





# Deloitte makes presentation to telecom dept on AGR dues

Tata Sons Chairman N Chandrasekaran meets Ravi Shankar Prasad to discuss the issue

MEGHA MANCHANDA  
New Delhi, 25 February

Deloitte India on Tuesday made a presentation to the department of telecommunications (DoT) on liabilities and solutions on the adjusted gross revenue (AGR) 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 official said, "We had not asked for the presentation, they had come to us with their solution."

Meanwhile, amid the ongoing AGR crisis, Tata Sons chairman N Chandrasekaran met telecommunications minister Ravi Shankar Prasad on Tuesday. The ministry, however, maintained that it would issue notice



The Supreme Court earlier this month rejected a plea by mobile carriers such as Bharti Airtel and Vodafone Idea seeking an extension in the payment schedule

to the company for non-payment of full dues. Another DoT official said, "We are not convinced by their self-assessment of the AGR dues and will again send a notice."

Emerging from the meeting,

which lasted for over 30 minutes, Chandrasekaran declined to comment on the details of his discussion. The crucial meeting comes at a time when the government is looking to issue detailed notice to Tatas for pay-

ing only ₹2,197 crore as full and final settlement against the government's calculation of ₹14,000 crore. A notice will be sent to the company in a day or two, questioning the company's AGR calculation.

In all, 15 entities owe the government ₹1.47 trillion in unpaid statutory dues – ₹92,642 crore in unpaid licence fee and another ₹55,054 crore in outstanding spectrum usage charges.

Of the estimated dues that include interest and penalty for late payments, Airtel and Vodafone Idea account for about 60 per cent. These dues arose after the Supreme Court, in October last year, upheld the government's position, including revenue from non-core businesses in calculating the annual AGR of telecom companies. A share of this is paid as

licence and spectrum fee to the exchequer. The Supreme Court rejected a plea by mobile carriers such as Airtel and Vodafone Idea earlier this month seeking an extension in the payment schedule and asked the companies to deposit their past dues for spectrum and licences.

Vodafone Idea, which is confronted with ₹53,000 crore in statutory dues as per DoT's calculation, has so far paid only seven per cent of those dues in two tranches. Airtel paid ₹10,000 crore out of its DoT estimated liability of over ₹35,000 crore. Airtel, on February 17, had said the company "is in the process of completing the self-assessment exercise expeditiously and will make the balance payment upon completion, before the next date of hearing in the Supreme Court."

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

MEGHA MANCHANDA  
New Delhi, 25 February

Bharat Sanchar Nigam (BSNL) and Reliance Jio were the two companies which added mobile subscribers in December, according to the data released by the Telecom Regulatory Authority of India (Trai). Vodafone Idea and Bharti Airtel lost a substantial chunk of users after a hike in tariffs.

BSNL added 426,958 customers, while Jio reported additional 82,308 subscribers on its wireless network, the data revealed. Vodafone Idea and Airtel lost 3.6 million and 11,050 users, respectively.

In November, the wireless telecom subscriber base had reduced by 28.8 million; this loss was led by Vodafone Idea, which shed 36.41 million subscribers.

The number of telephone subscribers in India declined from 1,175.88 million at the end of November to 1,172.44 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

JSW Steel's \$2.7-billion purchase of a bankrupt steel mill is facing a fresh hurdle after a former chairman of Bhushan Power & Steel challenged the deal in the country's top court.

Sanjay Singal filed a petition on 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 Sajjan Jindal-led mill has been caught in legal tangles since its ₹19,700 crore (\$2.7 billion) bid for Bhushan Power was first approved last year, while ArcelorMittal faced a year-long battle for its takeover of Essar Steel India.

Singal's plea threatens to delay or derail the takeover. An adverse ruling could also be a setback for lenders, which led by PNB, are seeking a speedy resolution.

BLOOMBERG

## Oil firms seek mechanism to recover BS-VI upgrade cost

AMRITHA PILLAY  
Mumbai, 25 February

State-run Bharat Petroleum Corporation (BPCL) and other oil marketing companies are in informal discussions with the government for pass-through of costs incurred over upgrading to higher emission norms.

As part of India's attempt to curb air pollution by vehicles, fuel and automobile makers have to migrate to BS-VI from BS-IV norms from April 1.

