WEDNESDAY, 26 FEBRUARY 2020 16 pages in 1 section
MUMBAI (CITY) ₹9.00


DELHI VIOLENCE TOLL RISES TO 13, MORE than 200 INJURED


Delhi Police on Tuesday yaid 13 people, including no poltheast Delhi iand they were essponding to incidents involving anti-social elements. Over been injured and halfthe civilians had suffered gunshot wounds, hospital authorities said. sightorders.

THE SMART INVESTOR P10 SBI Cards IPO price set at ₹750-755 apiece sblcards and Payment Services (SBI Cards), a price band of $₹ 750-755$ pershare for its initial public offering (IPD). At the top end, the issue
size works out to 10,355 -crore ( ( 1.4 billion) making it the largestAsian IPO in 2020 and the fifth-biggest domestic $1 P 0$ ever.

ECONOMY \& PUBLIC AFFAIRS P14 Airport privatisation put on back burner in Amritsar, Varanasi, Bhubaneswar,, Indore, Raipur and Trichy - has been puton the back are debating whetherto cap the number of airports an entity can bid for
ARINDAMMAUMDER reports

BS
ON WEDNESDAY


MONEYMANAGER Now Boarding
Private banks are struggling to get boards, and it is time to review the BRAct, о

THE SMART INVESTOR P10 FPI registrations from Mauritius allowed: Sebi (Sebi) on Tuesday said that foreign portfolio Id continue to be eligible for registration with increased monitoring. The clarification comes as a relief for market players as the Financial Action Tas Force's move to put Maur
had created uncertainty.

ECONOMY \& PUBLIC AFFAIRS P14 5 SC judges down with H1N1, CJI holds meeting HiN1, Chief Justice of Indi sabo uesday held a meeting with judges and vaccinated to curb the infection. Justice DYChandrachud said itwas decided to IN1 vaccination available for inoculatio

# Rusiness 

 COMPANIES P2NADELLA FOR DIVERSE TEAMS TO PROTECT AI FROM BIAS


## Sebifinds listing norm violations at IndiGo

PRESS TRUST OF INDIA

## New Delhi, 25 February

A preliminary probe by the Securities and Exchange Board of India (Sebi) has suggested prima facie vio-
lations of corporate governance and listing disclosure lationsof corporate governance and listing disclosure norms in certain related-party transactionsinvolving
budget carrier IndiGo's parent firm, InterGlobe Aviation, sources said.
While the company said it had not received any communication
on this, its shares plunged shap
in afternoon tradeon Tuesday.
IndiGo has been facing a
and IndiGo has been facing a
probe by Sebi ever since public spat came to light between the two
founders of the airline, founders of the airline,
Rahul Bhatia and
Rakesh Gangwal Rakesh Gangwa,
including over certain
related-party transac-related-party transac-
tions involving one of the warring promoters.
Sources said that a preliminary probe had now suggested
tions of
lista-
listing disclosure norms and fair corporate gover-
nance practices at the company. InterGlobe shares
closed 4.68 per centlowclosed 4.68 per centlow-
er at $₹ 1,376.70$ on the er at $₹ 1,376.70$ on the transactions
BSE, after hitting an BSE, after hitting an
intra-day low of $\overline{1} 1,334$ in IndiGo has been afternoon trade follow- the market $\begin{array}{ll}\text { ing a sudden plunge } \\ \text { after media } & \text { regulator eversinc } \\ \text { a publicspat came }\end{array}$ after media reports
about the Sebi probe $\begin{aligned} & \text { a public spat came } \\ & \text { to light between it }\end{aligned}$ came. founders "We would like to state that the news item - InterGlobe shares published in some closed $4.68 \%$ lower rect and the company has not received any
$\qquad$ on Tuesday
TURBULENT TIMES
Preliminary probe suggests violati
of corporate governance and listing disclosure norms in certain related-party

India should cut tariffs:Trump

## SUBHAYAN CHAKRABORTY

'

dead
deal
bef before the year-end was unlikely change in America's position
on economic relations. If the visit was a personal triumph for,
Modi, with Trump praising him as a atough",
"terrific" and a "nice man who is doing a ternific and a nice man who is doing a world, the US "has to be treated fairly", and
fantastic job", it seemed more so for Trump,
how during his tenure the trade deficit had who is preparing for re-election.

## 

NO TRADE DEAL, BUT TWO NATIONS SIGN 3 MoUs

communication from Sebi in this regard", the company said in a filing to the
BSE. This came after the exchange sought a clarifiBSE. This came atter the exchange sought a clarifi-
cation from the company on the reports. There was no official word on the probe from Sebi. All agreements between the two warring founders as well as
those between the company and its various investors those between the company and its various investors
and associates, including related parties, were being
looked into by the watchdog.

## ₹500 notes to push ₹2,000 out in mega ATM reboot

Biggest recalibration since demonetisation; ₹2,000 notes to remain legal tender but to be pulled out of circulation

RAGHU MOHAN
A major exercise to recalibrate the country's
A major exercise to recalibrate the country's
240,000-odd automated teller machines (ATMs) is underway to replace $₹ 2,000$ notes with $₹ 500$ notes underway to replace $₹ 2,000$ notes with $₹ 500$ note remain legal tender, it will gradually be pulled out of circulation, sources in the know said. Of the four cassettes within ATMs, three will
now be filled with $₹ 500$ notes, and the fourth will now be filled with $₹ 500$ notes, and the fourth will
either hold notes of $₹ 100$ or $₹ 200$ denominations. Cassettes holding $₹ 2,000$ notes have already been replaced in many ATMs, and may well be on their
way out within a year Banks are not putting $₹ 2000$ way out within a year. Banks are not putting $₹ 2,000$
notes back into play as earlier - these are going notes back into play as earlier - these are going
into their currency chests, on way to the Reserve Bank of India's (RBI's) vaults.
The RBI data shows that the share of $₹ 2,000$.
notes notes as a percentage of the value of banknotes
circulation - 50.2 percent in FY 17 - hasbeen taken up by the $₹ 500$ notes, which had a share of 51 per cent in FY19-a near-perfect swap.
Multiple sources in banks and ATM-deploying

THE WHIFF OF CASH

and cash logistics firms (CLFs) said while the tillneed for customersto panic.
"The $₹ 2,000$ note is very much legal tender, it is ust being slowly pulled out of circulation. You
have more of the $₹ 500$ notes in circulation these have more of the $₹ 500$ notes in circulation these
days," said the chief executive officer of a CLF. days," said the chief executive officer of a CLF.
Asenior official at a bank said, "In the post-

Three of the four cassettes of an ATM will soon hold $₹ 500$ notes
or $₹ 200$ notes

- Cassettes holding $₹ 2,000$ notes have been replaced in many ATMs, and may be on their way out within a year
- The ₹2,000-note is going into banks' currency chests, on way to RBI's vaults
- Cost of loading cash in ATMs will go up as cash vans will have to make more trips
NCR Corp has a 50\%-plus share of the 240,000
demonetisation phase, we needed to have this
higher denomination (of $₹ 2,000$ ) to get the
economy re-monetised quickly."
The pace ofthe ATM reboot wi
The pace of the ATM reboot will depend on the
engineers and how quickly they are moved - it takes about 30 minutes to fix a machine. An immediate fallout of the ATM reboot is that An immediate fallout of the ATM reboot is that
banks and white-label ATM deployers may stand
to earn more by way of inter-change (currently at $₹ 15$ per swipe) as
moretransactions.
It was, however, pointed out the average
ticket-size of cash ticket-sizeof cash withdrawals is at about $₹ 3,600$
and the largest single-swipe pull-out at $₹ 10,000$ was an "outlier".
"If anything, the cost of loading these ATMS will go up as we have toput in more cash in denore trips by cash vans to do so," said the CEO managed services' operator.
Subash Garg, former secretary, the Department of Economic Affairs, had in November 2019 said a good chunk of the $₹ 2,000$ notes are actually not
circulation, having been hoarded. The $₹ 2,000$ note, therefore, is not presently working as a currency of transaction." He added that "withdrawing these notes from circulation woul not cause any disruption.Asimple method, depositer replacement), can be used to manage th process." It is this process which has now led to ATM s being recalibrated. Turn to Page 15


