreme Court has upheld an award for piped gas distribution network in Chennai and Tiruvallur districts in Tamil Nadu to a Guiarat-based firm by the Petroleum and Natural Gas Regulatory Board, A Bench dismissed the appeal filed by Adani Gas and others and justified the action of PNGRB saying calling the bidders with the highest composite scores cannot be faulted. PTI.

1.8 mn pay ₹20 crore for entering FASTag lanes without tag

The National Highways Authority of India (NHAI) on Sunday said it had collected ₹20 crore from 1.8 million defaulters who entered the FASTag lanes at electronic toll plazas on national highways without the tag. Over15.5 million FASTags have been issued through multiple point of sale locations.

Centre keen to sell stake in THDCIL, **NEEPCO** this fiscal

The Centre is keen to sell its stake in THDC India and NEEPCO to NTPC in this fiscal year, according to a source. The deal is expected to fetch ₹10,000 crore to the exchequer. "The NTPC would acquire government's stake in THDCIL and NEEPCO this fiscal year only for meeting revised disinvestment target of ₹65,000 crore for FY20,' the source said.

Govt notifies levy of 28% GST on lotteries effective March 1

A 28 per cent goods and services Tax (GST) will be levied on Interies from March 1 according to a notification. The GST Council had in December decided to impose a single rate of 28 per cent on state-run and authorised lotteries. The revenue department notified the GST rate on supply of lotteries and amended Central Tax (Rate) notification.

Top FinMin, NITI, DoT officials talk relief measures for telcos

New Delhi, 23 February

n inter-ministerial group comprising officials from the finance ministry, NITI Aayog, and Department of Telecommunications on Sunday discussed urgent relief measures that could be extended to the telecom industry on adjusted gross revenue (AGR) issue.

The telecom department offithe high-level meeting on Sunday. The meeting comes at a time when the companies stare at ₹1.47 trillion in unpaid dues — ₹92,642 crore in unpaid licence fee and another ₹55,054 crore in outstanding spectrum usage charges.

include interest and penalty for late payments, Airtel and Vodafone Idea owe about 60 per Airtel has cent. raised \$3 billion in the past few months and is expected to have sufficient funds

complying with the Supreme Court order on AGR dues, ensuring health to tide over the AGR of the sector and crisis. Vodafone Idea, safeguarding which has paid just consumer interest 7 per cent of its total ₹53.000-crore statu-

The government is

looking to strike a

balance between

tory dues, remains vulnerable. Bharti Airtel Chairman Sunil Mittal had last week appealed to the government for cut in levies and taxes, in order to pull the sector out of what he had described was an "unprecedented crisis".

The government, meanwhile, is looking to strike a balance between complying with the Supreme Court order on AGR dues, ensuring health of the sector and safeguarding consumer interest.

Both Mittal and Vodafone Idea Chairman Kumar Mangalam them defaulting on existing loans.

functionaries throughout the last week to seek prompt measures that would offer a breather to the sector

A top government official had recently said attempts were being made to balance the need for health of the sector, consumer interest complying with the Supreme Court order on statutory dues.

Although the official had not cials remained tightlipped after elaborated, sector watchers had said the statement alluded to the government keen on ensuring adequate competition by retaining the present three-plusone model of competition (three private players and one public sector company). The statutory dues Of the estimated dues that arose after Supreme Court, in October last year, upheld the

> government's position on including revenue from noncore businesses in calculating the annual AGR of telecom companies, a share of which is paid as licence and spectrum fee to the exchequer. The Supreme

Court earlier this month rejected a plea by mobile carriers such as Bharti Airtel and Vodafone Idea for extension in the payment schedule and asked all of them to deposit an estimated ₹1.47 trillion in past dues for spectrum and licences. It threatened to initiate contempt proceedings against top executives of these firms for non-payment.

Some telecom firms are already struggling with mounting losses and debt and the additional liability has raised concerns of



COAI: DoT needs to ensure consistency in calculation

Terming 'test checks' proposed by the government on telecom companies' adjusted gross revenue (AGR) arithmetic as standard audit procedure, the Cellular Operators' Association of India (COAI) has said $the\,DoT\,needs\,to\,ensure$ consistency among its different circles on calculation of dues to minimise any differences.

The COAI also cautioned that any decision to encash bank guarantees will be "disastrous" for the telecom industry, which only has three private players. "Any move to encash bank guarantees will precipitate an already precarious situation," COAI Director General, Raian Mathews said

Mathews termed the 'test $checks' being \, proposed \, by \, the$ telecom department to examine deviation in calculation of dues by companies as a "standard audit procedure". He said while amounts need to be finalised as soon as possible, operators too should be

given a fair opportunity to explain the deviations in calculation. "There should be consistency amongst all LSAs (Licensed Service Areas) of the DoT (Department of Telecommunications) on how the amounts are calculated, so the differences are minimised," he said

The government has made it clear that it will verify the companies' claims on AGR math and examine any deviations from its own calculation, through random 'test checks' before March 17. The government will conduct 'test check' for any one year (of telcos'dues) to examine variances between telecom companies' assessment and the government's own calculation of AGR liabilities.

The test check will happen for all telecom firms, but could start with those, which have already claimed they have made full and final settlement towards their statutory liabilities, like Tata Teleservices.

IDFC First to raise ₹2K-cr debt capital

ABHIJIT LELE

Mumbai, 23 February

IDFC First Bank is raising up to ₹2,000 crore in tier-II debt capital via bonds to strengthen capital base, improve buffers and support business growth.

The private lender's capital adequacy ratio (CAR) was 13.29 per cent at the end of December 2019, which is considered strong. The regulatory requirement for total CAR is 10.87 per cent with CET-1 ratio at 8.87 per cent, according to the Reserve Bank of India's norms.

IDFC Bank also has significant headroom for raising tier-1 and tier-2 bonds to increase capital adequacy beyond 18 per cent, the bank said in filing with the BSE. Rating agency CRISIL has assigned its 'AA/Stable' rating to the ₹2,000 crore tier-II bonds (under Basel III).

The strategy of the bank has been to conserve capital by not increasing the loan book and yet raise margins by growing the proportion of retail book. It would continue to conserve capital in the future, too. Funded assets of the bank rose marginally to ₹1.06 trillion in December 2019 from ₹1.04 trillion a year ago. IDFC First Bank came into being on December 18, 2018, following the merger of IDFC Bank and Capital First (CFL).

In the initial few quarters after the merger IDFC First pro-actively recognised and provided for stressed assets as well as invested in expanding its reach for building a strong retail franchise.

CRISIL said capitalisation is healthy, as reflected in the overall CAR of 13.29 per cent as on December 31, 2019, despite moderation from 15.47 per cent, as on March 31, 2019.

The capital position is supported by a sizeable networth of ₹15,240 crore and a healthy cushion Furthermore, with incremental growth com-

ing from the retail portfolio coupled with scaling down of the wholesale loan book, capital consumption is expected to be at lower levels than seen in the past.

The 'AA' rating reflects the bank's healthy capitalisation, increased focus on retailisation of the loan book, and expectation of improvement in earnings profile. These strengths are partially offset by the rel-

atively low, albeit increasing proportion of current account and savings account (CASA) deposits in borrowings, CRISIL said.

INDIA REMAINS FAVOURITE WITH FPIS DESPITE A STEADY DETERIORATION IN MACROS

India has traditionally been one of the favourite destinations for foreign portfolio investors (FPIs). In the past 12 months, Indian equity market received nearly \$18 billion worth of FPI inflows, highest among the emerging markets.

FPI's love for India shows in the premium valuation on Dalal Street. At 25.2 times trailing earnings BSE Sensex is the most expensive benchmark index in the emerging markets. It is nearly 50 per cent expensive, compared to benchmark equity indices in Indonesia, Brazil, China, and Mexico and over three times expensive compared to its Russian peer. Strong capital inflows, however, contrast with

a steady deterioration in the country's macroeconomic fundamentals. According to the International Monetary Fund, India saw one of the sharpest declines in headline economic growth in 2019 and lost the tag to the world fastest growing economy to China among key countries and Bangladesh over all.) IMF expects a gradual recovery in growth in

2020 but China, Vietnam, and Bangladesh are likely to grow faster. Slowdown is also visible in India's merchandise exports and consumer demand domestically. The net result has been a slump in overall demand in the economy, hitting the job market and corporate earnings.

According to Bloomberg, the underlying earning per share (EPS) of BSE Sensex (in dollar terms) is expected to grow by 11.8 per cent in calendar year 2020, underperforming other

India's macros have also been muddled by a rising fiscal deficit and public borrowing to fund it. At around 7.5 per cent of GDP, general government borrowing in India is on the higher side among EM peers. KRISHNA KANT

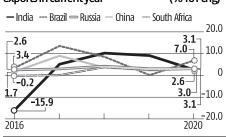
indices with the exception of Russian market.



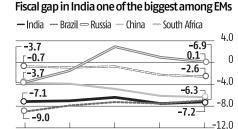
GDP GROWTH AT CONSTANT PRICES Indian economy decelerates unlike many other EMs (% YoY chg) — India — Brazil — Russia — China — South Africa

	12.0
_8.2	5.8 8.0
6.7	6.0
-0.4	2.2
0.3 -3.3	0.8 0.0
2016	2020 -4.0

TREND IN MERCHANDISE EXPORTS Sharp slowdown likely in India's merchandise exports in current year (% YoY chg)



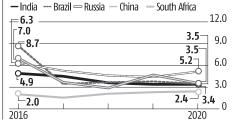
GOVERNMENT BORROWINGS/LENDING (as % of GDP)



2020

CONSUMER INFLATION Consumer inflation in India was

well-anchored till recently

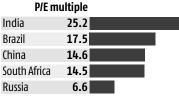


GROWTH IN CORPORATE EARNINGS (\$) Corporate earnings growth in India tepid and so has been index return in constant currency

	EPS*	3-year index				
	3-Yr CAGR	CY20 (Est)	return (%)**			
India	5.4	11.8	-6.5			
Brazil	21.3	13.8	19.2			
Russia	19.2	-10.9	7.3			
China	4.8	29.3	-2.2			
South Africa	13.1	1.8	-3.0			
*Earnings per share growth in benchmark indices;						

PRICE TO EARNINGS MULTIPLE OF **BENCHMARK EQUITY INDICES** Indian equity remains most expensive

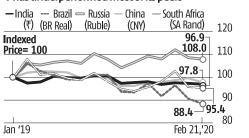
2016



Source: International Monetary Fund, Bloomberg

RELATIVE MOVEMENT IN EMS' CURRENCIES AGAINST US \$ SINCE JANUARY 2019

₹ has underperformed most of its peers



FROM PAGE 1

BSNL, MTNL users put on hold as VRS hits service

Together, they have around 123 million subscribers (mobile and landline) in the country out of a total telecom user base of over 1.2 billion. In landline, these two hold over 60 per cent of the market share.

Admitting that BSNL was overstaffed, another senior BSNL executive said the overall impact of the VRS on the company's operations was minimal. In fact, both MTNL and BSNL executives claimed it was business as usual.

Of the total number of BSNL employees who took VRS, a majority - 55,000 made up for non-executive staff. In the case of MTNL too, the non-executive category formed the chunk in taking VRS.

"The retirement scheme was opted by plovees of all levels at our company ar there was no cadre-based differentiation while offering the scheme," said Purwar. Age (above 50) was the only condition for accepting the application and there has been no rejection.

Outsourcing for future

The state-level executives, however, sounded more realistic.

In BSNL's Gujarat circle, for instance. tenders are being floated across the circle units for roping in outsource partners following guidelines from the corporate office recently. Of the roughly 10,000 workforce in the state, around 6,468 opted for VRS, leaving the circle with staff strength of just 3,532.

"We are looking at improving our services, though there are no details yet on any further investments. The outsourced partners will manage our copper lines for landline connections. This is because majority of those who opted for VRS are from among the Group C staff who used to maintain these lines," said an executive from the Gujarat circle. Maintenance of optic fibre network may also be outsourced.

Similarly, at BSNL offices in Hyderabad, officers managing the post-VRS situation have redeployed staff from back-end administrative work at customer service

"Manning the customer service centres and handling of fault rectification are our priority. We are trying to ensure the least possible disruption at this difficult juncture. The tenders for outsourcing of these functions are already at an advanced stage," a senior BSNL executive said in Hyderabad.

In Chennai, where almost 33 exchanges out of the total of over 200 in the city and its suburbs barely had any staff since February 1, the unions have been active. "Our union had to immediately talk with the management here and make some arrangements, so that at least skeletal staff was allocated in these exchanges and they are not closed," said CK Mathivanan, senior vice-president of the National Federation of Telecom Employees at BSNL.

As for the customer service centres in Chennai, around 22 out of a total of 52 may be eventually closed down or handed over to private franchise.

where BSNL has subsidiaries.





prices and the real estate assets of the two

companies would be monetised. The

details of the scheme will be finalised by

the two companies. The process for asset

monetisation and roll-out of 4G spectrum

has approved ₹17,169 crore as ex-gratia com-

ponent and ₹12,768 crore for advancement

MTNL and BSNL assets worth ₹37,500 crore

over a period of three years to raise

resources for retiring debt, servicing of

bonds, network upgrade, expansion and

meeting the operational fund require-

ments. The assets include land as well as

rental and leasing of buildings. MTNL has

com companies have been spending 5-10

per cent of their total expenditure on staff,

against 70 per cent by BSNL and MTNL,

brings out the size and impact of the VRS

at the two state-owned telcos. From a

strength of 198,000 employees till a few

months ago, BSNL and MTNL are down to

almost half. The service shake-up has to

accompany such a major staff reduction

exercise, as an old-timer pointed out.

The fact that historically private tele-

around 29 retail outlets in Delhi alone.

In the VRS package, the government

The government plans to monetise

is vet to commence.

of pensionary benefit.

Damodar Valley official has been lamenting the deterioration in Calcutta Telephones' service quality. Chakraborty (79), a supporter of nationalised enterprises, has been using this connection since 1972. "I'm too old to get used to smartphones and so have kept this connection," he said.

But, according to Chakraborty, the quality of voice service as well as data speed has been falling for the past two years, much before the VRS was offered.

Banking on contract labour

In Uttar Pradesh (UP), where the decision to outsource some of the services has already been taken, a BSNL executive pointed out that manpower crunch was real. The remaining BSNL staff now shoulder greater responsibilities, he said.

Across two circles — UP (East) and UP (West) in the state — where the staff strength has shrunk to nearly 3,300, from about 6,900, the mobile phone base is at an estimated 16 million.

It seems while the mobile subscriber base has remained constant in UP even after the VRS, the landline services are facing the heat of the sudden staff reduction.

Although some of the centres are activelooking for ad-hoc and contractual employees, the process would take time for BSNL and MTNL, which the policymakers have been wanting to merge for several years but have failed to because of resistance from unions.

The VRS package

A couple of days before Diwali in October 2019, the Union Cabinet had approved a relief package worth nearly ₹70,000 crore for BSNL and MTNL, followed by a merger of the two entities.

The package includes a sovereign bond issue worth ₹15,000 crore to be serviced by The impact is seen even at the centres

the two telecom companies. Both BSNL and MTNL will be allotted Bhanu Kiron Chakraborty, a retired 4G spectrum at administered price (or an

allowed direct foreign listing The Ministry of Corporate Affairs (MCA) is also plan-

Firms to be

ning to introduce an enabling provision in the law to ensure large unlisted companies have to file quarterly results on the MCA21 portal. 'We will define a class of

companies that will be covered under this proposed law," the official said. However, the ministry

Il decrease the comp ance burden on certain categories of private companies that list debt securities. All private firms are

treated similar to listed companies in terms of compliance if they list debt securities. Finance Minister Nirmala Sitharaman in her Budget speech had said the government would amend the Companies Act to remove the criminality clause.

The ministry is planning a fresh categorisation of 23 compoundable offences. to be dealt with in the inhouse adjudication framework, and make penalties for them milder. Also, it seeks to impose only fines and remove imprisonment for 11 offences.

Based on the recommendations of the Companies Law Committee to improve "ease of doing business", the government is planning a lower time frame to hasten rights issues for fundraising by companies and not levying penalties for delay in filing annual returns and financial statements in certain cases.

Currently, under the Act. companies are required to give at least 15 days' notice for offering

Threat... and opportunity

One positive outcome of the coronavirus crisis may be a review of vaccine research and development processes



TECH-ENBLED

DEVANGSHU DATTA

he coronavirus epidemic, Covid-2019 has, so far, claimed over 2,300 lives and infected over 75,000 persons. So far, nothing has stopped its spread. One positive outcome of the crisis may be a review of vaccine research and development processes, leading to much faster development and deployment of new vaccines.

new vaccine to move from the lab onto can work even if the body recognises only

pharmacy shelves. This involves a process of preclinical development; three clinical phases; preregistration; registration; and launch. There are hopes that new technology, fast-tracked clinical trials and fast regulatory clearances could shorten this to just 12-18 months, in the case of Covid-2019.

Viruses are tiny pieces of RNA or DNA (not both, unlike normal cells) that invade the cells of hosts (humans, animals, birds) in order to replicate. They come in all sorts of shapes. Coronaviruses like Covid-2019 are RNA-based.

Covid-2019 uses coiled spikes of protein to attach itself to a cell. After the spike is attached to the cell, it uncoils and drills a hole in the cell to enter. The virus then fools the body into believing that it is giving legitimate genetic instructions, in order to replicate.

The body combats viruses by recognising the characteristic shape of a virus and developing antibodies to attack any-On average, it takes over 10 years for a thing, which is that shape. Antibodies

part of the characteristic virus shape. Viruses in turn, tend to mutate, changing shape to evade immune responses.

Vaccines work by getting the body to recognise the virus, and thus, helping trigger antibodies. Hence, a vaccine must contain at least part of a virus. Sub-unit vaccines do contain just part of a virus sub-units are commonly used for flu shots and hepatitis B. There are also attenuated vaccines, which contain a weakened version of a live virus (the measles vaccine is an attenuated vaccine) and inactivated vaccines, which contain a dead virus (such as rabies).

In 2017, the Coalition for Epidemic Preparedness Innovations (CEPI) was launched in Davos. CEPI is a public-private international body headquartered in Norway. It was an international response to the emergence of deadly viruses such as SARS, Ebola, Zika etc. The CEPI's mission is to fast track vaccine development and ensure widespread access to vaccines.

The CEPI is now working in coordi-

ment of new vaccines against Covid-19. This includes programmes with pharmaceutical companies like Inovio, CureVac and Moderna Inc and also research programmes with the University of Queensland and the US National Institute of Allergy and Infectious Diseases. The CEPI will try to push promising vaccines into clinical testing quickly, with a target of going from gene sequencing of the virus, to clinical testing, inside just 16 weeks.

Research at the University of Queensland could be a crucial component. A team there has pioneered a new technique, called Molecular Clamping. Instead of using a live sample of the virus, modern genetic sequencing allows the genetic code to be studied directly.

The Covid-2019 gene sequence was published by China on January 11. The Queensland team zeroed in on the code for the "spike", which they can reproduce without generating the whole virus. Cryoelectron microscopy was used to map the spike in 3D. This is also a new technology for using electron microscopes in cold chambers to decipher biomolecules the 2017 Nobel for Chemistry was awarded for this.

The approach: Find an effective vaccine that recognises the coiled spike, a new virus emerges, there could be an

nation with WHO to promote developage. The spike tends to uncoil if it is separated from the main body of the virus and this makes it hard to recognise the

> This is where molecular clamping comes into play. Molecular clamping uses small clamps of protein to keep the spikes fixed in their coiled shape. It was developed about seven years ago by University of Queensland scientists, Keith Chappell, Daniel Watterson and Paul Young.

> Last week, the University team announced they had managed to clamp out shapes and they were hoping to start clinical trials on animals within a week. This involves making large batches of clamped shapes, and using this to manufacture potential vaccines by inserting into animals. If this works, the potential vaccines will go into clinical trials on humans. A successful vaccine may be developed using these methods. However, the CEPI reckons it's statistically likely that it will take about 21 tries at creating such test vaccines before a vaccine that works on humans is developed. After that, there's hopes that the crisis would lead to speedy registration and regulatory clearances, followed by mass manufacture. If this process works, the next time

CHINESE WHISPERS

Eggless anganwadis

Even after a hue and cry, the proposal to provide eggs to anganwadi children in Madhya Pradesh might not materialise in the near future. Insiders say the state finance department hasn't given the goahead, citing lack of money. One estimate says offering eggs to children three times a week would set the state exchequer back by at least ₹130 crore per annum. As things stand, there won't be any announcement to this effect in the coming state Budget. In October last year, Madhya Pradesh Women and Child Development Minister Imarti Devi had said the government had decided to introduce eggs as part of mid-day meals for children in anganwadis. The chief Opposition party doesn't seem to have a problem if the state government reneges on this promise. Gopal Bhargava, BJP leader and the Leader of the Opposition in the MP Assembly, said: "Eating nonvegetarian food is prohibited in sanatan sanskriti. If we have non-vegetarian food from our childhood, we might grow up to become man-eaters."