Oil companies are expected to make BS-VI fuel available to ensure a smooth transition. BPCL will roll out BS-VI fuels at all its outlets from March. "We have represented that we should be compensated for what we have invested," BPCL Director (refineries)

R Ramachandran. He said if these investments were to be 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 should be built into our price."

Indian Oil Corporation, which has already covered around 50 per cent of its outlets, plans to wrap the entire network by mid-March.

Ramachandran said there were informal discussions between oil companies and the government for a mechanism to recover these costs. "No formal representation has been made," the executive said, adding there was precedence in other countries where similar costs had been passed on through a special cess.

For BPCL, the director said the total investment in upgrade of refineries stood at ₹7,000 crore and 70 paise a litre might be the average cost recovery over a plant's life. This is not the first time oil firms have raised the cost concern over BS-VI upgrade. Indian Oil Chairman Sanjeev Singh was quoted in January that though the exact quantum was being worked out, the increase might be anywhere between ₹0.50 and ₹1 a litre.

Irrespective of whether a special mechanism is allowed or not, oil executives are hopeful the market will find its own pricing over a period of time. "Then we will know if there is a return or it is an investment for staying in business," Ramachandran said.

## Honda launches BSVI Dio

Honda Motorcycle & Scooter India on Tuesday announced the launch of the all new BSVI Dio in the city, with prices starting from ₹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 2Wheeler India and Honda is the leading two wheeler brand in the region with 34 per cent market share.

PTI

# BROTHERS IN ARMS

## Quadrilateral Initiative to be revitalised

AJAI SHUKLA  
New Delhi, 25 February

Without any deadlock-breaking agreements on trade, or the sale of nuclear power reactors, much of the feel-good around the two-day visit of US President Donald Trump centred on the burgeoning US-India strategic and defence partnership.

"Today, President Trump and I have taken a decision to raise our partnership to the level of a comprehensive global strategic partnership," said Prime Minister Narendra Modi, addressing the media after bilateral talks in New Delhi on Tuesday.

Modi and Trump agreed to galvanise the Quadrilateral Initiative (Quad), which could become an important element in the Indo-Pacific strategic architecture, bringing together democracies that are wary of a rising China.

"Together, the prime minister and I are revitalising the Quad with the US, India, Australia, and Japan. Since I took office, we have held the first Quad ministerial meeting and expanded cooperation on counter-terrorism, cybersecurity, and maritime security to ensure a free and open Indo-Pacific," stated Trump.

Over the preceding 15 years, New Delhi has avoided alienating China by walking a delicate line on initiatives like the Quad, and on exercises and operations with US military forces in the Indo-Pacific.

Modi abandoned some of that restraint on Tuesday, declaring: "In the last few years, there has been an unprecedented increase in interoperability between our armies."

Trump confirmed that India's military signed contracts with Boeing and Lockheed Martin on Tuesday for the purchase of military helicopters.

"Earlier today, we expanded our defence cooperation with agreements for India to purchase more than \$3 billion of advanced American military equipment, including Apache and MH-60 Romeo helicopters — the finest in the world. These deals will enhance our joint defence capabilities as our militaries continue to train and operate side by side," said Trump.

Importantly for Trump, who is critical of India's \$24 billion trade 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 helicopter in its AH-64E configuration, with deliveries starting in 2023, according to the man-



## Indian CEOs laud relaxed rules in US

SHREYA JAI  
New Delhi, 25 February

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 and pitched for his re-election.

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 Trump quipped, "Huawei, you mean?"

In May 2019, Trump ordered the blacklisting of Huawei, accusing it of aiding the Chinese government in espionage. The US government also banned the company from accessing US supply chains, which it needs to make its products.

Ambani also said Trump's leadership inspired tax relief in India. "India followed the US model. For the first time ever, there was cut in income tax," he said.

Among the dozen industry leaders who attended the meeting were Aditya Birla Group's Kumar Mangalam Birla, Tata Sons Chairman N Chandrasekaran, Oyo Hotels Founder Ritesh Agarwal, Bharat Forge's Managing Director Baba Kalyani, Larsen & Toubro Chairman A M Naik, and Biocon Chairman & Managing Director Kiran Mazumdar-Shaw.

Commenting on the health care sector, Trump said it was an important agenda of the Republican party. "We have got rid of individual mandate, which was a disaster in Obamacare. We ended it. We decided to run it well," said Trump.

