



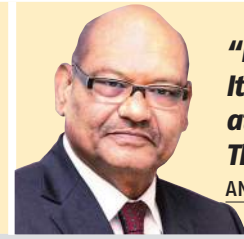
**"Tremendous progress was made in terms of ties – our relationship with India is extraordinary. We're going to be doing a lot of business with India, they are sending billions and billions of dollars to the US"**

DONALD TRUMP  
US President



**"No one can stop BJP from growing. It is the only party based on ideology. We know who will be the next chief of Congress, NCP, SP, BSP, TDP and YSR Congress. No one knows who will be next BJP chief"**

J P NADDA  
BJP president



**"I think it (economy) will bounce back. It has tremendous potential. I see light at the end of the tunnel, it is not far. The economy will kick-start soon"**

ANIL AGARWAL  
Chairman & founder, Vedanta

IN BRIEF

**IOC invests ₹3,000 cr to upgrade Haldia refinery for BS-VI fuel**



State-owned Indian Oil Corporation (IOC) has made an investment of around ₹3,000 crore to upgrade its refinery at Haldia to meet BS-VI emission norms, Pritish Bharat, ED (West Bengal, Sikkim and A&N), said on Thursday. The oil marketing PSU will invest another ₹388 crore for setting up a grassroots bottling plant at Kharagpur, diesel exhaust fluid plant at Budge Budge and lube blending unit at Paharpur in West Bengal. The new norms will come into force from April 1. He said the new BS-VI compliant fuel will have very low sulphur content as compared to BS-IV petrol or diesel. The company has incurred a total expenditure of around ₹17,000 crore across its refineries in India to manufacture BS-VI compliant fuel, Bharat said.

**Axis Bank appoints Puneet Sharma chief financial officer**

Axis Bank on Thursday said its board had approved appointment of Puneet Sharma as chief financial officer (CFO). His appointment will be effective from March 6, the lender said in a regulatory filing. Sharma replaces Jairam Sridharan, who has resigned as the group executive and CFO of the bank, with effect from the close of business hours on March 5, it said.

**Indian Overseas Bank allots 3.85 bn equity shares to Centre**

Indian Overseas Bank has allotted 3.85 billion equity shares for an issue price of ₹11.32 a piece, including premium of ₹1.32 per share, to the central government through preferential allotment. The Centre has infused ₹4,360 crore during the December quarter. With this, the Centre has increased its holding in the bank from 94.56 per cent to 95.84 per cent.

**46 mn watched Namaste Trump event: BARC data**

Forty-six million people watched the 'Namaste Trump' event on 180 TV channels across India on Monday, according to the data provided to the Broadcast Audience Research Council. US President Donald Trump and First Lady Melania Trump were given a rousing welcome in presence of over 100,000 people at the Motera stadium in Ahmedabad.

**Report: Gas demand at inflection point, to rise by 66% in 5 years**

India's domestic gas demand is at an inflection point and is expected to see a 66 per cent volume growth over the next five years, primarily driven by sustained weak LNG prices, according to an Elara Securities report. Gas demand is likely to rise from 148 million standard cubic meters per day in 2018-19 to 250 mmscmd by FY25.

**Highway project award at slowest pace in 6 yrs**

NHAI order book muted for next fiscal year due to land acquisition delay

MEGHA MANCHANDA  
New Delhi, 27 February

The pace of project award for highways is the slowest in six years due to delays in land acquisition. This will slacken the pace of construction in the next two years. Both the Ministry of Road Transport and Highways and the National Highways Authority of India (NHAI) are struggling to award more highway projects. The NHAI has awarded projects across 3,700-4,000 km during the current fiscal year so far.



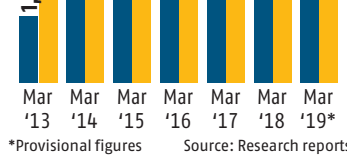
"Road project award is the lowest in the last six years and is expected to remain muted in FY21," said Rajeshwar Burla, vice-president, associate head-corporate ratings, ICRA. The order book for the next fiscal year remains muted for the NHAI. However, the highway project execution is currently on track. "This is because the pace of award in the past four years was significantly higher, which created a strong pipeline of projects that are being executed," he said.

While the decline in project award is evident, it will start reflecting in execution by 2022, as the project award started slowing in 2019. Some experts, however, feel land acquisition is not a problem anymore as the compensation is very attractive. Former road transport secretary Vijay Chhibber said part of the delay in award of projects was because of the appraisal process. "It is mainly funds that hamper the execution, as the finance ministry has started appraising the road projects, which causes delay," he said.