## 2 COMPANIES

## STOCKS

Navin Fluorine International




IN BRIEF
Online travel giant Expedia to slash 3,000 jobs worldwvide



## Gold loan app Rupeek mops up\$60million



Binny Bansal and a top Silicon Valley
investor, among others, infused funds
 $\begin{array}{ll}\begin{array}{l}\text { YUVRA MALIK } \\ \text { New Delhi, 25 February }\end{array} & \begin{array}{c}\text { Bansal had earlier } \\ \text { invested } \$ 20 \text { million in insur- } \\ \text { ance start-up Acko in }\end{array} \\ \begin{array}{lll}\text { Rupeek, a fintech app that lets } \\ \text { people secure loans against } \\ \text { November. His other bets } \\ \text { include } \\ \text { robotics firm }\end{array} \\ \text { reser }\end{array}$

Bangato begin new innings at Mastercard


India's transit retail market to touch \$22 billion in 10 years: Report


## Nadella ‘decodesfuture’, callsfor diverse teams to protect AIfrom bias

| PEERZADA ABRAR <br> Bengaluru, 25 February <br> That artificial intelligence (AI) applications can sometimes be biased is no longer unusual, and when that happens, Microsoft - one of the biggest proponents of AI - has a lot to worry. But Satya Nadella, the chief executive officer (CEO) of the Redmond-headquartered tech giant, also has a simple solution to do away with such biases. <br> Currently on a three-day visit to India, the Hyderabad-born Nadella says it's not the AI engine, but the teams that build it as well as the algorithms to make it intelligent have to be diverse and inclusive, so that the solutions they build do not show up any sort of 'unconscious bias' that they may have. <br> "One of the best things you can do to have ethics around AI and to protect (it) from bias, would be to have diverse teams," said Nadella, speaking at the |
| :---: |
|  |  |


| company's ‘Future Decoded'tech summit in Bengaluru on Tuesday. <br> "If there is one thing that is going to |  |
| :---: | :---: |
| be the real currency for the next 10 years, is how diverse and inclusive your |  |
|  |  |
|  |  |
| against unconscious human bias, other |  |
| than diversity," he added. |  |
| The Microsoft CEO said thedevelopers have to think about privacy |  |
| as a human right and there is a need to |  |
| have gender and ethnic diversity in the |  |
| teams that are building these |  |
| technologies.Speaking at the summit which was |  |
| attended by the developer community and leaders from the information |  |
|  |  |
| technology industry, Nadella said an <br> economy like India's needs to adopt Microsoft CEO Satya Nadella at a tech <br> summit - Future Decoded - in |  |
| digital technologies across sectors, |  |
| such as retail, health care, and agritech, |  |
| in the next 10 years. Reflecting on his | digital technology has been |
| visit to India at the start of a new | tremendous in the last 10 year |
| decade, Nadella said the impact of | "It is juststunning. The entire |


| mobile revolution came to fruition; the Cloud happened (and) a lot of consumer internet businesses got built. The last 10 years has been amazing, but it has been narrow in some sense," said Nadella, dressed down in a checkered shirt, denims, and trainers. "But in the next 10 years, can we dream even more? The good news is that the core technology fabric is getting embedded in the world in our homes, offices, stadia, and hospitals. Whether it is a car or a refrigerator, you basically have computing in it." Nadella, who is slated to meet a group of students, developers, and entrepreneurs in New Delhion Wednesday, said the company's goal is to help every organisation become a software company by adopting the latest technology. They can create their own digital innovations on top of it. "The worst mistake anyone can make is reinventing the wheel." <br> As technology becomes ubiquitous, | he said there is a responsibility for developers and companies to think a lot more broadly about the impact on society. One such responsibility is building trust into the technology, like every bank which builds a mobile app and is doing transactions, will need to also foster privacy and provide cybersecurity for assets and customer data. He said, today some $\$ 1$ trillion is lost in the world economy due to cyberattacks and crime. "Breaking the world is not going to work in the next 10 years. You have to think about that inclusive nature of economic growth, that trust in technology, and sustainability," said Nadella. <br> Nadella also said that Indian businesses and start-ups are emerging as innovation leaders, signalling how technology can drive growth, enhance customer experience, and tackle some of the country's most pressing societal and environmental issues. <br> Giving examples of some top start- |
| :---: | :---: |

[^0]
## Deloitte makes presentation to telecom dept on AGR dues <br> Tata Sons Chairman N Chandrasekaran meets Ravi Shankar Prasad to discuss the issue

MEGHA MANCHANDA
New Delhi, 25 February

eloitte India on Tuesday
made a presentation made a presentation to
the department of telecommunications (DoT) on lia-
bilities and solutions on the adjusted gross revenue (AGR)
dues. The consultancy firm dues. The consultancy firm
briefed the Centre on the possible solutions to the AGR payment issue.
When asked about the contents of the presentation, a DoT for the presentation, they had come to us with their solution. Meanwhile, amid the ongo ing AGR crisis, Tata Sons chair man N Chandrasekaran met Shankar Prasad on Tuesday The ministry, however, main tained that it would issue notice


The Supreme Court earlier this month rejected a plea by mobil
carriers such as Bharti Airtel and Vodafone Idea seeking an extension in the payment schedule
ment of full dues. Another DoT official said, "We are not con-
vinced by their self-assessmen
of the AGR dues and will again
Emerging from the meeting,
which lasted for over $30 \mathrm{~min}-$ ates, Chandrasekaran declined to comment on the details of his
discussion. The crucial meeting comes at a time when the gov ernment is looking to issue detailed notice to Tatas for pay

Oilfirms seek mechanism to recover BS-VI upgrade cost

MRITHA PILLAY

Mumbai, 25 Februan
State-run Bharat Petroleum Corporation (BPCL) and other oil marketing companies are in government for pass-through of costs incurred over upgrad ing to higher emission norms. As part of India's attemptto curb air pollution by vehicles, have to migrate to BS-VI from BS-IV norms from Aprill. Oil companies are expect d to make BS -V fuel avail sition. BPCL will roll out BS-V uels at all its outlets from March. We have represented ated for what we have inven ed," BPCL Director (refineries)

R Ramachandran. He said if these investments were to b
converted to litre cost, it would range between 70 paise and ₹1.30, depending on which oil company it is "We are aspiring that it Indian Oil Corpor which has already covered around 50 per cent of its out lets, plans to wrap the entir Ramachandran said were informal discussions bet ween oil companies and the government for a mechanism mal representation has bee made," the executive said, adding there was precedence in
other countries where simila other countries where similar
costs had been passed through a special cess.

For BPCL, the director said he total investment in ₹7,000 crore and 70 paise litre might be the average cost recovery over a plant's life This is not the first time oi cern over BS-VI upgrade Indian Oil Chairman Sanjeev Singh was quoted in January that though the exact quan
tum was being worked out, the increase might be anywher between $₹ 0.50$ and $₹ 1$ a litre. Irrespective of whether special mechanism is allowed
or not, oil executives are hope ful the market will find its own pricing over a period of time. Then we will know if there is eturn or it is an investment fo staying in bus
chandran said.

Voda, Airtel losses were gains for Jio and BSNL in December

## MEGHA MANCHANDA

Bharat Sanchar Nigam were the two compani which added mobile sub scribers in December
according to the data according to the dat
released by the Teleco Regulatory Authority of India (Trai). Vodafone Idea and Bharti Airtel lost a sub a hike in tariffs.
BSNL added 426,958 customers, while Jio reported additional 82,308 sub scribers on its wireless net
work, the data revealed Vodafone Idea and Airtel lost 3.6 million and 11,050 user respectively.

In November, the wire had reduced by 28.8 million this loss was led by Vodafon Idea, which shed 36.41 mil nubscribers.
The number of telephone from $1,175.88$ million at the end of November to 1,172.4 million at the end of December, thereby witnessing a
monthly decline rate of 0.29 per cent.

JSW Steel's \$2.7-billion buy of Bhushan Power faces legal test
JW Steel's $\$ 2.7$-billion purchase of a bankrupt steel mill is facing a fresh hurdle after a
former chairman of Bhushan Power \& Steel challenshan deal in the country's top court.
San Sanjay Singal filed a petiing by Monday against a ruling by a bankruptcy tribunal
that had approved the deal earlier this month, according to the Supreme Court's website. The petition hasn't yet been allotted a date for a
hearing. A JSW spokesman declined to comment. Bidders for bankrupt steel
mills have faced repeated delays in buying indebted assets. The Sajijan Jindal-led tangles since its ₹19700 in legal (\$2.7 billion) bid for Bhushan Power was first approved last year, while Arcelormittal its takeover-ong battle for India.
Singal's plea threatens to delay or derail the takeover. be a setback for could also which led by PNB are seeking a speedy resolution.