No lavish events, no cars



After the Centre cut the states' share of funds in the Budget, the Madhya Pradesh government has decided to tighten its purse strings. To cut unwarranted expenses, government events will not be hosted in five-star hotels from now and no new cars will be purchased. That apart, no payment above ₹25 crore will be approved without the clearance of the state finance department. Recently, state Finance Minister Tarun Bhanot said presenting the state Budget this year would be the most challenging task for him. According to Bhanot, the Union government has cut Madhya Pradesh's share in taxes by more than ₹11,500 crore. This has compelled the state government to postpone expenses on new schemes.

Police in the crossfire

Samajwadi Party (SP) President Akhilesh Yadav never passes up an opportunity to corner the Uttar Pradesh government, especially on law and order. Yadav has criticised the newly-introduced police commissionerate in Lucknow following two daylight murders. In a statement, the SP chief said the new policing model had failed to deliver. He said while the chief minister kept boasting that criminals were either behind bars or forced to flee the state, UP's new director general of police was pursuing 10 criminals in every district since taking charge and had acknowledged that himself. Earlier, Bahujan Samaj Party chief Mayawati had dispensation over the police commissionerate system in Lucknow and Noida, describing it as "mere humbug"

After Aditya Puri, who?

This is a ₹6.67-trillion question in Indian banking today



BANKERS' TRUST

TAMAL BANDYOPADHYAY

would not like to be in the shoes of Egon Zehnder, the global executive search firm engaged by India's largest lender by market cap HDFC Bank Ltd to identify a successor to its managing director Aditya Puri. The longest serving boss of any bank of this size globally, Puri has been at the helm since the bank's inception in 1994.

This is the toughest assignment in the Indian financial sector — the most talked about succession plan after Tata group chairman Ratan Tata stepped down in December 2012. Puri retires in October this year.

The issue was first discussed at an analyst meet in September 2017, but the media got wind of it in 2018 after the succession issue cropped up again at an investor meet. Puri's stance has been he has not groomed a successor as he believes that the board should choose the next CEO. The board should have done this by now as the plan has been to handhold the successor for at least six months before Puri steps down.

The search process takes time a name in a jiffy. If the person is quit the current job before taking up a new assignment.

Going by media reports, the process has not been a smooth one so far. Egon Zehnder has stepped in because an internal search committee, appointed by the board, failed to reach a consensus on the next CEO. Puri was an adviser to the committee.

Kaizad Bharucha, Sashidhar Jagdishan and Bhavesh Zaveri, executive directors, are the senior-most executives in the bank. Jagdishan is called a "change agent". Media reports say Puri is inclined to have one of them — not any one — to move to the corner room but Housing Development Corp. of India Ltd (HDFC), which holds close to 22 per cent stake in the bank, is not comfortable with this idea.

It boils down to a fight between a dominant CEO, who has created India's most valued bank, and its dominant shareholder. With a market cap of ₹6.67 trillion, HDFC Bank is the third most valued firm in India after Reliance Industries Ltd and TCS Ltd. It is also the 14th most valued bank globally.

What makes the task difficult for Egon Zehnder is the enormity of the task for the new CEO with not unlimited upsides. The person will have to fill the big shoes of Puri, arguably India's best banker. As the banking regulator has capped the CEO compensation at a modest level, the financial rewards will solely depend on the performance of the stock, HDFC Bank has been offering the best returns among bank stocks for the past two-and-a-half decades but continuing with such performance forever is not easy as the bank has been growing.

In December 2019, it had a loan book of ₹9.4 trillion and a deposit of ₹10.7 trilthe regulator is not expected to clear the portfolio bigger than many of the cominclined to take up the job. Ashok board meetings by invitation. mercial banks. The sheer size makes it Vaswani, global head of consumer bankan outsider, there is a notice period to imperative for the next leader to be welcomed by all with open arms.



Aditya Puri has been at the helm since the HDFC Bank's inception in 1994

its next level. One may say that HDFC come in the way. Bank has its systems and processes in place but unlike, say, the State Bank of which gets a new CEO every three years, HDFC Bank has been run by one person for 25 years. This has created a personality cult, which makes the job difficult for the next boss, particularly for an outsider if the banker does not have a larger than life profile.

The bank had reportedly sent feelers Mastercard Inc. but neither of them is be on the radar of the head hunting firm

While Puri created the bank, HDFC chairman Deepak Parekh had chosen him to set it up. There have been differences between the bank and its promoter but, by and large, the management has had a free hand in running the bank. Incidentally, at the moment, HDFC does not have any nominee on the bank board. Keki Mistry, vice-chairman and CEO of HDFC, has recently to Piyush Gupta, CEO of Singapore's stepped down after completing three add to its woes by washing dirty linen DBS Group, and Ajay Banga, CEO of stints on the board. Parekh has never in public about the succession plan at a been on the board but he attends most

ing and payments at Barclays Plc, could former head of HDFC Life Insurance, Standard, is an author and senior adviser to could have been considered for the job, Jana Small Finance Bank Ltd. Otherwise, the bank cannot be taken to but the compensation package will had he not gone to head Axis Bank Ltd. Twitter: TamalBandyo

They also talk about exploring the idea of wooing back Paresh Sukhtankar, the former deputy managing director of the bank, who quit in August 2018, after a 24-year stint, citing personal reasons. At a conference call with the investors after Sukhtankar's exit, Puri had said, "This has got nothing to do with who will be the successor... The process will start in 18 months and Paresh was a contender... I am not going to choose my

Big global banks choose leaders in advance. In October 2019, Citigroup named Jane Fraser as president and Michael Corbat, chief executive of Citigroup, said he tapped Fraser for the role to make sure that Citi is well positioned for the next decade and beyond. Months before that, JP Morgan Chase & Co put Marianne Lake and Jennifer Piepszak at the top deck to succeed Jamie Dimon, when he retires.

Both HDFC and HDFC Bank are known for corporate governance. In sync with that, it is imperative that the dominant CEO and the dominant promoter sort out the differences, if any, and choose the most suitable person for the top job to continue the bank's incredible run. Investors apart, the group has its own interests. The bank sells 20 per cent of HDFC's retail home loans and a large chunk of mutual funds and insurance products of the group companies. It also has a large non-banking subsidiary, HDB Financial Services.

At a time when the financial system is grappling with the problems of bad loans and low credit growth, let's not systematically-important bank

Many say Amitabh Chaudhry, The writer, a consulting editor with Business

Drill oil but dial telecom

Inclusion of non-telecom income in the overall calculation means the higher the oil price, the bigger the AGR share of the government



THE CHARGING POINT JYOTI MUKUL

he telecommunication industry is headed for its watershed moment as companies prepare to pay dues raised by the department of telecommunication (DOT). Curiously, these dues are a portion of the adjusted gross revenue (AGR) which is used to calculate licence fees and spectrum usage charges. DOT, in compliance with a Supreme Court order, used all incomes of the companies to calculate the dues, whether that income

While an official consolidated list for AGR dues of all companies is unavailable, a look at the amount conveyed by the department to various companies will reveal the skewed approach that went into these calculations. GAIL India, the country's largest natural gas marketing and transportation company, has to pay up ₹1.83 trillion while Oil India Ltd (OIL), the gov-

related to telecom business or not.

its door for the years starting 2007-08 to 2018-19. Both these companies have telecom licences in non-telecom revenue also. various categories but do not provide telecom services and hence cannot be equated with full-scale into an addition of around 90-98 per service providers like Reliance Jio, Airtel and Vodafone.

however, lies in the fact that Airtel, the second biggest telecom operator, has been asked to pay around ₹35,500 crore while another major operator Vodafone Idea owes the government ₹54,000 crore. This means that oil and gas producers have to shell out more than the telecom operators for holding telecom licences. Part of the reason for this strange approach could be the arrears and penalties and different years for which these companies hold the dues. So, an ill-prepared government will reportedly now ask for another assessment of some of the demand letters. A major contributor to these bills raised on nontelecom companies, however, is the high value sales of oil and gas of these companies that went into the calculations of AGR dues. So, production, marketing and transportation of oil and gas is paying for what the government thinks is its share in the corporate revenue since it distributed telecom licences as a public trustee. It also means that higher the oil price jumps, the bigger the AGR share of

the government. Even power transmission player

has a bill of over ₹48,000 crore at (PGCIL) has to cough up around ₹22,000 crore of additional licence fee because AGR now constitutes

The inclusion of non-telecom revenue in the calculations translates cent of the sales of these companies.

PGCIL holds national long dis-The absurdity of the situation, tance (NLD) and internet service provider (ISP) licences. While the company had made AGR-based licence fee payments to the DoT earlier, it did not include non-telecom revenue. Now. DOT wants a share in its power business income too. PGCIL is of the view that the dispute is on the interpretation of AGR of telecom companies that hold Unified Access Service Licence and that have migrated from National Telecom Policy (NTP) 1994 to NTP-1999, and, since PGCIL was not a licensee prior to 2001 and has never held a unified access service licence

(UASL), it needn't pay. When it comes to assessing the consequences, various analyst reports have noted that while the DoT is seeking ₹1.8 trillion as dues for GAIL's IP-1, IP-2 and ISP licences, calculated as 8 per cent of total AGR with retrospective effect, the company's net-worth is one-fourth of this demand. Incidentally, the annual revenue for the company from telecom was only ₹2.42 crore

Moody's Investor Service had earlier said that in a scenario where OIL has to pay the dues, any payment would immediately pressure ernment-owned crude oil producer, Power Grid Corporation of India Ltd OIL's ratings and take its leverage to

unprecedented levels. The company does not have sufficient liquidity to pay the amount required through reserves and internal cash flow and would have to raise additional capital to fund the payment.

Such capital raising will be at the cost of other investment related to its core business. It must be noted that to take away a portion of what OIL earns from selling crude oil or what GAIL earns from natural gas or PGCIL from power transmission is akin to robbing Peter to pay Paul.

Why is the government letting the shadow of the telecom mess fall on companies that opted for various categories of telecom licences? All these companies wanted to do was use their spare capacities in a booming market after meeting their captive telecom needs. Their main businesses are not related to the telecom sector in any way.

The telecom sector has been fighting a slowdown outside of the AGR issue as well for some time, primarily because of the cut-throat competition in the sector. While their AGR woes need to be dealt with by the government separately, the non-telecom players need to be kept out of the mess even if that means a separate or amended interpretation of the licence agreement terms. Vigilance inquiry-wary bureaucrats may be reluctant to do so but they can take comfort from the fact that the changes will only help government-owned companies and any action to bail them out would not be called to question in the normal course. It is incumbent on the government to draw out a sensible claim instead of just focusing on collecting as much as possible in order to keep to its fiscal deficit target.

LETTERS

Tesler's legacy

Larry Tesler, who died last week, has left a lasting legacy with his pioneering innovation "cut, copy, paste and find, replace" that have been playing a key role over the decades in making computing more personal. At a time when modes allowed users to switch from one function to another, Tesler took the world by storm with his simple philosophy "no modes". Steve Jobs hired Tesler for Apple when he saw the latter use a mouse to point and click at icons on a prototype; earlier, every action/function had to turn into a tedious typing exercise. While Tesler's cut-copy-based method was based on old manual editing techniques where blocks of the written word were literally cut and pasted, its impact was fabulous with computer ushering in a revolutionary change in the way memory, recall and skill work.

M Jeyaram Tamil Nadu

Kerala sanitation model

The Kerala government has to be lauded for its ambitious sanitation initiative, which other states can follow. The state government is planning to set up 12,000 pairs of public toilets on highways. The lack of public toilets on

highways cause inexplicable difficulties for people, especially women and children. Most often travellers are clueless. There are either unmaintained public toilets or people have to visit hotels and spend money on food simply because they have to use the toilet

The land of the government, public sector undertakings and cooperative institutions would be utilised for this purpose. The government has decided to instruct local selfgovernment institutions to identify land in their areas alongside the state and national highways. The government has further stated that those agencies willing to cooperate with the project would be made partners. There is also an idea to start small shops and snack parlours along with these complexes, which can, in turn, give employment as well as boost

the economy. But public will have to use them and maintain them properly.

M Pradyu Kannur

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HAMBONE



Postpone data surveys

CAA protests can undermine credibility of statistics

ndia faces data-quality issues at various levels and, often, numbers come with a significant lag. This delays policy interventions. The problem of reliable economic statistics is likely to get more acute now. The issue, which was till now limited to acceptance and release of survey results by the government, has reached a stage where data collection itself is becoming a problem. As a report in this newspaper showed last week, the government might have to postpone socio-economic surveys because people are not cooperating with surveyors. The fear is that the government might use the information to determine citizenship.

Consequently, an expert committee has decided to recommend postponing the survey on "domestic tourism expenditure" and "multiple indicators", conducted by the National Statistical Office. The government, of course, has the option of not accepting the recommendation. But this could lead to at least two big problems. First, the quality of the survey will not be as desired because of the non-participation of households, which would defeat the purpose. Second, it could put the life of surveyors in danger in an environment where a large section of the population is worried about citizenship. Field officers have been attacked in various states. In West Bengal, for instance, surveys such as the economic census and periodic labour force survey are reported to have been stopped. What is worse is that the prevailing political situation is not only affecting the ongoing surveys but could also put the upcoming census exercise in danger, which will have longer-term implications. Protests against the Citizenship Amendment Act (CAA) continue in various parts of the country, including Delhi.

Several state governments have declared that they will not implement the CAA and are not in favour of updating the National Population Register. The mistrust in the general public and the differences between the Central and state governments could affect the census. As former chief statistician Pronab Sen told The Indian Express recently, if the census exercise is not done properly, then all household surveys conducted over the next 10 years would not be reliable because they are based on the census frame. Differently put, the reliability of Indian data will be further questioned. This would not only affect policymaking but will also hurt the overall credibility of the Indian statistical system, which is already under a cloud. The data on gross domestic product, for example, has been questioned by a number of economists. The government decisions to delay the employment data and junk the consumer expenditure survey have not helped the case. The current problem, however, is even bigger and the government would do well to acknowledge its magnitude and take necessary action.

To be sure, the onus of building confidence is on the Central government because the problem started with amendments to the citizenship law. India will not be able to move ahead with a broken statistical system. If the air is not cleared soon, it won't be long before India is counted among the countries that dress up data to make their economies look better than the reality. There is no denying that there are major problems with the statistical system that are regime-agnostic and need to be addressed. Therefore, it's time for the government to put policy before politics.

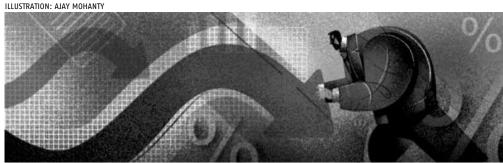
An avoidable move

Linking Aadhaar with electoral rolls might create problems

he government is planning to pass legislation that would link the Aadhaar unique ID with the voter ID card. The government's motivation for such a decision is easy to understand. The Aadhaar database has been used for de-duplicating beneficiaries across a wide variety of government programmes and it is easy to see how bureaucrats would see the linking of Aadhaar and the voter ID card as just the next step in an ongoing process of creating a complete list of Indians eligible for government programmes and, indeed, to vote. But there are many consequences of a linkage between Aadhaar and the voter ID that need to be taken into account. Certainly the use of Aadhaar could aid the relocation of voters from one constituency to another. This would allow individuals who have for some reason, perhaps economic, moved from their home town to nevertheless retain their ability to exercise their franchise.

Once again, the question that must be asked is this: Why is the government seeking to make mandatory something that was originally supposed to be supplementary? If Aadhaar is imagined as a method by which those who have no other form of identification prove their identity to the electoral machinery, then it cannot be faulted. But if it is seen instead as an additional hoop a prospective voter must jump through, then it is quite another matter. In that case the purpose of widening the franchise is not served. The question of how and why the government can access citizen data occupies centre stage here. If there is proper legislation controlling how the government accesses and uses citizen data, then voters will not feel disempowered or threatened. The use of blockchain technology has been discussed in this context. Indeed, whatever form of technology is used, if citizen data is retained in encrypted form, then objections will certainly be fewer. Further, any use of Aadhaar in such a sensitive arena should be carefully piloted. It should not be rolled out across the entire country or even an entire state without having been tested in advance on a more limited scale. It should be clear by now that the adoption of Aadhaar authentication at scale is not an uncomplicated endeavour. Sensitive matters like the electoral roll revision should not be subordinated to the errors of the Aadhaar process without a sense of who is being excluded — such as is provided by a gradual rollout or pilot programmes.

More broadly, such uses of Aadhaar will continue to be suggested by bureaucrats unless there is a clear law governing the use of citizens' private data that has been collected by government. A comprehensive data privacy law would do the trick. But this appears to be a futile hope. So it is highly unlikely that another piece of legislation to limit state powers when it comes to the use of citizen data is on the agenda. But, even so, the government and the Election Commission must recognise the dangers of too swiftly expanding reliance on Aadhaar as a form of sole authentication.



Happy birthday, inflation targeting

The Ministry of Finance and the Reserve Bank of India signed a Monetary Policy Framework Agreement on February 20, 2015

he story of inflation targeting in India starts in November 2005, when CPI inflation jumped to 5.3 per cent. As the graph shows, the decade leading up to inflation targeting was one long inflation crisis. This raised new questions about monetary policy strategy, and also about the prinrelationship cipal-agent between Parliament/Ministry of Finance on the one hand and the Reserve Bank of India (RBI) on the other.

The economy had become more integrated into the world, and greater financial deepening had

come about. As a consequence, the intuition of monetary policy in a closed economy had stopped working. That old intuition is what got us into this prolonged inflation crisis. There was a need for new knowledge in open-economy macroeconomics.

This long inflation crisis also raised questions about the nature of the RBI as an agent. **SNAKES & LADDERS** Every government agency must have a clear objective. In AJAY SHAH return for wielding coercive

power (or spending public money), it must deliver on a measurable outcome. The authority to print money comes to the RBI through a Parliamentary law. The 1934 Act, through which the RBI had come into existence, had correctly positioned the design of the RBI as a "temporary" measure. It was time to find a better and more permanent arrangement. When Parliament gives the RBI the power to print money, what does the RBI give the Parliament in return, in the form of accountability?

Inflation crises are harmful. In India, inflation harms the poor the most. Through this, inflation is directly salient for politicians. No politician wants to go into elections holding a poor performance on inflation.

It is the job of monetary policy to deliver low and stable inflation. When the RBI fails, there is tremendous political pressure to find other tools any tools! — to bring down inflation. When I joined the Ministry of Finance in 2001, Bimal Jalan gave me a piece of advice, and one of the things that he talked about was inflation. He said "when inflation is under control, you can think about economic policy, but when inflation reaches 8 per cent, you have to stop doing everything else, and only do inflation control.'

Inflation crises thus degenerate into a litany of woes, with real sector interventions like banning

> and unbanning of exports or imports, changing duties, etc. These interventions damage the working of the market economy. When the RBI fails to deliver on low and stable inflation, we slip into muscular real sector interventions. which damage the foundations of the market economy. It is much better to not have an inflation crisis in the first place.

> None of these questions are new, on the international scale. All the countries face these

same problems. How to hold a central bank accountable? How to achieve low and stable inflation? The dominant solution that has come about, worldwide, is to create a formal system where the central bank is held accountable to deliver on an inflation target.

This is what led to the "Monetary Policy Framework Agreement", on February 20, 2015, which set up the inflation-targeting framework as a contract between the Ministry of Finance and the RBI. One year later, the RBI Act was amended, and inflation targeting was placed inside the RBI Act as the objective of the RBI. It is fitting that, alongside this amendment, the text from 1934 which portrayed the RBI as a temporary measure was removed. For the first time, the RBI had the clarity of purpose, it was no longer a temporary arrangement.

How well has the new framework worked?

TRACKING INFLATION



Better than anyone had expected! Practical people think that inflation is about crops and rain. It is a very intellectual concept, to think that how we wield fiat money is the dominant influence upon inflation in the long run. In fact, the high intellectual concept worked out: While crops and rain have fluctuated as always, inflation came under control once the Monetary Policy Framework Agreement was signed.

There was one blip in the data: Point-on-point (seasonally adjusted) inflation in December 2019 was 21.3 per cent annualised. This will have an impact on year-on-year inflation for 12 months. But this is not a deeper inflation problem: Point-onpoint (seasonally adjusted) inflation in January 2020 was back to 3.04 per cent annualised. Crops and rain generate volatility but not systematic inflation.

