WEDNESDAY, 4 MARCH 2020
16 pages in 1 section
MUMBAI (CITY)
₹9.00
VOLUME XXIV NUMBER 143

www.business-standard.com

Business Standard

THE MARKETS ON TUESDAY

		Chg#
Sensex	38,623.7▲	479.7
Nifty	11,303.3▲	170.5
Nifty futures*	11,294.8▼	8.5
Dollar	₹73.3	₹72.7**
Euro	₹81.4	₹80.7**
Brent crude ($/bbl)##	52.8##	52.7**
Gold (10 gm)###	₹42,276.0▲	₹119.0

*(March) Discount on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

BACK PAGE P14

WILL GIVE SOCIAL MEDIA ACCOUNTS TO WOMEN WHO INSPIRE US: PM

COMPANIES P2

INDIA WPP'S FIFTH-LARGEST MARKET: CEO MARK READ

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

US Fed cuts rate, RBI ready to take action

50 bps reduction comes amid virus scare; Das suggests coordinated policy action

SUBRATA PANDA
Mumbai, 3 March

In the wake of volatility in the financial markets due to COVID-19 (novel coronavirus), the Reserve Bank of India (RBI) on Tuesday said it was ready to ensure that the markets ran well and confidence was maintained. It is monitoring global and domestic developments.

RBI Governor Shaktikanta Das, in an interview to *Bloomberg* on Tuesday, said there was a strong reason for coordinated policy action. And the option before the RBI includes a rate cut and supporting the market through liquidity measures, building confidence, and other instruments to deal with emerging challenges.

CORONAVIRUS OUTBREAK

Also, in a major step to arrest the economic fallout of coronavirus, the Federal Reserve cut its benchmark policy rates by 50 basis points (bps). This is the first time in over 11 years that the Fed has cut policy rates by 50 bps or more. The last time was in December 2008, when the rates were lowered by 75 bps. In the past 12 instances when rates were either hiked or cut, the extent of change was 25 bps.

"In the light of these risks and in support of achieving its maximum employment and price stability goals, the Federal Open Market Committee decided today to lower the target range for the federal funds rate by ½ percentage point," the Fed said in a statement.

The Dow Jones index of the US was, however, down 310.41, or 1.16 per cent, as of 11:20 pm.

The Fed's move came just after the G7 central bankers issued a statement that they would use all policy tools to achieve strong sustainable growth and safeguard against downside risks.

As an indication of increasing coordinated action amid global uncertainties, the G7 finance and central bank chiefs held a meeting to find ways to counter the impact of COVID-19 on the global economy. G7 finance ministers and central bank governors said they were ready to cooperate further on timely and effective measures.

In a statement issued on Tuesday, the RBI said: "Globally, financial markets have been experiencing considerable volatility, with the spread of coronavirus triggering risk-off sentiments and flights to safe haven."

Turn to Page 13 ▸

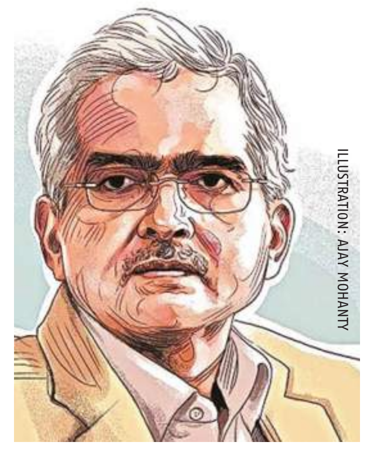


ILLUSTRATION: AJAY MOHANTY

RBI Governor Shaktikanta Das. The RBI said spillovers to financial markets in India had largely been contained

A B PANDEY NAMED FINANCE SECRETARY

Revenue Secretary Ajay Bhushan Pandey has been appointed finance secretary following the retirement of Financial Services Secretary Rajiv Kumar. An IAS officer of the Maharashtra cadre with 35 years of experience in state and Central governments, Pandey is taking over as finance secretary at a time when economic growth has been on a downward trajectory.

RInfra defaults on loan repayments

Anil Ambani-controlled Reliance Infrastructure defaulted on payment of dues (interest and principal) to lenders between January 23 and February 1, the company informed the BSE. The defaults on principal include ₹20.15 crore of YES Bank and ₹1.05 crore of SREI Equipment Finance. RInfra also failed to pay interest dues of ₹30.12 crore to YES Bank, ₹36 lakh to J&K Bank, and 31 lakh to SREI.

ECONOMY & PUBLIC AFFAIRS P5

YES Bank approaches domestic MFs for funds

Private sector lender YES Bank has approached Indian asset management firms (mutual funds) for raising fresh equity worth $300-500 million amid a raft of rating downgrades and increasing stress on its loan book. If the Bank is able to raise funds in this round, it would give some breathing space.

COMPANIES P2

NCLT approves NBCC's plan for Jaypee Infra

The National Company Law Tribunal (NCLT) approved the resolution plan of National Buildings Construction Company for Jaypee Infratech with some tweaks. The NCLT said the bank guarantee of ₹750 crore, submitted by Jaiprakash Associates in the Supreme Court, would be treated as part of the plan.

COMPANIES P3

Arcelor joint venture buys Bhander plant

ArcelorMittal Nippon Steel India is getting closer to securing ancillary units that were not part of the Essar Steel acquisition. On Tuesday, it announced that it had completed the acquisition of Bhander Power Plant in Gujarat from Edelweiss Asset Reconstruction Company.

BACK PAGE P14

UN rights body moves SC over citizenship law

The United Nations High Commissioner for Human Rights on Tuesday sought to file a petition in the Supreme Court against the citizenship amendment law. External Affairs Ministry Spokesperson Raveesh Kumar said the Citizenship Amendment Act (CAA) was an internal matter of India.

Uber sold Uber Eats India to Zomato for $206 mn

Uber sold its India food delivery business to Zomato for $206 million, the US-based firm said in its annual report on Monday. "The estimated fair value ... includes the investment valued at $171 million and the $35 million of reimbursement of goods and services tax receivable from Zomato," it said.

BUSINESS STANDARD SOCIAL EXCELLENCE AWARDS 2019

Business Standard Social Entrepreneur
M R MADHAVAN
President, PRS Legislative Research

Business Standard Socially Aware Corporate
L&T FINANCE HOLDINGS
Dinanath Dubhashi, MD & CEO

Business Standard Social Enterprise
ST JUDE INDIA CHILDCARE CENTRES
Nihal Kaviratne, Founder

MEET THE JURY: ***(From left)*** **GiveIndia Director & CEO Atul Satija, Bain Capital Private Equity Chairman Amit Chandra, Tata Institute of Social Sciences Chairman S Ramadorai (chairman of the jury), Pratham Co-founder Farida Lambay, and Indian School of Public Policy Founder-Director Luis Miranda** PHOTO: KAMLESH PEDNEKAR

Five-member jury picks top three in social sector

BS REPORTER
Mumbai, 3 March

"When my wife, Shyama, and I returned to India after living overseas for 22 years, we were looking to bridge the need gap in health care for children," Nihal Kaviratne, founder of St Jude India ChildCare Centres, said, looking back on the years that gave rise to his chain of centres for cancer-affected children from rural India.

After an exhausting run of non-governmental organisations and hospitals, and long deliberations with friends and family, the Kavirtnes found themselves staring at a thick bunch of intractable problems, but what stood out was the sheer magnitude and corrosive impact that cancer had on the lives of patients and families. A tragedy made doubly deadly for children from rural areas who were felled as much by the disease as by the lack of care and nutrition needed for recuperation. And thus came about the philanthropic venture that has won the 2019 *Business Standard* award for Social Enterprise.

St Jude India was chosen by a five-member jury, chaired by Tata Institute of Social Sciences Chairman S Ramadorai. The other winners are M R Madhavan, founder of PRS Legislative Research, as the Social Entrepreneur of the Year, and L&T Finance Holdings as the Socially Aware Corporate of the Year. All the winners beat several strong contenders. Madhavan was honoured for doing what every democracy needs, helping build an aware and informed political class and electorate, and laying the framework for a strong Parliament and state legislatures.

Turn to Page 5 ▸

An Indian woman who recently returned from the United States being examined by doctors in Hyderabad on Tuesday PHOTO: PTI

PM takes stock, visa curbs on 4 countries

AGENCIES
New Delhi, 3 March

With India reporting at least six confirmed cases of coronavirus, Prime Minister Narendra Modi on Tuesday reviewed the country's preparedness to deal with the virus, while the Union health ministry issued a travel advisory suspending all regular and e-visas granted on or before March 3 to nationals of four countries.

"Had an extensive review regarding preparedness on the COVID-19 novel coronavirus. Different ministries and states are working together, from screening people arriving in India to providing prompt medical attention," Modi said in a tweet.

In view of the emerging global scenarios regarding COVID19, the government issued the new advisory suspending all visas granted on or before March 3 to the nationals of Italy, Iran, South Korea, and Japan who have not yet entered India.

The advisory also suspended visas on arrival issued on or before March 3 to Japanese and South Korean nationals who have not yet entered India. Those requiring to travel to India due to compelling reasons may seek fresh visa from nearest Indian embassy/consulate, said the advisory.

Hotels and the authorities at tourist sites in Agra have been told to inform the office of the chief medical officer as soon as visitors from Italy, Iran, or China arrive so that they can be screened for coronavirus infection, an official said. The instruction came a day after an Italian tourist was tested positive for coronavirus in Jaipur. The 69-year-old man was part of a group of 20 tourists who were in Agra on Sunday.

Turn to Page 13 ▸

Export of 13 bulk drugs restricted

In the wake of the COVID-19 outbreak and supply disruptions from China, India on Tuesday "restricted" exports of 13 active pharmaceutical ingredients (APIs) and their formulations to ensure that there was no shortage of key drugs in the domestic market, the Directorate General of Foreign Trade (DGFT) said.

4 ▸

Markets rebound after 7-day slide

The equity markets snapped their seven-day losing streak — the worst in five years — after the central banks pledged to repair the economic damage due to the virus. The Sensex rose 480 points to end at 38,624, while Nifty gained 170.6 points.

SENSEX
Chg (pts)
480

10 ▸

Rupee falls below 73 against dollar

The rupee fell again on Tuesday, crossing the 73-level to close at 73.30 a dollar, as virus-positive cases increased to six in India. The Reserve Bank of India supposedly did not intervene in the market, even as the offshore markets continue to show rupee level weaker by 10-11 paise.

4 ▸

SBI BOARD ACCEPTS RESOLUTION PLAN FOR SALE OF RCOM

State Bank of India's (SBI's) board has accepted the resolution plan for sale of Reliance Communications (RCom) and its subsidiaries Reliance Telecom and Reliance Infratel. According to sources, the final voting on the resolution would be over on Wednesday. They expect 66 per cent of the votes to be in favour of the resolution during the meeting of the committee of creditors (CoC). The CoC had earlier chosen Mukesh Ambani's Reliance Jio Infocomm and Delhi-based UV Asset Reconstruction Company (UVARC) as highest bidders.

3 ▸

DoT to issue notices as AGR receipts add up to only ₹24k cr

MEGHA MANCHANDA & SURAJEET DASGUPTA
New Delhi, 3 March

The Department of Telecommunications (DoT) is preparing to issue fresh notices to telecom companies asking them how they had calculated their dues linked to adjusted gross revenue (AGR). The notices, likely to be issued this week, have been prompted by the wide gap between payments made by the industry and the government estimates on AGR dues of telcos.

"We have so far received ₹24,000 crore from the companies, which is way less than the amount that we had derived. They (telecom companies) will have to explain as to how they arrived at their numbers," a senior DoT official said.

With significant discrepancies cropping up in the AGR math, the industry may be facing a fresh round of dispute. According to telecom industry representatives, there are only two ways to resolve the contentious issue. First, the government can refer the matter to the Comptroller and Auditor General of India (CAG) for an audit of all telecom books. Otherwise, telcos have the option of moving the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) if the government does not accept the operators' calculations.

Rajan S Mathews, director general of the Cellular Operators Association of India (COAI), said, "We expect that the CAG will play a key part in auditing the books of telcos to help find the appropriate amount to be paid. Our second option is to go back to the TDSAT."

In the midst of the AGR calculation controversy, Vodafone Idea CEO and MD Ravinder Takkar again met Telecom Secretary Anshu Prakash on Tuesday. Vodafone Idea has so far deposited ₹3,500 crore in two tranches to the DoT and is still assessing its full AGR dues. According to the government's calculation, Vodafone Idea owes more than ₹50,000 crore in AGR liabilities.

Turn to Page 13 ▸

RELATED REPORTS AI CUTS FLIGHTS; INDIGO'S CREW UNDER HOME OBSERVATION | G-7 TO USE 'ALL APPROPRIATE TOOLS' TO LIMIT HARM ECONOMY & PUBLIC AFFAIRS P4

New CPI series for industrial workers to boost salaries

SOMESH JHA
New Delhi, 3 March

Salaries of around 30 million industrial workers are set to rise as a government-led committee has approved a new base year for the consumer price index (CPI) for such workforce. The move will also benefit around 4.8 million central government employees, whose dearness allowance (DA) — a component of salary which undergoes revision to keep pace with the inflation rate in the economy — is linked to this inflation index.

A standing tripartite committee, led by Principal Labour and Employment Advisor B N Nanda, met on February 27 and gave the nod to the new series of the CPI for Industrial Workers (CPI-IW), keeping 2016 as the base year.

"The move will benefit 30 million organised industrial workers of the country, and central government and state government employees, along with public sector unit workers, since the DA is based on the CPI-IW. The DA will undergo a drastic change after the government's approval," Nanda, who superannuated on February 28, told *Business Standard*.

The DA of the central government and private sector employees is updated to adjust for inflation every six months. The Seventh Pay Commission had decided to choose the CPI-IW as the index for adjusting inflation for central government employees. Even trade unions in the private sector use the CPI-IW to negotiate for the minimum wage of workers.

The CPI-IW hasn't undergone revision since 2001 — an exercise which should usually take place every five years. The old base for the CPI has become outdated as the consumption patterns of households have changed drastically in the past two decades. The prices of the basket of certain goods and services are tracked for mapping inflation.

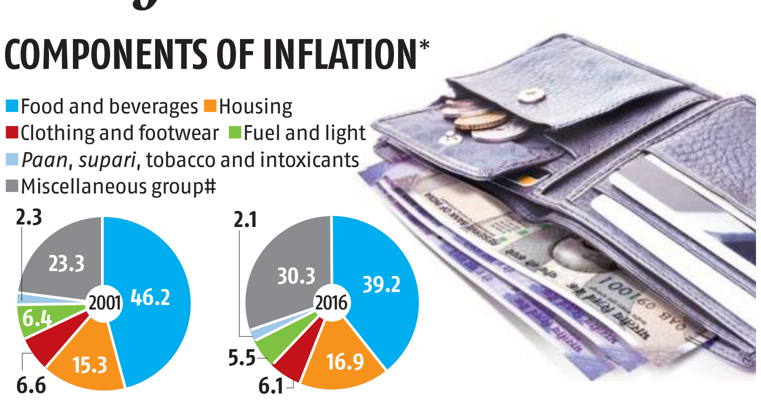
The CPI-IW with the base year 2016 will give more weight to non-food items than the food ones compared to the 2001 index, according to a copy of the presentation given to the committee, which met on February 27.

To develop the new index, the National Statistical Office conducted a survey of over 48,000 working families, tracking their consumption patterns, during January-December 2016. The new series will cover 28 states and Union Territories against 24 and cover 317 markets compared to 289 used for the 2001 index.

The weight for food and beverages components will decline from 46 per cent to 39 per cent in the new series. On the other hand, the weight for non-food items such as education, health, entertainment and recreation, household goods and services, transport and communication is set to jump from 23 per cent in 2001 to 30 per cent in 2016. "The consumption pattern of families belonging to the working class is in consonance with other indicators which show that there is a shift in expenditure on non-food items from food items. The new index will be updated and keep this factor in mind," a person who is aware of the deliberations said, requesting anonymity.