## Honda launches BSVI Dio

Honda Motorcycle \& Scooter India on Tuesdayannounced the $₹ 64,584$ (ex- showroom, Bengaluru). On the launch day itself, 301 units of Dio BSVI were delivered across the city, HMSI said in a release. "South has always been an important market for Honda 2Wheelers India and Honda is the leading

## BROTHERS IN ARMS

## Quadrilateral Initiative to be revitalised

AJAI SHUKLA
New Delhi, 25



Over the preceding 15 years,
New Delhi has avoided alienating New Delhi has avoided alienating
China by walking deliciene line on
initiatives like the Ouad and on

 Modi abandoned some of th
restraint on Tuesday, declaring: "
the last few years there than restraint on Tuestay, declaring:
the e last few years. there has bee
an unprecedented increase an unprecedented increase in
interoparibilyeveeno
Trump comies, military signed contruact that Indith Boeing and Lockheed Mantrina on Tuesday for "Earlier today, we expanded our defence cooperation with agreements
for India to purchase more than for India to purchase more than
$\$ 3$ billion of advanced American military equipment, including Apache finest in the world -These deals -the enhance our joint defence capabilities as our militaries continue to train and Importantly for Trump, who is
critical of India's \$24 billion critical of India's $\$ 24$ billion trade
surplus with the US these contracts surplus with the US, these contracts
will take the total value of US defence equipment bought by India to over $\$ 20-21$ billion.
The Indian Army will get the
Apache attack helico 64E configuration, with deliverie 64 E configuration, with deliveries
starting in 2023, according to the man-



## Indian CEOs laud relaxed rules in US

## SHREYAJAI

Close to a dozen chiefs of India Inc who met US President Donald Trump lauded him for relaxing regulations that
improved the business environment. The president at the same time talked about his achievements during his term Mukesh Ambani, chairman and managing director of Reliance Industries, said they were looking to invest close to
$\$ 7$ billion in the US. "We are the only Indian company that does not use Chinese components," said Ambani. To which rump quipped, "Huawei, you mean?
In May 20 , Husing ored the blacklisting of Huawei, accusing it of aiding the Chinese government in espionage. The US supernmenty chains, which it needs to company its from acts.
Ambani also said Trump's

"I DON'TTHINK ANYBODY INVESIS in A country OUTOF CHARITY, A PERSON WILL APERSON
INVEST IN A COUNTRY FOR ITS OPPORTUNITY. INDIA OFFERSTHAT OPPORTUNITY" PIYUSH GOYAL Commerce and
ndustry Minis


## No trade deal, but two nations sign three MoUs

India and US on Tuesday signed three memorandums of understanding (MoUs) as part of the ongoing trade talks between the two nations
These are safety of medical products, liquefied natural gas (LNG) access in India, and mental health

## MEDICAL DEVICES


$\qquad$
The Central Drugs
Standard Control Standaractontrol
Organization and
thess Drugadminintration are parties to he MoU. Sources claimed the two nationswould focus on
information exchange to help in capacity building. The talks were expected to centre around medical devices, mostly the pricing
regulation that India has on devices regulation that India has on devices
ike cardiacstents. The Us medical ike caraliacstents. The Us medical
devices 0 obby is unhappy with the
 innovvoutive hedevicer hinere.
Indiad
Indas ind India has indicicted that all
medical deviceswould betreated drugst from Aprilil, and woultuated be
res
regulted
 Cosmetics Act of 1940. The Medical into effectfr, 2020, which will come manufacturers and i, requires all register their devices with a central register their devices with a central
licensing authority after they have complied with the regulatory requirements. Domesticindustry
lobby groups have pointed out that


Indian LNG arm of the American
company will supply gas for the
company wiil supply gas for the "viitual pipeline systems" that will deliver LNG by road, rail, and waterways to areas not connecte by physical pipelines. ines. gas infrastructure initiative that leverages LNG ISO inter-modal containers to move gas as a reliable,
cleaner and cost-effective fuel A cleaner and cost-effective fuel. A pilot project would be developed and a road map for mobile egas be created to improve access to an

## Gold declines $\mathbf{F 1 , 0 0 0}$ on global cues, but consumers stay away

he price of gold correct-
ed by o.s per cent in
intra-day trade on
an
Tuesday, followingglobal cues,
as investors booked profit
amid fears of large selloffs in
equity having knock-on effects f f


## Credit growth may be 8-9\% in FY21:CRISIL

SUBRATA PANDA
The slowdown in credit offtake that hit the banking sector adversely in the ing signs of bottoming out.
Rating agency CRISIL estimates
that the gross credit offtake may see a that the gross credit offtake may see a (FY21), driven by a revival in 2020-2 activity, continuous demand for retail credit securitisation. Credit growth for $2019-20$ (FY20) is hovering around 6 per cent, the lowest in many years. In 2017-18, it was 9 per cent. The agency also expects some growth momentum in the fourth quarter, after three sub-
Thed quarters.
The uptick in growth will be led by
credit offtake is estimated to be around banks to extend credit at a cheaper rate 15 per cent. This implies that they will as they will be borrowing at the repo gain market share from their public rate and the deposit rates will not have sector counterparts, sup-
ported by strong capital ported by strong capital
position and ability to raise
capital. "Their share is capital. Their share is 400 basis points (bps) by M1, 2019," said CRISIL. Furthermore, Reserve Bank of India's (RBI's) recent move to introduce long-term for banks will boost lending by banks, as they will be exempted from main taining cash reserve ratio for incre mentallending to the retail and micr
 for incremental tor and MSMEs gro
NB (NBFCs) showed good
growth, while credit to corporates (exCredit growth is estimated to Retail around 16 per cent in FY21, driven by sustained demand in the unsecured oans segment and buyouts by banks of
direct assignmentroute Securitisation transactions through the direct assignment route have surged almost 40 per FY20, compared to $₹ 42,700$ crore a ago. Meanwhile, bank loans to corpo rate houses, excluding bank loans to NBFCs, is expected to remain subdued in FY20, but will see a slight pick-up
from thereon "Overall growth in this from thereon. "Overall growth in this
segment, however, is expected to remain low at 2-3 per cent in FY21, causing its share in total bank credit to fall 300 bps to 48 per cent between March 2019 and March 2021," the ratin The drag
be on account of low capacity utilisa tion in the economy that will result in keeping private investments muted the near to medium term.

## NFRA to issue notice on Deloitte in IFIN case

RUCHIKA CHITRAVANSHI
RUCHIKA CHITRAVAANSHI
New Delhi, 25 February
The National Financial Regulatory Authority (NFRA) has initiated disciplinary
action against Deloitte action against Deloitte alleged lapses in its audits of IL\&FS
Services (IFIN)
Services (ifint.
"The first step would be
to issue a show-cause notice to the audit company, before any action is taken... It is in
the works," a senior governthe works," a senior govern-
ment official told Business Standard.
The regulatory body had
said in an audit quality review said in an audit quality review
report that quality control report systems and DHS were "severely inadequate and ineffective".
NFRA said the auditor did not display the required pro-
fessional scepticism. It fessional scepticism. It
accepted the management stand about not disclosing that net-owned funds and the capital to risk-assets ratio of
IFIN as of March 31, 2018, were negative, and that this situation would lead to the cancellation of the company's licence to operate as a nonInstead, DHS accepted the explanations of the management and certified these ratios as positive.
NFRA has been
ers to issue orders imposing monetary penalty and debar-
ring an individual member or firm registered with Institute


GAPS FOUND IN AUDIT REPORT
Falureto comply with
standards of auditing - Didn't questionthegoing concern
assumption, basedonwhich financial statementswere mad Independence of Independence of
auditor compromised

- Non-auditservices provided athigh fee without approval showing positive net owned funds and CRAR
remain confident that our audits have been performed in accordance with applica-
ble laws, regulations, and professional standards in India." The authority is also
likely to come up with a supplementary report to deal
with matters that have not been covered.
The Serious Fraud Investigation Office, too, in its complaint had said the
auditors had failed to verify the end-use of bank finances and the money raised
through non-convertible debentures, despite it being a regulatory mandate
verifying such things. The Ministry of Corpo Affairs has sought a five-year ban on the former auditors of
IL\&FS under the Companies IL\&FS under the Companies
Act. The Bombay High Court granted interim relief to the auditors against any coerci


## BoB moves SC in Simplex Projects case

## ABHIITLELE

Bank of Baroda (BoB) has moved the Supreme Court (SC) Court's (HC's) order in the matter of a bank guarantee issued on behalf of Simplex Projects. The matter pertains to a
furnished by BoB to Indian Oil Corporation (IOC) on behalf of
Simplex Projects. IOC had demanded the amount be encashed under the bank guarantee, which the bank did was not valid on the date of invocation.
BoB, in a s after seekinglegalament, said
decided to exercise rights available by preferring a challenge gainst orders passed by the SC on Monday. The HC had asked the Reserve Bank to con sider appropriate steps against BOB, including revoking licence or authority to carry with honour a bank kuarantee.