Both Ambani and Birla said acquisitions and business deals had become easier with faster clearances. To this Trump said: "That will only happen as long as I am there. If someone else comes, it all comes to a halt. We did some of the biggest tax cuts in history, regulations were improved. That has brought you people to the US." He said markets have been up by 70-80-90 per cent during his term. "Our markets will jump thousands and thousands (of) points if I win," said Trump.

Elaborating on the tax cuts, Trump said the US economy was improving as consumers had a lot in hand to spend. "One of the reasons we're doing well and other countries are not doing (so) (is) because our consumers are rich now. It is because of what we've done with a lot of things for creating jobs, but also tax cuts," he added. Commenting on the steel sector, represented by Tata Group, Trump said if he was not elected, the aluminium and steel business in the US would have died. "We got that straightened out. So, the aluminium and steel businesses made a big comeback." Trump said there were plans to relax regulations further. "We're going to cut a lot more regulations. But regulations for safety and environment will remain. But no president has ever cut close to what we've done," said Trump.

The US president also talked about his country's relations with China and said differences over tariff were over and the money that came from the latter was given to the farmers.

"We just signed a deal with China. And they're going to be spending \$250 billion a year now in our country. Close to \$40-50 billion will go to the farmers for the purchase of farm products," said Trump.

Among the dozen industry leaders who attended the meeting were Aditya Birla Group's Kumar Mangalam Birla, Tata Sons Chairman N Chandrasekaran, Oyo Hotels Founder Ritesh Agarwal, Bharat Forge's Managing Director Baba Kalyani, Larsen & Toubro Chairman A M Naik, and Biocon Chairman & Managing Director Kiran Mazumdar-Shaw

ufacturer, Boeing.

This is the latest version that entered service with the US Army in 2011. Boeing says it has 26 new advanced technologies, including more powerful engines, composite rotor blades, and the capability to control unmanned aerial vehicles.

More than 2,400 Apaches are in service worldwide, with over 400 of them being the latest AH-64E model. The Indian Air Force has already bought 22 Apache AH-64Es, which will all arrive by May.

The Hyderabad-based firm Tata Boeing Aerospace already manufactures helicopter fuselages for multiple Apache operators around the world.

Modi underlined the growing manufacture in India of advanced defence

and aerospace components and systems for global vendors. "Cooperation in ultra-modern defence equipment and platforms will enhance India's defence capabilities. Our defence manufacturers are becoming a part of each other's supply chains," he said.

Despite India's growing purchase of US weaponry and the incorporation of Indian manufacturers into global supply chains, there is a worrying lack of movement in furthering the technology relationship that India wants — which involves co-design and co-development of equipment, so that Indian firms can absorb the "know how" and "know why" needed to build truly indigenous weaponry.

The Trump-Modi meeting was markedly silent on the flagship

Defence Technology and Trade Initiative project: US assistance in designing India's second indigenous aircraft carrier, INS Vishal. There are concerns on the US side that India's static defence budget has little money to support such projects.

Nor was there any update on the long-running negotiation of a pending US-India foundational agreement — the Basic Exchange and Cooperation Agreement for Geospatial Cooperation — which had been earlier stated to be nearing completion.

Two other foundational pacts — Logistics Exchange Memorandum of Agreement and the Communications Compatibility and Security Agreement — have been concluded, enabling the two militaries to work together.



1. US President Donald Trump offers floral respects at Raj Ghat
2. Trump interacts with Reliance Industries Chairman Mukesh Ambani during a meeting with business leaders at US embassy
3. President Ram Nath Kovind, India's First Lady Savita Kovind, Prime Minister Narendra Modi, Trump and US First Lady Melania Trump during the ceremonial reception, at Rashtrapati Bhavan
4. Ivanka Trump at the joint press statement by Modi and Trump
5. Melania Trump during her visit to a government school

## Larger trade deal can be done much faster, says Goyal

NEHA ALAWADHI  
New Delhi, 25 February

India and the US can do a larger trade deal much faster, Commerce and Industry Minister Piyush Goyal said on Tuesday. "I am delighted that both the leaders (Prime Minister Narendra Modi and US President Donald Trump) have decided to formally engage to move towards a free trade agreement (FTA) between the two big economies and my own sense is that America also will gain very significantly with this partnership," said Goyal. The minister said he didn't see this engagement to be like earlier free trade negotiations that go on for decades.