In the main, this was a historic reform, the first construction of an institutional arrangement for fiat money in India. There are three weak links which now need to be addressed. The first problem is about the composition of the Monetary Policy Committee (MPC), which gives control to one person, the RBI governor. The second problem is the tension between the monetary policy objective and the debt management objective: The function of public debt management needs to move out of the RBI. The third problem is the weak monetary policy transmission: Reforms of the bond market, of banking and of capital controls are required to make the monetary policy decisions of the MPC more potent.

There is talk about a provision in the law, which requires a review of the inflation-targeting framework after five years, ie in February 2021. A glance at the law shows that there is no scheduled review of the inflation targeting framework in five years. What is envisaged is a review of the target: To evaluate whether there is a case for changing the target from 4 per cent year-on-year inflation to something else. Once the three problems enumerated above are solved, it would make sense to further go down to a 2 per cent target.

There are many calls for loose monetary policy and loose fiscal policy in order to combat the slowdown in the economy. A little institutional memory will help greatly. The one thing that we do not require, in addition to the problems of the economic policy today, is an inflation crisis or a fiscal crisis. The most that monetary policy can do is to create an atmosphere of stability and predictability. This makes it possible for households and firms to look deep into the future and make plans in a state of confidence. Weakening the institutional arrangements of fiat money will not encourage private investments.

 $The \ writer is \ a \ professor \ at \ National \ Institute \ of \ Public$

Building resilience against climate change

limate change, it would seem, could not happen at a worse time in human history. It is clear that things are now spiralling out of control. Every year we are told is the hottest year, till the next year comes around. Then a new record is broken. It is getting worse — from forest fires, to the increasing frequency and intensity of storms, to blistering cold waves, and spiralling heat.

The fact is climate change is real; it is happening and it is making the poor in our world more marginalised. The farmers pastoralists and all the

others who work the land, use the water, and make a livelihood are the worst impacted. They are the victims of climate change. The poor in the world have not contributed to the making of the problem. But let's be clear, their pain will make our world more insecure. And this is only going to get worse. This is why we need to act and act now.

Each of these not so natural calamities takes away the development dividend that governments work so hard to

secure. Houses and other personal belongings are washed away, roads and infrastructure are destroyed, and all then has to be rebuilt. It is also clear that the flood or the drought is not just about climate change or changing weather patterns. The fact is drought is about mismanagement of water resources, where not enough rain is being recharged or water is used inefficiently and inequitably. Flood is about the sheer inability to plan for drainage; for our lack of concern to protect the forests on watersheds or the near criminal act of building and destroying the flood plains. The weird weather comes on top of the already mismanaged land and impoverished polity. It is like the last straw on the camel's back.

I call this the double-whammy. High temperatures are only adding to the already heat- and waterstressed lands. Lack of green cover increases desertification conditions; over-withdrawal of groundwater and poor irrigation practices degrade land. Then there is the over-intensification of land, largely because of the way we are doing agriculture — what we are eating. And how we are growing, indeed man-

ufacturing what we eat. The 2019 IPCC report on cli-

mate change and land rightly indicts modern agricultural practices for being over-chemicalised and over-industrialised and so adding to greenhouse gas emissions. The report has also called for changes in diets, which will make us tread lightly on earth. Our food and our climate change footprint are now connected.

It is also clear that increase ing numbers of disasters because of the growing inten-

sity and frequency of weird and abnormal weather will make the poor poorer. Their impoverishment and marginalisation will add to their desperation to move away from their lands and seek alternative livelihoods. Their only choice will be to migrate move to the city or move to another country. The double-whammy, as I have called it, in the interconnected world is the push — lack of option — to the pull — bright lights that suggest a choice to better futures. Our globalised world is inter-connected and inter-dependent. It is something we must recognise.

This is where the opportunity exists. If we can improve our management of land and water, we can shave off the worst impacts of climate change. We can build wealth for the poorest and improve livelihoods. And, by doing this, we curb emissions of greenhouse gases, as growing trees sequesters carbon dioxide, improving soil health captures carbon dioxide, and, most importantly, changes practices of agriculture and diets reduces the discharge of such gases. This is where the real answer is. So we have to invest in the economies

poor; we have to build their capacities so that they can not just withstand the next calamity but indeed overcome the calamity. For this, we must invest in creating ecological assets — from rainwater harvesting to better food systems that are resilient. We must also redefine what we mean by resilience — often high-input agricultural systems are productive but less resilient. Farmers are more vulnerable to shocks when their debts are high. We need, therefore, to understand the strength of small-holder agricultural systems that are multi-crop, low-input, and built for shocks. We must strengthen those and not replace them with ours. The knowledge of the poor is not poor. They are illiterate but very resource literate. Our effort must be to learn and to give.

But at the end, I would like to say with absolute conviction that the poor or the rich cannot "adapt' to increasing temperatures — the scale of the devastation will be enormous and catastrophic. So, even as we build and invest in businesses with a difference, we must take stronger action to curtail greenhouse gas emissions. As yet the world is doing too little, too late. This must change. For all our sake.

The writer is at the Centre for Science and Environment sunita@cseindia.org

Diversity doctrines



PARUL SEHGAL

J ust when the world seems poised to boil over with political rancour and outrage, along comes Charles Murray right on time — with a new book titled Human Diversity.

Yes, that Mr Murray, who in 1994 coauthored The Bell Curve, with Richard J Herrnstein, arguing in two notorious chapters that IO differences between the races were mostly innate and mostly intractable. Social programmes like welfare or early education intervention ought to be scrapped not only because they were fruitless but because they encouraged women with low IQ ("the wrong women") to have more children. These "findings" were presented as good news. Why should intellectual achievement be considered the hallmark of success? Why should black people interpret this neutral data as a statement of their inferiority? No. the authors maintained, with breathtaking condescension: They will develop their own alternative sources of esteem; they might, for example, console themselves with their athletic "dominance".

The book has been roundly discredited on moral, political, and scientific grounds. With Human Diversity, Mr Murray tries to stoke some of the same controversy that powered The Bell Curve although more cautiously. "I'm discussing some of the most incendiary topics in academia," he writes, hastening to add that "the subtext of the chapters to come is that everyone should calm down".

We are on the cusp of a revolution, Mr Murray argues. Advances in genetics and neuroscience promise to liberate the social sciences from a stifling orthodoxy that denies the differences between people by insisting that we are blank

slates, our potential impeded only by our environments. He identifies three key tenets of this orthodoxy: Gender is a construct; race is a construct; and class is a function of privilege.

Human Diversity has all the bulk of authority. A synthesis of research on the putative differences between the sexes and races, it's rich with statistical analysis. It's a curious fact, however, that Mr Murray — who lambastes the unwillingness of

politically correct social scientists to look dispassionately at the datapublishes his books under such carefully controlled circumstances. Early readers were handpicked and, on

Human Diversity Charles Murray

one occasion, flown to Washington by the American Enterprise Institute and briefed by Mr Murray himself. $As with {\it The Bell Curve}, we will have to$ wait for peer reviews to carefully sift

through the science. Yet several claims

are plainly contentious, even to the lay

HILE THE HERE THE

reader. Take Mr Murray's description of male brains as "systemisers" and female brains as "empathisers", drawing on the work of the psychologist Simon Baron-Cohen. What Mr Murray avoids discussing are the profound questions surrounding one of the studies that scaffold his thinking.

DOWN TO EARTH

SUNITA NARAIN

In 2000, Dr Baron-Cohen and colleagues published a study of day-old babies, which found that boys looked at mobiles longer

HUMAN DIVERSITY: The Biology of Gender, Race, ınd Class Author: Charles Murray **Publisher:** Twelve **Price:** \$35 **Pages:** 508

(hence "systemisers") and girls at faces ("empathisers"). This study has never been replicated, not even by Dr Baron-Cohen. Not to mention the core question, as posed by the psychologist Cordelia Fine, who

has written extensively about bias in research on sex differences in the brain: "Why think that what a newborn prefers to look at provides any kind of window, however grimy, into their future abilities and interests?

Or consider Mr Murray's

interpretation of why women haven't branched into more male-dominated fields over the last 30 years. Sexism cannot be the culprit, he claims. Now that the outright prohibition of women entering male-dominated fields has ended, any vestigial opposition ought to have abated in "a matter of years". Never mind the wealth of research showing the very real persisting impediments that Mr Murray dismisses. To name just one well-known example: In a study at Yale University, over 100 scientists reviewed a résumé submitted for an open position. The résumés were identical, although half were submitted under men's names and half women's names. The women's résumés were ranked significantly lower than the men's — by both female and male faculty. Stranger still are the inconsistencies.

"Race is a construct" is among the tenets Mr Murray seeks to dismantle. Yet tucked midway through the book is the bland assertion that his evidence does not "deny the many ways in which race is a social construct". "Ancestral populations" might be more apt, he concedes. Not 40 pages later, however, he's back to huffing at the "elite wisdom"

that "race is a social construct".

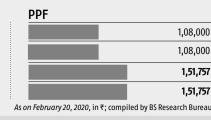
The main question is: Why am I asking these questions of Charles Murray? True, the burden of proof is on him to make a case for this "exciting" scientific revolution (whose discoveries just happen to regurgitate some of humanity's most pernicious, wearying and stubborn stereotypes). But proof is not Mr Murray's concern. Despite its blizzard of statistics, the book's most astonishing declaration is on the first page. If "you have reached this page" the first page, I remind you -"convinced that gender, race and class are all social constructs, and that any claims to the contrary are pseudoscience, you won't get past the first few pages before you can't stand it anymore. This book isn't for you." He continues smoothly: "Now that we're alone ...' This book is for the believers.

Rigorous readers, sceptics, the unindoctrinated — you won't be persuaded by Human Diversity, but why should that matter? You're not even invited. How's that for a safe space. How's that for an orthodoxy.

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SILVER	
	1,17,167
	1,12,017
	1,26,324
	1,23,691

FD (SB	1)	
		1,06,800
		1,04,760
		1,48,64
		1,32,408



REAPING BENEFITS

the old regime

7,50,000

10,00,000

12,50,000

15,00,000

Income

Availing of more deductions? Stick to

Standard

50,000

50,000

50,000

50,000

50,000

deduction

taken (₹)

75,000

1,37,500

1,58,333

2,00,000

2,00,000

deduction (₹)

Run the numbers before changing tax regime

Those who can cross certain levels of deduction will be better off sticking to the old regime

SANJAY KUMAR SINGH & BINDISHA SARANG

executive assistant at a private company in Mumbai. While she does save and invest, she does not like having her options limited to specified instruments for the purpose of tax saving. She finds the new tax regime attractive. "From the looks of it, the new format appears to be a better choice, as it will reduce paperwork," says Diwakar. She plans to stick to the old regime for now but is eager to learn which one — the old one with higher rates, or the new one with lower rates but without deductions - will mean a lower tax burden for her.

A simpler regime: The new tax regime provides concessional tax rates compared to those prevailing in the old regime. "A new tax slab of 10 per cent has been introduced for income between ₹5 lakh and ₹7.5 lakh, and tax rates have also been lowered." says Sameer Jain, founder and managing partner, PSL Advocates & Solicitors. The new tax regime will put greater liquidity in the hands of taxpayers.

To avail of deductions under the old regime, taxpayers had to submit proof of investment and expenses (in the case of reimbursements). They will be saved from all that trouble under the new regime. "The documentation required will be lesser here, making tax filing a lot easier," says Suresh Surana, founder, RSM Astute Consulting Group.

The old regime forces taxpayers to invest in specific instruments on which Maximise benefits under old regime:

are optimal choices for wealth creation. Many less-informed taxpayers are misnisha Diwakar, 32, works as an sold products that allow them to avail of tax deduction, but give very poor returns even over long durations.

All tax-saving investments come with a lock in. The Public Provident Fund (PPF) has a lock-in of 15 years, the five-year tax saving fixed deposit and National Savings Certificate (NSC) have a lock-in of five years, Equity Linked Savings Schemes (ELSS) have a lock in of three years, and so on. Taxpayers moving to the new regime will be able to avoid the loss of liquidity that happens in such instruments.

On the flip side, taxpayers who choose the new regime, will have to manage without the long list of deductions available under the old regime. These include taxpayers' favourites such as Section 80C (₹1.5 lakh), Section 80CCD(1B) that offers deduction of ₹50,000 on National Pension System (NPS), Section 24 that offers deduction of ₹2 lakh on housing loan interest repayment, and several others. Only a few deductions will be permitted under the new regime, such as employer contribution to NPS. Moreover, benefit from shifting to the new tax regime is capped at ₹75,000. "Unlike the corporate concessional tax regime, which reduces tax rates across income levels, the concessional tax regime for individuals has limited application and will benefit people in lower income brackets. The highest tax rate, which is 42.7 per cent, will continue to be a challenge for HNIs," says Surana.

deductions are available. Not all of them Under the old regime, an employee's



S M K CHAITANYA, 24

Associate analyst at a technology firm, Hyderabad ANNUAL SALARY: ₹7.7 lakh WILL OPT FOR: Old regime

"I wish to enjoy the deductions available under old regime by investing in instruments like ELSS"

salary can be structured in a manner

that allows him to maximise tax bene-

fits, using deductions such as House

Rent Allowance (HRA) Leave Travel

Allowance (LTA), and so on. The old tax

regime also helps inculcate the saving

and investment habit. "Taxpayers

are able to combine tax saving with cre-

ating a corpus for long-term goals by

investing in products like the PPF," says

Archit Gupta, founder and chief



ANISHA DIWAKAR, 32

Executive assistant at a private company, Mumbai ANNUAL SALARY: ₹6 lakh WILL OPT FOR: Old regime

"The new regime is attractive as it reduces the need for compliances. I will wait to see how it pans out"

executive officer, ClearTax.

On the flip side, the old tax regime is

more complex and requires a certain level

of understanding and diligence to max-

imise the benefits from it. Tax-saving

instruments also come with a lock in.

"Senior citizens may prefer to have liq-

The old tax regime also requires tax-

payers to retain their proofs of investment,

in case they are called up for an assess-

uidity in their hands," says Surana.



KUSHAGRA KUNWAR BHATNAGAR, 28

Deputy Manager, Digital Marketing, Delhi

ANNUAL SALARY: ₹8.4 lakh WILL OPT FOR: New regime

"Irrespective of the tax I pay, I would rather invest my money in instruments best suited for wealth creation"



TANAY BALDUA, 29

Program Manager, Hyderabad

ANNUAL SALARY: ₹43 lakh WILL OPT FOR: Old regime

"I have already started investing in tax-saving investments and would like to continue"

ment proceeding by the tax authorities

How to choose? Both the regimes have

their merits. Some younger taxpayers,

who do not want the hassle of investing

in tax-saving instruments, and want more

money in their hands, may opt for the new

tax regime. All others should carry out a

careful assessment before making the

choice. "Our analysis shows that there are

various thresholds or break-even points

Figures apply to someone who is less than 60 years old Source: Cleartax of deductions for taxpayers at different income levels. If they can cross these thresholds, they would be better off sticking to the old tax regime," says Gupta (See: Reaping benefits).

Senior citizens and very senior citizens enjoy higher exemption levels of ₹3 lakh and ₹5 lakh under the old tax regime. They are also able to avail of a host of other deductions, such as Section 80C, Section 80D (of ₹50,000 on health insurance). Section 80TTB (of ₹50.000 on interest income), and so on. They, especially, should carefully assess their situation before choosing between the two tax regimes.

the tax (https://bit.ly/2uggoig) provided by the Income-Tax Department to make a logical, numbers-based choice.

Finally, remember that by opting for one of the tax regimes, individual taxpayers don't get locked into it forever. They retain the option to switch between the two every year. If someone with a business or professional income chooses the new regime, he will have to stick to it.

The telecom mess

Whatever happens in the next few weeks will shape the industry for the next few years



MARKET INSIGHT

DEVANGSHU DATTA

As of the time of writing, the mess in the telecom sector shows no sign of resolution, despite meetings between promoters and ministers. Consider a few of the scenarios that effectively being driven bankrupt, and it will probably shut down if the adjusted gross revenue (AGR) demand is not waived, or cut very substantially. Even if the AGR is waived or reduced, the company may already be too financially damaged to survive in the long run.

Bharti Airtel can find the financial resources to pay the AGR demand. But finances will be very stretched if it has to pay up and then manage new capex. Reliance Jio is in better shape than Airtel and VIL. But Jio is also cash-negative and the parent is going to have to raise and invest more cash, if it has to absorb more customers. That could mean an initial public offer-

If the sector turns into a duopoly (ignoring If the industry the struggling BSNL-MTNL combine for the moment), Airtel and Jio will find it hard to absorb the 300-millionplus VIL customers who will have to be ported. If BSNL-MTNL also goes capex costs down the liquidation route, that will be 500-

million plus subscribers in search that the jump in market share will of a new service provider, or providers.

Both Airtel and Jio will find it hard to buy the VIL network in order to keep servicing that influx of new customers. Spectrum licensing rules would have to change and VIL's spectrum would have to be "re-licensed" at deep discounts. Otherwise, we will experience clogged networks with inadequate capacity and many 2G customers will be forced to buy new instruments and move to 4G. In this scenario, forget about 5G rollouts – no service provider will be interested in the required capex to set up the new networks.

This is a policy problem with major political dimensions. Right or wrong, VIL customers will blame the government if connections are terminated. That would be a lot of unhappy voters. It is also a major economic issue, of course. The telecom sector has large externalities and the loss of a big service provider will have a noticeable impact on an already slow economv. It would mean another round of massive layoffs, for example.

A further deterioration of quality of service on already crowded networks will also impact every telecom-enabled business. This means every type of business and in particular, it will afflict sectors like fintech, conventional banking, goods and services tax (GST) filing and e-commerce as well. The concept of Digital India and the government's ambitious promises of delivering service via digital means will become just catchy slogans. of service.

In theory, the government could auction assets and re-issue spectrum at lower rates, but there may be no buyers, even at very deep discounts. The government could also decide that it would forego AGR revenue that it will not be able to actually collect, by agreeing to the telecom industry's contention revenue sharing should only apply to revenues from voice and data, with retrospective effect. That would be one solution.

If the industry does become a duopoly, telecom tariffs will inevitably go up, and indeed, tariffs may go up considerably. The two remaining operators will have

purchasing power, and the demand for their services may exceed their capacity for a while. becomes a Also, those two service duopoly, tariffs providers will have to will inevitably recover the capex costs go up. Service they will incur to create new capacity to providers will absorb the ported cushave to recover tomers.

> Many analysts are making assumptions be good for the two survivors. Perhaps it will, but it should be noted that telecom is a very pricesensitive industry. We have ample evidence of this in the experience of the last 15-20 years. Voice usage climbed when tariffs dropped;

> The opposite will happen if tariffs are hiked. If tariffs are raised, people will curb usage, and some may even give up connections. To assume that Average Revenue Per User will climb by 35-40 per cent for the survivors, as some analysts have already done, is unrealistic. If data usage does dip, several industries, including entertainment and net-dependent businesses, will be badly affected.

data usage zoomed as tariffs

dropped.

It's hard to make recommendations in such a situation. Whatever happens in the next few weeks will shape the industry for the next few years.

PERSONAL LOAN: EXISTING LOANS **IMPACT BORROWING CAPACITY**

Your credit score and the company you work for also have an effect

BINDISHA SARANG ■ Loan eligibility for

salaried employees depends on factors such as age, salary and work experience.

■ Personal loans to self-employed professionals like charted accountants. doctors and businessmen are classified as

business loans.

■ EMIs of existing loans can reduce



the eligibility for getting a new

■ Transfer existing loans to lower rates and reduce your EMIs. This

PERSONAL LOAN: RATES AND CHARGES

Name of Lender	Interest rate (%)	Processing fee*	Loan amount (₹)	Tenure (years)
Oriental Bank of Commerce	9.50-12.05	Up to 1%	Up to 10 lakh	5
Central Bank of India	10.00-11.25	₹500	Up to 10 lakh	4
Union Bank of India	10.10-14.20	Up to 0.50%	Up to 15 lakh	5
State Bank of India	10.45-14.85	Up to ₹15,000	Up to 20 lakh	7
Citi Bank	10.50-18.99	Up to 3%	50,000-30 lakh	5
Kotak Mahindra Bank	10.50-28.00	Up to 2.50%	50,000-15 lakh	5
Bank of India	10.50-13.50	Up to 2%	Up to 5 lakh	5
HDFC Bank	10.75-21.30	₹2,999-25,000	50,000-40 lakh	5
Punjab National Bank	10.75-14.50	Up to 1.80%	Up to 10 lakh	5
Bank of Maharashtra	10.85-11.85	1%	Up to 10 lakh	5
UCO Bank	10.95-11.35	Up to 1%	Up to 10 lakh	5
South Indian Bank	11.15-14.25	2%	1 lakh-10 lakh	5
ICICI Bank	11.25-22.00	Up to 2.25%	Up to 20 lakh	5

Processing fee is percentage of loan amount, except where given in ₹. Rates and charges as on February 19, 2020 Source: Paisabazaar com

will increase your eligibility for a

■ The company you work for impacts your loan eligibility. Working with a well-established firm affects it

■ Banks prefer borrowers with credit score of above 650.