## The silver screen's silver lining <br> Multilingual films, more screens and better stories are getting more people

 into the theatres after yearsvanita kohl-khandekar

It is just a sliver of good news. But
it is worth hanging on to mdiat it is worth hanging on to. Indians
boungt 1.03 billion move e ickets
in 2019. That is up 9 per cent over when they bought 945 million Media Box office Report for 2019. The


## Bhilai's existential crisis



For any miner, abigchallengerelating enviringment of wrotection into wealth and separate
ion ore from sime accumulateso
. iron ore from slime accumulated overthe
years in the tailing pond before there is years in the tailing pond before there is
any danger of breach of surfounding wall. At Dallit tailing pond, an estimated 19 mt
iron ore has accumulated, which is now Sought to be recovered through benefici-
ating. The ore found in slime has Fe ating. The ore found in slime has Fe
content of 54 per cent. But high quality
beneficiation will litt the level of Fe in beneficication will lift the level of Fe in
processed ore to 64 to 56 per cent. Fines
to to beavailable in micros pizes will be esintererbeforo their suse in the bast aurnace.
Attempts will be made to annally
recouer and Attempts will be made
recover and process 1.2 mt of ore from
Dall tailing pond.
BSP has become a 7 mt crude stee BSP has become a 7 mt crude steel
capacity plant after claiming z18,000 capacity plant atter claiming yili,000
crooo ofthe tata SAII investmentover
z70,0oo crore in modernisation and expansion of all it minlls. rail line by March end. Incidentally, the
Railways has efft it to the BSP to finance the construction of the railway track,
which will be built tever aperiod of time Surpisingly, even while it has to make
do with enormous quantities of iron ore
fines, it still does not have the benefit of ines, it still does not have the benefit of
 calibrated lump ore. Interestingly, apellet
unit tor BSP was
thought of during its modernisation planning. The manage-
mentis ow exploring hihe possibitioy of
getting pelletsts made in units untside the
 plant is asso under the consideration of
the management. Dasgupta says BSP will take a further
leap at capacity expansion to 10.5 mt by Ieap at capacayy expansion bast. furnace
installing one more
along with corresponding new facilities iongwith correspondidng new facilities This will be conterminous with SAIL
becoming a 50 mt group in its next expansion driv
But ahead o But ahead of further expansion, BSP
must fix the Rowghat problem

CHINESE WHISPERS

## Filling in for journalists



Visiting US President Donald Trump and Prime Minister Narendra Modion
Tuesday held talks at New Dellhi's Hyderabad House. Abis shamiana w dozens of chairs were put up for
journalists in attendance as the two Ministry of External Affairirs had made known that no questions would be allowed at the joint press conference.
By the time the event took place, most also knew that the American presiden
would be Would De speaking to the press in the
evening ata city hotel. This led do an embarassing situation with several empty chairs since many journalists
decided to skip the Hyderabad House event and went to the hotel instead. Eventually, the security staff, who were not in khaki, were asked to occupy the
empty seatsto ive the ocrasiona
semblance f respectable attendance.

## Warming up to the media

 After the Bharatiya Janata Party's (BJP'spoor showning in the recent elections, the Central government, run
by the aratty has asked senio officials bythe party has asked deniorofficials
and public-sector undertakingsto send and pubic--sector undertakings to send
a positive narrative to the people about a positive narrative to the people about
the workthey are doing. The plan isto the work they are doing. The plan is to
bringal the good ovortote media's
noticicunder the signature Har Kaam notice under the signature Har Kaam
Desh ke Naam programme. Vven some official emails bear that end note thes
days. This is in sharr contrasto days. This is in sharp contrast too 2014 ,
when officials had started keeping the
 hobnobbing with media persons might
anger ministers. Close ircuittelevision cameras were installed in ministis
and officials were pelled up for any media "leaks".II sueems there has bee

## Dancing into politics

| The Union Ministry of Culture frequently gets requests for the children of senior government officials to be considered surprised by the regularity of requests to accommodate the daughter of a Cabinet minister for her dance recitals. The grapevine says she is being promoted by her father for an eventual political career, but officers are in a fix over the question whether dance recitals couldbe the best way to make that happen. |
| :---: |
|  |  |

## INSIGHT

Pushing the pedal on asset recycling
Incentivise states to deliver on the infrastructure agenda




## LETTERS



## Business Standard

MUMBAI I WEDNESDAY, 26 FEBRUARY 2020

## Lessthantremendous

## Donald Trump's first visit was strong on optic

USPresident Donald Trump's first visit to India was most notable for the to script (even if he mangled the pronunuciationo of Indian namess) and volage pomp and pageantry, and the promise of a trade deal later this year, though Modi received endorsement from the world's most powerful person for being
"strong", a "tough negotiator", and a "very religious man". Intense personal diplomacy, the preferred style of both leaders, has yielded a baseline reiteration of goodwill between both countries
Eanier in the day, the two countries signed three memorandums of under
standing, including one on the energy sector, and an announcement that the relaionship had been upgraded to a "comprehensive global partnership", a signal that
India-US ties seek to oo beyond bilateral and regional vergent interests on a global scale. Though the contours of this new relationship were not defined, it could signal closer Indian participation in the Blue Do
On salance, however, the extravagagnt optics did not mask the fact that the visit
Ind yielded little that was substantive, especially for India. For one, Mr Trump was carefit to reiterate the good relations he enioyed with Pakistan's mran Khan and
China's Xi Jinping. For another, he spoke of the limited trade deal he has signed with China a a atemplate of the sort of reciprocity he was seekng, underim Sindia ising tariff fegime. The $\$ 169.9$-illion trade deficit (2018-99) between the US and India
lurked in Mr Trump's address. The two sides remained divided over farm products,
ures medical devices, digital trade, and new tariffs, and Mr Trump reiterated that Indias Indian investment in the US, which would have rankled with Indian officials, who were hoping to leverage the visit to bolster foreign direct investment from the US.
As the two leaders hugged each other several times, smoke was rising into the sky in aparto of Dellhi because of violence over the Citizenship Amendment Act (CAA). At his press conference at the US Embassy - at which he talked up his record on
Afghanistan, West Asia, handling the coronavirus crisis, and so on in his customary rambling style and took potshots at various Democrat opponents - Mr Trump wa areful to steer clear of controversy regarding the CAA and Article 370. A muted reit eration of an offer to mediate on Kashmir was followed by a bland observation that
there were "many sides" to the issue. The CAA was discussed at the bilateral talks and so was Article 370 but the US president toed the Indian line that these were internal hat Mr Modi had assured him that he "wanted the people to have religious freedom" All in all, the visit cannot be described as a resounding failure. Nor, despite the suard of honour at Rashtrapati Bhavan, the populous feting in Ahmedabad, and India was able to defend its interests and that all-important trade talks were not off

T

## Payments problem

## Removal of MDR will affect innovation in fintech

 interchange fees for the Unified Payments Interface (UPI) to zero for al domestic transactions with retrospective effect from January 1, 2020. Thisis a "pilot" programme, which will stay in effect till April 30, 2020. This cut is the inevitable consequence of the finance ministry's decision to cut the merchan Banks cannot pay interchange fees on these transactions, since they are no longer will lead to a further upsurge of digital transactions. While it is mandatory for any ptions, the removal of the MDR is expected to encourage smaller merchants to adopt digital payment systems, since they will not have to pay charges to banks or has hit the industry hard. There will be negative consequences in terms of the growth of the digital payments e
industry revenues in 2019 .
But despite that income stream, the major fintech players are all incurring losses because their expenditures on both creating front-end and back-end infras-
ructure are high and they also have to offer cashback and other incentives in a competitive space. There are substantial costs to setting up infrastructure for digital payments. It is estimated that payment app providers spent over $\$ 1$ billion in 2019 billion per month and continue to grow. Merchants paid the MDR to their respective instruments. (Both the UPI and RuPay platforms are managed by the NPCI.) The instruments. (Both the UPI and Rupay platforms are mers interchange fees, network fees, and payments service provider fees to other banks, fintech players, and stakeholders in the ecosystem. The NPCI also takes fee for enabling UPI and RuPay transactions.
Hence, the MDR was a source of revenue for many entities and a major one for ery little incentive for fintech players to expand their network by registering new and stants and users. Investors will also be unwilling to spend more on maintaining probable frustration among users. Finding alternative revenue streams will be difficult, and may be legally problematic for the industry; many businesses may posed data protection law.
Building an inclusionary digital network is a reasonable goal. But it is debatable if the elimination of the MDR, with retrospective effect, is the ideal way to encourage for their investments, and the MDR was the natural way. Alternative modes of direct
compensation by the government, which fintech players are now attempting to is still in a nascent phase and the government should reconsider this policy.