Modi and Trump on Tuesday held delegation-level talks on key issues such as trade and energy cooperation. The minister was speaking at an event organised by the Confederation of Indian Industry and the US-India Business Council on *The India-US Business Story: Opportunity, Innovation, Entrepreneurship*. The two released a report on \$500-billion Road Map: US-India Bilateral Partnership: Aiming High.

"An FTA between India and the US would have wide-ranging ramifications for the domestic industries, and a clear cost benefit analysis would be needed to gauge its total impact," said the report.

Goyal assured the gathering that the discussions on FTA "will see a similar kind of stakeholder consultation as you saw last year, with different industry groups, interest groups on market access or opening up services, investment protocols, on areas of mutual interest... We'll be engaging with industry and all stakeholders on both sides... Whatever is done, will be in the interests of both".

He said the two sides would close the first set of the limited engagement, which has been finalised. "We will get into legal vetting and close that quickly."

When asked about foreign investor sentiment in India not being too positive, Goyal said people were "welcome" to invest in India "but not at the cost of our pride". "I don't think anybody invests in a country out of charity. A person will invest in a country for its opportunity. India offers that opportunity. I am the last fellow to say we need your money therefore, come here," he said.



"I DON'T THINK ANYBODY INVESTS IN A COUNTRY OUT OF CHARITY. A PERSON WILL INVEST IN A COUNTRY FOR ITS OPPORTUNITY. INDIA OFFERS THAT OPPORTUNITY"

PIYUSH GOYAL  
Commerce and Industry Minister



## 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

The Central Drugs Standard Control Organization and the US Food and Drug Administration are parties to the MoU. Sources claimed the two nations would 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 like cardiac stents. The US medical devices lobby is unhappy with the price regulations and proposals of

trade margin rationalisation of devices, and has indicated that such rules would hamper introduction of innovative devices here.

India has indicated that all medical devices would be treated as drugs from April 1, and would be regulated under the Drugs and Cosmetics Act of 1940. The Medical Devices Rules, 2020, which will come into effect from April 1, requires all manufacturers and importers to register their devices with a central licensing authority after they have complied with the regulatory requirements. Domestic industry lobby groups have pointed out that

for low-cost and low-risk devices, there should be some relaxation in norms of listing, as the SMEs may find it unviable to comply with the norms.



### LNG ACCESS IN INDIA

Another agreement clinched during the visit was between ExxonMobil, Indian Oil Corporation, and Chart Energy & Chemicals Inc to establish a system of transportation infrastructure to expand gas access in India. The

Indian LNG arm of the American company will supply gas for the purpose, while Chart will help create "virtual pipeline systems" that will deliver LNG by road, rail, and waterways to areas not connected by physical pipelines.

The parties will implement a gas infrastructure initiative that leverages LNG ISO inter-modal containers to move gas as a reliable, cleaner and cost-effective fuel. A pilot project would be developed and a road map for mobile gas infrastructure expansion at scale will be created to improve access to an abundant and cleaner fuel source.



### MENTAL HEALTH

The two sides also signed an MoU on mental health, between the Indian Department of Health and Family Welfare and the US Department of Health and Human Services. Extensive discussions were held on issues relating to homeland security and narco-smuggling and the opioid crisis, especially the menace of drugs like Fentanyl. Joint measures are expected to be announced soon.

# Gold declines ₹1,000 on global cues, but consumers stay away

DILIP KUMAR JHA  
Mumbai, 25 February

The price of gold corrected by 0.5 per cent in intra-day trade on Tuesday, following global cues, as investors booked profit amid fears of large selloffs in equity having knock-on effects on the bullion.

In early trade, the price dropped by ₹1,200 to ₹42,371 per 10 gm in futures trade on the Multi Commodity Exchange (MCX) for its delivery in April.

In the benchmark physical markets at Zaveri Bazaar, it declined by ₹1,000 to trade at ₹42,406 per 10 gm.

However, gold closed ₹778, or 1.8 per cent lower, at ₹42,637. Silver closed at ₹980, or 2 per cent lower, at ₹48,055 per kg.

The decline in the gold price was followed by the bullion's move in the international markets.

In London spot trade, gold opened at \$1,659.38 an ounce, or oz (one ounce is about 31 gm) and jumped to \$16,64.04 an oz in early trade.

But, profit booking pulled down the bullion to the day's low of \$1,633.13 an oz before recovering to trade at \$1,652.80 an oz in early afternoon trade in London.