A project goes to the finance ministry for appraisal through the Standing Finance Committee channel, which gets delayed by six to nine months, he said. Sometimes, most of the projects find it difficult to get the approval as the ministry does not give approval until 90 per cent of the land is in possession. Practically, the work can begin even with 80 per cent land in possession. The remaining 10 per cent can be done after the commencement of the work as the entire acquisition process takes three to four months, Chhibber said. Union Road Transport and Highways Minister Nitin Gadkari had last year told Parliament that the national highway projects were delayed reasons ranging from utility shifting, non-availability of soil and aggregate, environment and wildlife clearances, road over bridge and road under bridge issues with the railways. Public agitation for additional facilities, arbitration and contractual disputes with contractors, hurdles in land acquisition, and poor performance of contractors also impacted construction, he said.

**MP, ODISHA AND MAHARASHTRA AMONG TOP 5 PERFORMERS IN NATIONAL LAND RECORDS INDEX**

Madhya Pradesh, Odisha, Maharashtra, Chhattisgarh, and Tamil Nadu are the five best-performing states in the NCAER Land Records and Services Index (N-LSRI 2020) that assesses the extent of digitisation of land records and their quality across 33 states and Union Territories (UTs). The top five states scored anywhere between 60 and 75 points in the index, while West Bengal, Jharkhand, Rajasthan, Telangana, Andhra Pradesh, and Uttar Pradesh occupied the next six positions in the 50-60



According to the minister, the government has taken measures to expedite land acquisition for road projects. The higher value amongst prevailing circle rates or average of highest 50 per cent of sales-transactions of the past three years is the market value of land. Value of land in rural areas is multiplied by a factor determined by the 'appropriate' government and an interest rate of 12 per cent per annum is paid on market value of land from date of 3A/3D notification till the date of taking possession or payment of compensation, whichever is earlier. The Centre has constituted high-powered committees under state chief secretaries to resolve the land acquisition issue. Regional officers have been assigned to take decision faster, while retired personnel of revenue department are engaged at regional officer and project director level as well as in the Competent Authority for Land Acquisition level to assist in the work.

**WHO STANDS WHERE**

N-LSRI rank	States/UTs	N-LSRI score	Average 38.56
14	Goa	41.3	
15	Karnataka	40.9	
16	Punjab	40.5	
17	Uttarakhand	36.1	
18	Haryana	35.3	
19	Gujarat	35.0	
20	Tripura	33.4	
21	Puducherry	32.3	
22	Dadra & Nagar Haveli	32.0	
23	Daman & Diu	30.1	
24	Bihar	28.8	
25	Andaman & Nicobar	25.4	
26	Delhi	22.1	
27	Manipur	21.9	
28	Assam	19.4	
29	Kerala	10.7	
30	Chandigarh	6.0	
31	Sikkim	5.9	
32	Jammu & Kashmir	4.3	
33	Ladakh	2.0	

**With more disclosures, audit fee may rise**

RUCHIKA CHITRAVANSHI  
New Delhi, 27 February

Auditors may seek higher compensation for their work, with the latest rules significantly increasing the number of disclosures to be made in audit reports from this financial year itself, industry sources said. "The implementation of the new guidelines will involve higher fee, even though the negotiations have already happened for this year," a senior executive with one of the big four network firms said.



**IMPROVING FINANCIAL DISCIPLINE**

- According to the Companies (Auditor's Report) Order, 2020, the government has more than doubled the number of disclosures to be made by auditors
- Audit firms are entitled to more fee than stipulated if there are changes in their work
- There are several new disclosures that would require extra work and the firms are assessing the increase in workload
- The rules require companies to provide deeper details of the workings of their businesses
- Auditors have to keep in check any ever-greening of loans by filing disclosures

Expanding the scope of audits beyond its present limits, auditors will now also have to specify the aggregate amount of loans taken without any terms for repayment, its percentage to the total loans granted, and loans granted to promoters and related parties. Auditors also have to keep in check any ever-greening of loans by filing disclosures on whether the company has taken any funds from any entity to meet the obligations of its subsidiaries or joint ventures and if it has raised loans during the year on the pledge of securities held in such entities.

The government notified the Companies (Auditor's Report) Order, 2020, on Wednesday. It more than doubled the number of disclosures to be made by auditors to improve financial discipline. Audit companies are entitled to a higher fee than stipulated if there are changes in the work. The request for a fee hike is then considered by the company's audit committee, which consists of its board of directors. The rules will apply to audit reports for the financial years commencing on or after

April 1, 2019.

An executive with one of the Big Four audit companies, said: "We might ask for a slight increase but since fee has already been decided, we are not expecting an increase at least for this year."

However, the demand for change in fee will be on a case-to-case basis. "Larger companies will witness the most impact because of the scale of work involved," said Ankit Singh, partner, Corporate Professionals.

Audit companies are still assessing the increase in their workload because of the new rules

and the rise in the fee that they would demand.

While some of the changes, such as commenting on financial ratios, do not increase the job of an auditor by much, there are several new disclosures which would require extra work. Auditors now have to verify quarterly returns or statements filed by a company with banks or financial institutions and ensure they are in agreement with the books of account of the company, with respect to sanctioned working capital limits and inventory.