Turn to Page 13 ▸

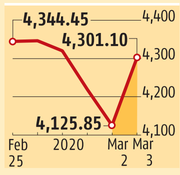
COMPONENTS OF INFLATION*



*CPI(IW) = Consumer Price Index for Industrial Workers
#Includes education, health, entertainment and recreation, household goods and services, transport and communication, and personal care and effects
Source: Standing Tripartite Committee on CPI (IW)

STOCKS IN THE NEWS

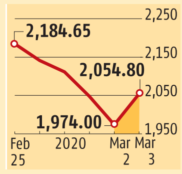
UltraTech Cement



Profitability to remain healthy around 20% in next fiscal year: Crisil

₹4,301.10 CLOSE
▲4.25% UP*

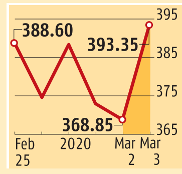
Hero MotoCorp



To resume normal supplies as China's component makers restart production

₹2,054.80 CLOSE
▲4.09% UP*

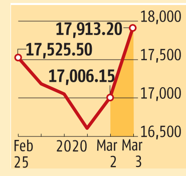
Sun Pharmaceuticals Industries



Top gainer among the S&P BSE Sensex stocks

₹393.35 CLOSE
▲6.64% UP*

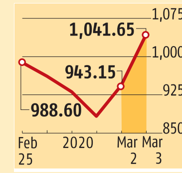
Eicher Motors



Sales rose 1% to 63,536 units in February 2020 YoY

₹17,913.20 CLOSE
▲5.33% UP*

Tata Elxsi



IT stocks gain as rupee crosses 73-mark

₹1,041.65 CLOSE
▲10.44% UP*

* OVER PREVIOUS CLOSE

It's official: Ola will go for public offer in next few yrs

SoftBank-backed ride-hailing firm Ola is planning to go public in the next few years and it is aiming to do it in the Indian market, confirmed Ola co-founder and CEO Bhavish Aggarwal. He said the focus of the firm had always been on building sustainable, self-sufficient, profitable and long-term institutions. "Our India business is in a strong position, we are doing the same in other countries also. The next logical step is for us to list in the public markets; we are an Indian domicile, unlike some of our peers, so we list in India," said Aggarwal during the MEA-PIC Geo-Economic Conference that was held in Pune over the weekend. "It is very important for us to be an Indian company and list in the Indian markets and build... maybe looking at us more, Indian internet companies can start going public (rather) than relying on private markets," said Aggarwal. **BS REPORTER**

CCI approves BCP's 40% stake buy in IndoStar Capital

Fair trade regulator Competition Commission of India (CCI) on Tuesday approved acquisition of up to 40 per cent stake in IndoStar Capital Finance by BCP V Multiple Holdings on a fully diluted basis. The regulator's clearance is through the green channel, which allows for an automatic system for speedy approval of combinations, subject to certain conditions. **PTI**

Bounce raises fresh funding to fuel e-vehicle expansion

Bounce, a motorcycle and scooter sharing start-up, has raised a fresh $6.5 million funding from existing investor InnoVen Capital, Asia's leading venture debt provider. This marks InnoVen Capital's third investment in Bounce in a span of 18 months, taking the total debt investment to $12 million. **BS REPORTER**

Amrish Rau appointed CEO of Pine Labs

Merchant commerce platform Pine Labs on Tuesday said it has appointed Amrish Rau as its chief executive officer (CEO). Rau brings fintech, entrepreneurial and corporate experience to his new role as the CEO and replaces Vicky Bindra, a statement said. Bindra, after a two-year stint as the CEO, is moving back to San Francisco. **PTI**

Japanese investors bet on healthtech start-up Tricog

Health care analytics firm Tricog has raised $10.5 million from The University of Tokyo, Edge Capital, Aflac Ventures and Dream Incubator, along with TeamFund, USA. Existing investors Inventus Capital and Blume Ventures also participated in the round. The start-up would be investing the fund to set up its presence in Africa and Asia. **BS REPORTER**

GoAir announces Bengaluru-Colombo direct flights

GoAir on Tuesday announced its new direct flights from Bengaluru to Colombo. The airline's maiden flights to the capital city of Sri Lanka would commence from March 20. **PTI**

Zydus Cadila gets nod for Phase I trial of new drug

Zydus Cadila on Tuesday said it had received approval from the Drug Controller General of India to initiate Phase I clinical trials for a new drug entity intended to treat Rheumatoid Arthritis. **PTI**

Mercedes-Benz India MD & CEO Martin Schwenk at the launch of GLC Coupe, in Bengaluru, on Tuesday. The all-new GLC Coupe comes in two variants — 300d 4Matic diesel and 300 4Matic petrol powered by BS-VI engines — priced at ₹62.7 lakh and ₹63.7 lakh, respectively PHOTO: PTI

Tower firms stare at ₹8,000-cr loss if Voda Idea shuts business

Company uses around 180,000 towers with various vendors

SURAJEET DAS GUPTA
New Delhi, 3 March

Mobile-tower companies will lose a key tenant in more than a third of their towers in case Vodafone Idea closes down operations.

This will make a major dent in their revenues and profitability, bringing down their tenancy ratio drastically. The loss for tower companies could be around ₹8,000 crore per annum, according to estimates.

However, tower companies say the short-term pain will be over within three years as data usage goes up and 5G is launched, which would require more tower capacity.

According to estimates, Vodafone Idea uses 180,000 towers with various vendors (there are 4.8 million active towers).

The average tenancies currently range from 1.7 to 1.8 in the case of most of the big players and a loss of one tenant could have a substantial impact on revenues, margins, and viability. The move could lead to a downward spiral of rentals.

Manufacturers of telecom equipment, including fibre, say if Vodafone Idea closes down, there could be a loss of around $1.7 billion in FY20 in orders.

This would affect the key players — Ericsson, Nokia, and Huawei — all of which have contracts with the telecom company.

Companies running telecom towers are, however, expecting good times for three reasons. One, they point out that even if Vodafone Idea goes to the National Company Law Tribunal (NCLT), the resolution professional will ensure that it is run as a going business.

"The Aircel experience (which was also in the NCLT) has shown everyone (where operations were closed down) that the value of the assets deteriorates dramatically in telecom if operations close down," said the chief executive officer (CEO) of a tower company. He said the company might reduce the number of towers by 50,000-60,000.

Also he said in the case of Vodafone Idea, with over 300 million customers, there was not enough capacity with competitors to port them on their networks.

"Our estimate is that whoever buys Vodafone Idea or if its assets are liquidated has limited options. A new owner will have to continue renting 200,000 towers to support the customers. Competing telcos also cannot absorb such a large number of customers even if they want to. After all, currently 65 per cent of their average capacity of the network is already full and at peak times it hits 95 per cent. So they will have to rent out more towers," the CEO said.

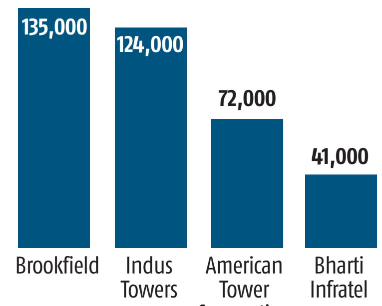
Secondly, based on the ambitions of telcos, they expect that average data usage will double in the next three years to 20 GBPS per customer per month. To achieve that, there has to be a substantial increase in tower infrastructure and new business to support high speeds.

Thirdly, with 5G expected to come in the next three years, operators will require nearly a threefold increase in the number of towers (even though they would be smaller) to sustain such high speeds.

Yet the future of Vodafone Idea has been a crucial impediment to the proposed merger of Indus Towers (a joint venture between Vodafone plc, Vodafone Idea, and Bharti Airtel) and Bharti Infratel.

The merger has been again delayed by two months. Sources point out that Bharti, which had agreed to buy 11.5 per cent of Vodafone Idea's stake in Indus Towers, wants a re-negotiation of its earlier terms and understanding (Vodafone Idea does not). Analysts say the reason is simple: The current average tenancies of both the companies could fall dramatically without Vodafone Idea as a tenant and so would the value of the tower business.

LEADING TOWER COMPANIES
Number of towers



Reliance Infratel has over 43,000 towers, which are being used by Jio. There are a few smaller players also.
Source: Company & industry estimates

Voda Idea, Airtel, Jio pay over ₹6K cr to DoT towards spectrum dues

Three private telcos — Vodafone Idea, Bharti Airtel and Reliance Jio — on Tuesday paid ₹6,046 crore to the Department of Telecommunications (DoT) towards deferred spectrum dues. Vodafone Idea paid about ₹3,043 crore, Bharti Airtel has made a payment of ₹1,950 crore to the telecom department towards its deferred spectrum dues, while Reliance Jio paid ₹1,053 crore. Vodafone Idea's payment in particular assumes significance as the company has been under tremendous financial pressure and is confronted with AGR (adjusted gross revenue) liabilities of over ₹53,000 crore. This is the last lot of payments that telcos will make towards deferred spectrum liabilities to the DoT, as the Union Cabinet had late last year approved a two-year moratorium on spectrum dues. On November 20, 2019, the Union Cabinet approved a moratorium of two years for spectrum payments. The move to defer payments for 2020-21 and 2021-22 will give ₹42,000-crore relief to Airtel, Vodafone Idea and Jio.

MEGHA MANCHANDA

IndiGo, GoAir to replace 180 PW engines by May-end: DGCA

PRESS TRUST OF INDIA
New Delhi, 3 March

Aviation regulator Directorate General of Civil Aviation (DGCA) on Tuesday said IndiGo and GoAir will be replacing a total of 180 unmodified Pratt and Whitney (PW) engines on their A320neo planes with modified ones by the end of May this year.

IndiGo and GoAir have 106 and 43 such A320neo aircraft — fitted with PW engines — in their fleet, respectively. After the induction of the aircraft into service, there have been a number of incidents of snag in their PW engines.

As there were more LPT (low pressure turbine) failure incidents in the aircraft in IndiGo's fleet, the airline was directed by the DGCA on November 1 last year to replace all unmodified engines in its fleet with modified ones by January 31.

Later, the regulator extended the deadline to May 30. GoAir was also told by the regulator to replace all unmodified engines by May 30.

The regulator stated on Tuesday that PW is in the process of setting up a maintenance, repair and overhaul (MRO) facility in India in collaboration with Air India for replacement of 3rd stage LPT (low pressure turbine) at their Mumbai facility.

"This will significantly reduce the time taken for the upgrade. The facility is expected to be operational by the end of February," said the DGCA. "It involves procurement/ replacement of nearly 180 engines, out of which about 90 engines are expected to be replaced by February-end and the rest by the end of May," it added.

NCLT approves NBCC's plan for Jaypee Infra

NBCC has proposed to complete over 20,000 flats in the next three-and-a-half years

RUCHIKA CHITRAVANSHI
New Delhi, 3 March

The National Company Law Tribunal (NCLT) on Tuesday approved the resolution plan of National Buildings Construction Company (NBCC) for Jaypee Infratech with some tweaks.

The NCLT Bench, headed by acting president B S V Prakash Kumar, also said the bank guarantee of ₹750 crore, submitted by Jaiprakash Associates in the Supreme Court, will be treated as part of the plan. It will be used for completion of the housing projects.

The Delhi Bench of the NCLT said NBCC's plan has not been accepted in entirety. "We will accept it with modifications," the Bench said.

According to the approved plan, NBCC will create two special purpose vehicles (SPVs) — one for the land bank and the other for expressway and related assets — one of the legal counsels said.

NBCC has proposed to complete over 20,000 pending flats in the next three-and-a-half years.

Jaypee Infratech has development rights over a land parcel of 6,175 acres along the Yamuna Expressway. The company still has over 3,500 acres that is yet to be developed. It has launched more than 37,000 units in Noida, Mirzapur and Agra which are yet to be completed fully.

Over 20,000 homebuyers have been affected ever since the company filed for bankruptcy.

Details of the modifications sought by the NCLT are expected to be known by Wednesday.

Jaypee Infratech, a subsidiary of crisis-hit Jaiprakash Associates, went into insolvency in August 2017 after the NCLT admitted an application by an IDBI Bank-led consortium.

This is the third round of bidding to find a buyer for Jaypee Infratech. In the first round of insolvency proceedings conducted last year, the ₹7,350-crore bid of Lakshadeep, part of the Suraksha Group, was rejected by the lenders.

Following this, on November 6, the Supreme Court directed completion of Jaypee Infratech's insolvency process within 90 days. It said a revised resolution plan will be invited only from NBCC and Suraksha Realty.

Homebuyers claims, amounting to over ₹13,000 crore, have been admitted while banks claim amounts to nearly ₹10,000 crore.

NBCC offered 1,526 acres of land to lenders under a land-debt swap deal.

NBCC has proposed to transfer the road assets on the Yamuna Expressway to lenders.

However, before that, it would take a loan of around ₹2,500 crore against toll revenue to fund the cost of construction.

Jaypee Infratech has development rights over a land parcel of 6,175 acres along the Yamuna Expressway

India now WPP's fifth-largest market globally, says Mark Read

Business grew 10% in 2019, which is ahead of Brazil's rate of growth

VIVEAT SUSAN PINTO
Mumbai, 3 March

In a world plagued by uncertainties and the coronavirus outbreak, India appears to be providing a beacon of hope for advertising giant WPP. The domestic market "stood out" in an otherwise challenging 2019 for WPP, growing 10 per cent in terms of top line, ahead of Brazil, said Chief Executive Officer (CEO) Mark Read on Tuesday. The company follows a January-December accounting year.

On a four-day visit to India, Read, who took over from predecessor Martin Sorrell in September 2018, has been accompanied by WPP's global executive committee on the tour.

They will hold their first international meeting in the country over the next two days, coming at a time when Read has put a three-year transformation plan in place at the world's largest advertising company.

On Tuesday, Read also announced that WPP had bagged the global advertising mandate for tech giant Intel, whose ad budget in 2019 was estimated at $1.4 billion.

The Indian unit of WPP will also work on the business, said industry sources, which will see the group harness skill sets from various verticals, including data analytics, creative commerce and technology, apart from advertising.

According to analysts, WPP's Intel win, billed as one of the largest advertising pitches in recent years, represents the path the company wishes to take in the coming years. Experts said it was an account where WPP creative personnel would be pushed to provide cutting-edge creative work with technology at the heart of it.

On Tuesday, Read also announced that WPP had bagged the global advertising mandate for Intel, whose ad budget in 2019 was estimated at $1.4 billion

Considered mild-mannered and sober by his peers, Read said he hopes to see India maintain its pace of growth in 2020 as the domestic advertising market remains largely resilient amid slowdown challenges.

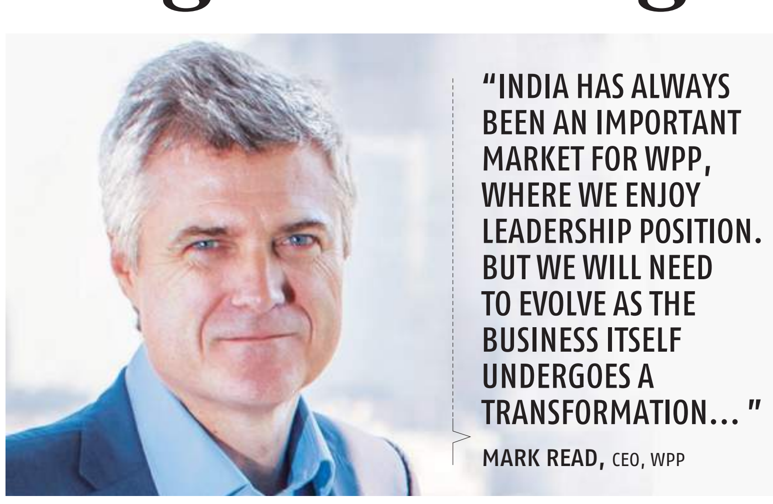
"India has always been an important market for WPP, where we enjoy leadership position. But we will need to evolve as the business itself undergoes a transformation, being not just creative, but also simplifying our structure, driving collaboration and integration across the group and providing a broader offer to clients led by data and technology," he said.

Forecasts by the top media networks in India, including WPP's GroupM, Madison and Dentsu have pegged domestic advertising growth for 2020 between 10.4 per cent and 10.9 per cent, saying that India will continue to be among the fastest-growing markets in the world. The domestic ad growth will be led by digital advertising, they say, with its share in total advertising standing at 27-30 per cent.

WPP itself has been quick to pick up the cues and adapt to change, working closely with top clients in the country, including Hindustan Unilever, Colgate and Google across traditional and digital advertising, setting up innovation hubs and tying up with domestic start-ups and internet firms in recent months. WPP's GroupM is the largest media agency in the country, with an estimated 50 per cent share of the market, said experts.

The group has also shifted to an integrated campus in Mumbai to ensure that teams work jointly on client briefs and collaborate closely during business pitches, said Read. A second integrated campus will open by the end of the current calendar year in Gurugram, he said, housing 4,000 people. The two campuses will together have 8,000 people, he said, a number that could grow as WPP evolves and adds new functions and divisions to address client needs.

Read is also eyeing acquisitions in India and the globe after a year-and-a-half of realigning operations within WPP. Areas that could interest him, said experts, include marketing tech, content, production, e-commerce and analytics, capabilities that the company is keen to drive in the future.



"INDIA HAS ALWAYS BEEN AN IMPORTANT MARKET FOR WPP, WHERE WE ENJOY LEADERSHIP POSITION. BUT WE WILL NEED TO EVOLVE AS THE BUSINESS ITSELF UNDERGOES A TRANSFORMATION..."

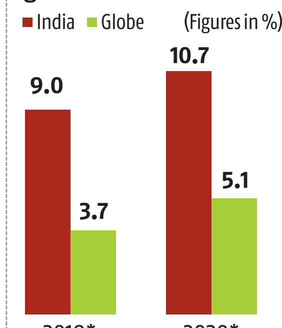
MARK READ, CEO, WPP

ON THE RISE
Top 10 global ad markets (figures in $ billion)

Rank	Country	2019*	2020*	% YoY growth
1	US	227	246	8.0
2	China	89	90	1.0
3	Japan	41	41	2.0
4	UK	29	31	7.0
5	Germany	21	21	1.0
6	France	15	15	4.0
7	Brazil	14	15	5.0
8	**India**	**11.9**	**13.2**	**11.0**
9	Canada	12	12	4.0
10	Australia	11	12	2.0

*figures are estimates

Global vs Indian ad growth rate



Source: GroupM

SBI accepts resolution plan for sale of RCom, units

SURAJEET DAS GUPTA & ABHIJIT LELE
New Delhi, 3 March

State Bank of India's (SBI's) board has accepted the resolution plan for sale of Reliance Communications (RCom) and its subsidiaries Reliance Telecom and Reliance Infratel. According to sources in the bank, the final voting on the resolution will be over on Wednesday.