"Jewellery demand was very thin on Tuesday. But with the gold price falling a little from yesterday's (Monday's) high, we do expect higher walk-ins and footfalls in the evening hours today (Tuesday)," TS Kalyanaraman, chairman and managing director, Kalyan Jewellers.

Kalyan Jewellers has seen stable sales over the last weekend. "With both the wedding season and Akshaya Tritiya coming up, we are getting more enquires for our rate protection and pre-booking offers, a facility that customers avail of when prices are volatile," Kalyanaraman said.

Gold prices have moved up strongly in the past eight months, with investors yielding returns of nearly 30 per cent on global economic uncertainties.

## PRICE CORRECTION

₹/10 gm Standard Date	gold
Feb 17	40,701
Feb 18	40,970
Feb 19	41,469
Feb 20	41,575
Feb 24	43,415
Feb 25	42,637

Source: Zaveri Bazaar



With countries like Japan and China having announced a monetary stimulus and more countries are planning such support worth billions of dollars to prevent their economies from recession,

investors are moving towards safe-haven assets.

The worsening coronavirus spread in China and the rest of the world has strengthened gold's appeal as the most preferred investment avenue.

"Gold is passing through its bullish cycle, which comes once in seven-eight years, in which the yellow metal appreciates 30-40 per cent. The metal's upward move got support from global economic uncertainties. Today's correction is just temporary profit-booking by investors. This continues for a short period for a rebound in a couple of days," said Vishal Wagh, head of research, Bonanza Portfolio.

Gold prices on Tuesday remained highly volatile. Gold for delivery in April opened at ₹43,176 per 10 gm on Tuesday on the MCX, a sharp decline from its previous day's close of ₹43,580 per 10 gm on profit-booking. The gold price for

delivery in April further declined to trade at ₹42,371 per 10 gm before recovering to ₹42,876 in late afternoon. Overall, the April gold contract price recorded a decline of 1.6 per cent from its previous day's close.

"The current gold-silver ratio stands at around 90, which indicates that silver prices have more room for appreciation than gold, which would depend upon demand in industrial commodities including base metals," said Gnanasekar Thiagarajan, director, Commtrendz.

Gold's safe-haven appeal got support from an increasing number of coronavirus cases outside China.

Meanwhile, the impact of gold's decline in London was slower in India due to rupee appreciation. The rupee appreciated by 0.2 per cent or 15 paise in the day before closing with a marginal appreciation of 4 paise to close at 71.88 against the greenback. Meanwhile, the sharp volatility in gold prices has lowered physical demand in jewellery stores.

# NFRA to issue notice on Deloitte in IFIN case

RUCHIKA CHITRAVANSHI  
New Delhi, 25 February

The National Financial Regulatory Authority (NFRA) has initiated disciplinary action against Deloitte Haskins & Sells (DHS) for alleged lapses in its audits of IL&FS Financial Services (IFIN).

"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 government official told *Business Standard*.

The regulatory body had said in an audit quality review report that quality control systems and processes at DHS were "severely inadequate and ineffective".

NFRA said the auditor did not display the required professional 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 non-banking financial company. Instead, DHS accepted the explanations of the management and certified these ratios as positive.

NFRA has been given powers to issue orders imposing monetary penalty and debarring an individual member or firm registered with Institute



## GAPS FOUND IN AUDIT REPORT

- Failure to comply with standards of auditing
- Didn't question the going concern assumption, based on which financial statements were made
- Independence of auditor compromised
- Non-audit services provided at high fee without approval
- Incorrectly certified accounts showing positive net owned funds and CRAR

of Chartered Accountants of India (ICAI) for six months to 10 years for professional or any other misconduct.

NFRA would seek Deloitte's response on its findings soon. The authority has also advised Deloitte to take necessary action to revamp its processes and rigorously ensure compliance.

Deloitte India did not wish to comment on the matter. The company recently announced that it would not offer non-audit services to any of its audit clients.

"We believe this would increase the public's confidence in auditor independence and quality and will remove ambiguity in a public and business environment that demands greater clarity about our service," the company said.

In an earlier statement, Deloitte India had said, "We

remain confident that our audits have been performed in accordance with applicable 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 for verifying such things.

The Ministry of Corporate Affairs has sought a five-year ban on the former auditors of IL&FS under the Companies Act. The Bombay High Court granted interim relief to the auditors against any coercive action in November.

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

SUBRATA PANDA  
Mumbai, 25 February

The slowdown in credit offtake that hit the banking sector adversely in the current financial year might be showing signs of bottoming out.