Prognostications about the USelections

There could be two out-of-the-box announcements ahead of the election to outline the Republican policy in Asia


## Unease ofdoingbusiness

##  <br> NEW DELHI DIARY

A к внатаснаRYA


Trump and hisp presidency, itis best ocompmare him
vith the trasic heroess from Homers
Iliad and


 mants -may have earned himo ostraisisf fiom polite

those outlaws are


 smokescreen nolect themimplementana agenda of tax
 hurricane makes the media focus on the all powerful


 pect that NTT Tump will be able to sicie offonly asmall Itis on foreig policy that the policies of the two
 China (witness Speaker Pelosi's recent Munich speech) except as an idealist he would like more virtue-sigdove, given the Chinese interests of his company. This suggests two possible out-of-the-box policy
initiatives in north-east Asia President Trump could announce the opening of a US embassy in Taipei.
China would objectsaying tit China would object saying it would go against the One-
China policy agreed with Nixon and Kissinger. But on assuming office, Mr Trump took a call from the
President of Taiwan to which China objected citing the One-China policy, and President Trump reportedly
replied "What One-China policy?" It is time to end it, at least symbolically.
vation mostexperts on North Korean-Chinese relation make: The deep-seated Korean animosity for the
Chinese and their anger as having to depend on them in a hostile world. Witnessing the sheer childlike joy
shown by the young Kim Jong-un wandering around shown by the young Kim Jong-un wandering around
the market in Singapore during his summit with Mr
Trump a thought struck me: Could a deal be done Trump, a thought struck me: Could a deal be done
with Kim with the offer of ending the sanctions and massive private US investment creating a north Korean
capitalist paradise in exchange for changing the direc-
tion of his nuclear missiles from Los Angelesto Beiiing!
later nang give rise to a political controversy of haxing Another reason for the government insisting on the needed some additional revenues to make good the But insisting on the payment of the entire amount, en the interest and penaty has actually implie would be more hit than the other remaining two big players. Its overail dueswoult be more than
and its owners have indicated that such a huge burden than shutting up shop. decision on insisting on the payments, whose burden would be largely borne by one of the top three telecom impact of its decision on the telecom market structure? And inally, did the government realise that the conIdea, which had facilitated foreign investment flows
of over $\$ 55$ billion into the country? The government the telecom sector to help it overcome the current payment crisis.
will be significant
in May 2019 the Nowdrans involved in two high-profile engagements with foreign
investors. One involves Jeff Bezos of Amazon, whose foreign investment commitments have been scoffed
at by government representatives. The other is with of the UK, stung by the AGR burden, is now mulling become news in the coming summer months when the arbitration decision on a $\$ 1.6$ billion tax dispute
between Cairn Energy and the Indian government that battle will take. But for a country that takes pride
in having improved the ease of doing business, the Amazon, Vodafone and Cairn-may not help improve

## Nuclear deterrence \& dilemmas



BOOK REVIEW
pranav r satranath
T

| machinery is at work making | Command (SAC) and its strategy tostopa |
| :---: | :---: |
| guesstimates onthe optimal nuclear | Soviet invasion of Western Europe w |
|  | Bomb everythin |
| decision-makers must deal with the | Soviet Union, which would kill at least |
| paradox of deterringthe enemy as well a | 275 million people. Both civilians and |
| fighting a warifdeterrence fails. | military personnel. This idea wastaken |
| Fred Kaplan's newbook, The Bomb | - |
| vides aperfectillustration of this | of firebombing Japanese cities in Wor |
| problem. The book sketchesthe history | War II- and in 1960,this philosophy |
| of howAmerican presidents and military | incorporated into the Single Integrated |
| leaders have made decisions about the | OperationsPlan(SIOP), the war plan for |
| mostdangerousweapons in history, and | fighting a nuclearwar. |
| how they deal with the paradoxesthat | Horrified by the prospects ofkilling |
| accompany theseweapons.Thebook |  |
| acts as asequel-of-sorts to Mr Kaplan | juring millions of innocent civilian |
| first book, WizardsofArmageddon, | Secretary of Defence RobertMcNamara |
| which outlined the intellectual h |  |
| behind nuclear strategy. | degre |
| Nuclear weapons inthe early 1950s | bro |
| erelatively large and crude devices | ghly talented civilians, to |
| capable of being carried on heavy | plan |
| bomberaircraft. Naturally, the | 促 |
| monopoly on nuclear weaponswentto | dsignificantly, and now nuc |
| irForce.Nuclear strategy was | warheads could be miniaturised and |
| nowunderthe aegis oftheStrategic Air | fitted on missiles. Other branches ofthe |

military wanted their fair share in the
game particularly yhe US Navy which game, particularly the US Navy, which
now hadthe capabilitytolaunch ballistic missilesfrom Polaris submarines. This created anew rivalry
amongtheservices, with each side
 successful, little had
changed in reaity. Meanwhile, the US
arsenal continued to frow, with Changedim rearity.Meanwhine, heUse
arsenal continuedtogrow with newer
and moreadvanced weapons. And little and more advanced weapon.A.Andititle
changed inthe warplans.Af full review of
thewarplans would comeonlyduring the war planswould comeonly during
the George HW Bush administration,
 - Dick cheney.Mr Cheney, known for his hawkish view on national security
matters, ordered a full review ofthewa
needless redunn
nucleararsenal

## nuclear arsenal. The first200

theocold War-era, while the restof fitis

Hebomb: | And The Secret History | $\begin{array}{l}\text { discussionsthat } \\ \text { tookplace within }\end{array}$ |
| :--- | :--- | OfNuclearWar Author: Fred Kaplan Publisher: Simon

\& Schuster 2Schuster
Price: 799 Mr Kaplan'sbook, if anything, isa $\substack{\text { sorryofdiemmas.A Atory ofh } \\ \text { military } \\ \text { affices }}$ military officers and elected
representatives wrap their heads around the most destructive weaponinvented bymankind.A.A arrative of how each
side fightstheir way through to get around a very differe
that each groupf
thinking abouthow leaders and think about their arsena India has maintained a apolicy of no-
first use (NFU) since itbecame power. It's arsenal size is a fraction of leaders face their own set of dilemmas with NFU. Should India allow its enemy
to strike first with a nuclear weapon and sacrifice its citizens as a matter of
policy? How many weaponsdoes India
need to deter both China and Pakistan need to deter both China and Pakistan
sufficiently? Indeed, the late Manohar Parrikar (who was then the defence
minister) reflected on thesedilemmas in 2017, when he questioned why India recently, Defence Minister Rajnath Singh also hinted at the NFU policy may
change in the future dependingon the answersto touestions about NFU and deterrence. We may never know what
the right answer is. Dilemma indeed.

# E-Inhesestor 

## SBI Cards IPO price set at ₹750-755 per share



## IRCTC joins top 100 market capleague



THE BIG 5 India's largest IPOs SWIPE RIGHT FOR SBI CARDS

| SECONDARYSALE: $₹ 9,855 \mathrm{cr}$; |  |
| :---: | :---: |
| Fresh issue: $₹ 500 \mathrm{cr}$ | Total size: $₹ 10,355$ |
| Issue price: $₹ 750$ to $₹ 755$ per share |  |
| Date: Opens on March 2; closes on March 5 |  |
| Curre | Public: $14 \%$ |
| shareholding: | SBl to mop |
| SBI: $74 \%$ | F 4,000 cr; Carlyle: |
| Carlyle:26\% | ₹5 $5,900 \mathrm{cr}$ |
|  | Post issue m-cap: |
| $\begin{aligned} & \text { shareholding: SBI: } \\ & \text { P0\%; Carlyle:16\%; } \end{aligned}$ | ₹70,900 cr,38th biggest at IPO price |
| Valuation may cross $\mathrm{F}_{1}$ trillion | F1,100/share in the grey market |

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To
of spike because of the coronavirus, and this could persist. However, we don't see any material impact as far as this IPO is conand we did some calls instead of meetsfactory," said S Ramesh, MD and CEO Investment bankers said they had
arrived at the pricing for SBI Cards IPO
after conducting nearly 200 investor
meetings. The SBI Cards IPO would also
The last IPO to hit the market was that
of Prince Pipes in December. Earlier this

## month, state-owned ITI had to with-

Bankers said if SBI Cards' issue does
well, it would encourage other companies to launch their share sales. "SBI Cards' IPO has the potential to open up the mori-
bund IPO markets," said Hitendra Dave, head of globa
HSBC India.