They expect 66 per cent of the votes to be in favour of the resolution during the meeting of the committee of creditors (CoC).

The CoC, which is led by SBI, had earlier chosen Mukesh Ambani's Reliance Jio Infocomm and Delhi-based UV Asset Reconstruction Company (UVARC) as highest bidders for the assets of RCom and its subsidiaries, according to sources in the know.

The combined bid amount at that time was around ₹21,000 crore.

Sources in SBI said that, according to their estimation, they will be able to recover 35 per cent of the ₹41,000 crore outstanding exposure of banks. The total claims made by various creditors against the companies were ₹1.32 trillion.

The Anil Ambani-run company went through the insolvency process, and was referred to the National Company Law Tribunal (NCLT) in May last year. This came after an offer by Reliance Jio to buy its assets did not find favour with the creditors. The conditions imposed by the department of telecommunications, too, were a hindrance.

The resolution professional (RP) was appointed in June.

Sources said Reliance Jio agreed to marginally up its earlier offer and is willing to pay about ₹4,700 crore for the tower and fibre assets of Reliance Infratel.

Delhi-based UVARC offered to pay about ₹16,000 crore for spectrum, real estate, enterprise and data centre businesses of RCom and Reliance Telecom.

The bidders are believed to have committed themselves to paying 30 per cent of the proceeds within 90 days. The banks, however, will be able to salvage much more from the deal compared to the case of another telco, Aircel, which went to the NCLT.

In this case, they took a haircut of over 99 per cent on the outstanding dues of ₹20,000 crore.

Even here, it was UVARCL that won the bid, agreeing to pay ₹150 crore upfront. The ARC's plan was to sell fibre and other telecom assets to recover some bank dues.

HOW IT UNFOLDED

- **The CoC had earlier chosen Reliance Jio and UVARC** as highest bidders for the assets of RCom and its subsidiaries
- **The combined bid amount** at that time was ₹21,000 crore
- **The total claims made by various creditors against** the companies were ₹1.32 trillion
- **The Anil Ambani-run firm went through the insolvency process** and was referred to the NCLT in May last year

Arcelor JV buys Bhander plant, eyes more Essar ancillary units

Acquisition comes close on the heels of the firm getting NCLT nod for buying Odisha slurry pipeline

ISHITA AYAN DUTT
Kolkata, 3 March

AM/NS India, a joint venture of ArcelorMittal and Nippon Steel, is getting closer to securing ancillary units that were not part of the Essar Steel acquisition.

On Tuesday, AM/NS India announced that it had completed the acquisition of the Bhander Power Plant in Hazira, Gujarat, from Edelweiss Asset Reconstruction Company. Bhander, a natural gas-based thermal plant with an installed capacity of 500 megawatt (Mw), will remain captive to AM/NS India's steel manufacturing operations at Hazira, the company said.

Bhander was commissioned in 2006 and commenced commercial operations in 2008. It was owned by the Ruias, promoters of Essar group, who sold it to Edelweiss for ₹475 crore. AM/NS India has purchased the power plant under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (Sarfaesi) Act.

Bhander was commissioned in 2006 and commenced commercial operations in 2008. It was owned by the Ruias, promoters of Essar group, who sold it to Edelweiss for ₹475 crore

The acquisition comes on the heels of ArcelorMittal getting National Company Law Tribunal (NCLT) nod for the acquisition of the Odisha slurry pipeline. On Monday, the Cuttack Bench of NCLT approved the ₹2,359 crore resolution plan submitted by ArcelorMittal India (AMIPL) for Odisha Slurry Pipeline Infrastructure (OSPIL).

An ArcelorMittal spokesperson said, "We welcome the judgment by NCLT Cuttack approving our resolution plan for the OSPIL, having previously secured unanimous approval from the Committee of Creditors (CoC). The 253-km pipeline connects AM/NS India's iron ore beneficiation plant in Dabuna to its pellet plant in Paradip in Odisha. Following approval by NCLT, we now look forward to completing the formalities that will see ownership of the asset transferred to AM/NS India."

In December, after the Supreme Court paved the way for the completion of the ₹42,000 crore Essar Steel acquisition, the CoC of OSPIL selected ArcelorMittal's upfront payment offer. However, the resolution plan was challenged by Thriveni Earthmovers and Srei Infrastructure Finance, a financial creditor of the corporate debtor. Sources in the know said, last week Thriveni withdrew its application from the NCLT and ArcelorMittal's resolution plan was approved.

The 253-km slurry pipeline is an important ancillary unit for AM/NS India. The pipeline connects the Dabuna plant with the 12 million tonne (mt) Paradip pellet plant. The pellets, a raw material feed for the steel plant, are shipped to Hazira. While AM/NS India has secured some ancillary units — like the slurry pipeline and power plant — the captive port facilities are still controlled by Essar group promoters.

In the meantime, steps were also being taken to get captive raw material resources in place. Earlier this month, AMIPL was selected preferred bidder for an iron ore mine licence in Odisha through an auction.

The Thakurani block in Keonjhar district has estimated reserves of 179.26 mt, and is expected to contribute to AM/NS India's long-term raw material requirements. With the licence, AMIPL will seek requisite clearances, as well as mine development and production agreements, ahead of commencing operations, the company said.

Dilip Oommen, chief executive officer of AM/NS India, said, "We are pleased to have acquired these important ancillary assets for our steel-making facilities. This is with the intent to secure a robust captive power and commodity supply chain as we continue to make strong strides in our production and operational performance."

"Efforts to become increasingly self-reliant, in this case through the procurement of a key energy source in Gujarat and an iron ore rich reserve in Odisha, form part of AM/NS India's medium- to long-term strategy to significantly grow production capacity," he added. AM/NS India has an achievable capacity of around 8.5 mt and the long-term plan is to take it to 12-15 mt.

Mid-tier tech firms may do better than larger peers: Experts

DEBASIS MOHAPATRA
Bengaluru, 3 March

Mid-tier IT services firms like L&T Infotech (LTI), Mphasis, Mindtree and L&T Technology Services are likely to perform well in the coming quarters as compared to their larger peers, say analysts.

According to industry analysts and brokerage firms, these companies are structurally better-placed to grow at a faster rate than their larger peers such as Tata Consultancy Services (TCS), Infosys, HCL Technologies, and Wipro. The ability to forge partnerships with large technology firms in niche areas and strong leadership are seen as the factors behind these optimistic projections.

"Structural growth for some of the mid-cap companies can exceed that of large-cap firms. We believe smaller IT companies are better positioned to win digital deals as these are smaller in size and scale," said Yogesh Aggarwal and Vivek Gedda in a HSBC report.

The report noted that the major limitations in winning large deals have been overcome by these mid-tier firms in part by hiring talent from larger peers. "One of the key growth challenges for mid-cap companies has been their inability to win large deals. This is changing now as many are hiring senior talent from larger peers," the report said. "Their experience of bidding and managing large deals is, in our view, the single biggest reason for these companies' potential to consistently grow revenues in double digits in the next few years," according to the report.

For instance, Sanjay Jalona, the chief executive officer of LTI, joined from Infosys, where he used to head the hi-tech and manufacturing vertical.

WHY ARE THEY WINNING

- Ability to forge partnerships with large tech firms in niche areas
- Overcame major limitations in winning large deals by hiring talent from larger peers
- Strong leadership

Voot expects 50% revenue from new paid service

SOHINI DAS
Mumbai, 3 March

Viacom18's over-the-top (OTT) platform Voot, which launched its subscription-led service Voot Select on Tuesday, is expecting subscription revenues to contribute 50 per cent of its overall revenues in the next three years.

Voot has 100 million monthly active users and aims to be one of the leading Indian OTT players. It was looking to launch its subscription model once it attained a certain critical mass. It has an advertising led video on demand (AVoD) platform and introduced a subscription led video-on-demand (SVoD) model too. It has priced the content at par with Amazon's Prime Video or around ₹999 a year. The subscriber can get access to Voot's premium content for ₹99 a month. There is, however, an introductory offer of ₹499 a year.

While Voot expects the subscription model to significantly contribute to its revenues, it is not in the near future. Gourav Rakshit, chief operating officer (COO) of Viacom18 Digital Ventures who heads Voot felt that by the end of this year, the AVoD service would still be significantly higher than the SVoD service. "It is a three year journey for us by when we can expect a 50:50 contribution from AVoD service," he said.

Uber sold Uber Eats India for $206 million

Uber sold its Indian food delivery business to Zomato for $206 million, the US-based firm said in its annual report, filed with the US Securities and Exchange Commission on Monday.

"The estimated fair value of the consideration received is $206 million, which includes the investment valued at $171 million and the $35 million of reimbursement of goods and services tax receivable from Zomato," Uber said.

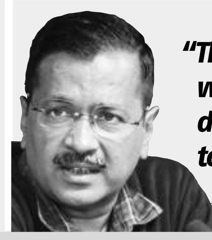
NEHA ALAWADHI

"There is no need to panic (because of the deadly coronavirus outbreak). We need to work together, take small yet important measures to ensure self-protection"

NARENDRA MODI
Prime Minister

"Dear @PMOIndia, Quit wasting India's time playing the clown with your social media accounts, when India is facing an emergency. Focus the attention of every Indian on taking on coronavirus challenge"

RAHUL GANDHI
Congress leader



"The Centre and the Delhi government will work together to prevent the outbreak of this deadly disease (COVID-19). We have to work together so that it can be prevented"

ARVIND KEJRIWAL
Delhi chief minister

AT A GLANCE

Tourists at Taj Mahal on Tuesday PHOTO: PTI

Rupee closes above 73, experts see more pain

ANUP ROY
Mumbai, 3 March

The rupee fell again on Tuesday, crossing 73 level to close at 73.30 a dollar level, as coronavirus positive cases increased to six in India.

The Reserve Bank of India (RBI) did not intervene in the market, even as the offshore markets showed rupee to be weaker by 10-11 paise against the dollar till the market close in India.

However, after a 50 basis points rate cut by the US Fed, the offshore rates fell to 72.92 a dollar. At 8.50 pm IST, the rupee was trading at 73.09-10 a dollar in the offshore markets. For most part of the day, the rupee was at 73.40 level in the offshore markets.

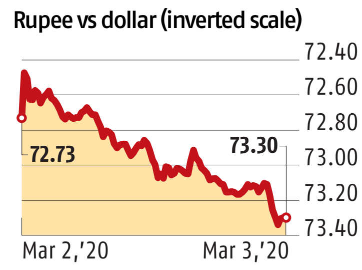
"Ideally, the rupee should open a little stronger against the dollar. After the Fed rate cut the yuan has strengthened, gold spiked, equities rose, and the rupee-dollar offshore rates have fallen," said Abhishek Goenka, managing director at IFA Global.

The partially convertible currency had closed at 72.73 a dollar on Monday. On Monday also, rupee slid rapidly as equities fell on confirmed coronavirus cases in India. However, on Tuesday, the equities gained, but rupee loss continued.

According to a senior currency trader, the arbitrage opportunity offered between the offshore and onshore markets was too attractive for speculators, who pulled the spot rupee down onshore. "It looks like rupee will continue to remain volatile in this month. If the virus is contained in India, the equity flow will be strong, but if the threat perception is as high as other countries, then rupee should depreciate steadily," said a senior currency dealer with a foreign bank.

THE FALL

Rupee vs dollar (inverted scale)



Source: Bloomberg; compiled by BS Research Bureau

Technical chartists pointed out that the rupee has breached the seven-month long range of 70.70-72.46. Whenever such range gets broken, the rupee depreciates by ₹1.5 to ₹2.5 against the dollar. "All the factors that we typically associate with a panic move in USDINR are evident at this point. One month offshore forward points are much higher than onshore indicating desperation to exit rupee assets. The volatility curve has inverted. Risk reversals have spiked. We are seeing correlations that have held well in recent times breakdown," Goenka of IFA Global had said before the Fed rate cut.

The immediate next level could be easily 73.5- 74 a dollar, according to Ritesh Bhansali, vice-president, Mecklai Financials. The Fed rate cut could give some temporary respite though.

"Indian economy is run by financial and services industries; both can be hit badly by the coronavirus scare. And if the virus spreads here, the effect could be serious. Rupee, no doubt, will remain under pressure in the coming days," Bhansali said.

Amidst the crisis, however, the RBI assured the markets that it was closely following the situation and will step in if needed. The G7 finance and central bank chiefs issued a statement assuring that they would use appropriate tools to achieve strong sustainable growth and to safeguard against slowdown. They will also co-operate timely and effective measures to counter a slowdown.

IN BRIEF

Death toll above 3,000: Xi seeks global cooperation to find cure

With the coronavirus outbreak emerging as a global menace claiming over 3,000 lives in China and abroad, Chinese President Xi Jinping has called for international cooperation to develop a cure and vaccine to halt the COVID-19 on its tracks. The death toll in China on Tuesday climbed to 2,943 with 31 more deaths, even as the deadly disease wreaked havoc globally with the total number of deaths crossing 3,000 and infections surging past 89,000. PTI

Digit Insurance comes up with cover for virus

Bengaluru-based Digit Insurance has come up with a product that will insure a person against the deadly coronavirus. The maximum coverage that the product assures is to the tune of ₹2 lakh. However, one can choose from multiple sum insured options starting from ₹25,000 which goes up to ₹2 lakh. BS REPORTER

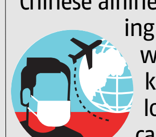
Twitter asks 5,000 global employees to work from home

Twitter Inc is "strongly encouraging" its almost 5,000 global employees to work from home due to concerns over the spread of the coronavirus, the company said on Monday. The social media company made the suggestion as part of a blog update one day after it suspended all non-critical travel for workers, including pulling out of the South by Southwest conference scheduled for later this month in Austin, Texas. BLOOMBERG

Foxconn: China factories operating at 50% capacity

Taiwanese tech giant and iPhone assembler Foxconn said on Tuesday its Chinese factories were operating at 50 per cent of seasonal capacity and are expecting to take a hit for the current quarter due to the outbreak. Known by its official name Hon Hai Precision Industry, Foxconn is the world's biggest contract electronics manufacturer and makes Apple's iPhones as well as gadgets for other global brands. AFP/PTI

$13 to fly in China as airlines offer 'cabbage prices'



Chinese airlines are offering tickets at what are known colloquially as cabbage prices as they start restoring seat capacity following capacity. A one-way direct trip from Shanghai to Chengdu on Juneyao Airlines on Saturday costs just 90 yuan ($13) plus 50 yuan in taxes. That's a three-and-a-half hour journey, about the same as a flight from New York to New Orleans. BLOOMBERG

Centre restricts exports of 13 APIs, formulations

Exporters would need NOC for continuing trade

Security personnel wear protective masks in the wake of the outbreak, at the Gandhi Medical College & Hospital in Hyderabad on Tuesday PHOTO: PTI

SOHINI DAS
Mumbai, 3 March

In the wake of the coronavirus (Covid-19) outbreak and supply disruptions from China, India on Tuesday "restricted" exports of 13 active pharmaceutical ingredients (APIs) and their formulations to ensure there was no shortage of key drugs.

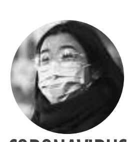
The Directorate General of Foreign Trade (DGFT) said in a notification issued on Tuesday that exports of 13 APIs — including paracetamol, tinidazole (antibiotic), metronidazole (antibiotic), vitamin B1, vitamin B6, vitamin B12, acyclovir (anti-viral), progesterone (hormone) — along with formulations made from these APIs, would be restricted.

A senior government official said this was not an export ban.

"Exporters of these items would now have to take government approval before they can export. This will help to ensure that key drugs and their raw materials are not exported in large quantities from the country and there is no shortage here," he said. This is a temporary measure, he added.

"Supplies have started coming from China, but factories in Hubei province are still not functioning normally. Therefore, as a precautionary measure, the government has taken this step. We will lift the restrictions as soon the situation normalises," the official said.

The managing director of a Mumbai-based mid-sized firm, which exports to the US, said the move would practically stall exports of these APIs and formulations. "The DGFT notification refers to Schedule 2 of the ITC (HS) Export Policy, 2018, which deals with restricted items. To secure the necessary no objection certificate from the relevant departments would involve a four-stage process that takes at least 30-45 days to complete," he said. In such a situation, exports would nearly come to a standstill for a month or so.



CORONAVIRUS OUTBREAK

Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance (IPA), said they were waiting for the finer details on how the restrictions would be imposed.