Rating agency CRISIL estimates that the gross credit offtake may see a 200-300 basis points rise in 2020-21 (FY21), driven by a revival in economic 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 2018-19, growth was 11 per cent and in 2017-18, it was 9 per cent. The agency also expects some growth momentum in the fourth quarter, after three subdued quarters.

The uptick in growth will be led by

private sector banks as growth in their credit offtake is estimated to be around 15 per cent. This implies that they will gain market share from their public sector counterparts, supported by strong capital position and ability to raise capital. "Their share is expected to rise around 400 basis points (bps) by March 31, 2021, over March 31, 2019," said CRISIL.

Furthermore, Reserve Bank of India's (RBI's) recent move to introduce long-term repo operations to reduce cost of funds for banks will boost lending by banks, as they will be exempted from maintaining cash reserve ratio for incremental lending to the retail and micro, small and medium enterprises

(MSMEs) segments. This will enable banks to extend credit at a cheaper rate as they will be borrowing at the repo rate and the deposit rates will not have to be tampered with. According to CRISIL, "Incremental net domestic credit this fiscal up to December 2019 is just a fifth of what it was a year ago. Lending to the retail segment and non-banking financial companies (NBFCs) showed good growth, while credit to corporates (ex-NBFCs) and MSME declined". Retail credit growth is estimated to grow around 16 per cent in FY21, driven by sustained demand in the unsecured loans segment and buyouts by banks of the non-bank retail portfolios through

direct assignment route. Securitisation transactions through the direct assignment route have surged almost 40 per cent to ₹59,000 crore in the first half of FY20, compared to ₹42,700 crore a year ago. Meanwhile, bank loans to corporate 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 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 rating agency said.

The drag in corporate lending will be on account of low capacity utilisation in the economy that will result in keeping private investments muted in the near to medium term.

# BoB moves SC in Simplex Projects case

ABHIJIT LELE  
Mumbai, 25 February

Bank of Baroda (BoB) has moved the Supreme Court (SC) against the Calcutta High Court's (HC's) order in the matter of a bank guarantee issued on behalf of Simplex Projects.

The matter pertains to a bank guarantee of ₹6.97 crore

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 not release since the guarantee was not valid on the date of invocation.

BoB, in a statement, said after seeking legal advice, it had

decided to exercise rights available by preferring a challenge against orders passed by the Calcutta HC. BoB approached SC on Monday. The HC had asked the Reserve Bank to consider appropriate steps against BoB, including revoking licence or authority to carry with banking business, for failing to honour a bank guarantee.













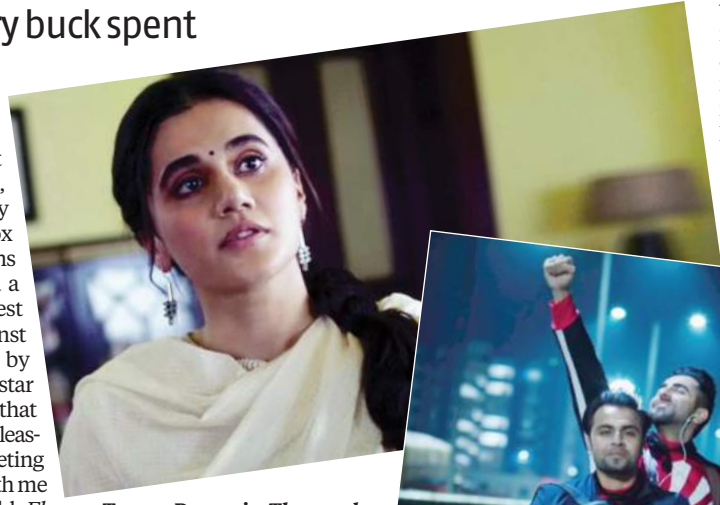
# Bollywood churns the digital puff machines

An array of sophisticated tools and tactics powers the online show business as studios seek maximum bang for every buck spent

SOHINI DAS  
Mumbai, 25 February

Over the past few weeks, there has hardly been a digital mailbox worth its subscriptions that has not received a rousing letter of protest against violence against women. The letter by actor Taapsee Pannu, star of *Thappad*, a movie that deals with abuse and releases this week, is a marketing tactic. 'Come stand with me and let us tell the world, *Ek thappad, bas itni si baat nahi hai!* (One slap is no small matter!) Pannu writes, using the familiar format of online petitions to make the case for her movie. And with a budget a fraction of what Bollywood marketers usually spend, the letter has piqued interest and created huge recall for the film.