Glasses that boost your persona

Get a fix on what looks good on you, without losing sight of utility

NAMRATA KOHLI

In a society willing to spend top dollar onimproving physical appearance, there is an evergreen fetish among the deeppocketed for spectacles. It has moved beyond being a utility accessory and turned into a fashion statement of sorts. Some progress, that, for something that was regarded as a hurdle in marriage alliances not too long ago.

Spectacles for every facial type: Whether your face is oval shaped, like

singer-actor Beyonce's, with balanced and well-proportioned features, or Victoria Beckham's triangular type, with a narrow forehead and wide jawline, you won't have to look around much to get the rim that suits you best. Both round and angular frames work well on oval faces. Round and oval glasses, however, are a complete no-no for circular ones, as they tend to make the face look even more round. Rectangular shapes work better as they lend some contour. But if you are square-faced, go for oval or round frames as they tend to soften angular features and sit well on your face.

According to Matteo Cuelli, global brand senior director, Carrera and Polaroid Eyewear, "Eyeglasses that are in contrast to your facial contours bring symmetry and balance to your prominent features." He adds that one also needs to take into account skin tone when selecting a pair. If you have blue, green or grey eyes with black, blonde or brown hair, you have a cool skin tone. Black, pink, silver and blue coloured frames are better suited for this type. But if you have brown, black or hazel eyes with black, brown, blonde or red hair, you have a warm skin tone. Orange, white, gold, green and brown frames

work well for this type.
The customer's mindset and



GETTING THE OPTICS RIGHT

Eyewear brand	Price range (₹)	Eyewear brand	Price range (₹)
Lindberg	40,000-4,00,000	Cartier	30,000-3,00,000
Chrome Hearts	40,000-3,00,000	Maybach	70,000-2,00,000
Dita	50,000-1,50,000	Bvlgari	17,000-65,000
Mont Blanc	20,000-40,000	Tom Ford	22,000-35,000
Silhouette	19,000-35,000	Burberry	14,000-18,000
Rayban	4,000-10,000	Carrera/Polaroid /Seventh Street	3,500-9,000
John Jacobs	3,500-6,000		_
Source: Himalaya Optical			

personality also play a key role. Says Aradhika Mehta, general manager, Lenskart.com: "A pair of glasses can set the tone for getting down to business or showcasing your whacky and fun side."

What's trending: Demand for hexagons, trendy aviators and over-sized square sunglasses is rising as they are extremely a la mode this season. Says Mehta: "Even see-through glasses and tortoise shell are

doing exceptionally well for us. Lately, customers have also developed a preference for golden metal frames, lookclear acetate lucite frame and ultra-fine wire frames." Rimless frames are in vogue, but this type is not recommended for reading lenses, which are typically very thin around the edge and are likely to crack around the drilled holes or temples. Fully-rimmed and semi-rimless spectacles remain evergreen.

You also need to choose from a wide range of materials. Plastic and metal are popular options. Across all price segments, lightweight is very common. and thin acetates rims work well, says Cuelli. Titanium, beryllium, and stainless steel continue to ride high as they are lightweight and durable. Plastic frames are better if you desire something more colourful and lightweight. In plastic, Zylonite is popular as it is extremely light

and can include multiple layers of colour.

Lightweight is in: Brands are seen launching lightweight frames across price segments. Lenskart AIR, for instance, features extremely light frames in sleek designs. Says Peyush Bansal, founder and CEO, Lenskart.com: "One of the key consumer insights we have arrived at is the increasing need to keep things easy-going in every facet of life, including eyewear."

Branded eyewear is a booming market. According to a Himalaya Optical spokesperson, "The five high-end brands that are popular among our customers include Cartier, Maybach, Dita, Lindberg and Chrome, whose prices range from ₹40,000 to ₹4 lakh. These are followed by the under-₹40,000 category of branded eyeglasses from brands such as Bvlgari, Mont Blanc, Tom Ford, Silhouette and Burberry." Adds Cuelli: "Affordable luxury will be the next battle ground for eyewear companies.'

Virtual trials: While faith in store-based retailing remains intact for eyewear players, online is changing the rules of the game. Customers can now find their perfect frame size and shape through apps and websites. Most online retailers encourage customers to try eyeglasses and sunglasses in 3D to virtually see how different frames look on them.

High power no longer means thick glasses with heavy frames that are both a physical punishment on the nose bridge and a blot on personal appearance. Users can now opt for very thin glasses with high-index lenses.

QUICK TAKE: HEALTHY GROWTH PROSPECTS FOR BIOCON



Biocon is up 46% since August. Ramp up and new launches of biosimilars in regulated and emerging markets, rebound in small molecule growth and strong prospects of research services add to Street's optimism. While recent observations by US FDA, though not severe, may cap stock's near-term gains, analysts expect 28% growth in earnings going ahead.

"HISTORY HAS SHOWN THAT SAFE-HAVEN DEMAND ONLY PROVIDES A TEMPORARY BOOST TO PRICES. THE KEY DRIVER OF PRICES IS THE NEGATIVE RELATIONSHIP BETWEEN LONG-TERM US REAL YIELDS AND GOLD PRICES"

Commodity Analyst, Commonwealth Bank of Australia



Hospital stocks are safe bets

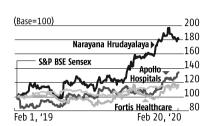
The Street expects earnings jump as growth levers and cost controls start to kick in

UJJVAL JAUHARI

ospitals stood out, even as other segments in the health care space have had a sketchy run on the bourses. Apollo Hospitals, Fortis Healthcare, Narayana Hrudayalaya, and Aster DM have seen robust gains over the past few months and are trading at their nearterm highs.

In the current environment of volatility because of the risk of a global slowdown triggered by the coronavirus outbreak, hospital stocks remain a safer bet, with growth momentum expected to sustain and profits likely to improve. Analysts at Axis Securities believe hospitals now are better prepared to alleviate negative impact than seen in the past (price caps on stents and knee implants in February 2018) on improved operating metrics. This is led by a better product- or case-mix and cost controls. For larger peers, there is a limited impact from the implementation of Ayushman Bharat, say analysts; for smaller players, it will improve their FY19-22. penetration.

The largest listed player in this space, Apollo Hospitals, has been a standout performer with growth being led by both hospitals and pharmacy businesses. What has helped the stock is the phased reduction of promoter pledges, improving sentiment for the stock. The company, which had been in the midst of



major expansion, is now reaping the benefits with margin expansions from established operations and faster breakevens from new hospitals.

The consolidated operating profit during the December quarter had come in better than analyst expectations, up 27 per cent year-on-year (adjusted for IND AS 116 accounting norms). This was primarily led by strong growth in new hospitals, along with healthy performance in other segments, say analysts. The Navi Mumbai hospital is rampingup well and is expected to contribute meaningfully from next year. Analysts at ICICI Securities expect health care sales to grow 12 per cent annually over

The pharmacy business (40 per cent of FY19 revenues) has grown at 22 per cent annually in the last five years on the back of consistent addition of new pharmacies and timely closure of non-soft December quarter, with most conperforming pharmacies. The segment, cerns plaguing it being resolved, there too, has seen revenues grow 20.7 per cent is a sustainable growth trend — both for in the first nine months, with margin its hospitals and diagnostics segments.



STRONG OPERATIONAL IMPROVEMENT

JINONG OF ENAMOUNE IT IT NOVEMENT								
In₹crore	Apollo H	lospitals	Fortis Healthcare		Narayaı	na		
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E		
Net sales	11,197	2,815	4,665	5,280	3,223	3,606		
% change y-o-y	16.4	14.5	8.0	13.2	12.6	11.9		
Ebitda	1,635	1,908	669	821	438	518		
% change y-o-y	53.7	16.7	51.7	22.8	52.2	18.2		
Net profit*	310	506	181	264	146	206		
% change y-o-y	41.6	56.4	-237.0	45.6	140.2	41.5		

E: estimate, *Adjusted for one-offs/exceptional items, Ebitda: earnings before interest, tax, depreciation and

continued uptick led by both segments, things should improve. analysts at Elara Capital expect overall operating profit growth of 16 per cent annually over FY20-22.

Though Fortis Hospital witnessed a

The company reported a 200-basis points year-on-year operating profit margin expansion to 13 per cent in the December quarter, led in part by sustained focus on cost optimisation.

It continues to expand and has incurred substantial capex (about ₹180 crore) during the first nine months of expansion of 800 basis points. With a With scope for further cost controls, the financial year. The key triggers for sions in both markets.

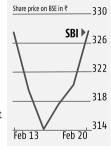
the company include improved occupancy of 73-75 per cent as it added specialities, such as interventional radiology and oncology, say analysts. It is expected to achieve substantial cost savings in FY20; further growth should be led by the planned addition of 1,200-1,300 beds over the next four years. Analysts at Goldman Sachs had recently raised their 12-month sum-of-the-parts based target price to ₹176 as compared to the previous target of ₹150.

Narayana Hrudayalaya has reported a strong operating performance over the past four-five quarters, which is likely to sustain, feel analysts. The December quarter, too, had seen 32 per cent growth in its operating profit, even though inflow of foreign patients was a tad slow because of the anti-Citizenship Amendment Act protests. Its Dharamshila hospital has achieved break-even; the company expects break-even at its Gurugram and Mumbai hospitals by FY21 and FY22. It has cut operating costs at centres with lower profits (closure of Whitefield, Bengaluru Hospital and the one in Durgapur). However, it is adding 150-200 beds at the existing centres over FY20-22. Analysts at Elara Capital expect operating profit to grow 20 per cent annually over FY20-22.

Aster DM, too, is expected to see healthy sales growth of 15 per cent, while its operating profit is likely to be even better at 27 per cent over the next couple years. Growth will be led by strong volume growth in GCC hospitals (West Asia operations) and scale-up in its India hospital business, as well as capacity expan-

STREET

Traders take SBI route for Card IPO Savvy traders plan to apply for SBI Cards and Payment Services shares in the "shareholder" quota of the IPO. Brokers say many wanting get to their hands on the country's second-largest credit card company have bought shares of



parent State Bank of India (SBI) from the secondary market in recent weeks. About 13 million shares (worth over ₹900 crore) are reserved for SBI shareholders in the IPO. Typically, the retail book sees higher subscription than the shareholder book and, therefore, the chances of getting allotment through the latter are higher. The last date to be eligible to apply in the shareholder category ended last week. Grey market operators say shares of SBI Cards are commanding a premium of more than 30

ESG funds get stewardship push

The stewardship code laid down by the Securities and Exchange Board of India (Sebi) can give a fillip to ESG funds, which invest in companies based on their environmental, social and governance (ESG) standards. "The stewardship code has made it mandatory for mutual funds (MF) to assess ESG risks in investee companies," said the chief investment officer of a fund house. Fund houses need to put a framework in place to track ESG standards followed by companies. 'Gradually, fund houses will be able to build more robust skill-sets to manage ESG funds," he added. While Axis MF has already launched an ESG fund, Birla Sun Life MF has filed for one with Sebi.

Reining in Nifty volatility

The frontline Nifty Stock

index is expected

volatility after the

latest reshuffle.

In September,

Nestle India

replaced

Indiabulls

to shed some

JASH KRIPLANI

2,42

1.10

0.61

Indiabulls Housing

volatility in relation to

YES Bank

Shree Cement

Nestle India

Housing Finance in the 50-share index

and next month, Shree Cement will

come in place of YES Bank. Shares of

both Indiabulls Housing and YES Bank

Nestle India and Shree Cement aren't.

This is not just because of their stable

Shares of Nestle India currently quote

around ₹16,500, while those of Shree

Cement are at ₹24,400. In absolute

terms, the two stocks are the most

exchange traded funds.

expensive on a per share basis in the Nifty index which is widely tracked b

denomination of their stock price.

businesses but also on account of high-

have been volatile on the bourses, while

Broader market earnings beat ratio worse than Nifty

The mid- and small-cap indices are

racing ahead of the benchmarks this year. However, their earnings scorecard for the December quarter has been much worse than the Nifty's. According to an analysis by ICICI Securities, nearly half the Nifty50 companies' net profit has exceeded consensus estimates. On the other hand, only about a third of the companies in the mid-cap and small-cap universe have managed to beat expectations. This is despite the cut in corporation tax rate by the government and softness in raw material prices during the quarter. Most companies, irrespective of which universe they belong to, have missed their sales estimates,

reflecting the weakness in the economy. So far in 2020, the Nifty Midcan 100 and Nifty Smallcap 100 have gained 6 per cent each, even as the Nifty is down about a per cent.

while the earnings

report card of the broader universe for the last quarter was disappointing, investors are trying to factor in a revival in earnings. Analysts say, the Reserve Bank of India's move to ease liquidity coupled with the government's measures to shore up new investments could help corporates over the next few quarters.

SMALL'S NOT BEAUTIFUL YET

	Net profit				Sales			
	Beat	Miss	Neutral	% Beat	Beat	Miss	Neutral	% Beat
Nifty	16	17	1	47	5	5	29	13
Mid	31	40	18	35	9	22	42	12
Small	34	49	29	30	21	30	52	20
Total	90	122	78	31	37	66	145	15

Market players say Note: 'Beat' is results exceeding estimates by over 5% and 'Miss' is results falling over 5% short of estimates; Source: ICICI Securities

[FUND PICK] AXIS BLUECHIP FUND

Consistent large-cap outperformer

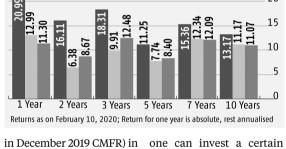
Launched in January 2010, Axis Bluechip Fund featured among the top 30 percentile of the large-cap category in CRISIL Mutual Fund Ranking (CMFR) during the past three quarters ended December 2019. Shreyash Devalkar has been managing the fund since November 2016. He has over 18 years of industry experience. During the past three years, assets under management (AUM) of the scheme increased over five times from ₹1,943 crore in January 2017 to ₹10,212 crore in December 2019.

The investment objective of large-cap companies.

Trailing returns

The fund has consistently outperformed the benchmark (Nifty 50 TRI) and its peers (funds ranked under mode of investing offered by the large-cap funds category mutual funds through which

'Foreigners' interest in India remains intact for now'



analysis. An investment of ₹10.000 in the fund on January 5, 2010 (inception of of the scheme is to achieve the fund), would have grown long-term capital apprecia- to ₹33,150 on February 10, tion by investing in a diver- 2020, at an annualised rate nantly consisting of equity with the category and the cent annualised returns) in benchmark which would have grown to ₹26,083 (9.95 February 10, 2020. per cent per annum) and ₹25,774 (9.82 per cent per

annum), respectively. Systematic investment plan (SIP) is a disciplined

all the trailing periods under amount at regular intervals. A monthly investment of ₹10,000 in the fund for 10 years, totalling ₹12 lakh, would have grown to ₹25.28 lakh (14.4 per cent annualised returns), compared the benchmark

Portfolio analysis

Axis Bluechip Fund is a large-cap equity fund with the mandate to invest predominantly in large-cap stocks. Being true to its CRISIL RESEARCH

tained an average 83.05 per cent exposure to large-cap stocks during the past three vears. It maintained an average of 10.66 per cent of the portfolio in cash and equivalents during this period. The portfolio was diver-

name, the fund has main-

sified across 25 sectors in the past three years. Banks had the highest average allocation of 25.14 per cent, followed by finance (14.13 per cent), consumer nondurables (10.07 per cent), software (7.76 per cent), and auto (6.91 per cent).

In the past three years, the fund took exposure to 72 stocks, of which it held five stocks consistently. sified portfolio predomi- of 12.59 per cent, compared with ₹21.38 lakh (11.23 per HDFC Bank, Kotak Mahindra Bank, and Bajaj Fincery were the major contributors to fund performance during this period and also consistently held. Other key contributors included Bajaj Finance and Avenue Supermarts.

would follow that up with tax conces-

sions to consumers but slow gross

domestic product (GDP) growth and

little fiscal room led to limited scope

for the government to do much more.

All in all, if Indian corporates have got

away with a 10 per cent permanent tax

cut in return for a cyclical slowdown,

Mid- and small-caps have done poorly for the past two years. Therefore, there

is some logic to the argument that their

time will come soon. On the other

hand, rally in these stocks in 2017 may

have been totally unjustified, as it emanated from the huge inflows into

domestic mutual funds, post demon-

etisation, and not because of any fun-

damental reason. There is no need to

follow 'all or none' strategies in the

stock market. Diversify your invest-

ments into all-cap funds and hope for

Can 2020 be the year of mid-and

it is not a bad deal.

small-caps?

EVENTS THIS WEEK

SAMIE MODAK

Particulars 24-Feb US - Chicago Fed Nat activity index 25-Feb US - FHFA House Price index Results: Sanofi India **26-Feb** US – new home sales Results: Mahindra CIE **Automotive** 27-Feb US - GDP & GDP price index

US – jobless claims 28-Feb India - GDP & fiscal deficit figures

US - MNI Chicago PMI UK - Nationwide House Price index UK - GFK Consumer Confidence index Results: Rain Inds

Source: exchange/websites/Bloomberg Compiled by BS Research Bureau

BULK DEALS

Date	Name	Client	Type	Qty	Price (₹)
Feb 18	Tata Chemicals	Tata Sons	BUY	2752662	755
Feb 20	Max Financial	WF Asian Smaller			
	Services	Companies Fund	BUY	2000000	564
Feb 18	Tata Chemicals	Ewart Investments	SELL	1369290	755
Feb 18	Tata Chemicals	Ewart Investments	SELL	1369290	755
Feb 18	Tata Chemicals	Tata Sons	BUY	1369290	755
Feb 14	Godrej Agro	Vsciences Investments Pte	SELL	1892369	539
Feb 14	Godrej Agro	Godrej Ind	BUY	1610000	539
Feb 20	Dixon Techno				
	(India)	Sunil Vachani	SELL	185000	4,309
Feb 17	APL Apollo Tube	HDFC Mutual Fund	SELL	300000	2,000
Feb 18	YES Bank	Srajan Shetty	BUY	16000000	35
Feb 18	Tata Chemicals	Tata Global Beverages	SELL	705522	755
Feb 18	Tata Chemicals	Tata Sons	BUY	705522	755
Feb 20	Wheels India	Titan Europe	SELL	916592	557
Feb 20	Wheels India	IDFC Mutual Fund	BUY	800220	557
Feb 20	Eris Lifesciences	Emerald Investments	BUY	939250	430
Feb 20	Eris Lifesciences	Goldman Sachs Trust	SELL	935313	430
Feb 18	Tata Chemicals	Simto Investment	SELL	518000	755
Feb 18	Tata Chemicals	Tata Sons	BUY	518000	755
Feb 18	Manappuram				
	Finance	Societe Generale	BUY	1531578	170
Feb 18	Manappuram				
	Finance	Societe Generale	SELL	1531578	170
Feb 14	Infosys	Blackrock Global Funds			
		India Fund	BUY	288000	788
Feb 14	Infosys	Merrill Lynch India			
		Fauities Fund	CELL	288000	799

The coronavirus outbreak may help

How are foreign investors looking at

Last year was good for India in terms

intact for now, and as the economy improves, we hope that foreign institutional investor (FII) flows will become stronger.

Has India squandered the advantage that it had by not giving enough boost

The tax cut was a significant boost to dence. I expected that the government Does the stake sale in Life Insurance Corporation of India (LIC) show the government's desperation to make ends meet?

I think that the amount expected from the divestment of LIC is too high, but as a potential buyer, I say that for every initial public offering (IPO) that hits the market. The company is very big and complicated and I don't think that we will see its IPO in the first or the second quarter. These things take time, as we have seen in the past.

Full interview on: www.business-standard.com

Puneet Wadhwa. Edited excerpts: How do you see the markets play out over the next six months? The markets, on an overall basis, look Is the coronavirus fear abating, or

SAMIR ARORA

It has been an eventful 2020 for the markets thus far. Provided there are no further shocks

like bankruptcy of Vodafone Idea — the equity markets should again deliver reasonable

performance, SAMIR ARORA, founder and fund manager, Helios Capital, tells

reasonable right now. The broader markets have not done well for the past two years, but it seems that the markets are expanding in terms of stocks that are now doing well as compared to very few movers in recent years.

Decisions taken by the government to improve the business landscape and make it robust and sustainable had the side-effect of hurting the unorganised the small.

Demonetisation may have hit small companies more, as part of their sales/costs/working capital funding may have been in cash. Similarly, goods and services tax (GST) would have made it difficult for smaller companies to evade taxes assuming that bigger companies were already tax compliant. The Real Estate (Regulation and Development) Act, or RERA, hurt small developers as people lost confidence in their ability to deliver projects in time. Also, there was a massive rally in mid- and small-cap stocks in 2017, driven not by better prospects but by local money coming into mutual funds.