## THE COMPASS

AMCs: Surprise winners among financial stocks


## API shortage from China an opportunity for Divi's

| ies | UJVAILJUHARI | ac- | $\begin{gathered} \mathrm{an} \\ \mathrm{a} \end{gathered}$ | a significant portion of the |
| :---: | :---: | :---: | :---: | :---: |
| and no regulatory | Divi's Laboratories has been |  | (incurred and continuing), and outsourcing opportunities | ongoing capex of 120 |
|  |  |  |  |  |
| verhang among | up more tis | sales | and mal |  |
| key positives | since August lows. Trading | sharp | The | lysts at Sharekhan, who also |
|  |  |  |  |  |
|  | outperformed the healthcare | bound to benefit players such | ities for which it | Divi's, thus, should be rel- |
|  | index, but also the leading | as Divi's. | Food and Drug | atively better off in case of a |
|  | indi | However, the company is | Ad |  |
|  | The |  | This |  |
|  |  |  |  |  |
|  | Divi's remains better plac | the | increasing its pre | analy |
|  |  | glob |  |  |
|  | absence of r | nat | ticals) whi |  |
|  |  |  |  | which should benefit players |
|  |  |  |  |  |
|  | ce | Analysts also see the com- | recently commissioned ${ }^{\text {a }}$ | Sharekhan expect 24 per cent |
|  |  |  |  |  |



## Sebi toallow new FPIs via Mauritius




DIFFERENCE BETWEEN GREY LIST AND BLACK LIST GREY LIST



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| :---: | :---: |
| pla | upsc |
| "While the FATF has put Mauritius |  |
|  | (mutual |
| preccibe | Mauritius hasm |
| a sanction of | ber of its MER |
| that extent, the | to improve tech |
| impact could be | effective |
| Singh, partner, Khaitan \& Co. He, how | leg |
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| especially among large investors, such |  |
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Debenturetrustees may get abigger role

| Jash kriplani | floating charges. |
| :---: | :---: |
| Mumbai, 25 Februay | With NBFCS, the regulator said that there was also con- |
| The Securities and Exchange | cern that attractive loan port- |
| ard of India (Sebi) on | folios would get monetised to |
| Tuesday proposed new norms | pay for existing loans, leaving |
| for debenturetrustees (DTs) to | DTs with lower-quality assets |
| give them a bigger role in pro- | for enforcing security. |
| tecting interests of debenture | Amo |
| holders in case ofdefaults fion | als, Sebi mulled the creation |
| uing fir | of identified charge by the |
| The marketr | NB |
|  | NBFCs to create charge on the |
| ecured issues | for every |
| able to enforce the security. | issue.This may include iden- |
| Further, Sebi pointed out DTs | tified receivables, investment |
| fou | and cash, instead of floating |
| securities in the case of man- | charge on the entire books of |
| ufacturing firms as there was | an NBFC. "A debenture |
| a fixed charge, but the | issued by an NBFC shall be |
| s not true in the | treated as secured only on the |
| s due to flo |  |
| nce | A transition period of three- |
|  | five years shall be provided to |
| pointed out various | ssu |
| issues pertaining to recovery | toidentified charge, the con- |
| of dues, and also cited the | sultation paper said. |
| case of DHFL to highlight the | The regulato also consid- |
|  |  |
|  |  |
|  |  |

Transfer of client securities to accounts of brokers barred press rius of woun
he Securties and Exchange
Board of Indiais Sebii) on
uesday banned transer of

client securities to demat
accunts of trading and
clearing members.
Against the backdrop of
he Karvy Stock Broking
(KSBL) incident, the watch-
dog has now put in placee
stringent norms to prevent
misuse of clients' securities
that are available with trad-
that are available with trad-
ing and clearing members,
and depository participants.
"With effect from June
01,2020 , TM (trading mem-
ber)/CM (clearing member)
shall, inter alia, accept col-
lateral from clients in the
shall, inter alia, accept col-
lateral from clients in the
form of securities, only by
way of securities, only
ated in the depository s.

## Now boarding!

Private banks are struggling to get top-class independent directors on their boards, and it is time to review the Banking Regulation Act, reports Raghu Mohan

 as lot the case- overt hise sounded Mint Road on their struggle to on-board top-class independent
directors; many sought extended timeines to get suitable candidates. And in he spotight is the B
Act (BR Act: 1949).
"Ibelieve the BR Act has to be con
pletely rewritten. It is archaic, when pletely rewritten. It is archaic, when
onetakes into account the changes that have happened in the manner in which Excellence Enablers; and a former chairman of three premier institutions
-- the Securities and Exchange Board $f$ India, Unit Tust of RR Act not less than 50 per cent of the directors are to pools. The intense scrutiny on indeels of compensation payable to them when compared with non-banks) have made it tougher to hire good hands.
This last aspect is due to the fact that Mint Road does not permit part-time tion other than sitting fees - even to one per cent of a firm's profit to be paid as commission to board members.
The range for independent directors in The range for independent directors in Out of this world
Section 10A of the BR Act says "the pany shall consist of persons, who (a) shall have special knowledge or practical experience in respect of one or
more of the following matters, namely (i) accountancy, (ii) agriculture and ural economy, (iii) banking, (iv) co(vii) law, (viii) small-scale industry,
(ix) any other matter the special nowledge of, and practical experince in, which would, in the opinion
of the Reserve Bank, be useful to the banking company",
And that directors shall not have
substantial interest in orbe connectsubstantial interest in, or be connect-

m damodaran

"I believe the BR ACT HAS TO BE REWRITTEN. IT IS ARCHAIC. BEING QUALIFIED TO BEAN
INDEPENDENT DIRECTOR IN A DIRECTOR IN A
PRIVATE BANK IS NOT THE SAME AS BEING COMPETENT FOR THE SAME"


VIMAL BHANDARI Executive vice-chairman
and CEO of afka fincap "THE WIDELY DISPERSED SHAREHOLDING AT MOST PRIVATE BANKS MEANS THE MANAGEMENT TEAM AS A COLLECTIVE BODY BECOMES THE MOST influential SHAREHOLDER' ${ }^{\prime \prime}$


NARENDRA MURKUMBI Former independent director
of 1 ClCi Bank "IF YOU ARE TO SAY THAT THE INDEPENDENT DIRECTOR'S COMPANY IS NOT TO HAVE A LENDING RELATIONSHIP WITH THE BANK'S BOARD ON WHICH HE SITS, THAT ITSELF PRECLUDES A LOT MANY FROM BEING ELIGIBLE"

divyanshu datta Partner- - Sagar and
Associates
"WE HAVE TO REVISITTHE CAP 0F 5\% ON SHAREHOLDING OUTSIDETHE PROMOTER GROUPING. IT WOULD BE WORTHWHILE THE CAP TO 10\% OR EVEN 15\%"
often translate into experience that is
relevant to a bank's board', he adds. It relevant to a bank's o oard", he adds. It
perhaps may have osmething to do
with our veneration of the old perhaps may have something to
with our veneration of the old. Incidentally, the e entral bank has
imposed a higher minimum-age filter imposed a higher minimum-age filter
of 35 years when it comesto bank directors; it is 21 years underthe Companies Act. It led the P P Nayak Committe
(2014) to observe: It is is unclear why separate regulatory filter for a mini mum age is needed".

## What is also tied in... It is also time to re-look at the dis- persed level of shareholding in pri-

 vate banks. While the central bank'sintention was to ensure that no particular shareholding group (promoter or otherwise) calls the shots - what
we now have is a situation wherein it is the "professional management setting the ground rules.
ing at most private banks with no
dominant shareholder means that the management team as a collective body becomes the most influentia
shareholder. I am not sure if the reg Bhandari. There is a view that relaxation on this front may lead to
a situation wherein large private a situation wherein large private
equity investors may come to equity investors maire significant stakes in private banks and set the agenda. Divyanshu
Datta, Partner-J Sagar \& Associates feels "We have to revisit the cap of
five per cent on shareholding in private banks outside the promoter
grouping. It would be worthwhile to increase the cap to 10 per cent, or private bank promoter" But what everybody agrees to is
that Mint Road is on record that it has pared to state-run banks (as articulated by former governor Uriit Patel)
It is time to revisit board-relate It is time to revisit board-relate a wholesale overhaul of the BR AC
For instance, board talk-points. For instance, board talk-points.
"Board papers are often weapon of mass distraction. They are need-
lessly voluminous and very often do lessly voluminous and very often do
not contain an executive summary" says Damodaran. And this is what the Nayak Committee had said on board-
level deliberations: "In one bank the taxi fare reimbursement policy got
the same coverage as the NPA recovery policy!"
It also high time the central bank
looks at the conflict of cither looks at the conflict of interest at it
end. "The RBI has been grapplin end. "The RBI has been grappling
with contextual conflict of interest for quite some time. Its officials sit on the boards of banks, while representing the regulator. You should not be e, player and a referee at
It's boarding time!