The department of pharmaceuticals (DoP) had formed a panel to examine the situation, and it had recommended restrictions be imposed on exports of 12 APIs. Industry claimed that there was enough stock of raw material in the country to take care of immediate needs. A Vaidheesh, managing director of GSK India, said the government was cautious given the uncertainty about supplies and the decision would help if there was a big outbreak here.

According to Pharmaceuticals Export Promotion Council (Pharmexcil) estimates, India is set to beat financial year 2018-19's (FY19's) export figures this year. Between April and December, pharma exports clocked an 11.5 per cent growth over the corresponding period the previous year, and the December quarter was particularly buoyant (clocking a 14.6 per cent growth). Total exports were likely to touch $22 billion in FY20, beating FY19's $19.13 billion. Exports account for about half the Indian pharma industry, estimated to be worth $39-40 billion.

Pharmexcil has requested relaxation in restrictions. It said if restrictions are imposed with immediate effect it could result in financial losses for exporters. Pharmexcil said failure to meet commitments could result in cancellation of entire orders or huge penalties.

Pharmexcil has requested DGFT to allow free export of drugs manufactured before the notification and those lying at ports. It also requested DGFT consider the feasibility to exempt drugs manufactured for exports to be exempted.

Intel employee quarantined

The Karnataka government is on alert and has started isolating people who came in direct contact with the software engineer who travelled from Bengaluru to Hyderabad in February and was later tested positive for coronavirus in Telangana. An Intel employee, who was the patient's roommate, has been quarantined.

"An Intel employee in Bengaluru has potentially been exposed and is currently under quarantine in accordance with government requirements. We're monitoring the situation closely," said the company in a statement. In India, the firm said it had implemented precautionary measures such as travel and event restrictions, increased frequency of office sanitisation, and work-from-home provisions.

The Karnataka health department, which held an emergency meeting on Tuesday, is reaching out to those who came in primary contact with the patient. "They will be isolated in their homes for 14 days," said an officer. It has so far identified 50 people who came in touch with the patient. SAMREEN AHMAD

Outbreak raises risks to outlook, says US Fed chief

BLOOMBERG
Washington, 3 March

Federal Reserve Chairman Jerome Powell said the coronavirus outbreak had increased risks to the US outlook causing the central bank to deliver an emergency half-percentage point interest rate cut to protect the country's record economic expansion.

"My colleagues and I took this action to help the US economy keep strong in the face of new risks to the economic outlook," he told a hastily convened press conference in Washington on Tuesday. "The spread of the coronavirus has brought new challenges and risks."

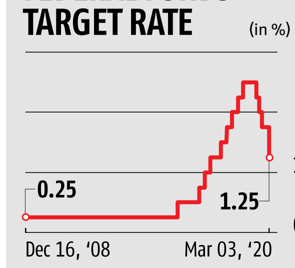
US stocks initially advanced after the announcement before sliding into losses, while the 10-year treasury yield neared 1 per cent. Fed funds futures are pricing more than a percentage point of central bank rate reductions for 2020, including another quarter-point cut in the first half of the year.

The central bank said it was "closely monitoring developments and their implications for the economic outlook and will use its tools and act as appropriate to support the economy."

Powell, in response about the scope for further moves, said "we do like our current policy stance," before repeating the Fed's reference to taking action if needed.

The Fed's decision could presage a wave of easing from other central banks around the world although those in the euro-area and Japan have less scope to follow with rates already in negative territory. It came hours after Powell and finance chiefs from the Group of Seven nations said they would "use all appropriate policy tools to achieve strong, sustainable growth and safeguard against downside risks." The vote for the emergency cut to a range of 1 per cent to 1.25 per cent was unanimous. The Fed also said in the statement that the "fundamentals of the US economy remain strong."

FEDERAL FUNDS TARGET RATE



Source: Bloomberg

The decision came amid public pressure for a cut by President Donald Trump, whose stewardship of the economy is central to his reelection campaign this year. Following today's shift he called for more, demanding in a tweet that the Fed "must further ease and, most importantly, come into line with other countries/competitors. We are not playing on a level field. Not fair to USA."

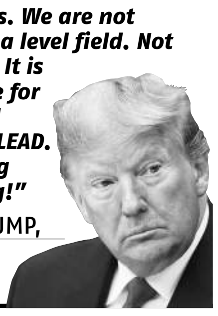
US central bankers were scheduled to gather March 17-18 in Washington. Tuesday's decision was the first time it had cut by more than 25 basis points since 2008.

The reduction marks a stark shift for Powell and his colleagues. They had last projected no change in rates during 2020, remaining on the sidelines during the election year, after lowering their benchmark three times in 2019 to a range of 1.5 per cent to 1.75 per cent.

The European Central Bank (ECB) will respond to the Federal Reserve's "decisive" interest rate cut with easing of its own, according to Commerzbank AG.

"My colleagues and I took this action to help the US economy keep strong in the face of new risks to the economic outlook. The spread of the coronavirus has brought new challenges and risks"

JEROME POWELL,
Federal Reserve chairman



"The Federal Reserve is cutting but must further ease and, most importantly, come into line with other countries/ competitors. We are not playing on a level field. Not fair to USA. It is finally time for the Federal Reserve to LEAD. More easing and cutting!"

DONALD TRUMP,
US President

Govt plans to set up ₹600-cr fund for DSA

SOHINI DAS
Mumbai, 3 March

The Union government is planning to create a ₹600-crore fund to set up the proposed drug security authority (DSA), which would monitor the growth of the indigenous bulk drug ecosystem through a cess on raw material imports.

A high-level committee headed by Eswara Reddy, joint drug controller general, was formed after the novel coronavirus (Covid-19) outbreak in China to study the situation in India and make recommendations on how to improve preparedness. The panel submitted its report to the government recently.

An official who was part of the committee said that India imports bulk drugs, intermediates and key starting material (KSM) worth ₹30,000 crore in a year. "If a cess of one per cent is levied on the imports, it would create a fund of ₹300 crore or so. The government, too, will invest a few hundred crores and the aim is to have a fund of around ₹600-700 crore that would be used by the DSA to build the necessary infrastructure and provide incentives to local industry," he said. The DSA would be under the department of pharmaceuticals).

At the moment, the government is not considering imposing an anti-dumping duty on imports from China as India is not prepared to make the necessary raw materials to meet the domestic requirement. "An anti-dumping duty at this time would only make the raw materials very expensive and hit the local industry," a government official said.

The DSA would use the funds to scout technology or support research to find technology that would enable the local manufacturers to make the bulk drugs and other raw material at lower cost.

Moreover, the authority would incentivise projects that have a certain scale of production because economies of scale would enable low-cost manufacturing. If needed, a number of manufacturers can come together to start a project. There would be a minimum cut-off project size (output capacity) depending on the product to avail incentives.

G7 to use 'all appropriate tools' to limit harm

Group of Seven finance chiefs said they're ready to act to shelter their economies from the spreading coronavirus, though they stopped short of spelling out what measures they would put into place.

"We reaffirm our commitment to use all appropriate policy tools to achieve strong, sustainable growth and safeguard against downside risks," the G7's finance ministers and central bankers said Tuesday in a statement following a rare conference call. They said they are "closely monitoring" the virus and its impact on economies and markets.

The statement came shortly before the US Federal Reserve delivered an emergency half-percentage point interest rate cut to protect the economy from the global outbreak.

US Treasury Secretary Steven Mnuchin told a congressional committee that the Trump administration isn't considering a rollback of tariffs on China as part of efforts to counter economic fallout from the virus. He said the administration isn't pursuing a payroll tax cut, even though Trump on Monday called on Democrats to pass such a measure. BLOOMBERG

AI cuts flights; IndiGo's crew under home observation

ANEESH PHADNIS
Mumbai, 3 March

Air India has cut flights to Italy, Japan and Korea while IndiGo has placed four of its crew members under home observation to check the spread of coronavirus.

The civil aviation regulator has issued instructions to disinfect aircraft and come up with safety precautions to prevent spread of the virus. The national carrier's decision to reduce frequencies comes as the government suspended visas of citizens of the three countries. Earlier, the government had issued an advisory to citizens to avoid non-essential travel to these countries. It expanded health screening at airports to cover passengers arriving from 12 countries.

The restrictions have resulted in a sharp drop in loads as customers are postponing or canceling their travel.

A woman has her temperature checked and her hands disinfected as she enters the Palladium Shopping Center, in Iran on Tuesday PHOTO: PTI

Frequencies to Tokyo have been reduced from five to four per week and those to Milan, Seoul and Rome were cut to two per week from three or four flights.

Similarly, Air India is planning to operate a smaller Airbus A320 type aircraft to Saudi Arabia instead of the Boeing 747 and Boeing 777 due to suspension of pilgrimages to Mecca and Medina.

The Directorate General of Civil Aviation (DGCA) ordered that all aircraft arriving from Korea, Italy and Japan be disinfected upon arrival in India. Boarding of passengers on return flights will commence only after health screening on arrival, it said. The DGCA has also asked all the ground staff, cabin crew members, immigration and security staff to use personal protective equipment such as surgical masks, gloves and disposable shoe covers. "Adequate hand sanitising facilities should be made available at multiple locations for use by staff and passengers," it said.

Meanwhile, IndiGo has placed four flight attendants under home observation as they may have come in contact with a Telangana resident who tested positive for coronavirus.

The resident was on an IndiGo flight from Dubai to Bengaluru on February 20. "Under guidance of the Airport Health Organisation (APHO), all four cabin crew members who operated this flight (6E 96), have been placed under home observation immediately. We are following all the prescribed APHO guidelines and taking preventive measures for our crew operating flights to regions affected by coronavirus," IndiGo said.

Air India, too, has asked the crew of its February 25 Vienna-Delhi flight to remain in isolation for 14 days at their homes. This comes after a passenger from Delhi tested positive for the virus.

YES Bank in talks with MFs for raising up to $500 mn

Lock-in condition may prove to be a hurdle to get investors on board

S HAMSINI
Mumbai, 3 March

YES Bank has approached domestic asset management companies (mutual funds) for raising fresh equity capital worth $300-$500 million. This comes amid a slew of rating downgrades and stress on its loan book.

If the private bank is able to raise funds in this round, it would get some breathing space. The lender, however, will still have to work to raise more funds to address concerns. The bank has been aiming to raise a total of $2 billion.

The private lender has been struggling to raise capital for months. It also had to postpone its December 2019 quarter results as the fundraising process consumed most of its top management's time.

Investment bankers associated with the fundraising exercise said the bank has approached domestic mutual funds for issuing equity shares.

"While there is definite interest in the offering, firm commitments have not been made yet. The bank is in dialogue with mutual funds which had participated in the last equity raising round in 2019," said one of the bankers.

In August 2019, YES Bank had raised ₹1,930 crore through the qualified institution placement (QIP) route.

Fund managers have conveyed reservations over putting money into instruments which have a lock-in period. However, discussions are on to find a solution. An email sent to the bank to know the status of its fundraising plans did not get response till the time of going to press.

There is also a plan to issue equity shares on a rights basis. For participating in a rights issue, an investor must be a shareholder, which is why some existing shareholders (mutual funds) are being approached, the banker said. The final investor approvals are expected over the next three days. These investors may exit once a deal to sell a controlling stake in the bank is struck.

On February 12, YES Bank had delayed announcement of its December quarter results as it was in talks with potential investors, including J C Flowers, for raising equity capital. It received non-binding expressions of interest from several investors, including J C Flowers and Tilden Park Capital Management.

Last month, ICRA downgraded the bank's tier-I and tier-II bonds from "A-" to "BBB+" due to continued delay in capital raising by the lender.

This apart, there was likelihood of further increase in the quantum of stressed and reported non-performing exposure, given the limited resolutions and recoveries.

Accordingly, the quantum of capital requirement is also expected to increase from earlier estimates, ICRA had said.

The bank's common equity tier-I (CET-I) stood at 8.7 per cent of the risk weighted assets (RWAs) as on September 30, 2019. Although this was above the Reserve Bank of India's threshold of 7.375 per cent as on March 31, 2019, and 8.0 per cent for March 31, 2020, it remains weak.

On Tuesday, YES Bank's stock closed 1.1 per cent lower at ₹31.25 per share on the BSE. The stock is down over 33 per cent since the start of calendar year 2020.

PNB Housing to raise ₹1,700 crore via QIP

ABHIJIT LELE
Mumbai, 3 March

PNB Housing Finance's board has given the go-ahead to raise up to ₹1,700 crore in equity capital through qualified institutional placement to support business growth till March 2023, the firm informed the BSE on Tuesday. Its shares closed at ₹341.7 apiece, 1 per cent up over the previous close.

The board advised the company that subsequent to closure of QIP, the company offer quality investment holding and associates preferential allotment of equity shares or permissible securities on basis. The housing finance company, however, did not specify the timing for the QIP.

According to CRISIL, the firm had pegged the size of capital raise at ₹2,000 crore to reduce leverage. But it scaled down the size of equity capital offering to ₹1,500-1,600 crore to ensure that PNB continues its hold over 26 per cent stake as promoter.

Bill to give more powers to RBI over co-op banks tabled in LS

A Bill to provide more powers to the Reserve Bank of India (RBI) for regulating co-operative banks was introduced by Finance Minister Nirmala Sitharaman in the Lok Sabha on Tuesday.

The Banking Regulation (Amendment) Bill, 2020, which comes in the backdrop of Punjab and Maharashtra Co-operative Bank scam, seeks to strengthen co-operative banks by increasing professionalism, enabling access to capital, improving governance and ensuring sound banking through the RBI.

Introducing the bill, Sitharaman said it is the "need of the hour" to avoid a PMC Bank-like crisis. Noting that the happenings at the PMC Bank had "unfortunately" put a lot of small depositors in difficulty, she said there were demands that the government should do something about it.

The Bill was introduced in the Lok Sabha amid the din, with Sitharaman saying if the opposition wants to deny the small depositors their rights then "it is a shame". PTI

FROM PAGE 1

5-member jury picks top 3 in social sector

L&T Finance Holdings (LTFH) was picked out for the scale and gender-inclusive work of its digital literacy initiative in rural India, Digital Sakhi.

The jury deliberated on a number of parameters before settling on a winner for each of the categories. "The outcome measures (for choosing the winners) were absolutely critical," Chairman Ramadorai said. In the end, it was the jury's conviction that the impact must be seen and felt that helped identify the winners of the year, he elaborated.

Ramadorai led a jury made of the strongest names from the social sector: Bain Capital Private Equity Chairman Amit Chandra, GiveIndia Director & CEO Atul Satija, Pratham Co-founder Farida Lambay, and Indian School of Public Policy founder-Director Luis Miranda.

The Business Standard Awards for Social Excellence have been instituted to recognise key initiatives taken up by corporates, enterprises, and individual entrepreneurs to create meaningful changes in society. The Awards have always managed to attract some of the best names in the sector, and this year, competition for the most Socially Aware Corporate was particularly intense. But for the jury, the one that stood tallest in the shortlist was LTFH and its Digital Sakhi project.

Ramadorai led a jury made of the strongest names from the social sector: Bain Capital Private Equity Chairman Amit Chandra, GiveIndia Director & CEO Atul Satija, Pratham Co-founder Farida Lambay, and Indian School of Public Policy founder-Director Luis Miranda

Equality is a hard-fought battle in every sphere, making it difficult for governments and corporations to ensure an even spread of their efforts. For the team at LTFH, the big challenge was untangling digital finance for rural communities from gender-discriminatory practices. Their work laid bare the sharp inequalities that mark the sector in rural areas and set the stage for Digital Sakhi.

"In the entire journey of digital finance to empower low-income communities, digital financial inclusion still remains difficult for rural communities, particularly women," said Dinanath Dubhashi, CEO of LTFH. The Digital Sakhi programme (FY17-18) seeks to empower rural women by training them in digital financial literacy and imparting them with requisite leadership skills, all with the aim of creating a legion of women micro-entrepreneurs and influencers.

Dubhashi pointed out that one of the biggest takeaways from the early years of the programme was that women needed to be trained in much more than financial matters, that it was as important to teach them about the internet and money as it was to impart leadership skills and confidence. As it is with almost every aspect of the social sector, there is a need to adopt a communal approach for maximum impact.

The initiative has not just built confident entrepreneurs, but has also created role models for the community. The programme that started with Maharashtra has since been adapted for Madhya Pradesh, Odisha, Tamil Nadu, and West Bengal.

For the jury, the work done by LTFH stood out for the scale and impact of the project. The jury took a particular note of gender diversity, rural impact, rural presence, and scalability for the future that the Digital Sakhi initiative had achieved, Ramadorai said.

Impact was also one of the big reasons that drew the jury towards St Jude India ChildCare Centres, founded by Nihal and Shyama Kaviratne, that won the Social Enterprise of the year. A St Jude Centre is a home away from home, for families travelling with their children to the big city for cancer treatment. Beginning with eight families in one centre in 2006, today St Jude India operates 39 centres and supports nearly 500 families at any given time in nine cities across India.

"The centres have seen over 20,000 admissions over the past 14 years, giving them (families and children) over 800,000 nights of peaceful sleep," said Nihal Kaviratne.