Two years of correction and passage of time may have removed many of these excesses. Provided there are no further shocks (like the bankruptcy

of Vodafone Idea), the equity markets should again deliver reasonable per-

will there be one more round of selling?

As of now, it seems that the markets are seeing through the coronavirus issue and playing for the phase when the virus is contained and does not create any uncertainty or risk. Normally, one Founder & fund manager, would expect a fall in the markets around this time and perhaps a recovery when

> the problem is contained. However, in today's environment, the markets move directly to a positive scenario without caring for the interim negative situation. This analysis of the situation by the markets essentially means that they are betting on an early containment of coronavirus.

Do you expect India to gain in any measure because of the outbreak?

India may be a small beneficiary of this if investors and corporates decide that they should not put all (or most) of their eggs in the China market and have more investments or part of their supply chain in India as a hedge. The government had taken a start, by cutting corporation taxes for new companies, for attracting global companies in view of the US-China trade tensions.



LIC IS VERY BIG AND COMPLICATED AND I DON'T THINK THAT WE WILL SEE ITS IPO IN THE FIRST OR THE SECOND QUARTER. THESE THINGS TAKE TIME, AS WE HAVE SEEN IN THE PAST

accelerate those decisions.

India as an investment destination?

of foreign equity inflows, even though the market significantly underperformed peers. At one level, India is part of global, emerging and Asian market flows and will get its due share. But we need to attract disproportionate flows and have to work harder for that. Foreigners' interest in India remains

to the economy in the Budget after the corporation tax cuts in 2019?

the confidence of the corporate sector and signalled that the government cared for corporate health and confi-

Feb 20 Infosys Feb 20 Infosys

ILLUSTRATION: BINAY SINHA

BRIEF CASE M J ANTONY

A weekly selection of key court orders Rap for 'speculative litigation' in arbitration



While dismissing two foreign arbitration appeals, the Supreme Court made severely critical comments on the course of litigation and imposed ₹50 lakh as costs on a group of shareholders of a joint venture. The appeals were filed against the judgment of the Bombay High Court, which had ruled that the

final four awards made by a sole arbitrator in London were enforceable in India. In the judgment, Vijay Karia vs Prysmian Sistemi, the Supreme Court observed: "We cannot help but be left with a feeling that the appellants are indulging in speculative litigation with the fond hope that by flinging mud on a foreign arbitral award, some of the mud so flung would stick. We have no doubt whatsoever that all the pleas taken by the appellants are, in reality, pleas going to the unfairness of the conclusions reached by the award, which is plainly a foray into the merits of the matter, and which is plainly proscribed by Section 48 of the Arbitration Act read with the New York Convention."

The burden of proof in bounced cheques



The Supreme Court has reiterated that once the issuance of a cheque and the signature on it have been admitted, there's always a presumption that it was issued to satisfy a legally enforceable debt or liability. This presumption can be rebutted by the drawer by leading evidence, as

prescribed under Section 139 of the Negotiable Instruments Act. The court stated so while allowing the appeal case, Aps Forex Services vs Shakti International Fashion Linkers. The trial court and the Delhi High Court had acquitted the partners in a firm but on appeal, they were convicted and sentenced to three months' jail and fine. The accused argued that they had issued the cheque as security in their business dealings and there was no debt. It was accepted by the courts below. But the Supreme Court stated that repeated issuance of the cheque showed that there was a liability and the onus on them was not discharged in this case.

Only voluntary bodies are 'consumers'



Only a voluntary consumer association registered under the Companies Act or other laws is eligible to move a consumer forum, the Supreme Court ruled in its judgment in Sobha Hibiscus Condominium vs Sobha Developers. In this case, the condominium was a statutory body under the provisions of

the Karnataka Apartment Ownership Act. It was built on a mandatory basis under that law. When it moved the National Consumer Commission against the developers, its complaint was rejected as it was held to be neither a consumer nor a registered voluntary association as defined in the Consumer Protection Act. The condominium appealed to the Supreme Court. It dismissed the appeal stating a "voluntary consumer association will be a body formed by a group of persons coming together, of their own will and without any pressure or influence from anyone and without being mandated by any other provisions of law. The association which consists of members of flat owners in a building, which has come into existence pursuant to a declaration required to be made compulsorily under the provisions of state law, cannot be said to be a voluntary association".

Appeals in gas supply bids rejected



The Supreme Court last week dismissed the appeals of Adani Gas and IMC against the decision of the Petroleum and Natural Gas Regulatory Board in the bidding for distribution of natural gas in four south Indian districts. The appeals arose over the grant of authorisation for laying, building, and

operating or expanding the distribution networks in Chennai, Puducherry, Kanchipuram, and Tiruvallur districts. The challenge was taken to the Appellate Tribunal for Electricity, but the panel gave a divided verdict, the chairman and the technical member giving reaching opposite conclusions. The matter was referred to the judicial member but he recused and there was no replacement for him. Therefore, the Supreme Court had to decide the dispute under its extraordinary powers. The board has to give authorisation to any entity which undertakes to operate natural gas distribution work. The rules were amended in 2018 to introduce new criteria, leading to the current dispute. Rejecting the contentions of the gas companies, the court observed that the assessment of the reasonability of the bid was a matter solely between the highest bidder and the board. The sole question, the judgment said, was whether the highest hidder's quote was reasonable. The power to determine such reasonability resided solely with the board. The presence and hearing of other bidders are not necessary. The assessment of the board would not alter the scores of the highest bidder visà-vis the scores of the other bidders.

Presumption in worker's claims



While calculating the compensation for the death of an employee on duty, the Employees' Compensation Act assumes that his monthly pay is ₹8,000. Before 2010, it was ₹4,000. In the Supreme Court judgment came in the case K Sivaraman vs P Sathishkumar, which revolved around the death of a 26-year-old

employee in 2008 when the ceiling was ₹4,000 per month. However, the Madras High Court calculated the compensation on the basis of the amended rule and granted the dependents ₹8.86 lakh. On appeal by the employer, the court ruled that the compensation payable on the date of the accident is relevant; not the amount after the amendment. In this case, the monthly salary of the deceased employee was ₹32,000. But that was not considered relevant because according to the government notification, "whatever be the pay" the ceiling will prevail. The rate of inflation has not been taken into account by lawmakers.

Delay bars I-T file reopening



The income tax authorities cannot revive proceedings four years after the assessment on the basis that the Supreme Court has reversed its view in a later judgment. Moreover, the revenue authorities must show that the assessee had failed to fully disclose material facts. The Calcutta High Court stated so

while allowing the writ petition, Calcutta Club vs ITO, challenging the notice for reassessment. According to the law prevailing when the assessment was accepted in 2007-08, the income earned by way of interest from corporate members of a club was not taxable. But in 2013, the Supreme Court took the opposite view in the Bangalore Club case and also asserted that the income did not come under the ambit of the mutuality principle. The reversal of the apex court's view later could not be called "omission or failure" on the part of the club, the high court ruled.

Non-performers in the dock

MP proposes to punish officials for delay in industrial approvals, but experts say this should be backed by transparency

law imposing penal provisions on government officers for delaying industrial approvals beyond a statutory timeline is touted as a novel concept to woo investors. While there are several laws and rules framed by states for time-bound approval processes, experts say results of these measures have been mixed. How well the latest initiative — mooted through The Madhya

Pradesh Time-Bound Clearance Bill

2020 — works will depend on how

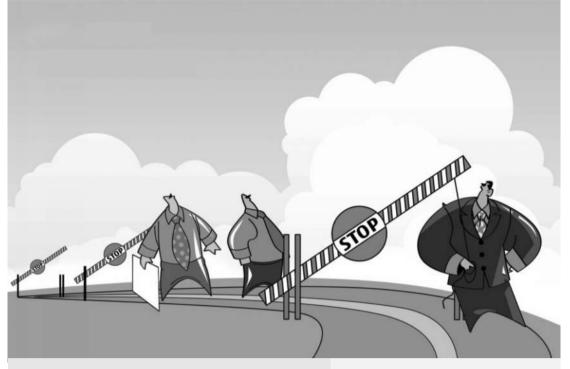
well the new law is implemented,

they add. The permits process has long been the bane of the Indian industry," says Rajat Sethi, partner, S&R Associates. Any such initiative by a state government will help bring about a change in the existing permits process in which systemic problems are well entrenched, he argues.

The Bill, recently cleared by the Cabinet and to be taken up in the Assembly in its forthcoming Budget session, provides for time-bound clearance of applications for industrial investment. It spells out 25 types of clearances and licences for industries to be issued in one day, 10 other clearances to be granted in seven days, and 5 others within 15 days through an online platform.

Moreover, if the designated official fails to act in a time-bound manner, appropriate action will be initiated under the provisions of the Madhya Pradesh Service Guarantee Act. 2010.

Sandeep Grover, partner, Ortis Law Office, points out that there are several states which provide timebound clearances and deemed approvals by government departments. For instance, Andhra Pradesh has set up the District Industries Promotion Committee for providing time-bound approvals and clearances for setting up industrial units in the micro, small and medium enterprises sector. Similarly, the Kerala Investment Promotion and



AN IDEA TO WOO INVESTORS

The draft Madhya Pradesh Time-bound Clearance Bill entails

- Time-bound online clearance of applications for investment in the industrial, MSME, IT, and tourism sectors
- Under the proposed law, 25 types of clearances and licences for industries will be issued in a day, 10 other clearances will be granted in seven days,

Facilitation Act was passed in 2018. Under the Rajasthan Enterprises Single Window Enabling and Clearance Act, 2011, if a department fails to decide on an application within a specified period, the appli-

and five in 15 days through an online platform

■ If the designated official fails to act in a time-bound manner, appropriate action may be initiated against him/her under the provisions of the Madhya Pradesh Service Guarantee Act, 2010

cation is deemed "allowed".

While experts agree that the proposed law intends to reform the licensing regime and facilitate ease of doing business in the state, some fear the result could be counter-pro-

IN OTHER STATES

- In Andhra Pradesh, the District **Industries Promotion Committee** provides time-bound approvals and clearances for setting up new industrial units and for expansion of existing ones in the MSME sector
- Kerala passed the Kerala Investment Promotion and Facilitation Act in 2018
- Under Rajasthan's Enterprises Single Window Enabling and Clearance Act, 2011, any application to start a venture has to be processed within a specific period, failing which the application is deemed 'allowed'

ductive, if not implemented well.

"It may lead to officers raising unnecessary queries or rejecting applications on frivolous grounds, says Ramesh Vaidyanathan, managing partner, Advaya Legal.

Sethi points out for speedy decisions, government officers require a conducive environment and ecosystem, which encourages fair decisionmaking. "If they are required to constantly look over their shoulder to assess potential risk of prosecution, it will impede quick and efficient decision-making," he adds.

Vaidyanathan prefers approval structure founded on accountability, where the status of the application is shared online, senior officers monitor on a real-time basis, and deviant officers bear the brunt in their annual performance

"All departments must also be asked to share on their website statistics on approvals granted, time taken, etc. In essence, greater transparency and accountability is more efficacious than penal action," Vaidyanathan says.

If government officials are to be made accountable for non-performance, should businesses not be held responsible for meeting the conditions to get a licence or permit?

According to Grover, Section 6 (2)(a) of the Bill, though a loosely worded clause, endeavours to make the applicant accountable for meeting the conditions to get the licence. "However, it would be interesting to see if the government comes up with specific rules and regulations enumerating how information is to be provided by the applicant and specific consequences/implications which will follow in case of noncompliance," he says.

Most experts are of the view that the latest measures to bring more accountability in the licence system will have to be combined with steps that provide greater access to information and resources to government officers to assist in decisionmaking, and better insulate them from the pulls and pressures, which tend to afflict the decision-making machinery.

The implementation of this law in Madhya Pradesh will be closely watched by other states, too.

CCI VS AMAZON AND FLIPKART

A test case for Indian e-commerce platforms

FEBRUARY 14:

The high court did

AKANSHHA AGRAWAL

The Competition Commission of India's (CCI's) investigation against Amazon and Flipkart and the legal challenge to this move by the two companies are likely to set a precedent for the competition watchdog's approach towards business models of e-commerce platforms. The decision is also likely to affect other markets based on similar models, such as radio taxi services and food service aggregators said competition experts.

In its January 13 order, the Competition Commission argued that the business models of the ecommerce platforms under investigation threaten to cause "appreciable" adverse impact on competition.

The order said that "exclusive launch, coupled with preferential treatment to a few sellers, and the discounting practices create an ecosystem that may lead to an appreciable adverse effect on competition." The CCI, in the past, had taken a contrary stance against practices, such as exclusive agreements and deep discounting,



JANUARY 13: The CCI ordered investigation against Amazon and Flipkart **FEBRUARY 10:** Amazon filed a writ petition before the Karnataka High Court for quashing the CCI's order

not find merit in the CCI's order and granted an interim stay on the investigation **FEBRUARY 21:** Flipkart filed a writ petition before the high court challenging the **CCI** order

creating confusion regarding the required compliance for ecommerce platforms.

In its petition in the Karnataka High Court challenging the CCI order. Amazon argued the investigation would cause "irreparable loss or injury". The company's lawyers said the CCI order came without any application of mind and dubbed it an "openended fishing expedition".

Senior Counsel Harish Narasappa, appearing for the CCI. argued that Amazon's claim of right to notice or hearing was not maintainable. It was merely a prima facie order and the parties cannot claim a right to notice or hearing.

However, in a much-needed relief for the e-commerce giant, the Karnataka High Court recently granted an interim stay on the investigation.

Lawyers have pointed out that the CCI placed reliance on text messages sent by mobile operators to their customers to establish exclusive agreements between ecommerce platforms and sellers. Lawvers representing the ecommerce majors argued that the CCI had the burden of establishing the existence of an agreement and

analyse if this agreement caused an appreciable adverse impact on competition. For this, reliance cannot be on text messages by mobile operators, they said. Though the high court has

granted an interim stay on the investigation, experts are unsure if this will reflect in the stance taken post hearing of arguments. "In theory, the grounds are the tests of prima facie case, the balance of convenience, and irreparable injury. In practice, much depends on the Singh, professor of competition law at National Law School of India University, Bengaluru.

Referring to the present proceedings, Payel Chatterjee, Leader of International Disputes at Nishith Desai Associates, points out $that \, the \, High \, Court \, granted \, the \, stay$ on three grounds. "First, the CCI failed to stand the test of establishing a prima facie case as laid down under the Star India ruling by the Bombay High Court. In the absence of the CCI establishing prima facie finding, the mandatory jurisdictional prerequisite is not fulfilled," she said.

Chatterjee said the CCI failed to

and give an opportunity of hearing, having done so in several cases in the past. Finally, there are pending investigations by other regulators concerning the definition of e-commerce.

issue notices to the online players

While the Karnataka High Court has granted eight weeks to the parties to file counter before the hearing resumes, Chatterjee is of the view that the court may need to take a pragmatic view on whether multiplicity of proceedings and investigations by differen regulators will lead to more confusion, rather than providing clarity on how e-commerce platforms should be regulated.

"Based on precedents in the auto spare parts and telecom sectors, it appears to be a temporary reprieve. It is likely that the case will shift to either the CCI or the Director General's office in a few months, if not weeks," said Singh.

The Confederation of All India Trades and the Delhi Vyapar Mahasangh have already said they would challenge the high court's order. With Flipkart also challenging the CCI order, the issue is expected to hogheadlines for some time.

Has limited liability partnership lost its charm?

HIREN BHATT & AMIT REVANKAR

Limited liability partnership (LLP) is the preferred legal vehicle for a lot of Indian promoters and multinational companies for setting up their business in the country. Among many advantages that LLP offered was the better income-tax regime for it.

However, with sweeping changes to the tax rates applicable to Indian companies in the recent past and the amendments proposed in the recent Budget, the debate taking place among tax professionals and businesses is whether LLP has lost its charm and has it become inferior to the company structure. While there is no straight answer to this as the promoters, dividend above ₹10 lakh decision for setting up an LLP or a company needs to be looked into from business, legal, regulatory, and tax perspective, the company form of structure appears to have an edge over LLP in certain scenarios from an income-tax perspective.

The income-tax rate for companies and LLPs on their income were almost similar, i.e. 34.94 per cent tax such dividend income in the (including maximum surcharge and cess) until September 20, 2019, when ble rate. With these dividend-related the tax rates for companies were tax proposals, while super-rich Indian

cent (including maximum surcharge and cess), and even minimum alternate tax (MAT) was abolished. With such reductions, the company structure gained some ground. However. DDT (dividend distribution tax) at 20.56 per cent (including maximum surcharge and cess) applied by companies while distributing profits in the form of dividend to their shareholders continued to give LLPs an edge over the company structure. This is because there was no tax on the distribution of profits by LLPs.

As far as multinational companies (MNCs) were concerned, dividend from their Indian subsidiary was exempt from tax in India. For Indian was subject to dividend tax at the rate of 10 per cent (exclusive of maximum surcharge and cess). The share of profit from an LLP is exempt for the partners of the LLP from the Indian income-tax perspective.

While the recent Budget has proposed to do away with DDT for companies in India, it has announced to hands of shareholders at the applica-

IF AN MNC WANTS TO INVEST IN INDIA, THE COMPANY STRUCTURE SEEMS ATTRACTIVE. FOR INDIAN PROMOTERS. LLPs STILL APPEAR TO **BE A BETTER OPTION**

income, foreign shareholders, including MNCs, may be able to avail the rate of tax under respective treaties and reduce tax on dividend income of certain conditions. to a large extent. Applying the tax treaty rate, if the foreign shareholder is based in the Netherlands or Mauritius, dividend tax in India could be as low as 5 per cent, and for jurisreduced to 17.16 per cent and 25.17 per shareholders might suffer tax up to dictions like Singapore, the United the effective tax rate for an Indian

42.74 per cent on their dividend Kingdom and the United States, dividend tax in India could vary from 10 per cent to 15 per cent. Of course, these rates are subject to fulfilment In nutshell, in a scenario where an

MNC wants to invest in India from certain overseas jurisdictions, the company structure seems relatively attractive than the LLP structure with

subsidiary as low as 28.91 per cent (lower corporate tax plus dividend tax). The effective tax rate applicable to LLP could be 34.94 per cent. However, an MNC based out of a jurisdiction like the US may still prefer the Indian LLP structure as for it the effective tax rate for setting up an Indian company will be 36.39 per cent.

As far as Indian promoters are concerned, LLPs still appear to be better than the company structure. The effective tax rate in the hands of Indian promoters in the LLP structure could be approximately 34.94 per cent, while in a company structure it could go up to 57.16 per cent.

One needs to do a specific analysis based on the facts of each case, and the effective tax rate could vary depending on the jurisdiction of foreign shareholders, tax profile of promoter, and tax regime applicable to such Indian entity. But the recent Budget proposal, if accepted, will certainly make investors think twice before selecting a legal structure for doing business in India.

Bhatt is partner, M&A and private equity, tax, while Revankar is associate director at KPMG in India

"They (India) 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"

> DONALD TRUMP US president



"Someone better tell @realDonaldTrump that the entire population of Ahmedabad — every man, woman & child, including those too old & sick to greet him - doesn't add up to 6 million"



"He (Trump) will directly come to **Ahmedabad from Washington. After** that a grand roadshow will be organised"

VIJAY RUPANI Gujarat chief minister

A difficult balancing act

The BJP in West Bengal is looking for a perfect blend of ideology and credible governance agenda

RADHIKA RAMASESHAN

ith a little over a year before West Bengal votes to elect its next government, Bharatiya Janata Party (BJP) is in the throes of a debate framed on three aspects: Core ideology contra governance, national issues as opposed to regional/local matters, and whether to project a chief ministerial candidate.

These deliberations assumed significance after the BJP's debacle in the Delhi Assembly polls. The rout was ascribed by some national strategists and thinkers, also involved with West Bengal, to the lack of an optimum blend between ideology and credible governance agenda, the need for local units to be alive and kicking on the streets, and the absence of a CM face.

While a dominant section of the BJP's West Bengal unit, swayed by its state president Dilip Ghosh, a former Rashtriya Swayamsevak Sangh (RSS) "pracharak", demanded to accord precedence to ideology over governance, Delhi influencers advocated giving equal priority to "positive governance" without undermining the centrality of the citizenship package in the discourse. Detailing the thread running through the ongoing discussions, a source said: "As far as the CAA (Citizenship Amendment Act) is concerned, it is a local issue in West Bengal and not an abstruse ideological intervention. The larger issue, which I feel is relevant, is that when you're trying to upstage a sitting government, you have to go a little beyond negativism, into positive governance."