Ditto for another film and another set of stars. *Shubh Mangal Zyada Saavdhan* (box office collection: ₹32.6 crore so far) that released last week, has been a part of almost every online conversation on gay pride, gay rights and love, for months now. Challenges, influencer-generated mystery posts and targeted intervention through posters, memes and trailer-releases are part of an expanding digital toolbox of movie studios that are learning to roll their marketing budgets through the nooks and crannies of online channels. Movie makers no longer consider digital marketing as an expense says a marketing executive. It is an investment, she says and while



**Tapsee Pannu in *Thappad* (top) and Ayushmann Khurrana in *SMZS* (right) have been leading the online marketing campaigns for their films**



the amount spent could be as low as ₹2 crore or as high as ₹25 crore, digital is measurable, helps spread the money effectively and tracks every rupee spent. Harikrishnan Pillai, CEO & co-founder, TheSmallBigIdea (TSBI), a digital and social media marketing agency, says, "Few years back film marketing was around stars. A big hero would ensure a certain initial foothold. Now the consumption pattern has changed." He cites the case of *Badhaai Ho*, an ensemble cast, but a great story, that went on to become a huge hit. Made on a tight budget of ₹29 crore the film raked in close to ₹140 crore at the box office. With limited star power at its disposal, the marketing team focused on the storyline, using analytics to test the impact of every byte and pixel.

The data is used to determine the reach and influence of the message as much as it is used to amplify the narrative. Hareesh Tibrewala, joint CEO of Mirum India, a digital marketing agency explains how social listening tools are becoming hugely popular. For months prior to the release, the marketing team deploys tools that trap all mention of the movie, its stars and then plays it back to the studio to alert them about areas that may need more attention, or a different tactic. Tibrewala says, "Social listening involves the use of tools such as Social Studio, it works just like Google. We set up a few keywords in the tool, depending on the kind of conversations we are looking for. It looks through all the conversations on channels that are in the pub-

lic domain, pulls them out and displays it on the interface, allowing one to look at one conversation at a time, determine its relevancy and tag it appropriately. Social Studio also has built in processes which can automate this process," he explains. His agency has worked with movies such as *Thackeray* and *Aquaman*. "In our experience, digital accounts for about 50 per cent of the total marketing spends though print, outdoor and promotions still play an important role," he adds.

Digital is a big draw for the measurability it offers. Pillai explains that marketing agencies team up with online booking platforms (say BookMyShow, Paytm and so on) to target their marketing efforts better. The data helps understand, for instance, who watches the film, do they go alone or with a partner and how many exposures to a movie promotion (trailers, song quizzes, campaigns and so on) before a voyeur becomes a viewer. The aim is to bring down the number of exposures required to induce a purchase.

As agencies have turned more efficient with data, studios and actors have become more digital friendly. Digital marketing spends for movies are up by as much as 30-40 per cent, said marketers and the cycle starts about four weeks before a movie release, lasts through the first two weeks post-release, petering out thereafter. The data banks are then set loose for the next big release.

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## Lot of chemistry...

Trump said the two sides were working on the trade deal and could agree on it towards the end of the year, but if a deal fell through, they might do "something else" that was "satisfactory". He suggested if he could get China to agree to a trade deal, he would with India as well. At a briefing with industrialists in India at the US Embassy, Trump spoke of the importance of a secure 5G wireless network and the need for this emerging technology to be a "tool for freedom, progress, prosperity, not to do anything with where it could be even conceived as a conduit for suppression and censorship". The US and its allies have banned Chinese companies Huawei and ZTE from participating in 5G networks. On his position on Pakistan sponsoring terrorism in India, Trump said the US could not be counted upon to take action because it was 8,000 miles away. He said Modi "is perfectly capable" of dealing with the situation. He also said he was good friends with Pakistan Prime Minister Imran Khan and the Kashmir issue had "two sides" to it, and offered to mediate between the two South Asian neighbours.

At the joint press conference, Modi underlined India and the US raising their partnership to the level of a "comprehensive global strategic partnership" as the highlight of the visit. He said this was his fifth meeting with Trump in the past eight months. Modi said the two countries were increasing their homeland security cooperation to hold terror supporters responsible. "Our energy trade has been around \$20 billion in the last four years," Modi said.