The initiative, diligently built up over the years, was born out of a rash promise. "On January 27, 2006, I was called up on the stage at the Children's Cancer Day function at Tata Memorial Hospital, and a mike was thrust into my hand. I looked down on the sea of little faces, all bald, all wearing masks, all with IV ports stuck in their arms, joyful but expectant. I made a rash promise. No child from a village or small town coming in for treatment at a hospital in a large city like Mumbai, accompanying parents, would have to suffer living on the streets." He said his friends and family were aghast at what he had called upon himself at first, but soon rallied around to help.

Institutions such as this help battle not just the disease but also the miasma of fear and alarm around it, the jury averred. For Kaviratne, the journey has just begun. He believes that there will come a time when no child from a village or small town coming in for cancer treatment at a hospital in a large city with accompanying parents, will have to suffer living on the streets.

His conviction and commitment to the work at hand is mirrored by M R Madhavan, who won the Social Entrepreneur of the year award for his venture, PRS Legislative Research.

Madhavan is determined to do what it takes to strengthen democracy in the country, by supporting democratic institutions and building awareness among the political class that is entrusted with its care. He recalls with utmost clarity when the bug bit him. "When I worked with ICICI Securities, I had volunteered with Pratham and got interested in contributing to large scale change," and that is how he, a career finance professional, set about becoming an upholder for democratic values and systems.

Democracy is not just about an electoral process or an institution, it is a knot of invisible strands that need nurturing and care and its lifeblood is an aware and vocal citizenry and political class. Without these, democracy is just a hollowed out version of the real thing. And it is here that PRS Legislative Research has made huge strides, not just as a key aide to Parliamentarians but also through its Legislative Assistants to Members of Parliament (LAMP) Fellowship that initiates young Indians to learn law-making and public policy.

It has been a challenging journey thus far and Madhavan recalls how the project nearly ran aground. "We had tied up with a couple of foreign foundations but did not get the government permission to take their funds. This led to a severe cash crunch, but fortunately, several Indian philanthropists stepped in," whose generosity has carried them through the last nine years, he said.

PRS, Madhavan believes, is delivering a public good and the work must be accessible to everyone and hence has to be sustained through philanthropic funding. It is a tough ask in times such as these, but one that is vital to the functioning of a democracy, the jury felt.

Ramadorai said there was no doubt about the huge impact of Madhavan's work on the country's legislative processes and democratic institutions. He also appreciated the work done by Deloitte, partner to the Business Standard Social Excellence Awards, commending the diligence involved in the drawing up of the list of entries and presenting their case to the jury.

The renewables and e-cars link

Renewables means savings on power and that means an even stronger case for electric mobility

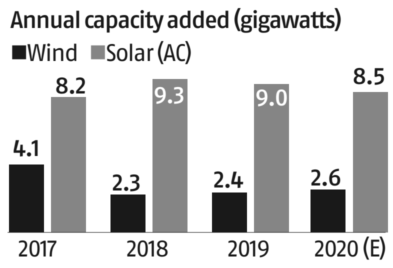
VANDANA GOMBAR

There are two sides to India's electricity market — new and old. On the side of the new, there are young, innovative companies carving out business models within regulatory limitations. On the other side is the familiar story of revenue leakage, outstanding dues of billions of rupees and government bailouts.

Lithium Urban Technologies, a provider of electric car fleets to companies in India, is one of the companies tapping into new opportunities. It offers "up to 40 per cent" savings to clients switching from their conventional fossil-fuel vehicles fleet as electric vehicles are cheaper to run. They can be even cheaper if cost-competitive renewable energy is used to charge the vehicles. "We found a fantastic one-to-one correlation between companies that adopted renewable energy and companies that adopted electric vehicles. Renewables means savings on power and that means an even stronger case for electric mobility. Many of our clients get their power from renewables," Sanjay Krishnan, co-founder and CEO of the company, said in an interview with BloombergNEF. "I can run my electric fleet at less than ₹1 per kilometre, against ₹5.50 per kilometer for a diesel vehicle," he asserted.

Clients of the company include Google, Unisys, American Express, Accenture, Wipro and Blackrock. The company installs its own chargers to offer a zero-capex service to its clients, and claims to have the largest charging network in India, as well as the highest utilisation rate, of 90 per cent, for its chargers.

POWER OF WIND AND SUN

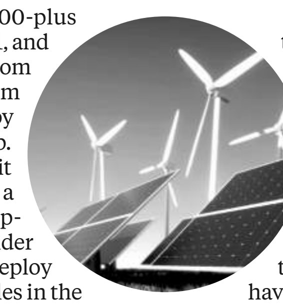


Source: BloombergNEF, Ministry of New and Renewable Energy

With a fleet of 1,100 vehicles — mostly made up of electric models from Mahindra & Mahindra — active across 11 cities, it runs a "profitable" operation, and intends to raise further capital for expansion. The plan is to more than double the fleet to 2,500-plus vehicles by January 2021, and also add new models from Tata Motors, and from Morris Garages, owned by China's SAIC Motor Corp.

As for Tata Motors, it meanwhile announced a partnership with app-based taxi service provider Prakriti E-Mobility to deploy 500 Tigor electric vehicles in the national capital, *Business Standard* reported in December. Startup BluSmart offers rides on all-electric vehicles, and at a flat price. "You know our fare. It's ₹149, anywhere to anywhere in Gurugram," the website says. In the two-wheeler space, electric Yulu bikes are becoming ubiquitous across many cities in India, including Delhi.

Power minister R K Singh said last week that India would eventually be an electricity-based economy. "We want to electrify our whole economy. The energy would be through electricity rather than through petroleum products or other forms of energy... We will electrify the economy and make electricity green (renewables generation). Those are our long-term goals."



The government's intention to electrify everything, including mobility and cooking, and to do that with green electricity, would throw open new opportunities for smart solutions. That would mean an even larger play for innovation and disruption — the two forces that have changed the contours of many sectors.

Renewable energy capacity additions in India were, however, somewhat subdued last year, and will be so this year too, though a pick-up is expected in 2021 and 2022.

The author is editor, Global Policy for BloombergNEF
vgombar@bloomberg.net

A bumpy ride for SsangYong

A decade after Mahindra & Mahindra acquired the South Korean motor company, the automaker is struggling and its Indian parent's three-year plan to pull it out of crisis looks challenging

SHALLY SETH MOHILE

The past decade has been a roller-coaster ride for auto companies across the world, including India. Top decision makers at these firms have confronted disruptions and rapid changes in buying behaviour with regular frequency. Nobody can vouch for this better than Pawan Goenka, managing director at Mahindra and Mahindra.

When Goenka signed on the dotted lines in 2010 to acquire the troubled, bankruptcy-protected SsangYong Motor Company, little did he realise that like the previous two owners — Daewoo Motor and SAIC — Mahindra too would have its share of struggles in running the smallest of the Korean automakers.

At the time of the acquisition, Mahindra executives had said the buyout would make SsangYong a competitive global UV player and that the Korean firm will benefit from the Indian conglomerate's financial capability, its competence in sourcing and marketing strategy. In turn, Mahindra would benefit from Ssangyong's technological capabilities.

Nine years after Mahindra completed the acquisition in March 2011, none of these objectives have been met. Mahindra paid Rs 2,100 crore ($463 million) for the purchase. But each year in the past decade has been tough for the maker of Rexton and Tivoli brands. The first two months of 2020 have been particularly tough with the outbreak of coronavirus knocking off sales in South Korea to the lowest in 11 years in February.

Clearly, the underperformance has spooked investors. Its share prices have dropped to 1,980 Korean won (as of February 2020) from 9,180 Korean won at the end of the trading season on March 31, 2011.

With a market share of less than 5 per cent, SsangYong is nowhere close to becoming a global SUV player — neither in scale nor in geographical presence. Sample this: On an average SsangYong sells 137,000 units (including exports) a year, averaging 11,416 units per month. Its Korean rival, Kia Motors sold 1.4 million units in 2019, averaging 121,142 units a month. Drill it further and this is what you get: Kia sells a little more than SsangYong's monthly sales in just about four days!

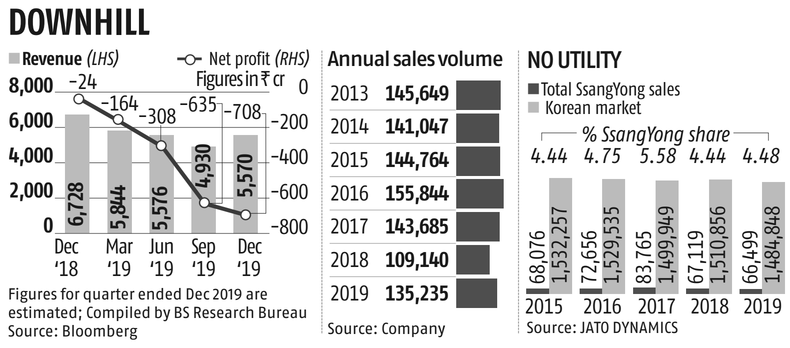
A steep contraction in export volumes, sudden changes in buyer preference for gasoline vehicles in Korea, among other factors, caught the company unawares and plunged Mahindra's Korean subsidiary into record losses of Rs 704 crore in calendar year 2019.

TAKE TWO
ANALYSIS BEHIND THE HEADLINES

It also forced the maker of Scorpio and XUV5OO to take an impairment charge of Rs 600 crore in the December quarter.

Last month, Goenka had told reporters that the Mahindra-SsangYong board has put in place a three-year plan to pull the company out of the crisis. "Mahindra will pump in 450-500 billion Korean won ($380 million-$425 million) to revive the company, funded through a mix of debt and equity. The company is also open to strategic divestment," he had said.

DOWNHILL



Figures for quarter ended Dec 2019 are estimated; Compiled by BS Research Bureau
Source: Bloomberg

Source: Company

Source: JATO DYNAMICS

"The main reason for their continuous troubles is the product line-up and their absence in key markets," said Felipe Munoz, global analyst at JATO Dynamics. Although the acquisition by Mahindra has helped the brand enter the Indian market, the Indian parent took too long to ride on the growing SUV market here, he added.

They only brought a competitive product to the Indian market last year with the launch of the Tivoli-derived Mahindra XUV300. Mahindra, however, has done nothing to explore the two main SUV markets — China and the USA. Their presence in Europe is very limited, said Munoz.

To be sure, the three-year plan crafted by the Mahindra-SsangYong board includes exploring new markets for the Korean arm. Some of the markets identified include Russia, Vietnam and China.

Goenka, on the other hand, attributed SsangYong's woes to the slowdown and rapid shift in favour of petrol models in the Korean market. "In automobile manufacturing, when a company is about to break even and the market hits a slowdown, you see cascading impact of several factors at play," he had told reporters last month.

According to him, SsangYong was on its way to break even in CY2019, and "everything was fine until Q1 last year." Besides the general slowdown in car demand, the company was impacted by its diesel-heavy portfolio as the South Korean market saw a shift to petrol variants under stringent emission norms.

The numbers confirm this. The share of diesel vehicles in Korea's overall automobile sales dropped 44 per cent to 3,85,206 units in calendar year 2019 from 6,92,376 units in 2015, according to JATO Dynamics. Also, the overall market declined 1.72 per cent year-on-year to 1.4 million units in 2019 from 1.5 million units a year ago.

Andy Bae, analyst at IHS Markit (a global sales forecasting and research firm), South Korea, attributed SsangYong's current state of affairs to the lack of product differentiation, slower pace of new launches and increasing competition from Hyundai, Kia and others in the home market. According to Bae, in a competitive market, where there are multiple options to choose from, the new Korando does not offer any differentiated proposition in terms of features from the Tivoli.

SsangYong should have been faster to react to the competition, he added. "The Tivoli has been a bestseller for the company for the last three to four years. But it has recently been taking the beating from Kia's Seltos, which has surpassed expectations and successfully appealed to consumers," said Bae.

"Even Rexton is now ageing and its old style doesn't appeal. "In contrast, competitors such as Hyundai Palisade and Chevrolet's Traverse, which debuted recently, deliver new style and functions," he added.

As Mahindra hits the accelerator to turn around SsangYong, the company's investors in Korea and India will be keenly awaiting the results in a challenging macroeconomic environment and growing competition in the SUV market in India and elsewhere.

CHINESE WHISPERS

Dead teacher suspended

The Bihar education department has suspended teachers for dereliction of duty. This is nothing new, but the fact that one of them, Ranjeet Kumar Yadav, died two years ago is. An order from the Begusarai district education officer's office, dated February 28, suspending absentee teachers included Yadav, who was supposed to check intermediate students' answer sheets at a centre in Begusarai, but did not turn up. Here's what happened in the interim. From February 17, contractual teachers in the state went on strike, demanding permanent posts. After there were reports that some teachers who tried to reach the designated centres to check answer sheets were beaten up by the protesters, many teachers stayed away. The state's education board took congnisance of the episode and ordered an investigation. It also issued an order suspending teachers who refused to check the answer sheets.

Promises first

With the Bihar Assembly polls scheduled for October, the Bharatiya Janata Party's (BJP's) allies in the state have started flexing their muscles for a better seat-sharing deal. The Ram Vilas Paswan-led Lok Janshakti Party (LJP) will release its vision document for the polls six months in advance during its "Bihar first Bihari first" rally on April 14 in Patna. Not only this, the LJP on Tuesday also asked the other political parties to release their manifestos for the polls much in advance so that the elections were fought on the development agenda and not the issue of "Hindu-Musalman" or castes. LJP president Chirag Paswan said, "We all saw what happened in the Delhi polls", a reference to the issue of polarisation that dominated the Assembly election in the national capital. Asked if his remarks were aimed at the BJP, which was accused by rival parties of pushing "communal" issues into the Delhi campaign, Paswan junior answered in the negative. Asked about Prashant Kishor's attack on Chief Minister Nitish Kumar over development issues, Paswan junior said while they had differences, he welcomed anybody who spoke about the state's progress.

'Accept free money'

A horse-trading drama has taken the centre stage in Madhya Pradesh. On Monday, senior Congress leader and former chief minister Digvijaya Singh once again accused the Bharatiya Janata Party (BJP) of trying to lure his party MLAs with cash. When journalists sought CM Kamal Nath's comment, he said, "*Vidhayak hi keh rahe hain mujhe... hume itna paisa diya jaa raha hai. Main toh vidhayakon ko keh raha hoon ki phokat ka paisa mil raha hai, le lena.* (MLAs themselves are telling me they are being offered money. I told them to accept the free money.)" Nath added he failed to understand from where the state's largest Opposition party was getting the money. Earlier, Singh had alleged that around seven MLAs had received calls from the BJP leaders with offers of huge sums of money. He had added his partymen had been offered ₹5 crore as first instalment and more after the Rajya Sabha elections.

INSIGHT

Why flu is nothing to sneeze at

How Covid-19 virus has upended the world, reshaping travel and hammering stocks

VIJAY VERGHESE

Super-spreader is a term that gained notoriety and panicked currency during the 2002-04 severe acute respiratory syndrome (SARS) outbreak largely in Hong Kong, neighbouring Guangdong, and Vietnam.

Later determined to have originated from bats, this virulent "zoonotic" coronavirus was a chilling manifestation of a transmission from animals to humans with unknown consequences. Bats have been the prime culprits in a number of zoonosis events from Nipah and the haemorrhagic Ebola to Hendra (in horses), rabies and SARS.

As the Wuhan novel coronavirus — termed Covid-19 by the World Health Organisation — burned out of control in China's Hubei province inviting draconian quarantines, travel advisories, and travel bans (for China and later Iran, Lombardy and other emerging hotspots as the virus seeped into Europe and even Brazil), the attention of health experts once again turned to bats and super-spreaders. While Italy reeled, by early March San Francisco had declared a state of emergency and New Delhi had seen its first coronavirus case.

The first recorded SARS super-spreader is believed to have been Zhou Zuofeng who was brought to a Guangzhou hospital, on January 30, 2003. He rapidly passed on the infection to over 30 caregivers and medical professionals. One of those, a Dr Liu, arrived in Hong Kong for a family event and booked into room 911 of the soon-to-be-ostracised Metropole Hotel at 75 Waterloo Road (the hotel was later renamed Metropark Kowloon and Room 911 disappeared without a trace).

The hapless Dr Liu was determined to have been the cause of as many as 80 per cent of the subsequent Hong Kong SARS cases. From that ill-fated ninth floor the virus travelled with speed and stealth to Hanoi, Toronto and Singapore.

This issue of super-spreaders was troublingly evident again when an explosive South Korean coronavirus outbreak was traced to the reclusive Shincheonji Church of Jesus in Daegu. The locus of the outbreak was determined to be a 61-year-old woman who was estimated to be responsible for over 450 infections.

Armed with the knowledge of SARS and ignorance surrounding the latest zoonotic breakout, reactions have ranged from pragmatic (washing hands regularly) to the bizarre (imbibing *rassam*, a spicy south Indian lentil stew to kill the virus). What is evident is that the stable doors have been closed after the horse has bolted. The virus is on the loose, a vaccine is at least a year away, genomic mutations may occur, and initial research suggests Covid-19 may not burn out like SARS.