The source cited the examples of Narendra Modi's campaigns in the run-up to the 2007 and the 2012 Gujarat elections, which he led as chief minister. "In both cases, the last phases were marked by vitriol but the main reason for Modi's victories was he could sell his ideas and a good record of governance."

Adducing a comparable argument for West Bengal, the source

It was over a decade ago, but

day she was first stalked. She

was 13 then and a Class VII

student. She was going to a

foreign language class close to

her home in Ghaziabad. A man

stopped her and told her he had

been following her for months

"He told me that he knew

where I stayed, the school I went

and that he was "in love"

to and when I left home for

tuition," Arora said. "He even

knew that I usually went out

that day. I started shivering."

and threatened to pester her

with my brother, but I was alone

over her home landline if she did

not call. "I informed my father

The man gave her his number

with her.

Isha Arora clearly remembers the

THE FOLLOWING PROBLEM

STORY IN

NUMBER

PROBLEM OF PLENTY

BJP's chief ministerial aspirants range from film stars and playback singers to organisational hands and thinkers reaching out to the bhadralok

Locket Chatterjee

Swapan Dasgupta

the Bengali bhadralok

Noted columnist and nominated

Rajya Sabha MP, he was among

world-view in the media. He is

also active campaigner among

the first to espouse the BJP's

Parliament

An actor and classical dancer,

Chatterjee made her Lok Sabha

often raises Hindutva issues in

debut from Hooghly in 2019. She



Babul Supriyo



Dilip Ghosh

The West Bengal BJP president is adheres to the core ideology, but

> issues will be punched together with local ones. We have to think of what alternative model we will offer if we

an inflexible ideologue, indicated he could be pragmatic when it came to fighting a poll. He said: "The BJP rests on an ideology that inspires and motivates our workers. But we also need different strategies, one for winning an election and the oth-

However, a West Bengal BJP



Roopa Ganguly

Best known for her portrayal of Draupadi in B R Chopra's Mahabharat, she is a Rajya Sabha MP and raises issues transcending West Bengal



Anirban Ganguly

Director of Syama Prasad Mookerjee Foundation, a BJPbacked think tank; he has a PhD in education from Jadavpur University. He is part of the "Save Bengal" campaign with Dasgupta

watcher emphasised that in advocating Hindutva and nationalism, the party's approach would have to be nuanced. "The Shaheen Bagh model of bullets and biryani won't work. The RSS looked at a template that would play to Bengali pride and harp on the state's development. Mamata's slogan to defeat the Left Front was Bengal awake and arise. She promised to check the flight of capital from Bengal to far-flung states and usher in a renaissance. The RSS wants the BJP to pitch this line because it feels Mamata hasn't delivered on her promises."

But another school of thought roots for the eye-for-an-eye attitude. West Bengal is politically violent, the Trinamool Congress' goons have attacked and killed the BJP cadre. So many in the local BJP unit believe Gandhigiri is not the answer. The language and reprisals will have to be equally aggressive, they said.

The problem is the BJP's "bhadralok (the urban elite)", small as the following is but nonetheless persuasive, squirmed at the brutish brand of politics. In the 2019 elections, the BJP won its 18 (of 42) parliamentary seats in the rural and quasi rural belt, but could not penetrate the city swath. A state leader said: "We have not been able to communicate with the thinking Bengali Hindu. The BJP has the image of a Hindi bhashi (speaking) party. Some leaders speak Bangla with a Hindi accent as though they are probashi (expats). Bengalis are sensitive about these things.

Chandra Kumar Bose, the greatnephew of Subhas Chandra Bose, said: "The BJP should talk of governance and corruption instead of the Ram temple and the abrogation of Article 370." Bose, who in 2019 lost the South Calcutta seat to the Trinamool Congress by a big margin, pushed for a CAA "without the religious tag". "If you're following Mahatma Gandhi, remember he said all persecuted persons from the neighbouring country (then East and West Pakistan) should be considered for citizenship.

As for projecting a CM candidate, opinions were just as partite. "When you're taking on a powerful person like Mamata, it will help to have a prominent face like Uma Bharti, who was pitted against Digvijava Singh (in Madhya Pradesh in 2003), or Vasundhara Raje, who took on Ashok Gehlot (in Rajasthan). It's a question of who's the best," he said.

Ghosh rejected the idea, saying: "It's a national policy that wherever we are fighting to win, there will be no CM nominee.

NEWSMAKER/BABULAL MARANDI



Homecoming, after 14 years

Former Jharkhand chief minister Babulal Marandi's political career, so to speak, started in the 1970s, when tribal leader and Jharkhand Mukti Morcha (JMM) chief Shibu Soren's movement against landlords and moneylenders was in full swing.

who recently Marandi, returned to the BJP after a separation of 14 years, was inspired by Soren's speeches. He had reasons to be because he, like Soren, belonged to a poor Santhal family and was trapped in debt.

Once Soren told him that whenever moneylenders intimidated his (Marandi's) family, he should run after them with a hatchet. Such advice blends into the modes of feeling and operation in tribal areas, and it worked well with Marandi.

But their relationship navigat-Rashtriya

Marandi, the

first CM of

Jharkahnd,

has a strong

among tribal

communities,

especially in

the Santhal

Pargana area

influence

Swayamsevak Sangh (RSS), which had no toehold among tribals at that time. The Bharatiya Janata Party (BJP) gave him the ticket to contest election against Soren thrice till 1998. In 1991 and 1996 he lost, on the second occasion by just 5,000-odd

votes. But the party recognised his abilities and made him president of the BJP's Jharkhand unit. The BJP won 12 of the 14 Lok Sabha seats in the Jharkhand the BJP. Shah had been working region in the 1998 election on his return to the party since (Jharkhand hadn't become a state 2014, when he (Shah) became BJP then) under his leadership and president. It was in 2014 that this time he defeated Soren. Marandi joined the Union government and in 2000 became the first chief minister of Jharkhand.

Marandi has a strong influence among tribal communities in Jharkhand, especially in the Santhal Pargana area. RSS Ideologue Govindacharva savs because of his simplicity and the ability to reach out to them, Marandi was the most suitable candidate for the office of organising secretary when the "Vananchal Movement" was going on and he served as organising secretary of the Jharkhand region of the Vishva Hindu Parishad. He joined the BJP later.

He was not happy in the BJP in one sense. He even regretted that when he moved to ident of the BJP's Jharkhand unit.

relinquishing his position in the Union ministry he had to give up his bungalow in New Delhi. But another BJP chief minister on a similar trajectory was allowed to retain his.

However, he had a happy stint as chief minister because there was nobody he could be compared with as he had no predecessor. The most visible improvement under him was that of the road network in the new state. He also initiated the idea of developing Greater Ranchi and, though it had failed, senior BJP leader LK Advani inaugurated the project online.

The proposal of an All Indian Institute of Medical Sciences also came a cropper and he only improved the infrastructure of the Rajendra Institute of Medical Sciences (RIMS).

However, Marandi had to resign in 2003 due to an internal ed twists and turns when Marandi conflict in the BJP, with pressure associated himself with the from coalition allies, primarily the

Janata Dal (United). He made way for Arjun Munda, who was close to Rajnath Singh. observers say had he been astute, he could have saved his position. His bureaucrats

misguided him. Marandi's party, Jharkhand Morcha (Prajatantrik),

merged itself with the BJP recently in the presence of Union Home Minister Amit Shah. On this occasion he acknowledged his debt to Marandi lost the Lok Sabha and Assembly elections. The BJP offered him a Rajya Sabha seat but he refused.

The BJP felt the need for a strong tribal face in Jharkhand after the defeat in the Assembly elections last year. Is Marandi strong enough? The vote percentage of his Jharkhand Vikas Morcha in reserved seats for the scheduled tribes was lower than in those unreserved. Political analysts of Jharkhand say Marandi has acceptability only among tribals but a comparatively young leader like Munda has a great reach among tribals as well as non-tribals.

It is to be seen whether he will be Leader of the Opposition or pres-

not long ago said: "Scindia was neither

Political analyst Arvind Tiwari said:

"Bitterness between Scindia and Nath is

no secret. Scindia never hid his ambition

of becoming chief minister. He also made

Assembly polls, only to discard him after

close to Rahul Gandhi, but he lost his grip

trying to destabilise our government in

the state and spreading rumours. Scindia

has repeatedly said he can't even dream of

leaving the party. I think this is enough to

The party is currently in damage-

control mode. State Public Relations

the victory. Scindia is considered to be

it clear to the party leadership. But the

party used him in the run-up to the

after losing the Lok Sabha election."

On the other hand, Congress spokesperson Syed Jafar said: "The BJP is

put an end to these rumours."

appointed president of the Madhya Pradesh Congress nor chief minister. All is

not well in the Congress."

The playback singer was brought into the BJP by yoga guru and businessman Ramdev. He is a second-time MP from Asansol and also MoS, environment



also an MP from Medinipur. A former RSS "pracharak" who finds few takers for his views outside of the RSS-BJP faithful

said: "The BJP has done Mamata Banerjee's (the chief minister) critique up to a point. Her law and order management or the lack of it, her partiality towards Muslims, and so on. But where are the attacks on health and education? A well-rounded poll campaign must take into account these sectors.' Mukul Roy, a former political

and he told him he would

leave me alone." The man

heeded the warning and

stopped harassing Arora.

complain to police if he didn't

This kind of harassment is

rampant across India, showed

the government data. In 2018,

9,438 cases of stalking – one

were reported in India.

every 55 minutes, on average -

according to the National Crime

released in January 2020. This is

In January 2020, a 19-year-

old was killed by her stalker at

her home in Karakonam in

Thiruvananthapuram. The

same day, a 17-year-old was

Kerala, 30 km from

MADHYA PRADESH

Records Bureau (NCRB) report

more than double the cases

(4,699) reported in 2014.

aide of Banerjee and now BJP mover-and-shaker, articulated a slightly different view. "The BJP is a er for governance. national party, so naturally national

come to power." Ghosh, the Medinipur MP who is regarded as

repeatedly stabbed on her way home from work in Kakkanad, in eastern Kochi by a man whose advances she had spurned, reported The NewsMinute.

In 2016, a 15-year-old was

allegedly raped and set on fire on the terrace of her house by a 20-year-old stalker in Gautam Buddh Nagar in Uttar Pradesh. The class X student had dropped out of school a year before the incident because she could not deal with the harassment.

STALKING CASES **DOUBLE IN FOUR YEARS**

Cases reported Cases per 100,000 women Source: NCRB

"There are certain perceptions about stalking cases - they are not taken seriously by society or police," said Ranjana Kumari, director at the Centre for Social Research.

DATA AND TEXT: INDIASPEND

Congress in a spot as Scindia drifts away

The Congress leadership is trying hard to downplay the power struggle between Madhya Pradesh Chief Minister Kamal Nath and former MP Jyotiraditya Scindia, but the rift is there for anyone to see. Scindia is not only upset with the chief minister but also the party brass, which had sided with Nath, who also heads the Congress' state unit, in the

race to the top post. In the run-up to the 2018 Assembly polls, Scindia was named the head of the MP Congress campaign committee. He faced intense attack from the Bharatiya Janata Party (BJP). Undeterred, Scindia campaigned aggressively and played a key role in the Congress' return to power in

the state after 15 years.

After the win, a tussle for the chief minister's post broke out between Nath and Scindia, but the former prevailed. Dejected, Scindia was hoping that the

party brass would at least anoint him or his nominee Madhya Pradesh Congress chief, but the top leadership kept delaying the decision. Following this, Scindia started targeting Nath's government over one issue or another.

First, he demanded strict action against illegal sand mining, then he removed the Congress' reference from his

Twitter bio, and recently he said if the party reneged on its manifesto, he would take to the streets, to which Nath replied: "Let him do that". Scindia had also endorsed the Centre's decision to abrogate Sections of Article 370, against the party's stand on the matter.

The state Congress unit, too, appears to be divided on the rift between the two heavyweights - some call it "pressure politics", while others feel Scindia is being

sidelined. State's Minister for General Administration Govind Singh said taking to the streets was the job of the

Opposition, and if Scindia had any complaint, he should discuss it with the party and the government.

On the other hand, Minister for Women and Child Development Imarti Devi said if Scindia took the path of demonstration, state Congress workers would follow him. Six ministers in Nath's Cabinet belong to the Scindia camp. They are Imarti Devi, Govind Singh Rajput, Pradumnya Singh Tomar, Tulsiram Silawat, Prabhuram Choudhary, and Mahendra Singh Sisodia. Also, at least 22 MLAs from Gwalior, Chambal, and Malwa are with Scindia. Not long ago, Scindia loyalist and first-

time Congress MLA Suresh Rathkheda said: "Let's make it crystal clear that Maharaj (Scindia) is not leaving the Congress. But the day Maharaj wants, he can form a new party and tell how powerful he is in the entire state. The day Shrimant (Scindia) launches a new party, I'll be the first to join him." Scindia is also miffed at the news of

the party planning to send its General Secretary Priyanka Gandhi Vadra to the Upper House from Madhya Pradesh. In April, three seats from the state are falling



sided with Nath in the race to the chief minister's post

vacant, and two of them will go to the Congress. Former CM Digvijaya Singh is set to be re-elected and Scindia was eyeing the second seat for himself.

Power equations

A close aide of Scindia said: "As many as 25-30 MLAs are directly in touch with Maharaj (Scindia). He is under a lot of $pressure, especially from \, his \, supporters."$

Sources said Scindia was waiting for the party's decision on the MPCC president and the selection of candidates for the Rajya Sabha elections before taking a call. Scindia joining the BJP remains only a

vague possibility. He may float a party. The BJP, after losing many of its strongholds in the recent past, is keen on putting together its government in Madhya Pradesh. BJP MP Ganesh Singh

Minister PCSharma said that "all is well in the Madhya Pradesh Congress". After challenging Scindia to do whatever he desired, Nath sarcastically said: "How could I be angry with Scindia, if I couldn't be angry with Shivraj Singh Chouhan!"

Sources close to Scindia said he was in no mood to take a step back. "If things don't go right for him, he may

surprise everyone, including his party," a



"We are well-positioned to manage other properties through an asset-right strategy aimed at expanding the inventory of managed properties across India"

NAKUL ANAND Executive director, ITC

"Croissants and salty snacks, which are new launches, are in the test market phase. We haven't moved beyond that because these are probably not the times to take these nationally" **VARUN BERRY**



"We are working on e-vehicles through research and development and incubation. We will come out with a product which will get us the volumes"

DRIN

PAWAN MUNJAL Chairman, Hero MotoCorp



New players on the furniture trail Flipkart, Pantaloons and Pidilite are

emerging names in furniture retail, keen on making headway in a fragmented market

VIVEAT SUSAN PINTO

new bunch of firms are getting into the organised furniture retail market in India at a time when older players are either reorganising operations or simply scaling down their presence. The Kishore-Biyani-led Future group, for instance, has opted to keep its focus on categories such as food, apparels and fast moving consumer goods, hiving off its home furnishings business into a separate company.

Department store chains Shoppers Stop and Lifestyle, on the other hand, are revamping their home furnishing chains Home Stop and Home Centre respectively in a bid to improve sales. Reliance Retail, the country's largest organised retailer, hasn't tapped the full potential of the furniture market yet, despite a presence across formats such as grocery, fashion, lifestyle and electronics with over 11,000 stores in 6,700 cities.

The sense of cautiousness notwithstanding, there are still new names that are emerging within the organised furniture retail market in India. These players are keen to make headway in a fragmented space, tap the growing base of millennials and avoid pitfalls of some of

the early entrants in the category. E-tailer Flipkart, now owned by Walmart, the world's largest retail-

er, has just launched a new private label Perfect Homes Studio, the move coming as Flipkart increases its array of furniture products, improves home delivery and free installation services across pin codes and drives affordable payment options to consumers.

Pantaloons, the apparel retail chain from Aditya Birla Fashion and Retail, plans to enter the home furnishings segment in the coming months, the company said in an investor call last week, in an effort at diversifying its product portfolio.

Pidilite, maker of popular adhesive brands Fevicol and Fevikwik, has recently invested in online furniture retailer Pepperfry, aimed at backing firms that complement its product portfolio. This was the second investment by Pidilite after it picked up a 5 per cent stake in online home décor company Homelane in December. Bharat Puri, managing director, Pidilite Industries, said the strategy was to put its might behind categories of the future and identify segments where growth potential existed.

According to industry estimates, India's furniture market is pegged at around \$17 billion (Rs 1.1 trillion). Of this, the organised market is around 3-5 per cent only, while the balance 95-97 per cent constitutes the unorganised market, which includes standalone stores and



MD, Britannia



neighbourhood carpenters. The impediments to growth for organised players included managing the supply chain of products and the tendency of furniture items, especially, large pieces to move slowly off

While Swedish furniture retailer Ikea, the largest in the world, has big plans for the India market including

setting up large and small-format stores in major cities (it has one big store in Hyderabad) and getting into the online space like it has in Mumbai and Pune, experts say that the market will take time to evolve. 'The next phase of growth in furniture retail will come from having

hybrid models, where you have a

presence online as well as offline and

THE MARKET

Current size

\$16 billion

cater to a largely millennial and urban audience," says Anil Talreja, partner, Deloitte India.

Organised

Unorganised 95-97%

In five years

\$25 billion

(or ₹1.7 trillion)

The new set of retailers appear to be taking cues from these emerging trends. Adarsh Menon, senior vice-president, private brands, electronics and furniture. Flipkart, says that the e-tailer is targeting a new segment of consumers with its latest initiative. "The new range under Perfect Homes Studio targets those consumers who aspire to own the latest décor and aesthetics, but may have budgetary concerns," he says.

Unorganised 90-92%

In five years

Organised

Experts say that affordability and easy-to-install-and-use products will be at the heart of the strategy for new home furniture retailers in the

future. Growing urbanisation and people continuing to move from place to place in search of work and better quality of life will fuel this trend. Carrying heavy furniture around, says Talreja, becomes difficult, giving organised players a chance to address this audience with durable products that are both conveniently available as well as easy on the pocket.

Lifestyle, which is looking to give its furniture business a new lease of life, is introducing a new segment that will cater to mainly small furniture items that are easy to pick up from the store and are affordable at the same time. The retailer hopes to improve inventory turns as a result of this and boost sales. Pantaloons also proposes to keep price points competitive and designs classy as it eyes a foray into home furnishings. Pepperfry is pushing an omnichannel strategy, pushing its presence both online and offline.

Experts say that an online presence will play a bigger role for the new crop of retailers, much more than it did with early entrants "More than ever before, the rise of e-shopping is a key reason for the furniture market to propel in the last few years," says Anuj Kejriwal, managing director and chief executive officer, Anarock Retail. Biyani, for instance, has switched his attention online as far as his home furnishings business goes, taking his offline brand Home Town into the digital world and also tying up with Amazon to push its products on its platform.

Godrej Interio, part of Godrej & Boyce, recently launched its e-store even as it pushes its presence offline with exclusive stores and over 800 dealer outlets. Industry officials say that more retailers could step into the category in the future as e-commerce grows.

653

Technology flavours the click and bait game at Zomato, Swiggy

From delivery-only restaurants to mapping every minute of the delivery process, brands lean in on tech and not just discounts, to woo users

NEHA ALAWADHI

mong the many changes in customer behaviour brought upon by internet-led businesses, few have been as radical and rapid as in the country's collective food habits. Food delivery apps have transformed the way many households cook and eat, offering convenience, variety and affordability to drive a change in And now brands that have marked the territory out between themselves. Zomato and Swiggy, are building a box of tools to deepen the engagement and keep customers hooked and loyal to their fare.

The \$4-billion online food deliverv space in the country is a twohorse race today with Zomato and Swiggy both going after the same customer base with similar offerings and promises. And both have over the past few months drilled down on technology as the key driver of a differentiated experience for customers, hoping thereby to keep the flock loyal and more frequent in their usage.

Consider for instance, a new Swiggy initiative called BrandWorks, where it has partnered with some of its existing restaurants to create delivery-only brands with a separate identity from the parent eatery. A different menu, images, packaging and pricing from the restaurant's usual fare helps create a completely different experience when ordering in via the app. The new features have emerged out of tech-led initiatives that were set in motion over the past few years the company said. According to a recent report by

Google and Boston Consulting Group, the reach of food tech aggregators has grown six times from 2017 to 2019, and food tech is one of the fastest growing ecommerce segments or internet-led businesses, both in terms of reach and engagement. Food delivery apps account



KEY GROWTH DRIVERS SHAPING THE FOOD TECH SPACE

- Increase in internet and online buyer base
- Higher order frequency though offset by lower average order value
- Expanding reach within India, large food tech players are now present in 500+ cities in India and aggressively expanding operations in all present cities

Source: Demystifying the online food consumer, BCG, Google India

for close to 83 per cent of the total funding in the food tech space.