A new format for reporting details of immovable properties not

held in the name of the company is now far more exhaustive than before and requires auditors to put in extra work. Not only do they have to furnish details, such as gross carrying value, name of the person it is held by, and the period of ownership, but also state the reason for the asset not being held in the name of the company.

The rules also require companies to provide much deeper details of the workings of their businesses. Auditors will be obliged to qualify any instance of misinformation or non-cooperation by the company in its final assessment.

With auditing profession under the scanner and two of the Big Four stopping non-audit services for their audit clients, there is also pressure on the way audit companies make money. A recent consultation paper by the corporate affairs ministry has raised concerns around the issue of remuneration, which is decided by the management of the company. "The reliance on clients' fee may affect the independence of an auditor," the paper has said.

**India Ratings revises domestic steel sector outlook to negative**

ADITI DIVEKAR  
Mumbai, 27 February

India Ratings and Research (Ind-Ra) has revised its outlook on the domestic steel sector to negative for 2020-21 (FY21) from stable, given the modest steel demand growth expectations of 5 per cent (FY20: 4 per cent estimate) and margin pressures, led by iron ore price risks.



High iron ore premiums for new mine owners (both captive and merchant) could shift the cost positions of steel mills, it said.

The slowing economic activity as reflected in Ind-Ra's GDP estimates of 5 per cent and 5.5 per cent for FY20 and FY21, respectively, would continue to affect demand growth in the steel sector and any significant pick-up is unlikely. Ind-Ra believes steel demand growth to remain modest, in line with gross factor capital formation of 5.3 per

**'Microfinance institutions need to lend responsibly'**

With the Reserve Bank of India lifting restrictions on branch opening, Bandhan Bank is looking to add about 250 outlets in a month. This comes at a time when the microfinance industry is showing signs of stress. With close to 60 per cent of Bandhan's portfolio being in microfinance, it is being pushed to sign a common code of conduct. In an interview, CHANDRA SHEKHAR GHOSH, managing director and chief executive of the bank, tells Namrata Acharya why the code is not fair. Edited Excerpts:

**How will RBI's decision to lift restrictions on branch opening translate into growth for you?**

Earlier after board approval, every time we wanted to open a branch, we needed RBI permission. That used to take time. Now, growth will not be impacted in terms of time. For Bandhan, growth is always normal. Confidence will be boosted. With confidence, business will improve automatically.

**What is your branch opening target?**

We will open 250 outlets by end of March.

**How do you plan to comply with RBI norms on promoters' stake?**

We have a good plan in place. Our first target is compliance.

There were reports that Sidhi (Small Industries Development

**Bank of India) was looking to exit the bank. Has there been any discussion?**

Sidhi had a stake in the bank and in time [Bandhan's] holding company. They have already sold at the bank level. It was after the IPO (initial public offering). In the holding company, they have not informed us about any such deal.

**There are reports of large-scale defaults in Assam. How have they affected you?**

It has not impacted us. Our repayment rate is 93 per cent there. Even at the worst of times, like in December, repayment was 80 per cent. These are temporary problems and will not

affect the bank's business.

**The lobby group MFIN (Microfinance Institutions Network) is pushing for a common code of conduct for all lenders in the field. Are you planning to be a part of it?**

No. They are trying to pressure us to sign the code. We cannot join that, as we are a universal bank. The code calls for responsible lending. Bandhan has been practicing that from the beginning. Our interest rates have always been the lowest. MFIs need to lend responsibly. We don't do

**So there is a lot of malpractice in MFI lending?**

Yes, MFIs are using Bandhan's name in the East for selling loans.

**How far have you progressed on the digitisation front?**

Digitisation is needed in the banking industry. Microcredit loan is a high touch model. However, how long can a microcredit borrower continue in the group loan? So, now they have started to move from microcredit to MSME (micro, small, and medium enter-

prises) segment. Every year, we are adding 20 per cent of new customers. In the code, MFIs are saying, two out of three lenders should be MFIs. Why will MFIs decide if borrowers should go for three banks or three MFIs?

**Is there overlending in the MFI segment?**

Bandhan cannot be blamed for this. MFIs are selecting customers who have already taken loans from Bandhan for further lending.

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prises) segment. When they graduate to become MSME, information technology helps analyse data, take quick decisions and mitigate risk.

**How many women borrowers at Bandhan have graduated to avail MSME loans?**

It is a good number. Not only are women graduating, they are also bringing in their husbands to convert their venture into a family business.

**How will your loan portfolio mix change?**

In the next three years, 50 per cent of our loans will be to affordable housing and MSME. As of now, as Gruh has 195 branches and we have opened 106, we have dedicated 301 branches for housing loan. In the past couple of years, the average amount of Gruh's loans was ₹10 lakh. Now it is increasing to ₹12 lakh. So, affordable housing is an area with potential.

**Are political disruptions a concern for rural lending?**

No, in general, such situations don't last for more than a week. The situation was worse during demonetisation than what we see today in Assam. For us, this is not a problem.

Source: The NCAER Land Records and Services Index 2020