## Rewiring insurance



Technology has revolu-
tionised the world we live in. Even the everyday cellphone, seeming-
ly, has more computing power than the main-
frames that launched the moon mission. The
availability of a high-
powered portabledevice powered portable device GUEST COLUMN and hopefully, better.
This revolution has also GIRISH NAYAK Chief - service, operations an
technology - ICCl Lombard influenced insurance demanding a greater degree of personalisa-
tion and instant gratifi-
ation from their insu
The insurance industry is fast-growing and h product offerings to consumers ruptions to the traditional insurance model come from how insurance companies leverage emerging machine learning Internet of Things (IoT) telem atics and telemetry, big data and data analytics robo advisors, and distributed ledger technology. These technologies help serve customers better, giving them a seamless experience.
Most insurance providers have
$\qquad$ insurer. Since insurance policies remain technical,

bots" that help resolve con-
sumer queries immediately.
Some offer consumers a
two-way video-chat facility
at the time of claims to show the extent of damage to an asset which helps
service claims faster. wallets, sache advent of digiged financial products are becoming ncreasingly important.
These are primarily targeted towards the mass market with a specific focus on insurance benefit
products. To distribute such small-sized products products. To do disorms, insurance providers have had to move away from their traditional core-systems with auto-scaling capabilities. In the past, adding or reducing capacity on large core systems was an
issue. However, the advent of cloud platform has made upscaling far easier
Agents and intermediaries are among the main
astributo distributors of insurance products to consumers.
Most of them have now equipped their intermediaries with mobile and webuipped their intermed applications to help ease the onboarding and servicing process, licensing and on-boarding of agents and interme diaries.
They have
They have also integrated their systems with
that of their intermediaries to facilitate real-time policy issuance. insurance providers to track marine cargo shipments for corporate customers, prevented multiple hijacking events and helped a pharmaceutical com-
pany protect its temperature-sensitive consignment in the event of an accident. IoT has also
enabled instant health check-up facilities for customers. Similarly, telematics solutions in passenger vehicles identify and segment consumers based
on their driving behaviour. IoT also helps monitor critical fire-fighting equipment in manufacturing units to prevent malfunctioning in an emergency.
Similarly insurers are using AI to help speed up underwriting and smoothen the claims process. Facial mapping technology powered by deep leandocuments and has helped prevent fraudulent
transactions. And sophisticated deep learning comtransactions. And sophisticated deep learning com-
puter vision algorithms are now helping insurers puter vision algorithms are now helping insurers
assess damages on vehicles and shorten the claims and renewal process for customers.
Insurers have access to significant data and are looking for ways to unlock value from it. Similarly, new technologies lead to new types of data (images, tostore these technolog As Satya Nadella rightly said, "Longevity in this
business is about being able to reinvent yourself or

## Running for cover

Demand for D\&O policies on the rise as India Inc looks to protect its brass
subrata panda

directors for such firms with effect Under Section 245 of the
from Companies Act (2013), class-action
suits can be set in motion suits can be set in motion against a
company's management and any of company's management and any
its directors before the National Company Law Tribunal in the event
of a fraud. D\&O insurance protects of a fraud. D\&O insurance protects
directors and officers from the directors and officers from the
financial consequences of claims made against them for wrongful managerial acts. The policy kicks in
even for claims based on allegations which are yet to be proven. D\&O policies provide for defence costs to
the brass to protect themselves well against such claims. In addition, they pay for investigation costs to appear
before the regulatory authorities and before the regulatory authorities and
provide special protection to noncover for retired directors. This is because while stepping down may
indemnify directors from latter-day indemnify directors from latter-day
slip-ups, the person will continue to Slip-ups, the personnose which
be held liable for thon occurred under their watch - this has
been clarified under Section 168 (2) of been Clarified under
the Companies Act.
"While companies having
overseas exposures (be it throu overseas exposures (be it through
subsidiaries orthose which are listed subsidiaries or those which are listed
abroad), buy D\&O covers with higher
limits domestic entitieopt limits, domestic entities opt for a
lower limit, say in the range of $¥ 5-10$ lower limit, say in the range of $₹ 5-10$
crore. However, taking a cue from global trends and increased
consumer activism, we foresee some
correction, especially for firms in the financial services space, pharma and Vaidyanath Balasubramanian, underwriting manager at SBI General
Insurance. While Sebi has insisted on Insurance. While Sebi has insisted on
a D\&O policy, it has left tit tote a D\&O policy, it has eff it to the
Boards of companies to decide on the Boards of companies to decide on the
quantum of coverage and the limits purchased.
Under the spotlight
Marsh India's internal estimates, sometime back, noted that in many
cases, the limits purchased by banks and corporates were inadequate. It had noted that in light of the recent egulations, "these (limits) would
used up quickly just to defend the used up quickly just to defend the allegations made, thereby effectively
leaving nothing for the civil damages

"The IBC, GST regime and Whistleblowers' Protection Act, and generally stricter laws, have enhanced managerial risk" SUSHANT SARIN Executiviv vice-presidident,
Tata AlG General Insurance
warde While the IT sector always had an appetite forD\&O covers, in the case of
other areas "while many companies may not have dealt with any directo related litigation as yet, with the
changes to the Companies Act th changes to the Companies Act, they
are opting for the same to avoid any are opting for the same to avoid any
additional financial burden in case of

"Given the local capacity and no major claim activities, the product is thinly priced. But we foresee some correction" VaIdYanath balasubramanian Underwititing manager
SB1 General Insurance eventualities", says Subrata,
executive vice-president,
underwriting xecutive vice-president,
underwriting, IFFCO Tokio Gener Insurance. The number of claim notifications for insurers, too, have in the larger homegrown, or multinational companies, but now even the smaller private and unlisted
entitisare ging infor rodo oover





 premiums generally varyaraross
industries it itcenendson onotential
 liabinties. And tse factored in.
company are also
The size of insurance coverage and policy limits in the banking
sector sector vary significantly between
state-run and private banks. It would be interesting to see how state-run
banks move on the D\&O cover front in the days ahead as almost 95 per
cent of the frauds in the sector are in cent of the fra
these banks.
The latest Reserve Bank in its Financial Stability Report
(FSR: December 2019) shows (FSR: December 2019) shows
"outlier" frauds - defined as those exceeding $₹ 1,000$ crore - shot up to
$₹ 44,951$ involving 22 cases in the first half of FY20, up sharply from
the 6,505 in four cases in FY 19. T the $₹ 6,505$ in four cases in FY19. The
FSR also mentioned that the top 10 FSR also mentioned that the top 10
frauds by value accounted for 69.2 pe
cent of the total amount involved in frauds of the total amount involved in
cent "outlier" cases.

## Northeast Delhi turns into a war zone <br> IPS officer Shrivastava appointed Delhi Police Special CP; SC and HC to hear pleas related to violence today; CBSE postpones Class 10, 12 exams in the affected areas

## Death toll mounts to 13; over 200 injured <br>  <br> 

## Airport privatisation put on hold



Mitra:Suspicious GST transactions going up AVISHEK R RIKSHIT
Kolkata, 25 Februal

 he pointed out.
Acording
to
documents reviewed by Business Standard
related tothe ơ118 process, the
public-private partershi public-private partnership cell
ofthe Department ffcconomi
Affairs ( DEA) had reconmend
 "highly capital intensive," a
clause should be incorporated
that not ore thantwarits
would be awharded to a single
. bidder because of the high
financiai risks involved and he
need for stringentadherenceto
nefrem
 is suggested to incorporate the
clause that no more than two
a ansets airports will be awarded to the
same bidder duly factoring the
high finanacial risk and performance issurus. Awarding
them to different companies them to differernt companies
would also focilitate yardstick