The report also found that the food tech business has the most mature set of consumers in the digital universe. We see that consumers are deeply engaged and have high expectations from food tech players. There is an opportunity to bolster the growth factor with five key value

focused marketing, increased quality assurance, constant value for monev and advanced convenience features, the report noted.

propositions, deep personalisation,

Both Swiggy and Zomato have been operating by the same playbook. The focus on tech is so high that Swiggy even maintains an "official tech blog" and Zomato's official blog has a separate "technology" tab. The two also offer detailed explanations over the use of tech in crafting a smooth and engaging experience for their users.

"For Zomato, from the moment a customer opens the app and until their food arrives at their doorstep, it is important for us to provide accurate information on when their food will be delivered. Giving a higher than actual time estimate can deter customers from ordering as does estimating lower than actual delivery time which can then increase inflow to our customer support," the company said in a

blog post (February 4). Based on everyday insights and experiences the apps are building their tech capabilities with an eye on creating loyal user bases. At the end of the day, the in a market where the winner takes all, the one who is able to handle human-level desires and complaints better with the technology whirring silently at the back-end will be the warhorse that goes the distance.

advertising has a few things to

learn. We are enamoured of celebrities who are not part of our

lives. So Bud Light showed real

Also, here in India, we overdo

the product and forget the brand.

Clients forget one very big thing

— that brands sell, products

don't. They ("Real men..." ma-

kers) haven't spoken about the

light ingredients that just made

know what it is.

Would you have

changed anything

launched a beer bra-

nd with a baseline of

equality. Imagine a

beer brand that has

women in it... being

don't need to be like

men. You can be in a

themselves, who

in the campaign?

I would have

the brand cool, assuming vou

(common) men.

OUIZ

- Connect Vermont Avenue, Kentucky Avenue, Reading Railroad, Boardwalk and a controversial product marketing strategy that was scammed and is now a popular docuseries and what do you arrive at?
- What are SWAS, STAR and SAFAL called together? Also name the industry they had an impact on when these were released a couple of years ago.
- Which Indian business group has ready to eat foods sold as "Quick Quisine" that can be heated to eat in 60 secs?
- When translated in English it means "Left over treasure", it was once the world's largest. What is it and who owns it?
- Connect the ancient history of the invention of automatic doors and coin operated slot machines and what do you
- Connect Amazon's phone and tablet devices branded as Fire and Captains of Ships & Aircrafts and what do you arrive at
- Which Industry in India follows this local time which is one hour ahead of the IST and what is it called?
- Akshay Kumar is now the brand ambassador of this brand that saw the likes of Juhi Chawla, Boman Irani also play a similar role. Name it.
- Name the brand whose global brand ambassador is the Mixed Martial Arts (MMA) superstar Conor McGregor.
 - From the images of two royals below establish the name of a listed company anda brand named after one of them.





COMPILED BY GAURAV SRI KRISHNA, www.facebook.com/gaurav.s.krishn

ANSWERS TO THE STRATEGIST QUIZ 652

1. Perfetti Van Melle's Chupa Chups brand has rolled out 'Do You Love Me?' campaign for its limited edition speciallystamped lollipops range

2. WorldCom founded by

Bernie Ebbers was not just the biggest accounting scandal in the history of the US, but it was also one of the biggest bankruptcies of all time. In 2002 the Sarbanes-Oxley Act was introduced to curb malpractices in corporations

3. Riksbank of Sweden

- 4. Westerdam is suspected to have people suffering from coronavirus
- 5. To describe a recent hire who looked good on paper but has proved

once on the job. It stands for previously undetected recruiting error 6. Pepsi. Its 1.53 carat

tobe somewhat lacking

diamond was made in a lab by boiling down crystal Pepsi to its most basic carbon form

7. Laudanum 8. LIC

9. Turkish Airlines. It flies to the most number of countries (121)

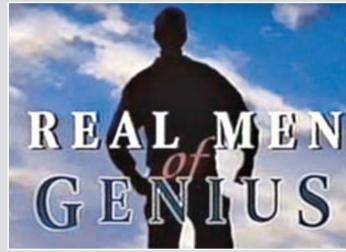
10. ITC's Fabelle Exquisite Chocolates introduced Trinity - Truffles Extraordinaire in Oct 2019, which entered into **Guinness World Records** to become the world's most expensive chocolate at Rs 4.3 lakh per kg

One lucky winner will receive a cheque for ₹2,000. Send your entries to strategist@bsmail.in. All entries must carry the postal address of the contestant. Last date for receiving entries is February 25 till 8 pm. Previous winners and employees of Business Standard and their families are not eligible to participate. The winner is chosen on the basis of the first correct entry received.

There were four correct entries to Quiz number 652. The winner is Mohit Jagetiya from New Delhi

MY FAVOURITE CAMPAIGN

Making heroes of everyday people



It sold the idea without hard sell

BRAND: Bud Light YEAR OF LAUNCH: 1998 **AGENCY: DDB Chicago**

ANCHITA GHOSH

Which is your favourite

campaign and why? My most favourite ad campaign is the "Real men of genius" by Bud Light beer, That was a legendary, long-running campa ign. They might have made some 20 films and 30 radio spots. And they have all won international awards. The campaign is in a template, in a world of humour, gratifying the ordinary man, the aam aadmi, with a little tonguein-cheek sarcasm and pinch of salt. It's basically a satire showing real men like a really bad dancer, the guy who invented the foot-long (sandwich) and so on.

On what parameters did you

base your decision? First of all, the whole idea is very honest. I think people expect good-looking men on air, but when you take real-looking men with paunches, the brand doesn't intimidate or repel. You naturally welcome in your heart and mind someone who is a simpleton and real... just like you. The campaign was the definition of long-running and set in template ad. You can do a million "Real men of genius". The brand needs to speak the same line for the longest time possible. That apart, the humour also came into play beautifully.

What do you think was the key idea the campaign was trying to

That let's just do ads for real guys (common men). I also presume a "sale" was on the mind as women would have been among its smaller pool of consumers.

promoted gender-biased stereotypes? See the ads were targeting men. There's more

Did anyone ever say the ad

consciousness about this issue today. You can say in those days there was a certain lack of sensitivity. Those days were simplistic and one-dimensional. Today, we will be conscious. Also, when a brand goes light, say, like when Coke goes diet, it doesn't want to be

carved into a soft niche or deemed feminine. There's a perception that lights are only for females. I assume they (ad makers) took a conscious decision to go male to not let Bud Light go soft.

KEEGAN PINTO

National Creative

Director, FCB Ulka

What are your takeaways from the campaign? The power of a story. The heart

and the thumb are connected. The idea and the story are the heroes. If we like them, we tend to click and see the ad. Indian

something that shakes up, that is scandalous. I would deliberately do a beer ad on women and ask can you (men) match up to them. Do vou remember any names

band Survivor.

personally like to make

who worked on the campaign? Yes. The adjingle was sung by the "Eye of the tiger" singer Dave Bickler of the American rock

bar with a pint of beer and look

pretty, that's like breakthrough. I

Berkshire embraces idea of life after Buffett

'Shareholders will be hearing more from top lieutenants Ajit Jain and Greg Abel'

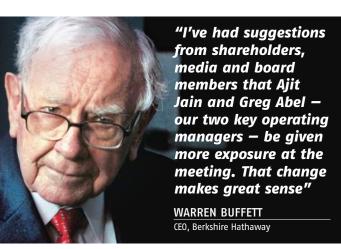
BLOOMBERG New York, 23 February

arren Buffett waited until the very last page of his annual shareholder letter to reveal a big change: Shareholders will be hearing more from top lieutenants Ajit Jain and Greg Abel.

The pair, seen as the top contenders to eventually replace Berkshire Hathaway's 89-year-old chief executive officer, have often remained behind the scenes, tending to Buffett's collection of insurers and its array of businesses that span from energy companies to the Dairy Queen fast-food chain. But a quirk of last year's annual Berkshire meeting, during which Jain and Abel both answered some shareholder questions, will become more formalised at the 2020 event.

"I've had suggestions from shareholders, media and board members that Ajit Jain and Greg Abel — our two key operating managers — be given more exposure at the meeting. That change makes great sense," Buffett said in the letter late on Saturday, adding that investors can direct questions to the pair. "They are outstanding individuals, both as managers and as human beings, and you should hear more from them."

The billionaire investor's annual letter — scoured by investors for clues on succession and Buffett's outlook for the \$560 billion conglomerate gave no further clues on his eventual replacement, and no indication he'd step away soon after more than five decades at the helm. But the next CEO will need to figure out how to deploy the cash Berkshire rakes in



every quarter, a responsibility Buffett finds increasingly challenging because of Berkshire's "huge and ever-growing sums of money."

Last year, Buffett failed to find a major deal to deploy all that cash a \$128 billion pile by the end of 2019 — and help supercharge Berkshire's

"The opportunities to make major acquisitions possessing our required attributes are rare," Buffett said. "Far more often, a fickle stock market serves up opportunities for us to buy large, but non-controlling, positions in publicly traded companies that meet our standards."

themselves as dealmakers before. Buffett praised Jain in this year's letter for striking the 2012 deal for Guard Insurance Group, run by Sy Foguel, with the company's premium volume having climbed 379 per cent since the purchase. Abel, meanwhile, built the energy empire that now has footholds in states including Nevada, Oregon and California, and operations in the UK.

Giving the pair more speaking time is "very revealing and important," James Armstrong, who manages about \$825 million, including Berkshire shares, as president of Henry H. Armstrong Associates. "Greg and Ajit are now formally running these giant groups, which are the heart of the company, and I think it's important that the stockholder base as well as the general public and the media become familiar with them.'

Buffett is struggling to maintain

the stock performance that's made Both Jain and Abel have proven him famous. Last year, Berkshire shares notched their worst underperformance versus the S&P 500 in a decade, and the stock is lagging behind the index this year too. That's partly due to a dearth of major deals, leaving his cash hoard at close to a record level.

Berkshire took a more cautious approach to the broader stock market in the fourth quarter, being a net seller of equities such as Wells Fargo & Co and Goldman Sachs Group Still, the company ramped up its appetite for its own stock, spending a record \$2.2 billion buying back Berkshire shares. Buffett even asked investors to contact Berkshire if they went to sell their stock.

The letter was also notable for what it lacked: He steered clear of political commentary, a marked shift from his letter that came out in 2016, another election year, when he chided politicians for their gloomy outlook on the US.

"Tonally, this letter felt more business-like," Jim Shanahan, an analyst at Edward Jones, said in an interview. "There just wasn't quite as much of the folksy wisdom and the humor that we've come to expect.'

One order of business Buffett discussed was how his enormous Berkshire stake will be apportioned after he's gone. He estimates it'll take between 12 to 15 years for his Berkshire shares to move into the market after his death, but wanted to reassure investors about the future of the company once it's no longer run by the billionaire investor and business partner Charlie Munger, who turned 96 this year. His confidence he said, stems from Berkshire's top managers, the directors who will serve as "guardians" of the culture and the structure of his sprawling conglomerate.

Berkshire shareholders need not worry: Your company is 100 per cent prepared for our departure,"

US to deny Green Cards to immigrants for availing public benefits

Washington, 23 February

The United States on Monday will begin enforcing a regulation that could deny green cards or legal permanent residency to legal immigrants who seek public benefits like food stamps.

The move might affect a number of Indians who are on H-1B visas and are in long ques to get permanent legal residency. The decision follows the Supreme Court's ruling on Friday which lifted the final remaining injunction on the 'public charge' regulation.

"As a result, the Department of Homeland Security will be able to implement its regulation on Monday," said White House Press Secretary Stephanie Grisham.

"This final rule will protect hardworking American taxpayers, safeguard welfare programs for truly needy Americans, reduce the Federal deficit, and re-establish the fundamental legal principle that newcomers to our society should be financially self-reliant and not dependent on the largesse of United States taxpayers," Grisham said. The final rule published on August 14, 2019 was originally scheduled to come into effect on October 15, 2019, but could not be implemented due to various court rulings. The ruling prescribes how the Department of Homeland Security will determine whether an alien is inadmissible, and of a lawful permanent resident future to become a public

According to US Citizenship and Immigration Services, the new rule includes a requirement that individuals seeking an extension, stay or change of status demonstrate that they have not received public benefits over the allowed amount since obtaining the non-immigrant status that they are seek-

ing to extend or change. According to a 2018 Migration Policy Institute Report, 61 per cent of non-citi-

zen Bangladeshi families, 48 per



families, 48 per cent of non-citizen Pakistani and 11 per cent of non-citizen Indian families receive public benefits that would be scrutinised under the rule

cent of non-citizen Pakistani threshold is known as a "public and 11 per cent of non-citizen Indian families receive public benefits that would be scrutinised under the rule.

SAALT per (Strengthening South Asian Communities in America) organisation, the impact of the rule would be felt across the South Asian American community, as over 10 per cent of green card recipients in financial year 2016 were from South Asian countries.

Nearly 472,000 or 1 per cent of the approximately 5 million South Asians in the United States live in poverty, according ineligible to adjust status to that to a Pew Research Center study. In 2015 eight of 19 Asian

in the United States because the American groups had poverty alien is likely at any time in the rates higher than the US average. Among those, Pakistani Americans (15.8 per cent), Nepali Americans (23.9 per cent), Bangladeshi Americans (24.2 per cent), and Bhutanese Americans (33.3 per cent) had the highest poverty rates among South Asian American groups, the SAALT said.

The White House had said last year that this action will help ensure that if aliens want to enter or remain in the United States they must support themselves, and not rely on public benefits. An alien who receives public benefits above a certain

charge." Foreign nationals will be barred from entering the United States if they are found likely to become public charges.

Those migrants in the United States who are found likely to become public charges will also be barred from adjusting their immigration status, the

"President Trump is enforcing this longstanding law to prevent aliens from depending on public benefit programs," the White House said, adding that Immigration Nationality Act makes clear that those seeking to come to the United States cannot be a public charge. For many years, this clear legal requirement went largely unenforced, imposing vast burdens on American taxpayers. The new rule would "have the long-term benefit of protecting taxpayers by ensuring people who are immigrating to this country don't become public burdens, that they can stand on their own two feet, as immigrants in years past have done," Ken Cuccinelli, Acting Director of US Citizenship and

told Fox News. In a fact sheet last year, the White House said the Congress passed and President Bill Clinton signed two bipartisan

Immigration Services, had then

bills in 1996 to help stop aliens from exploiting public benefits. This included the Personal

Responsibility and Work Opportunity Reconciliation Act and the Illegal Immigration Reform and Immigrant Responsibility Act.

As Congress made clear at the time, it is our national policy that aliens should "not depend on public resources to meet their needs." Americans widely agree that individuals coming to our country should be self-sufficient, with 73 per cent in favour of requiring immigrants to be able to support themselves financially, it said. "We must ensure that noncitizens do not abuse our public benefit programs and jeopardise the social safety net needed by vulnerable Americans," the White House said. Large numbers of non-citizens and their families have taken advantage of its generous public benefits, limited resources that could otherwise go to vulnerable Americans, it said.

As many as 78 per cent of households headed by a noncitizen with no more than a high school education use at least one welfare program.

Fifty eight per cent of all households headed by a noncitizen use at least one welfare

Nine dead in Turkey as quake hits rural Iran border region

Istanbul, 23 February

Nine people were killed and buildings collapsed across southeastern Turkey on Sunday when a magnitude 5.7 earthquake struck near the border with Iran, injuring more than a hundred in villages and towns in both countries, government officials

In Turkey, three of the dead were children, and 50 people were injured, including nine critically, the health ministry

The shallow tremor caused more than 1,000 buildings to collapse in Turkey, prompting a brief rescue effort to find those trapped under rubble.

The quake damaged buildings some 90 km (56 miles) to the west in the Turkish city of Van, and to the east in dozens of villages in Iran, where state cracked exterior walls, fallen

including six in hospital.

There were several aftershocks including a larger tremor measuring 6.0 magnitude that stuck nearby 10 hours later. There were no immediate reports of damage or casualties from that quake, which was also fairly shallow and potentially dangerous.

Crisscrossed by major fault lines, Iran and Turkey are among the most earthquakeprone countries in the world.

After the initial tremor, Turkish TV footage showed people digging with shovels and their hands in the rubble, as well as furniture and belongings strewn on cracked and snowy roads. In one village the ground

cratered under several buildings, while in others residents were wrapped in blankets outside homes with crumbled and

life," the governor of Van, Mehmet Bilmez, told reporters standing in front of a pile of cinder blocks and sheet metal. "There is destruction in all four villages" he visited on Sunday morning, he added. The European

Mediterranean Seismological Centre (EMSC) said the quake, which hit at 8:53 a.m. (05:53 GMT), had a depth of 5 km (3.1 miles). The second big quake struck at 7:00 p.m.

Broadcasters and government officials said dozens of villages were rattled in Turkey. Nearly 150 tents were sent to shelter families in the region, where several schools in the districts of Baskale, Saray and Gurpinar sustained minor damage.

Turkey's Disaster and Emergency Management Authority (AFAD) has begun

G-20 finance chiefs see downside

TV said 75 people were injured metal roofs and twisted wiring. rescue work in villages includ-"The damage caused loss of ing in Ozpinar, about 25 km south of the epicentre, said Interior Minister Suleyman Soylu. AFAD measured the initial tremor at 5.9 magnitude.

The U.S. Geological Survey put the epicentre 47 km west of the Iranian city of Khoy, where people felt the effects, according to state TV. An earthquake last month

in eastern Turkey killed more than 40 people while another in Iran did structural damage to homes without causing any fatalities. An Iranian official told state

TV that rescue teams had been dispatched to the area in Iran's West Azarbaijan province.

Another local official said the earthquake was felt in several towns including Urmiah and Salmas, and many villages including some that suffered "100 per cent damage", state

Merkel's party drops to record low in Hamburg voting, Greens make gains

Chancellor Angela Merkel's party plunged to a record low in a state election in Hamburg as voters gave their first verdict on political turmoil in Germany that has upended her succession plans. Merkel's Christian Democratic Union took 11.5 per cent of the vote on Sunday, a drop of about 4 percentage points, according to projections for ARD public television. Th state's governing Social Democrats were also diminished, winning the election with a projected 37.5 per cent, compared with 45.6 per cent five years ago.

The big winner was the Green party, which more than doubled its support to a projected 25.5 per cent, a surge that parallels its rise in national polls. The far-right Alternative for Germany party was at risk of dropping out of the Hamburg legislature with a slight drop in support. Merkel's party has been hobbled after her heir-apparent, CDU national leader Annegret Kramp-Karrenbauer, announced her resignation on February 10. That followed a crisis in Germany's political establishment after CDU lawmakers in the eastern state of Thuringia cast their lot with the AfD to install a regional premier, who quit within days amid

risks to global economy

23 February

Finance chiefs and central bankers from the world's 20 largest economies say they see downside risks to global economic growth persisting and have agreed on a "menu of policy options" amid a viral outbreak that's disrupted supply chains worldwide.

Delegates at the G-20 meeting in Riyadh, Saudi Arabia, spent much of their time talking about a response to the coronavirus outbreak that originated in China and has so far killed more than 2,300 people and infected about 80,000. Countries such as Japan, and institutions including the OECD, have been pushing for nations with surpluses to spend more to help avert a deeper economic slump.

The countries "agreed to be ready to intervene with the necessary policies related to these risks," Saudi Finance Minister Mohammad Al Jadaan said Sunday in remarks concluding the meetings at the Ritz Carlton Hotel in the Saudi capital.

"Global economic growth is continuing but remains slow and downside risk persists, including those arising from geopolitical, remaining trade tensions, as well as policy uncertain-One of the main addressees of the

calls for more spending is Germany. showed little interest in significantly boosting expenditures, arguing fiscal stimulus can't bolster foreign demand The delegates managed to extract

a key concession from the U.S. by including a focus on climate change in the final communique. Jadaan called it a "very important issue" on the Saudi agenda.

The concession came after several days of heated debate, including France finance chief Bruno Le Maire cornering Treasury Secretary Steven Mnuchin late Saturday as the G-20 economic leaders dined, according to two people familiar with the matter.

A Treasury spokeswoman didn't reply to a request for comment.

Time to revisit rate playbook in Israel with price declines near

An interest-rate cut may be back in play for the Bank of Israel as its policies appear increasingly in flux.

With the country's first bout of falling consumer prices in almost three years on the horizon, the central bank might be forced to adjust a policy blend that's failed to nudge Israel's inflation higher over the past year. Goldman Sachs Group Inc. predicts Israel's first rate cut since 2015 could come already on Monday.

To hold the line against an appreciating shekel, the central bank has preferred to intervene in the currencv market over cutting borrowing costs. But despite its biggest spate of foreign-exchange purchases in a decade, the shekel's rally has been such a drag on inflation that declines in consumer prices are possible from next month.