It is very likely Covid-19 (earlier known as 2019-nCoV) will become endemic and join the four main coronaviruses currently in circulation that account for as much as 25 per cent of colds. While a small percentage of sufferers may develop serious respiratory issues like pneumonia, the new menace appears relatively benign and somewhat manageable with vaccines, education, and healthy habits. As with seasonal flu that thrives in cold dry conditions, this new strain may subside during hot, humid, summer months, offering respite for researchers and exhausted frontline health care workers.

Some facts on the novel coronavirus: Thus far while total infections are hard to assess, Covid-19 has had a fatality rate of 2.14 per cent (of diagnosed cases) compared with the current US seasonal winter flu outbreak (0.07 per cent); SARS (9.6 per cent); Swine Flu H1N1 (17.4 per cent); and Mers (34 per cent). To put this in context the CDC (Centers for Disease Control and Prevention) estimates the 2019-20 US deaths from flu will range between 14,000 and 36,000 out of 26m to 36m infections. The best defence is frequent hand washing and perhaps a mask in crowded spaces. You cannot outrun a bug.

A serious and sustained pandemic will challenge and dramatically impact business practices, stock markets (American Airlines dropped 9.1 per cent and Marriott plunged 7.9 per cent in just one day, February 25), country GNP forecasts, supply chains involving China, schools, population flows (travel and migration), insurance, governance, and political models.

While the world is on high alert, worryingly this is not the case at resorts and even in high-risk urban centres (including in India) where procedures remain egregiously lax for fear of alarming guests and losing business. Many Asian hotels pressed for information retreated swiftly into the anodyne — taking "all necessary precautions"... "following official guidelines"... launching "preventative measures"... Some hotels said they were under a gag order on Covid-19. But behind the PR spin and seeming head-in-the-sand bullheadedness there is a real fear gripping the travel industry as business plummets.

So how are hotels, airlines, and countries handling this? In Hong Kong, Taipei and Singapore, guest temperature scans were de rigueur by late February with schools and several government offices closed. By early March some far-sighted hotels had installed airport-style thermal scanners to reduce inconvenience. China witnessed the complete closure of many hotels, some of which will reopen by March 10. Only a handful of hotels in Bangkok have temperature checks in place with even luxury properties in denial. The same is largely true of hotels in Phuket, Vietnam, and even Bali. Of course, this will swiftly change as events develop.

Airlines are replacing HEPA micro filters with greater frequency and introducing rigorous disinfection routines. Citing "flight reductions" Cathay Pacific closed several airport lounges and grounded half its fleet in March, while beleaguered cash-strapped Hong Kong Airlines cut staff and eliminated in-flight service on certain flights.

Singapore Airlines has reassured passengers that post flight all surfaces and devices undergo "rigorous" cleaning and the cabin air is replenished every two to three minutes (the standard for most modern aircraft).

If anything, the current Covid-19 outbreak has revealed how unprepared governments are for a full-scale pandemic. It has spotlighted how out of touch and insular hotel PR has become. It is time for governments, national health centres and the hospitality industry to come together to fashion universal protocols to put travellers at ease and dispel rumours. It is in everyone's interest to do so. This is the only way to protect the bottom line.

The author is a Hongkong-based journalist and the editor of SmartTravelAsia.com & AsianConversations.com

LETTERS

Focus on white gold

This refers to the news report "Crisil SME Tracker: Profitability of dairy units will rebound in FY21" (March 3). Amidst rising competition and falling prices, one way forward for the Indian diary market could be to focus more on camel milk production. Camel milk is considered white gold and a powerhouse of good health for its rich nutrients and immunity-building properties. It is imperative we find a way to popularise the camel milk. Many are already taking steps in this direction, a lot of research is going on and now it is easily being marketed, but it needs further encouragement — like financing by banks. The byproducts of camel milk have to be showcased. Amul has been marketing camel milk in bottles. Pioneering work has also been done by Lokhit Pashu-Palak Sansthan at Sadari in Pali, Rajasthan.

It is a sure source of income augmentation for herders who keep camels along with cows and sheep. *Camel Karma: Twenty Years Among India's Camel Nomads*, a book by Ilse Köhler-Rollefson gives great and valuable insights on camel rearing by the Raika community.

N K Bakshi Vadodara

Read before signing

The apt and timely piece "A telecom crisis, once again" (March 3) provides many clues on how to resolve the impasse. While dealing with the repercussions, the woes of consumers are also to be considered. Any disruption in telecom services will have collateral damage that is beyond imagination. The fine print in licensing agreements is often ignored in the enthusiasm of the signing ceremonies. The clauses that are not tenable, if any, could be tackled before signing the agreements to avoid any subsequent disputes. The Department of Telecommunication and the telecom companies have to sort it out to honour the orders of the apex court. The best thing would be to stretch the repayment obligations in the form of a soft loan. But a hard lesson should also be learnt — that it is important to read and understand every clause before signing an agreement.

K Srinivasa Rao Hyderabad

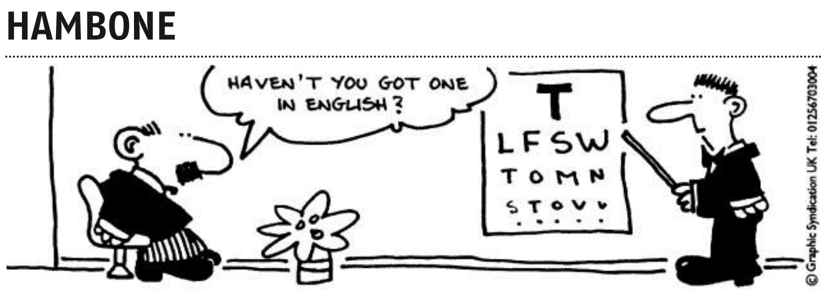
Trouble comes in threes

Among a low GDP growth rate, the effects of coronavirus and a high unemployment rate, it is tough to identify which is more problematic for the Indian economy. According to data released by the Centre for Monitoring Indian Economy on March 2, the unemployment rate in February 2020, increased from 7.16 per cent in January to 7.78 per cent, highest since October 2019. The report also showed the hike in the unemployment rate in rural areas from 5.97 per cent in January to 7.37 per cent in February. Also the GDP growth rate declined from 7.1 per cent in Q1 to 4.7 per cent in Q3 of the 2019-20 fiscal year. If that was not enough, coronavirus is disrupting the supply chain of the critical items from China and increasing the inflationary pressure.

Sumi Goswami Agra

Letters can be mailed, faxed or e-mailed to:
The Editor, Business Standard
Nehru House, 4 Bahadur Shah Zafar Marg
New Delhi 110 002
Fax: (011) 23720201 · E-mail: letters@bsmail.in
All letters must have a postal address and telephone number

HAMBONE



Business Standard
Volume XXIV Number 143
MUMBAI | WEDNESDAY, 4 MARCH 2020

Licence to harass

CBDT's new performance appraisal needs review

The Union government is looking to raise a significant amount of revenue through its Vivaad Se Vishwas scheme, announced in the Budget. Union Finance Minister Nirmala Sitharaman has said the scheme will help people save time and money spent on such cases. There are over 400,000 direct tax cases with about ₹9.3 trillion locked at different levels. The scheme will give a waiver on interest, penalty, and prosecution if the taxpayer is willing to pay by the end of the current fiscal year. The taxpayer will have the option of paying after March 31 but before June 30 with a penalty. On the face of it, the government can perhaps not be faulted for trying to reduce litigation and raising resources at a time when it is likely to fall short of revenue targets by a significant margin.

But the way it intends to implement the scheme is worrying. As reported by this newspaper, the Central Board of Direct Taxes (CBDT) has decided to link annual appraisals of field officers with their performance in terms of collection under the scheme. An office memorandum from the CBDT also said collection outcomes would play a bigger role in the future postings of field officers. Soon after the dispute settlement scheme was announced, the department asked the officers to work on holidays/Saturdays so that when the scheme was formally launched they got a head start on the collection front. This is a recipe for harassing taxpayers.

The way the government is approaching the issue is flawed. It is important to understand why there are so many tax disputes in the first place. The government first sets overly ambitious targets for revenue mobilisation, forcing the tax department to raise questionable tax demands that are contested by taxpayers, resulting in litigation. The new performance assessment target will obviously lead to tax officials doing everything in their power to force taxpayers to pay the disputed amount. Many assessees are reported to be getting repeated calls from the tax department. What is worse is that even a mild success of the scheme would incentivise the government to do more of the same — raise unrealistic demands, increase litigation, and then offer settlement. This will inevitably result in higher cost and affect the ease of doing business. Further, this will go against the stated objective of the government to end "tax terrorism".

To be sure, the problem of litigation can be solved by addressing the root cause. The government needs to move towards responsible budgeting. It cannot sustainably pursue the current level of expenditure with the given sources of revenue. Overly optimistic revenue projections not only result in bothering taxpayers but also induces significant uncertainty in government expenditure. Government departments are not certain if they will get to spend the money allocated in the beginning of the fiscal year. Besides, the government needs to work on speedily resolving tax disputes. It is possible that in a large economy like India — with complex tax laws — there will be disputes. Therefore, it is important to put in systems that will resolve these disputes in a time-bound manner. One reason why India is considered a difficult destination for private investment is the hostile relationship between the tax department and the taxpayers. Perverse performance assessments of tax officials will only add to the problem.

After the riots

Restoring trust in state institutions is vital

The swift shutdown of West Delhi by scared citizens and the mobilisation of vigilante squads on Sunday on rumours of fresh rioting reveal the depths of mistrust embedded in denizens of Delhi for each other and for state security institutions. This febrile suspicion will be the enduring legacy of the three-day riot in East Delhi over February 22-24, unless steps are taken to restore faith in state institutions. This includes the Delhi police, whose conspicuous absence and then active cooperation with rioting mobs are now well established, and the Union government, whose writ extends to the police, the political leadership, and the judicial system. More than a week after the riots, there are sporadic and unconvincing signs that the apparatus of law and order is working smoothly and impartially.

To be sure, the Delhi police, now headed by S N Srivastava, a former special commissioner of law and order, are working hard to win the hearts and minds of the people. Photos of smiling cops distributing roses to students appearing for the board exams in Khajuri Khas, ground zero of the riots, offer a heart-warming contrast to the grim images of desolation and destruction that is north-east Delhi. Mr Srivastava's colleagues also moved swiftly to use the TV networks to dispel Sunday's rumours and those suspected of spreading them have been arrested. After more than two months, Section 144 has been imposed in Shaheen Bagh to disperse the long-running protest and unblock roads. Over 1,000 people have been arrested so far, according to information relayed by the police public relations cell, and about 335 First Information Reports filed. Two special investigation teams have also been set up. This flurry of activity, however, cannot be considered reassuring, not least because it resembles the post-riot playbook from 1984 and 2002. All of the key players in fuelling the riots remain at large and untouched. Kapil Mishra, whose comments certainly played a role in stirring up trouble, and Ved Prakash Surya, the deputy police commissioner, who stood mutely beside Mr Mishra must surely bear some culpability. The Bharatiya Janata Party has taken no action against Mr Mishra, even as the Aam Aadmi Party promptly suspended councillor Tahir Hussain for his alleged role in the murder of an Intelligence Bureau employee. The fact that the police have been unable to arrest Mr Hussain, now AWOL, is testimony to its ineptitude. On his part, Union Home Minister Amit Shah quickly shifted focus and accused West Bengal Chief Minister Mamata Banerjee of "triggering riots" and "burning trains" to oppose the Citizens Amendment Act (CAA).

Taken together with a tepid prime ministerial tweet to his "brothers and sisters" for peace and harmony, three days after the riots began, and the midnight, mid-case transfer of a high court judge who pressured the police to do their job are scarcely reassuring. All of this undermines the reassurances by National Security Advisor Ajit Doval during his televised recce of riot-hit areas. Now, as rudimentary shelters for the displaced come up, the question of compensation has, ironically, run up against the spark for the riots: The CAA and the related impending National Population Register (NPR) exercise. Many are unwilling to fill in compensation forms for fear that the information would be fed into the NPR database. In other words, as long as the CAA remains on the statute books and the NPR goes ahead, Indians, not just Delhi-ites, will continue to mistrust one another.

ILLUSTRATION: BINAY SINHA

Doctors, lawyers and academics on strike

A thinking man's guide to the angst of the professions

I stare stupefied at headlines like these: One from last June said, 800,000 doctors in India on strike "demanding better working conditions"; this one from November: Bar Council of India calls for a lawyers' strike across all courts in Delhi protesting "brutal police action"; and another from last December: Delhi University teachers' association calls for indefinite strike "demanding absorption of temporary teachers".

As a product of an Indian middle-class family in which my father and grandfather were doctors, my uncles, aunts and cousins were either lawyers, college professors or engineers, we were the envy of other families. They were all looked up to and admired and much sought after in the arranged-marriage market, that uniquely Indian test of the worth of an individual. Try as I could, I could not even remotely imagine any of them going on strike to achieve anything in life. "Going-on-strike" was what millworkers and "head-load workers" did. As doctors, lawyers, professors and engineers, they saw themselves being paid well above most others in India. If they needed some pay fixes to be done, all that was needed was for a few of them to whisper in the ears of the chief minister or secretaries to government and swift action would follow.

These professions were what India's middle-class youth aspired to and worked hard to win in the very competitive exams that opened the doors to these careers. These professions remained stoically prestigious and respected even as India went through its various economic experiments — from being a state-led economy to a free market-led one — not to mention political experiments (from the Congress to Left to social group-based parties) and social experiments (the rise of women as chief ministers and heads of large financial institutions).

AJIT BALAKRISHNAN

One can't but think of the various stages that these professions have gone through in the past 50 years. Around Independence any worthwhile doctor, lawyer, academic or engineer went to England for an advanced degree paid for from family funds, and came back to enjoy a secure, prestigious life. In the 1960s, as the Indian university system expanded, graduates in these professions emigrated to the United States or England or Australia where the shortages of such professionals created a booming demand. Life in these professions looked safe till quite recently. What then has happened?

The attack against doctors does not seem to be unique to India. According to an analysis in the *Indian Journal of Psychiatry*, studies of violence against doctors in the US show that 57 per cent of emergency care workers have been threatened with a weapon, in the UK, 52 per cent doctors reported some kind of violence and similar or higher numbers are reported for China, Israel, Pakistan, and Bangladesh.

Elliott Krause, distinguished professor of sociology at Northeastern University in the United States, analyses the challenges that modern professions (medicine, law, teaching and engineering make up 60 per cent of all professions) face as arising from their true nature. They are, he says, trade guilds. He says that like the medieval guilds of weavers and spinners these professions and their associations work to create a mystery of their craftsmanship and operate as a pressure group where the economic motive of establishing a corporate monopoly was primary. He concludes in his book, *Death of the Guilds*, that though these professions were all powerful in the past, with the rise of consumer activism in the last decade there is much lower empathy towards these professions among policymakers and a greater focus on the efficiency and quality of the services they provide.

Media coverage of the doctors' strike has focused on relatives of patients launching physical attacks on them, coverage of the lawyers' strike on the high-handedness of the police and the coverage of the teachers strike on their desire to be made permanent employees.

I can't help but draw a parallel with events in Bombay in the 1980s when suddenly a spate of strikes across the several dozen textiles mills in the city dominated the news headlines. At that time, the strikes were portrayed as the outcome of workers' "unreasonable" demands for higher wages led by the "militant" union leader Datta Samant. Within a year, 80-odd of these mills had shut down leaving 250,000 workers without jobs. With the passage of time we are able to more clearly see what really happened. The advent of nylon and polyester had made the cotton fabric mills of Bombay unprofitable— the mill owners could barely pay the wages of their labour, let alone give them increases and bonuses. The real villain was not Datta Samant but the advent of new technology in the form of synthetic fibers.

Just as the advent of synthetic fibers made clothing affordable for all, massive investments are under way, using deep learning and artificial intelligence (AI) to automate many parts of the work that professionals do. In the medical field, AI techniques are showing promising results in disease detection (e.g. detection of metastatic breast cancer in lymph node tissue), in the legal field (in contract review and litigation outcome prediction) and Harvard University already has a course on Digital Humanities. These advances make it likely that medical care, legal and educational services will become very much more affordable than they are today, but may affect the earning power of these professions.

It is probably an urgent necessity that machine learning algorithm skills be made part of the curricula in medical colleges, law schools, engineering disciplines as well as for undergraduate courses even in commerce and the humanities. This will enable young Indians to step forward into the emerging world with confidence.

The writer (ajitb@rediffmail.com) is an internet entrepreneur and chaired a committee set up by the Ministry of Human Resource Development on Education and Entrepreneurship last year to provide inputs for the National Education Policy

India's soft power in the age of hard Hindutva

Last week, when India's bear hug of the US president, designed to display our rising soft power was tempered by deaths in Delhi, a new study captured the mixed results of India's hard-at-home and soft-abroad power strategy.

While this is the first time India has broken into the top 30, the Brand Finance Global Soft-Power Index 2020 highlighted that India punches well below its weight — ranked 27th — below China (5),the UAE (18) and even Saudi Arabia (26), a country whose leadership was found complicit in the murder of a US-based journalist. The top four nations leading the list were the US, Germany, the UK (despite Brexit) and Japan.