US oil supplies to India have jumped 10-

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 (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 discussions on bilateral trade as soon as possible and give it a legal framework and the text could be finalised with legal vetting as soon as possible. "There is appreciation that trade has increased year-on-year over the last few years. US exports to India have increased dramatically and there is a noticeable decline in the trade imbalance," Shringla said. He said the trade imbalance was eroding with a greater number of acquisitions in oil and gas and the purchase of commercial aircraft. Indian officials said the contentious, amended Citizenship Act did not come up for discussion during the meeting of the two leaders, and they talked about religious harmony in a "positive way".

Trump was forthright about not answering questions on the issue and violence in Delhi at his press conference at a city hotel. "I'm gonna be not at all controversial ... I 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 my answers if you don't mind," Trump said. "We did talk about religious freedom. Prime Minister Modi wants people to have religious freedom in India ... If you look back India has worked hard for religious freedom," Trump said. Democratic presidential front-runner Senator Bernie Sanders on Monday criticised Trump for selling weapons to India, saying that the US should instead partner New Delhi to fight climate change.

## India should...

While applauding the investments pledged by Indian corporates in the US, Trump repeatedly pointed out that current bilateral business ties would need to be assessed in the light of high tariffs. He also brought up the example of Harley Davidson bikes, saying these were costly to sell in India due to tariff barriers. He also said any trade deal would need to reduce tariffs across the board. "If they want a trade deal, they'll get one. We also did one with China recently. I'll win it. It's too easy," Trump said, suggesting that the US might pursue an aggressive tact when it comes to negotiating a pact.

Before leaving for India, Trump had said that a comprehensive trade agreement with India would take much longer to finalise than earlier expected. The sudden cancellation of US Trade Representative Robert Lighthizer's visit to New Delhi as part of the vanguard negotiations team shut down the talks, diplomatic sources said. Trump also hinted that the

US was not willing to back down on trade measures taken against India. "Recently tariffs 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 crucial export incentives offered under its Generalized System of Preference Trade scheme. According to the commerce department figures, India had a trade surplus worth \$12.6 billion with the US in the April-December period of 2019-20.

## Sebi finds...

The probe had suggested that some of the related party transactions could have been significant and required detailed disclosures and greater vetting by board committees comprising of independent directors, the sources said. The differences between co-founders and co-promoters came to the fore in July 2019 after Gangwal sought Sebi's intervention to address alleged corporate governance lapses at the company.

## ₹500 notes...

ATM cassettes can carry notes ranging between 2,300 and 2,600 pieces -- it is denomination-agnostic. The cassette's capacity can vary depending on the ATM manufacturer. In terms of share of deployment, NCR Corporation has close to 50 per cent of the 240,000 ATMs, followed by Diebold Nixdorf at 26 per cent thereabouts.

When specifically asked which among the ₹100 and ₹200 denomination will find a place in ATMs' cassettes in the days ahead, another CLF executive explained that the old and new ₹100 notes can't reside together as they are not of the same dimensions. "The supply of these two kinds of notes will decide which denomination gets loaded into ATMs. Then, demand at ATMs, which varies across locations, will decide whether we load them with ₹100 or ₹200 notes," he added. There is 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 as a percentage of the total volume of banknotes in circulation fell to 3 per cent in FY19 from 3.3 per cent each in FY17 and FY18. But its percentage of the total value of banknotes in circulation fell even more sharply at the end of these periods to 31.2 per cent from 37.3 per cent in FY18 and 50.2 per cent in FY17.

There was a corresponding shift in the ₹500-note narrative. As a percentage of the total volume of banknotes in circulation, the share of ₹500 denomination shot up to 19.8 per cent in FY19 from 15.1 per cent in FY18 and a mere 5.9 per cent in FY17. Still more impressive is its share as a percentage of the total value of banknotes in circulation at 51 per cent in FY19 from 42 per cent in FY18 and 22.5 per cent in FY17.

The role of the ₹200 note is also getting to be bigger. First issued on August 25, 2017, the central bank's data for FY18 and FY19 shows, its share is moving up fast. As a percentage of the volume of banknotes in circulation, this stood at 3.7 per cent in FY19 and 1.8 per cent in FY18; and as a percentage of the value of banknotes in circulation, at 3.8 per cent in FY19 and 2.1 per cent in FY18.