Coronavirus increases Iran's isolation; strains Korea, Italy


## Bollywood churns the digital puff machines <br> An array of sophisticated tools and tactics powers the lic domain, pulls shem outand

online show business as studios seek maximum bang for every buck spent
SOHINIDAS
Mumbai, 25 February

| ver the past |
| :---: |
| few weeks, |
| there hashardly |

been a digital mailbox been a digital mailbox worth its subscriptions
that has not received a rousing letter of protest gainst violence against vomen. The letter by of Thappad, a movie that deals with abuse and releas es this week, is a marketing factic. "Come stand with m, thappad, bas itni si baat nah ar.) One slap is no small mat ter!! Pannu writes, using the amiliar format of online peti-
tions to make the case for her movie. And with a budget a fraction of what Bollywood mar keters usually spend, the letter has piquéd interest and crea Ditto for another film and nother set of stars. Shubh Mangal Zyada Saavdhan (box office collection: $₹ 32.6$ crore so been a part of almost every online conversation on gay pride, gay rights and love, for months now. Challenges, influ and targeted intervention through posters, memes and trailer-releases are part of an expanding digital toolbox of to roll their marketing budgets fonline channels. Movie mak ers no longer consider digital marketing executive. It is an investment, she says and while

maxmum
 allowing it on the interface ellowing one to look at one conelevancy and tag it appropriprocesses which con buil processes which can autois agency has worked with digital accounts for about 50 per cent of the total market ing spends
though print, outdoor and promotionsstil
play an impor play an impor-
tant role," he $\underset{\text { Digital is abi }}{\text { add. }}$ draw for th measurability it it
offers.
Pillai explains that marketing agen-
cies with online booking platforms Paytm and so on) to target their market
as low as $₹ 2$ crore or as high as
2 crore, digital is measurble ₹25 crore, digital is measurable, effectively and tracks mover pillai, CEO \& co-founde TheSmallBigidea (TSBI), a digi agency, says, "Few years back fim marketing was around certain ighero would ensurea consumption footail. Now the hanged." He cites the case Baahaai Ho , an ensemble cast bucogreat story, that went on to tight budget of hit. Made on a raked in close to ₹140 crore he box office. With limited star power at its disposal, the mar ryline using ocused on the sto every byte and pixe. The data is used to dete
mine the reach and influence of the message as much as it is Hareesh Tibrewala, joint CEO of Mirum India, a digital marsocial listening toolspare ho ing hugely popular. For month prior to the release, the market ngteam deploys tools that trap tars and then plays it back to tars andio to alert them about areas that may need more attenion, or a different tactic.
$\qquad$ such as Social Studio it wools just like Google. We set up a few keywords in the tool, depend we are lokd conversation hrough all the conversation
ata helps underts better. The nstance, who watches the film er ango alone or with a part a movie proany exposures ong quizzes, campaigns andso n) before a voyeur becomes a vewe. The aim isto bring down required to indumber of exposures As agencies have turne ore efficient with data studios nd actors have become more gital friendly. Digital market s much as $30-40$ per are up by marketers and the cycle starts aboutourweeksbeforeamovie. wo weel lasts through the first ng out thereafter. The data anks are then set loose for the next big release.

## FROM PAGE 1

## Lot of chemistry...

the tradedeal and could agree onittowards the end ofthe year, but if adeal fell through, "satisfactory". He suggested if he could get China to agree to a trade deal, he would with In India at the USEmbassy Trump spoke of he importance of a secure 5 G wireless net work and the need for this emerging technology to be a "tool for freedom, progress, could be even conceived as a conduit for nd censorship. The US and its allies have banned Chinese companies Huawei and ZTE from participating in 5 G networks. On his position on Pakistan spon could not be counted upon to take action because it was 8,000 miles away. He said Modi "is perfectly capable" of dealing with friends with Pakistan Prime MinisterImran dthe Kashmir issue had "two sid o it, and offered to mediate between the two South Asian neighbours. At the joint press conference, Modi partnership tothe level of a "comprehene global strategic partnership" as the highlight of the visit. He said this was his fifth meeting with Trump in the past eight increasing their homeland security cooperation to hold terror supporters responsible. "Our energy trade has been around $\$ 20$
USoil suppliestoIndia have Mirmped
fold to 250,000 barrels per day (bpd) in the past two years, US Energy secretary Dan
Brouillette said at the business meeting that he addressed alongside the president. Trump said India and the US were keen to revitalise the Quadrilateral Initiative
(Ouad), which also comprises Australia and (Quad), which also comprises Australia and
Japan. Foreign Secretary Harsh Vardhan Shringla said Modi and Trump decided to move towards what was referred to as a "big deal" in trade. He said the two leaders had decided to conclude the ongoing discus-
sions on bilateral trade as soon as possible and give it a legal framework and the tex could be finalised with legal vetting as soon has inssibe.e. There is appreciation year-on-yeat trade years. US exports to India have increased dramatically and there is a noticeable decline in the trade imbalance," Shringla ing with agreater number of acquisitionc oil and gas and the purchase commercia aircraft. Indian officials said the contentious, amended Citizenship Act did not of the two leaders and theyg the meeting religious harmony in a "positive way",

Trump was forthright about not answe ing questions on the issue and violence in Delhi at his press conference at a city hotel don't want to blow the two days plus two days of travel on one answer, one little answer ... So I will be very conservative in "We did tou don't mind," Trump said Prime Miniter about religious freedom. religious freedom in India .. If you look back India has worked hard for religious freedom, Trump said. Democratic presi on Monday criticsenator Bernie Sanders Weapons to India, saying that the Delhi to fight climate change.

India should...
pledged by Indian corporates in the US, Trump repeatedly pointed ut that current bilateral busines he light of high tariffs. He also rought up the example of Harley ostly to sell in in India due to were arriers. He also said any trade deal would need to reduce tariffs cross the board. "If they want a dea, heyliget one. We also in it. It's too easy," Trump said, ggesting that the US might purue an aggressive tact when it Before leaving for India had said that a comprehensive trade agreement with India would take much longer to finalise than earlier expected. The sudden canellation of US Trade Representative Robert Lighthizer's vanguard negotiations team shut down the talks, diplomatic sources

US was not willing to back down on trad iffs were raised (by India). We also did some things in return. You can call it rent control," he said, referring to Washington DC 's move to exclude India from the crucia export incentives offered under its
Generalized System of Preference Trade scheme. Accordingto the commerce depart ment figures, India had a trade surplus worth $\$ 12.6$ billion with the US in the April

Sebi finds.
The probe had suggested that some of the significant and required detailed disclosures and greater vetting by board committees comprising of independent directors, the sources said. The differences between co in July 2019 after Gangwal sought Sebi's governance to address alleged corporat

## F500 notes...

ATM cassettes can carry notes ranging between 2,300 and 2,600 pieces --it is capacity can vary depending on the ATM manufacturer. In terms of share of deployment, NCR Corporation has close to 50 pe cent of the 240,000 ATMs, followed by When specifically asked which amons the 100 and $₹ 200$ denomination will find a place in ATMs' cassettes in the days ahead, and new ₹100 notes cantl reside that the old and new ₹100 notes can't reside together as they are not of the same dimensions. "Th wiich denomination gets loaded into ATMs. Then, demand at ATMs, which varies across locations, will decide whether we load them a clear link between the ATM recalibration and the banknotes in circulation. According to the central bank's Annual Report (2018 19), the number of pieces of $₹ 2,000$ notes a knotes in circulation fell to volume of bal from 3.3 per centeach in FY17 and FY18. Bu its percentage of the total value of banknotes in circulation fell even more sharply at the per cent in FY18 and 50.2 per cent in FY1. There was a corresponding shift in the z500-note narrative. As a percentage of the total volume of banknotes in circulation,
the share of $₹ 500$ denomination shot up to the share of $₹ 500$ denomination shot up to
19.8 per cent in FY 19 from 151 per cent in FY18 and a mere 5.9 per cent in FY17. Still more impressive is its share as a percentag of the total value of banknotes in circula tion at 51 per cent in FY19 from 42 per cent
in FY 18 and 22.5 per cent in FY 17 in FY18 and 22.5 per cent in FY17. bigger. First issued on August 25, 2017, th central bank's data for FY18 and FY19 shows, its share is moving up fast. As a percentage this stood at 3.7 per cent in FY19 and 1.8 per cent in FY 19 ; and as a percentage of the value of banknotes in circulation, at 3.8 per


[^0]:    commerce platform, has scaled up very fast. He also highlighted firms such as Sun Mobility, which provides battery
    as-a-service, and Bionic Yantra, which is aimingto restore mobility for severely injured people through
    wearable robotic exoskeleton aidi rehabilitation. and (start-ups) coming out of India, and stait-upscoming out of India, modells and most importantly, having
    an impact" said Nadell an impact," said Nadella.
    Nadella said there is
    $\qquad$
    $\qquad$
    $\qquad$
    $\qquad$ why we are partnering leaders in ever
    industry acrossthe country to help
    them build their own digital capability, thembuild their own digitans capabind