Donald Trump's visit boosted our soft power — driving familiarity on global platforms abuzz with POTUS' tweets and memes, including Ivanka Trump's tongue-in-cheek responses. But our reputation and influence were also dented as images of violence in the capital spread equally virally, inviting commentary from all-comers.

Brand Finance concludes that India clearly underperforms, given the size of its population, economy and its rich heritage. The rankings relative to gross domestic product (GDP) underscores that India's economic size and clout should enable it to figure among the top 10 most powerful in the world, like Russia (10).

The index takes into account three parameters — familiarity, reputation and influence — based on a survey of over 55,000 respondents. We score high on familiarity index with 6.8, comparable to Switzerland and South Korea. This is driven by tourism, India's overseas cultural centres, Modi government's extensive global outreach, and is supplemented by our diaspora, Bollywood, music, cricket and yoga. But all this needs to be scaled up quickly. An Observer Research Foundation paper highlights that while we have 36 India Cultural Centres (ICC), China has over 500 such centres with many tied to host-country universities to drive familiarity and influence. Plus, India's ICCs are still aimed at the diaspora (there are three ICCs in the Caribbean, two in South Africa), ignoring strategic and growing relationships in the Nordics and Latin America that need to be nourished.

Another identified problem is that unlike China, much of our global familiarity comes from our private firms, often not readily correlated to India. Jaguar Land Rover, for instance, has done very little to boost India's (or Tata's) soft power because of a lack of association. Similarly, the IT sector's influence on Western innovation and talent is unsurpassed, but its reputation is often dented by attention on use of H1B visas or complaints of discrimination. Other soft power ambassadors such as Air India have let the side down for decades, while the jury is still out on how unicorns such as Oyo, which are hitting serious bumps while pursuing fast growth in influential markets like the US, the UK, China and Japan, will impact India's brand going forward. Could their failure hurt us as much as Softbank?

THE NUTGRAF

PRADIPTA BAGCHI

Hence, boosting our reputation needs immediate focus: We score worse for reputation than Brazil, Qatar and Malaysia that are ranked below India overall and at a par with tiny countries such as Greece and Thailand. The research highlights our low scores in categories such as media and communications — worse than Turkey, Qatar and Thailand and comparable to countries such as Egypt and the Philippines — as well as in governance, where we are at the same level as Egypt and a shade better than Brazil and South Africa.

The report notes: "Following the controversial revocation of autonomy for Kashmiris by the Hindu nationalist Bharatiya Janata Party (BJP)-led government, India must build upon its soft power strengths instead of turning to more hard power initiatives." One can only estimate how much the Citizenship Amendment Act controversies will impact brand India.

The study showed that with high overall rankings, China and Russia have disturbed the liberal, Western power status quo. While non-liberal policies at home and the neighbourhood have lowered their reputations (ranked 24th and 26th, respectively), it is more than made up through their outsized influence (second only to the US and seventh, respectively) fuelled by trade, education as well as outward investments — China's $100 billion Belt and Road initiative, for instance.

Our biggest issue is that despite rising economic clout and market size, our influence ranking continues to lag below much smaller economies like the UAE and Israel. Creating a balance between hard nationalism at home and driving soft power globally is a fine line that the ministry of external affairs has to tread carefully as it redefines India's global positioning.

High familiarity through our history and culture, and rising visitors give us a good platform on which to build. The key is not to replicate China — growing investment influence can fast turn into a negative hegemonic reputation — but leverage the new metadrivers of soft power — communities, platforms and social change. Cities will be the hub of new communities, driven by economic growth and migration; by 2025, 10 of the world's fastest growing cities will be in India. These give us 21st century arenas to drive India's reputation among the global influencers. The power of platforms is now well established but no government has really understood how to use it (apart from learning how to troll) to build global influence, like an Amazon or Uber have. Lastly, in an age where environmental issues are driving consumer choices and bolstering reputations of those leading the change — India needs to show urgent leadership through impact. After all, the town halls, Taj Mahal and yoga can only take us so far.

The writer is a communications strategist. bagchip@gmail.com; @bagchips on Twitter

The thrill of the chase

BOOK REVIEW

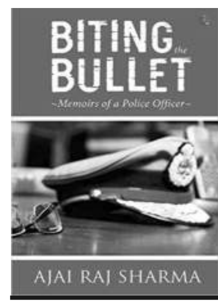
SHUBHOMOY SIKDAR

From his memoir *Biting the Bullet*, it is often difficult to figure out if former IPS officer Ajai Raj Sharma chased bandits or they chased him.

For the most part of his 36-year long career, Mr Sharma, a former Delhi Police Commissioner and Border Security Force director general, served in his home cadre of Uttar Pradesh. Each posting was in a new district and against the backdrop of — what else — a chase for a new dacoit in an inhospitable, testing terrain. There are many success stories and all of them are recounted well in the book, which tries to establish the author as a brave but smart cop who sometimes went beyond the set norms to wean away certain members of a gang and then plot its downfall with their help. The strategy is repeated often, but the means to achieve the end were different each time: Convincing someone's mother on one occasion, staging the transfer of a subordinate on another. It certainly makes for an interesting read.

For this reviewer, who spent six recent years covering the crime beat in Delhi and Mumbai, Mr Sharma's recollections fill in on unexposed aspects of policing from a bygone era. A criminal fleeing on horseback, the author being forced to travel on a bullock cart during an operation, criminals using assault rifles within city limits — it leaves nothing to the imagination. There are also insights on crime detection methods that preceded the modern communication technologies that are now the default go-to option, and accounts of how organised crime and politics in the Hindi heartland were intertwined (and perhaps still are, but the book certainly shows how brazen that association was in the past).

Instances of planting an informer in a gang or a police officer highly regarded for his bravery screaming "A bullet to kill me is yet to be made" during a face-off with dacoits could be straight out of a Bollywood potboiler, but are purportedly real. The setting up of the Uttar Pradesh Special Task Force to take on the Uttar Pradesh gangster Shri Prakash Shukla is arguably the biggest highlight of Mr Sharma's CV, and he has justifiably reserved an entire chapter to recount the rise and fall of Shukla. However, besides the archived media reports available on this high-profile case, there have been many adaptations of the Shukla story from celluloid to OTT platforms.



BITING THE BULLET: Memoirs Of a Police Officer
Author: Ajai Raj Sharma
Publisher: Rupa
Price: ₹495
Pages: 186

The writer deserves praise for not turning this memoir into an auto-hagiography that captures his own deeds and relegates the role of others in his journey into footnotes. He has been fulsome in his praise for others — crediting former Uttar Pradesh Chief Minister Kamalapati Tripathi for standing up to the mighty Indira Gandhi and preventing Mr Sharma's suspension or in describing the valour of a UP Police inspector who sacrificed his life in a valiant effort to save schoolchildren from being abducted by bandits.

The chapter on Delhi consists of highlights such as the Parliament or the Red Fort terror attack cases, the assassination of Phoolan Devi or the match fixing scandal unearthed by the Delhi Police Crime Branch during his tenure. Although Mr Sharma's pats his own back for swiftly solving most of those cases, the fact that these major incidents occurred on his watch points to intelligence failures at the very least.

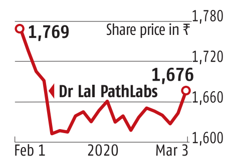
The Parliament attack of 2001 was perhaps the biggest blip in Mr Sharma's career, though he does not acknowledge it in this way. Over the years and even after Mohammad Afzal Guru's hanging there have been questions on the fairness of the investigation and trial. The author steers clear of initiating a new debate by addressing those issues. As far as the probe is concerned, which Mr Sharma says was swift, the book does little more than publish a sort of extended press note on the arrests of Guru, who was subsequently convicted and hanged, and others.

A more updated reader would be keen to know why the probe agency (that is, the Delhi police once headed by Mr Sharma) chose not to probe the role of Jammu and Kashmir police officer Davinder Singh. Guru had mentioned Mr Singh, who was arrested last month for alleged terrorist links, in a letter to his lawyer and the latter had brought up the name in a media interview after Guru's arrest. As an *India Today* report points out, Singh, then deputy superintendent of police of Special Operations Group, had allegedly asked him [Guru] to "take Mohammad", a co-accused in the Parliament attack case, "to Delhi, rent a flat for his stay and purchase a car for him". Did the investigators miss this? Does this change the perspective of the case? These are some of the questions a reader may want to ask the author since the answers cannot be found in the memoir.

A little more on police reforms or the administrative control of the Delhi Police could have been welcome additions as well — especially when read in the context of its rank failure to control riots in the north east of the city in February.

Business Standard
The Smart Investor
MUMBAI | WEDNESDAY, 4 MARCH 2020

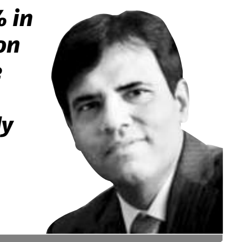
QUICK TAKE: DR LAL PATHLABS BUCKS THE TREND



Shares of Dr Lal Pathlabs have gained 3.5% in the past fortnight, even as the Sensex declined 6.5%, on hopes that the diagnostic centre operator will gain from the coronavirus outbreak. Analysts say investors should wait for clarity if the firm will indeed be allowed to conduct tests/collect samples

Indian gold imports drop 40% in February as demand shrinks on record high prices. It will take time for people to get used to higher prices. Then, eventually demand will come back

SANDIP SABHARWAL,
Investment Advisor



WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

Cheer returns to Street after 7 days

All but two Sensex stocks report gains; gold up 3%

SAMIE MODAK & BLOOMBERG
Mumbai, 3 March

The equity markets snapped their seven-day losing streak — worst in five years — after central banks pledged to repair the economic damage due to the coronavirus. Most Asian, including Indian, and European markets rallied on Tuesday after the US markets climbed 5 per cent on Monday as investors judged recent losses as excessive. However, the American stocks were in the red in the afternoon trade on Tuesday.

In India, the benchmark Sensex rose 480 points to end at 38,624, while the 50-share Nifty gained 170.6 points to settle at 11,303.

In the preceding seven trading sessions the Sensex and the Nifty had crashed nearly 8 per cent amid a global sell-off in risky assets.

Meanwhile, gold surged over 3 per cent on Tuesday after the US central bank cut interest rates to help cushion the economic damage caused by the coronavirus outbreak and on expectations of policy easing by other major central banks. Spot gold climbed 3.2 per cent to $1,640.77 an ounce by 11:55 a.m. EST (10.25 pm IST), set for its biggest one-day percentage rise since June 2016.

Earlier, investor reassessed the extent of damage to the economic growth after the central banks said they would take "concerted action". The Group of Seven (G-7) finance ministers and monetary officials held a meeting to a draft coordinated policies to maximize effectiveness. Bank of Japan also announced stimulus measures, while Australian and Malaysian central banks lowered rates.

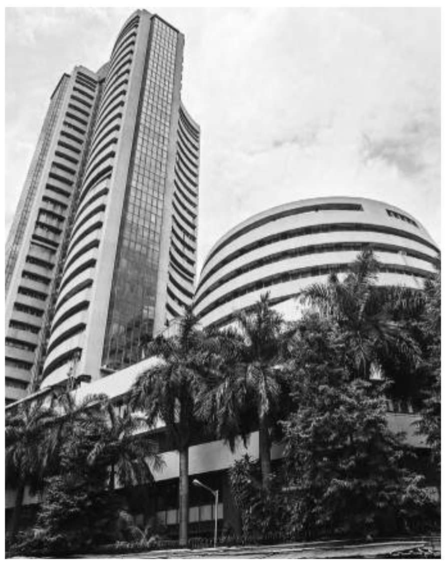
"Comments by the central bank officials over possible policy initiatives to curtail economic impact held markets positive across the globe," said Vinod Nair, head-research, Geojit Financial Services.

Japan's Topix fell 1.4 per cent as investors remained sceptical over the effectiveness of the stimulus measures.

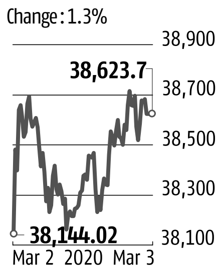
The number of coronavirus cases around the world surpassed 90,000. Many countries stepped up travel restrictions to contain the spread of the virus. The OECD warned of long-term effects on globalisation from the virus.

All the Sensex components ended with gains except for HDFC Bank and ITC. Overall market breadth was mixed with 1,188 stocks advancing and 1,217 declining on the BSE.

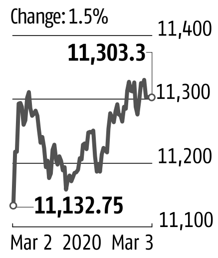
Reliance Industries (rose 2.2 per cent), ICICI Bank (2.2 per cent) and TCS (2 per cent) made the biggest positive contribution to the Sensex gains. All BSE sectoral indices ended with gains with the metal and power indices gaining the most at 5.7 per cent and 4 per cent respectively.



SENSEX
Change: 1.3%



NIFTY50
Change: 1.5%



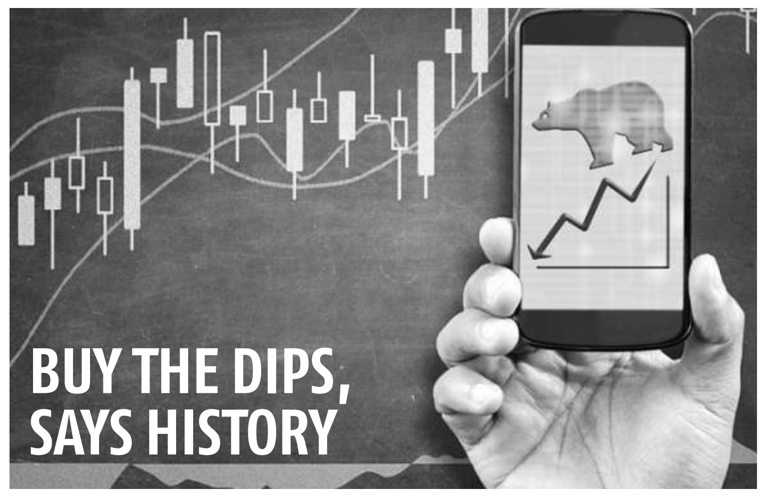
BSE SECTORAL INDEX

Date	Mar 2, 2020	Mar 3, 2020	% change
Metal	8,071.6	8,529.6	5.7
Power	1,704.0	1,772.1	4.0
Oil & gas	12,370.3	12,747.3	3.0
Infra	151.4	155.3	2.6
Energy	4,396.4	4,507.4	2.5
Auto	15,434.6	15,746.3	2.0
Realty	2,123.9	2,158.8	1.6

TOP GAINERS BSE Price in ₹

Gainers	Mar 2, 2020	Mar 3, 2020	% change
Sun Pharma	368.9	393.4	6.6
Tata Steel	364.2	387.6	6.4
NTPC	104.0	109.1	4.9
ONGC	89.1	93.3	4.7
Power Grid	184.1	192.7	4.7
UltraTech Cement	4,125.9	4,301.1	4.2
Hero MotoCorp	1,974.0	2,054.8	4.1

Compiled by *BS* Research Bureau Source: Bloomberg



TIME TO GO ON A BUYING SPREE?

The mkt bottomed out in less than two months during 6 of previous 9 corrections

Date*	Decline** (%)	Trigger	Bottomed out in (months)
Jul 11	-21.1	European debt crisis	5
May 13	-17.8	Taper tantrum	4
Aug 15	-12.9	Yyuan devaluation	1
Jan 16	-14.4	Crude fall	1
Sep 16	-12.0	Demonetisation and US election	4
Feb 18	-11.0	Rising bond yields and Indian Budget	2
Sep 18	-15.0	US-China trade war	1
Jun 19	-12.0	Fears of global GDP slowing	2
Jan 20	-10.4	Coronavirus	?

Source: ICICI Direct; Note: *Start of correction; **Peak to trough decline in the Nifty index

The latest selloff in the market on account of the coronavirus outbreak could be a good buying opportunity if history is an indication. On six of nine occasions when the market has corrected more than 10 per cent, it has recouped all its losses within two months, shows an analysis by ICICI Direct, the retail broking arm of ICICI Securities.

Since 2011, the market has seen a 10 per cent-plus fall because of headwinds, such as the European debt crisis, end of the US bond-buying programme, and a surprise currency devaluation by China. Some of the recent triggers for the correction have been the US-China trade war and fears of a global recession. Currently, the benchmark Nifty is off 8.5 per cent from its peak of 12,352, which was touched on January 17. The ongoing correction may not be over yet and market players say this could be a good time for investors to start buying for the long-term.

"Historically, global events because of which the markets had a meltdown have proved to become lucrative investment opportunities. Therefore, while investing in such times, it is better to make staggered investments for benefiting out of market volatility or investing in products like balanced advantage," says S Naren, executive director and chief investment officer, ICICI Prudential AMC.

SAMIE MODAK

Fed rate cut was expected, already priced in: Analysts

PUNEET WADHWA
New Delhi, 3 March

The 50-basis point (bps) rate cut by the US Federal Reserve (US Fed) on Tuesday was in line with analyst expectations. The American central bank cut the interest rate in an emergency move designed to shield the world's largest economy from the impact of the coronavirus (COVID-19) outbreak.