"Inflation in Israel is crashing and expected to fall during one of the coming months into negative territory," said Amir Kahanovich, chief economist for Phoenix-Excellence investment house, in a note. "The Bank of Israel's foreign-currency purchase tool is near exhaustion.'



While a rate cut could soon be on the table, most economists surveyed by Bloomberg still predict the Bank of Israel will hold its benchmark at 0.25 per cent on Monday. Policy makers may also have to pick from a menu of less orthodox options, from bond purchases to an unsterilized intervention, in which the central bank doesn't insulate its domestic money supply from foreign-exchange trans-

Chances of a rate cut, particularly during the next quarter, have risen largely due to a decline in inflation, according to Modi Shafrir, chief strategist for Mizrahi Tefahot's finance division.

The deadly outbreak of the coronavirus, which has hammered the global economy for the past month, could also prompt new measures from the Bank of Israel -- particularly if major central banks ease policy.

After voting narrowly in favor of a hold in October, the balance on the monetary committee has shifted in favor of buying foreign currency as a way to loosen policy

The pendulum could swing again because this week, the monetary committee will be at its full complement of six members for the first time since 2018, after Governor Amir Yaron appointed a new deputy in Andrew Abir and made another internal pro-

Previously in charge of foreigncurrency purchases, Abir told the Globes financial newspaper this month that there's been "no change" in the central bank's approach and interventions remain its preferred

January's inflation rose less than forecast to an annual 0.3 per cent, well below the target range of 1 per cent to 3 per cent. The central bank blames the

appreciating shekel for capping prices. In early February, it strengthened through the key 3.4-per-dollar level for just the fourth time in the last decade.

Given the inflation slowdown and limited success of the intensifying currency campaign, Leader Capital Markets Ltd. economist Jonathan Katz sees potential for "lower rates and/or an announcement on unsterilized foreign-exchange purchases.'

Further complicating the outlook is an acceleration in economic growth last quarter, leaving the central bank in a tricky position of considering easier policy at a time when gross domestic product is expanding at the fastest rate in two years.

Another factor is housing, one of the few sectors in Israel where prices are on the upswing. An even looser approach from the central bank could further heat up a market already strained by a supply shortfall, rising demand tied to the uncertain future of a government housing lottery program and low mortgage rates.

The Bank of Israel "keeps interest rates very low, intervenes in the currency market and does all kinds of things to increase inflation," said Alex Zabezhinsky, chief economist for Meitav Dash Investments Ltd. "The low interest rate influences the decreasing of mortgage rates and it pushes the housing market up, and it's very unpopular."

Australia says climate change targets can't risk economy, jobs BLOOMBERG to account for the production of

Melbourne, 23 February

Australia's government will work to set new long-term plans on reducing greenhouse gas emissions ahead of a key global summit this year, though signaled it won't pursue policies that pose risks to jobs or growth. Prime Minister Scott Morrison, who has faced pressure over his climate and energy strategy in the wake of Australia's deadly wildfires, has criticized opponents for pledging to target net zero emissions by 2050 without His Liberal-National coalition detailing how they'll safeguard

economic expansion. "If we make the wrong decisions, not only would we be harming the Australian economy, harming Australian workers, we would also be harming the global environment, Finance Minister Mathias Cormann said in an interview

Australia's plans will need

materials including liquefied natural gas, which is exported to markets like China or Japan and typically displaces more polluting energy sources, Cormann said. "We know that that helps reduce global emissions by more," he said.

Following the Morrison, who won a national election in May and won't face a new poll until late 2022, has appeared to signal he'll resist any quick shift to more extensive cuts to carbon emissions government also remains cautious over the impact on a coal sector that employs about 50,000 workers, according to the Minerals Council of Australia, an industry group

Morrison's government will finalize long-term emissions reduction proposals ahead of the United Nations climate summit in Glasgow in November, Cormann said.

4 more Indians on ship test positive

DEATH TOLL FROM THE DEADLY VIRUS CLIMBS TO OVER 2,400



24x7 Customs

clearance till May

Customs clearance facility will

airports till May. The Central

Board of Indirect Taxes and

be available at all sea ports and

Customs (CBIC) has written to all

Chief Commissioners (Customs

and Central Tax) asking them to

workout the arrangement and

ports, air cargo stations, inland

chain and no major challenge is

foreseen in the near term.

Stating that there is no need for

panic, Assocham Secretary

General Deepak Sood said the

government and industry have

been reacting in a pro-active

manner in close coordination

warned that the deadly coron-

avirus epidemic could put an

already fragile global economy

for a modest rebound to 3.3 per

cent this year, up from 2.9 per

cent last year, IMF chief

Kristalina Georgieva said after a

two-day meeting of G20

finance ministers and central

bank governors in Rivadh.

"The projected recovery... is

fragile," she said. "The COVID-

19 virus has disrupted eco-

nomic activity in China and

could put the recovery at risk."

Global growth was poised

the IMF

deploy sufficient number of

officers on 24×7 basis at sea

container depot, container

their jurisdiction.

with each other.

recovery at risk.

Meanwhile,

freight station, etc, falling in

To facilitate

clearance of

to and from

China, a 24x7

consignments

PRESS TRUST OF INDIA 23 February

our Indian crew members who underwent tests for coronavirus on board the Diamond Princess moored off the Japan coast, have tested positive, taking the number of Indians infected with the virus on the vessel to 12, the Indian embassy said on Sunday. "Unfortunately, the results received include four Indian crew members having tested positive," the Indian embassy tweeted. "All 12 Indians are responding well to

treatment." Passengers showing no signs of the deadly disease started deboarding the ship after the quarantine period ended last week.

The death toll from China's coronavirus epidemic has shot to 2,442, while confirmed cases rose to 76,936, officials said on Sunday. Aviation regulator DGCA has ordered screening of passengers from four more countries — Nepal, Vietnam, Indonesia and Malaysia — as part of efforts to prevent spreading of coronavirus. Now, fliers from as many as 10 countries would be screened.

Maharashtra on Sunday said 81 out of 83 people admitted in isolation wards for suspected exposure to the novel coronavirus have tested negative. While 80 of them have been discharged, three others continue to be hospitalised.

industry body Assocham said the industry and trade, including pharmaceuticals, are ready to manage the "evolving" coronavirus situation without causing any major impact on the supply

○ INDIA TO SCREEN PASSENGERS FROM FOUR MORE COUNTRIES

▶ INDUSTRY, TRADE DO NOT **NEED TO PANIC: ASSOCHAM**

Freebies, discounts to woo tourists

ANEESH PHADNIS

Mumbai, 23 February

Meal and shopping coupons, 10 kilogram (kg) of extra baggage allowance and alternative cruise trips in the Persian Gulf are among the incentives proposed by Thailand's tourism authority and cruise companies to arrest the fall in the number of visitors following the outbreak of

Indonesia is also planning to offer discounts to attract tourists, while Singapore has announced tax rebates to hotels and bridge loans for its travel firms to minimise the pain. Revival measures are being planned by Southeast Asian governments even as India advised its citizens on Saturday to avoid non-essential travel to Singapore.

Tourism in East and Southeast Asia has suffered a jolt following the spread of the virus. Thailand received over 10 million Chinese visitors in 2019, about a

third of all its foreign tourists. Arrivals from China and Russia to Thailand have declined but traffic from the US and Europe remains steady.

Thailand is taking steps to generate confidence among tourists and make it attractive enough to visit with special offers. "We are working with **OUTBREAK** hotels, departmental stores and airlines and plan to roll

But our idea is not just to offer discounts. We are building confidence. We are open for tourists. It is business as usual," said Chattan Kunjara Na Ayudhya, deputy governor of the Tourism Authority of Thailand. One offer being proposed is 'Give me

Ten', which will give tourists 10 kg of additional baggage allowance free on their return flights from Thailand. The authority will subsidise the charges, and is working out a plan with carriers. "It is a win-win for all — tourists, stores and airlines," he said. The scheme will be launched from April.

A report in The Jakarta Post newspaper said Indonesia was proposing discounts in tour packages and waiver of service fees for airlines at local airports. A decision to offer discounts was unveiled by President Joko Widodo, Indian market since we prefer short cancellation fees," it said.



according to the report.

ners in India to keep them updated on the latest situation in Singapore. Our tourism industry remains open for business, and we have provided advice on the precautions that visitors should take," said G B Srithar, regional director of Singapore Tourism Board.

"We estimate that total interna-

tional visitor arrivals for 2020

will decline by 25-30 per cent. It

"We have been in contact with part-

is also too early to determine the impact on cruise tourism, out deals and promotions from April. though we are confident our cruise sector is resilient and has good foundations for growth.

Royal Caribbean Cruises is giving credit to those postponing travel from Singapore till mid-March and offering alternative trips from Dubai for the same price.

'We are exploring deployment options outside of Asia. Like in Dubai where we typically have seven-night cruises. To cater to the Indian market, we are allowing Indians to cruise and pay for four-five nights depending on the itinerary and date, and we are price protecting these cruises to what they would have paid on a cruise, say from Singapore," said Ratna Chadha, cofounder and chairperson of Tirun, India representative of Royal Caribbean Cruises. "This is specifically for the

SAVING TOURISM

- **Tourism hit in Southeast Asia** following coronavirus outbreak. Singapore expects 25–30 per cent fall in international arrivals
- Thailand to offer 10 kg excess baggage free on return flights. Plan worked out with local carriers
- Indonesia to offer big discounts on tours following cabinet
- Cruise companies giving credits for future bookings, alternative trips from Dubai

cruises closer to home. Plus, these itineraries only require one visa (multientry United Arab Emirates), adding to the convenience of cruises in this

Holland America Line has decided to cancel Westerdam cruise ship's March and April 2020 Asia cruises due to the uncertainty of ports accepting cruise ships. "All guests will receive a full refund. Each guest will also receive a future cruise credit of 25-50 per cent of fare paid depending on the departure date and reimbursement of any travel

Xi: China's biggest health emergency

China will step up policy adjustments to help cushion the blow to the economy from a coronavirus outbreak that authorities are still trying to control, President Xi Jinping said on Sunday.

Chinese policymakers have rolled out a raft of measures to support an economy jolted by the virus, which is expected to have a devastating impact on first-quarter growth.

The situation is showing a positive trend after arduous efforts but there is no room for "weariness and relaxed mentality" among officials, state television quoted the president as saying. "At present, the epidemic

situation is still severe and complex, and prevention and control work is in the most difficult and critical stage," Xi said. 'The outbreak of novel

coronavirus pneumonia will inevitably have a relatively big impact on the economy and society," Xi said, adding that the impact would be shortterm and controllable.

The outbreak, which has infected nearly 77,000 people and killed more than 2,400 in



"The outbreak will inevitably have a relatively big impact on the economy"

China, is one of the most serious public health crises to confront Chinese leaders in decades. "For us, this is a crisis and is also a big test," Xi said.

China's economic growth may show a sharp slowdown in the first quarter, probably dipping to 3% or even lower from 6% in the previous quarter - which was the weakest pace in nearly 30 years, economists estimated.

Some forecasters also say there is a growing risk the economy could contract in the first quarter from the previous three months, as factories have been slower than expected to resume production.

cases jump in S Korea, Italy

International concern about the spread of coronavirus outside China grew on Sunday with sharp rises in infections in South

the number of infections surged over 600 with six deaths. A focal point was a church in the southeastern city of Daegu, where a 61-year-old member of the congregation with no recent record of overseas travel tested positive for the virus.

including halting the carnival in Venice, where there were two cases, to try to contain the biggest outbreak in Europe.

virus is even more ubiquitous than we thought," said Luca Zaia, the regional governor of the wealthy Veneto region.

it had confirmed 43 cases and eight deaths, with most of the infections in the Shi'ite Muslim holy city of Qom.

Concern over spread grows as

Korea, Italy and Iran. The government in Seoul put the country on high alert after

In Italy, the number of cases jumped to above 130 from just three before Friday. Authorities sealed off the worst affected towns and banned public gatherings in much of the north.

Italian health authorities were struggling to find out how the virus started. "If we cannot find 'patient zero' then it means the

Iran, which announced its first two cases on Wednesday, said

China, which has seen the vast majority of cases, reported 648 new infections. But only 18 were outside of Hubei province, the lowest number outside the epicentre since authorities began publishing data a month ago and locked down large parts of the country.

Namaste, Trump



US President Donald Trump and First Lady Melania Trump prepare to board Air Force One as they depart Washington for India from Joint Base Andrews in Maryland

AGENCIES

Washington/New Delhi, 23 February

S President Donald Trump on Sunday left for his maiden visit to India for talks with the top Indian leadership. Before taking the 17-hour flight to India, Trump called Prime Minister Narendra Modi his "friend".

'Biggest event'

"I look forward to being with the people of India... I get along very well with PM Modi. He is a friend of mine," Trump told reporters outside the White House. "I had committed to this trip long time ago. I hear it's going to be a big event...the biggest event they ever had in India. That's what the Prime Minister told me. It's going to be very exciting," Trump said.

Trump, who is seeking reelection in the US presidential elections in November, routinely gets the biggest crowds of any candidate in the US presidential race, ranging up to 20,000 or so, and he has been grudgingly admiring of Modi's ability to get a bigger crowd than him. "Here's my problem," Trump told a large crowd of supporters in Colorado last week. "We have a packed house. We have thousands of people who couldn't get in. It's going to look like peanuts from now on."

In India, hundreds of thousands of people are expected to greet Trump in a massive road show in Ahmedabad before he arrives at the newly-built Motera cricket stadium, which has a capacity of over 100,000

"India looks forward to welcomina It is an honour that he will be with us, starting with the historic programme in Ahmedabad! ΝΔΡΕΝΠΡΑ ΜΟΠΙ

Trump' event. The event will be a larger version of the Howdy Modi rally that they jointly appeared at in Houston to a crowd of 50,000 Indian Americans last year.

Trump will arrive around noon in Ahmedabad for a nearly 36-hour-long visit.

Trade deal

Modi is expected to receive him at the airport. In their talks on Tuesday, Trump and Modi are likely to focus on a wide variety of bilateral and regional issues including trade and investment, defence and security, counter-terrorism, energy security, religious freedom, proposed peace deal with Taliban in Afghanistan and situation in the Indo-Pacific, according to Indian and US officials.

After concluding trade deals with China and Canada and Mexico, Trump would like to reach a similar agreement with India to open more markets for American goods, but progress has been slow and Trump in recent days has said such a pact is more likely after people, for the 'Namaste US have hit each other with Trump's visit," he said.

retaliatory tariffs. Over the past month they have engaged in intense negotiations to produce a mini-trade deal, but officials in both countries say it remains elusive. The two sides have been arguing over US demands for access to India's huge poultry and dairy markets, Indian price controls on medical devices such as stents and stringent local data storage rules that US technology firms say will raise the costs of doing business.

India has sought restoration of trade concessions that Trump withdrew in 2019 and greater access to US markets for its pharmaceutical and farm products. "We're going to India, and we may make a tremendous deal there, or maybe we'll slow it down. We'll do it after the election," Trump said at an event on Thursday in Las Vegas.

Security arrangements

Traffic in some parts of the national capital will be affected on Monday due to security measures put in place, officials said. The US president will be accompanied by First Lady Melania, daughter Ivanka, sonin-law Jared Kushner and the top brass of his administration.

Agra DM Prabhu N Singh said Trump is scheduled to arrive at the Taj Mahal complex at 5:15 pm and will spend about an hour there. "People can visit the Taj in the morning but tickets will be issued till 11:30 am, and by noon or so the premises will be cleared of visitors in view of the high securithe US election. India and the ty arrangements for President



DOWN MEMORY LANE

A look at the tours by previous **American presidents**

BILL CLINTON March 19-25, 2000



This was a US presidential visit after over two decades. Many regard it as a game-changing event during which Clinton and Prime Minister Atal Bihari Vajpayee set the tone for deepening of bilateral ties. The visit came at a tricky time against the backdrop of the US imposing sanctions on India following its 1999 nuclear test and Kargil War

BARACK OBAMA

November 6-9, 2010

In a break from the past, the Obamas landed in Mumbai. The message was not just for trade but a show of solidarity with the victims of the Mumba attacks two years prior to the

visit. Obama expressed support for India's bid for a permanent seat in a reformed and expanded UN Security Council

DWIGHT D EISENHOWER December 9-14, 1959

It was a landmark maiden visit by an American President. He met President Rajendra Prasad and Prime Minister Jawaharlal Nehru. He delivered a public speech at Delhi's Ramlila ground and addressed members of both Houses. He was also given a tour of the Taj Mahal

RICHARD NIXON July 31-August 1, 1969

Nixon's visit to India could not match the euphoria and excitement of Eisenhower's. He stayed for less than a day and it achieved little, with Nixon siding with Pakistan at the time of the 1971 Bangladesh War

JIMMY CARTER January 1-3, 1978

Carter's visit came just months after Janata Party's Morarji Desai succeeded Indira Gandhi as PM. During his 3-day visit, he addressed Parliament and visited a village near Delhi which was later named after him

GEORGE W BUSH March 1-3, 2006

Bush and First Lady Laura visited during PM Manmohan Singh's first term in office. He delivered a speech at Delhi's Purana Oila. But the visit will be remembered for the finalisation of the nuclear deal which later allowed India to pursue nuclear commerce

January 24-27, 2015

In 2015, when Obama again visited along with First Lady Michelle, he became the first US President to visit the country twice while in office. He was also the first US President to be the chief guest at India's Republic

Day parade. Deepening of strategicties in sectors such as trade, defence, and climate change were at the centre of deliberations during the visit

THE 36-HOUR TRIP

MONDAY, FEBRUARY 24

11:40 am Trump arrives in Ahmedabad at Sardar Vallabhbhai Patel International Airport

12:15 pm Visits Sabarmati Ashram

1:05 pm Namaste Trump

TUESDAY, FEBRUARY 25

10:00 am Ceremonial reception at

10:30 am Wreath-laying Gandhi at Rajghat

11:00 am Meeting with PM Narendra Modi at

event at Motera Stadium

3:30 pm Leaves for Agra 5:15 pm Visits Taj Mahal

5:45 pm Leaves for Delhi

at Palam Air Force Station

Rashtrapati Bhavan

at Samadhi of Mahatma

Hyderabad House

7:30 pm Arrives in Delhi

12:40 pm Lunch to be hosted by Modi after exchange of agreements at Hyderabad House; Trump to visit US embassy

7:30 pm Meeting with President Ram Nath Kovind at Rashtrapati Bhavan

10:00 pm Leaves for the US

US pips China to become India's top trade partner

New Delhi, 23 February

The US has surpassed China to become India's top trading partner, showing greater economic ties between the two countries. According to the data of the commerce min-

istry, in 2018-19, the bilateral trade between the US and India stood at \$87.95 billion. During the period, India's two-way com-

merce with China aggregated at \$87.07 billion. Similarly, during April-December 2019-20, the bilateral trade between the US and India stood at \$68 billion. It stood at \$64.96 billion with China in the same period. Trade experts believe that the trend will

continue in the coming years also as New Delhi and Washington are engaged in further deepening the economic ties.

An expert said that if the countries will finalise a free-trade agreement (FTA), then the bilateral trade would reach at different levels.

"FTA with US will be very beneficial for India as the US is the biggest market for domestic goods and services," Federation of Indian Export organisations Director General Ajay Sahai said. He said that India's exports as well as imports are increasing with the US, while

with China both are declining. America is one of the few countries with which India has a trade surplus. On the other hand, India has a huge trade deficit with China.

In 2018-19, India has a trade surplus of \$16.85 billion with America, while it has a deficit of \$53.56 billion with the neighbouring country.

The data showed that China was India's top trading partner since 2013-14 till 2017-18. Before China, UAE was the country's largest trading nation. A top American business advocacy group has said that a FTA between India and the US is a key to resolving their trade disputes as it will cover biggest irritants in ties, including tariffs and mobility of Indian professionals.

Professor at Indian Institute of Foreign Trade (IIFT) Rakesh Mohan Joshi said that India should be a bit cautious while negotiating a trade pact with the US in areas, including agriculture and food products, as America is

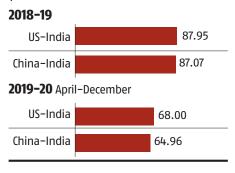
would further increase the trade between Connect2India observed.



BILATERAL TRADE

(Figures in \$ bn)

India has a trade surplus of \$16.85 billion with America, while it has a deficit of \$53.56 billion with China



the two countries easing tariff restriction and opening up of bigger market for products. India is a major exporter of steel, steel products and aluminium products with combined exports of \$22.7 billion last year. Steel exports to the US have continued to decline and it went down from \$372 million in 2017-18 to \$247 million last year. This is the world's largest producer and exporter of only 2.5 per cent of our overall \$9.74 billion certain commodities like maize and soybean. steel export to the world," Pawan Gupta, the "A trade deal between the US and India founder and CEO of online trade platform