Expectations of such a move were gaining momentum amid the sudden escalation in coronavirus cases across the globe that threatened to derail global growth.

"A rate cut was inevitable. Earlier, trade wars were causing deflationary pressures in major economies across the globe, but the coronavirus outbreak is much more deflationary. Trade wars were confined to a few economies/countries and a limited set of products. The health scare, on the other hand, will have a deeper and widespread impact and will dent global growth badly. Another cut of 50 bps by the US Fed in the weeks ahead is possible in order to lend confidence to the markets and help prop up economic growth," said G Chokkalingam, founder and managing director of Equinomics Research.

The spread of coronavirus across major countries over the past few weeks has already seen a host of brokerages trim economic growth targets — for China and at the global level — with a recovery seen only in the second quarter of CY20. For instance, Nomura's chief China economist Ting Lu expects China's GDP growth to slide to 3 per cent YoY in the January-March quarter (Q1-2020), from 6 per cent in the December 2019 quarter (Q4-2019) and has lowered his 2020 GDP growth forecast to 5.5 per cent YoY (from 5.7 per cent earlier), down from 6.1 per cent in 2019.

"Between fiscal and monetary policy, we see more room on the fiscal side. Although some central banks in Asia (ex-Japan) have been hesitant to ease given financial stability and external funding concerns, we think more rate cuts are likely should downside risk materialise.

In the bear case, we see AxJ (ex-Japan) central banks easing a cumulative 12.5bps-75bps in 2020," wrote analysts at Morgan Stanley in a recent report.

Regarding the markets, Vaibhav Sanghavi, co-chief executive officer, Avendus Capital Public Markets Alternate Strategies, said the 50 bps rate cut by the US Fed has already been priced-in. "The move indicates that the central bankers acknowledge slowing growth and are taking pro-active steps to combat it. Though the initial market reaction to this development will be positive, the subsequent news-flow as regards the containment of the health scare will be the driving force behind markets," he said.

Nifty earnings may suffer 5% in FY21: Nomura

PUNEET WADHWA
New Delhi, 3 March

The impact of the coronavirus (COVID-19) outbreak on Nifty50 earnings is likely to be less than 5 per cent for FY21, according to a recent report by Nomura. The brokerage remains optimistic on the Indian markets and suggests the recent correction be used to accumulate stocks.

"In our assessment, the impact on Nifty earnings on account of the COVID-19 disruption is likely to be less than 5 per cent for FY21F, over and above our expectation of a 5 per cent cut in consensus earnings because of slower economic recovery. We expect a gradual recovery in the Indian economy over the next 12 months. A much severe impact outside China and a second wave of the outbreak are the downside risks," wrote Saion Mukherjee, managing director and head of India equity research at Nomura, in a recent co-authored report with Neelotpal Sahu.

Most global markets, including India, have gained ground over the past couple of sessions after a choppy week. India's frontline indices — the S&P BSE Sensex and the Nifty50 — saw their worst week in a decade and slipped around 7 per cent each. Commodity prices, too, were hit. While gold surged to a seven-year high of over $1,600 per ounce, crude oil slipped from $68 a barrel to around $50 a barrel. Oil prices (India basket), reports say, have corrected by around $14/barrel YTD, leading to savings of $20 billion.

CORONAVIRUS **OUTBREAK**

"A fall in commodity prices is a key negative for metals, upstream oil companies, gas distributors with long-term contracts, and refiners (lower refining margin). Port and logistic companies are likely to be impacted by a fall in trade traffic. Supply chain disruptions are likely to affect pharma, autos and capital goods," the Nomura report said.

On the other hand, the fall in crude oil prices is positive for the consumer, paints and cement sectors as this will lower their input/production costs. Sectors such as, tiles, textiles, chemicals, and APIs, also stand a chance to gain market share from their Chinese competitors.

THE COMPASS

Farm activities improve, but recovery not in sight yet

Recovery in other major economic indicators is vital

SHREEPAD S AUTE

At a time when rising concerns over the coronavirus impact have impacted the Indian equity markets, a few recent data points indicate a revival in rural sentiment. While the gross domestic product or GDP print for the December 2019 quarter showed good improvement in agricultural activities, mainly aided by inflation, domestic tractor sales of major players were up 16-21 per cent year-on-year in February.

Though these data points offer some comfort, given the importance of rural-led consumption for India's economy and its equity market, it will be early to conclude that weak rural consumption has peaked out.

Deepak Jasani, head of retail research at HDFC Securities, says most other high-frequency economic indicators are still not showing positive signals. "While rural recovery is a key determinant for the equity market, we need to wait until a majority of other key indicators, such as non-food credit growth of banks, and rural real wage growth, show structural recovery."

Even India's manufacturing Purchasing Managers' Index or PMI for February declined to 54.5 per cent, from 55.3 per cent in January. Though a PMI over 50 indicates an expansion in activity, the rapid spread of coronavirus is casting doubts over its near-term sustainability. For instance, the automobile sector may see a big impact on its supply chain, even as demand remains weak.

Besides, some also believe that agricultural gross value added (GVA) may not be an accurate reflector of farmer incomes, which are key for improving rural demand. "While agricultural production would remain strong in the near future, it does not necessarily indicate good improvement in farmers' income levels," says Madan Sabnavis, chief economist at CARE Ratings.

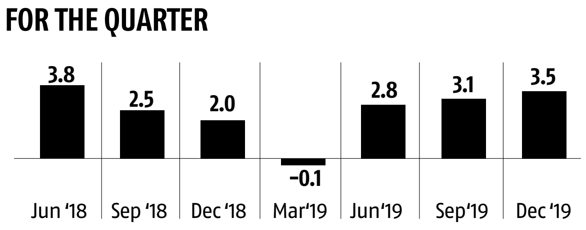
While an expected good rabi harvest would help farmers, a meaningful increase in their income level demands strong and sustained pricing improvement in agricultural prices, which looks difficult in the current environment.

Even if agricultural income remains stable, as Sabnavis believes, it needs to get converted into demand to spur overall rural consumption, which looks difficult at least for some more quarters.

A few experts appear hopeful. Dhananjay Sinha, director and head of institutional research at Systematix group, says: "The recent few economic indicators show that one part of rural India, i.e. farm, is doing well. Besides good agricultural production, allocations under the government's welfare schemes should improve rural consumption hereon." However, the jury is out on this.

Thus, investors should wait for more data points that confirm a recovery in rural growth, which would then augur well for consumption stocks, such as fast-moving consumer goods, automobiles and agri-cultural/rural lenders. For now, investors are recommended to stick to quality stocks.

FOR THE QUARTER



Figures represent year-on-year growth (%) in agriculture, forestry & fishing GVA, GVA: Gross value added
Source: MoSPI; compiled by *BS* Research Bureau

Muted outlook may lead to correction in TVS Motor's stock

Valuation premium to peers may not sustain

RAM PRASAD SAHU

TVS Motor reported a 27 per cent fall in domestic volumes for February, the sharpest among domestic two-wheeler peers.

While motorcycle sales, which account, for about a half of overall volumes fell 3.3 per cent, sales of scooters, its second largest segment, fell 30 per cent to 60,000 units.

The ongoing slowdown in the scooter segment, the transition to BS-VI, and supply disruptions because of the coronavirus outbreak have led to a sharp drop in volumes. Hero MotoCorp, too, reported a 68 per cent decline in scooter volumes to just under 19,000 units, while its overall volumes fell 19 per cent in the month

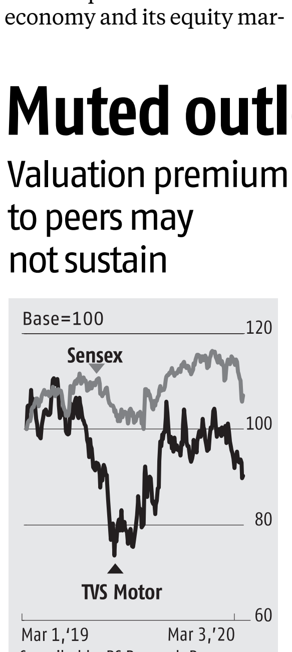
Even as it peers are still holding some stocks of BS-IV vehicles, analysts say TVS Motor has completely transitioned to BS-VI-compliant units and the new vehicles are 10-15 per cent costlier than the outgoing variants. Traction in the scooter portfolio, be it Jupiter (more than half of scooter volumes) or Ntorq, have been impacted because of the higher prices and the declining scooter sales, say analysts.

While domestic sales have been lower, exports have remained robust, registering growth of over 24 per cent for the month. Exports account for a third of volumes for TVS Motor. Given the fall in crude oil prices and a bigger share of volumes in oil-rich economies, such as Nigeria, sales could be impacted.

Abhishek Jain of Dolat Capital believes there could be volume and margin headwinds for the company, given intense competition, the risk of cyclical downturn in exports, and a steep increase in prices because of the shift to BS-VI. Most analysts expect volumes to remain sluggish in the first half of CY20.

At the current price, TVS Motor is trading at 24 times its FY21 earnings estimates on expectations of margin expansion and robust earnings growth.

However, analysts say, given the slowdown, the sharp 60 per cent-plus valuation premium to Hero MotoCorp and Bajaj Auto could be difficult to hold on to and the stock should see some correction.



Compiled by BS Research Bureau

Value of downgraded bond papers hits a 15-month low

JASH KRIPLANI
Mumbai, 3 March

The flurry of downgrades seen in recent months paused in January, with the value of downgraded bond papers slipping to their lowest levels in 15 months. However, debt fund managers and rating analysts say the credit markets are not yet out of woods with non-banking financial companies (NBFCs) and other sectors still showing signs of stress.

"Stress remains in some lower-rated NBFCs and housing finance companies, which could be vulnerable to further rating downgrades," said Arvind Subramanian, fund manager at IDFC Mutual Fund.

"The last one to one-and-a-half years have been bad in terms of downgrades. But, it is still difficult to say that the stress in the system is behind us. There is still apprehension with non-performing assets of some of the NBFCs seeing a rise," said a fund manager, requesting anonymity.

In January, the number of bond issuances downgraded by rating agencies stood at 35, valued at ₹17,129 crore, showed the data from the Securities and Exchange Board of India. This is 80 per cent lower than the value of issuances of the downgrades in previous months.

Rating officials say the drop in downgrades can be attributed to the incremental stress coming down in the system. "Financial entities with larger borrowings have already seen sharp rating actions. So, incremental risks of downgrade have come down in the system. However, the full recovery could take some more time. Further, supply chain disruptions from external factors such as coronavirus can also impact the credit quality of corporates," said a senior official at a rating agency, requesting anonymity.

The downgrade tally so far has been one of the worse in recent financial years due to the risk-aversion set off by the IL&FS crisis. For the current financial year 2019-2020, the quantum of downgrades stands at ₹14 trillion, which is 60 per cent higher than the previous financial year.

In February, rating agencies had downgraded corporate bonds of Vodafone Idea, which is under pressure over the adjusted gross revenue dues. At the end of March 31, 2019, the telecom player had outstanding borrowings of ₹10,352 crore through non-convertible debentures (NCDs), showed the company's annual report. Rating agencies have also downgraded YES Bank from triple B to triple B-minus.

However, fund managers are of the view that the upside is that a large part of stress is factored in the pricing of the bonds.

EARLY SIGNS

Quantum of downgrades eased in January

Month	Downgraded: No. of issues	Amount (₹ trillion)
August '19	169	1.64
September '19	178	2.16
October '19	159	1.07
November '19	71	0.53
December '19	119	0.87
January '20	35	0.17

Source: Sebi

Sebi nod for IPOs of 3 firms

Home First Finance, Indian Railway Finance Corporation, and Equitas Small Finance Bank are among the latest crop of companies to secure market regulator Sebi's green light to launch their initial public offerings (IPOs).

All the three IPOs, belonging to the financial sector, will comprise of part primary and part secondary component.

The Home First Finance IPO consists of fresh issue of up to ₹400 crore and an offer for sale (OFS) of up to ₹1,100 crore by selling shareholders, the company said.

The IRFC IPO comprises fresh issue of 938 million equity shares and an offer for sale of 469 million equity shares by the government. The Equitas Small Finance Bank offer consists of a fresh equity worth ₹550 crore and an offer for sale of 80 million equity shares, according to the draft red herring prospectus.

Market players said the companies could wait for the secondary market volatility to subside to launch their share sales.

BS REPORTER

Good Feb volumes not enough to fire up Coal India

Pressure on e-auction premiums, subdued outlook on prices, and stake sale overhang remain key concerns

UJJVAL JAUHARI
New Delhi, 3 March

Even as the markets remained choppy on Monday, a decent growth in February coal volumes lifted Street sentiment towards Coal India's stock, pushing it up by over a per cent. On Tuesday, too, the stock gained over 5 per cent, partly aided by the rebound in leading indices.

These gains are not surprising, given that the stock had fallen to its all-time intra-day low of ₹165 a fortnight back. This was because of weak coal prices since mid-January this year.

Given the subdued outlook on prices and stake sale overhang, the near-term upsides may be limited. This is despite 23 of the 27 analysts polled by *Bloomberg* having a "buy" rating on the stock with an average target price of ₹254.

Volumes improving

The company had consistently reported a decline in volumes during the first half of FY20. This was also a key reason why its stock price had been under pressure during the June-November 2019 period. Though some improvement has been reported from December, the quarter ended December (Q3) still witnessed sales volumes decline 8 per cent year-on-year (YoY). So, the latest numbers are some respite.

In fact, February saw better recovery with production volumes increasing 14.2 per cent YoY to 66.3 million tonnes (MT) and sales volumes growing 6.8 per cent YoY.

A big positive is that the company's larger subsidiaries, which had faced some problems earlier, are now driving sales and production. South Eastern Coal Fields (SECL) and Mahanadi Coalfields (MCL) saw 11.9 per cent to 19.2 per cent YoY growth in production. MCL also reported an 11 per cent growth in sales.

Notably, Bharat Coking Coal (BCCL), which produces the highest grade of coal, also recorded an uptick of 8 per cent YoY in sales, staging a turnaround after 18 months.

If BCCL sustains the trend, it can support Coal India's blended realisations. Overall, the production run-rate in February, at 66.3 MT, showed a marked improvement compared to 43 MT achieved in 9MFY20.

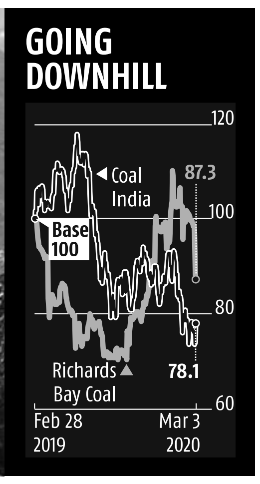
While the improved performance is positive, the Street will remain watchful on sustenance of the trend. Coal India is also looking to aggressively ramp up production and dispatches to post decent full-year numbers.

LUMPY EARNINGS GROWTH

In ₹ crore	FY19	FY20E	FY21E
Revenues	**92,896**	**90,738**	**95,457**
% change YoY	14.0	-2.0	5.0
Ebitda	**18,054**	**16,750**	**19,692**
% change YoY	115.0	-7.0	18.0
Net profit*	**17,463**	**17,474**	**18,629**
% change YoY	149.0	0.0	7.0

E: estimates; *Adjusted for one-offs;
Ebitda: Earnings before interest, tax, depreciation and amortisation.
Source: Kotak Institutional Equities

GOING DOWNHILL



However, analysts say that a recovery in demand from the power sector will be key to overall improvement.

Notably, coal inventory across plants in India increased to 21 days amid weak power demand.

An improvement in demand holds key to the company's prospects as the power sector accounts for a large chunk of Coal India's sales.

Concerns over pricing

Moreover, the market would also be looking at how coronavirus impacts international coal prices. Global prices are already under pressure. The same also remains crucial for Coal India's more-profitable e-auction prices, which are market determined. During the financial year, e-auction premiums, too, have remained weak along with production numbers.

E-auction premiums had declined to 51 per cent in January 2020 from 67 per cent in December 2019. The decline in prices since January is one reason why the Coal India stock has been under pressure even as volumes improved.

On the whole, besides the caution on fundamentals, the overhang of stake sale by the government, too, is weighing on Street sentiment. It is not surprising that despite analysts giving buy ratings and valuations remaining cheap, the stock had fallen to its all-time low a few days back.

After the Q3 performance, analysts at ICICI Direct, while valuing the stock at 5x FY21E adjusted EV/Ebitda, had arrived at a target price of ₹200. Those at Kotak Institutional Equities have recently given a target price of ₹280.

These ratings are largely considering the cheap stock valuations and the high dividend yield of 12 per cent.

SBI CARDS IPO

NBFC plans go awry

SAMIE MODAK
Mumbai, 3 March

Non-banking financial companies (NBFCs) that help high net worth individuals (HNIs) place leveraged bets for initial public offerings (IPOs) are seeing their plans go awry because of the risk-aversion caused by the coronavirus outbreak.

Anticipating huge demand from wealthy investors, financial firms had borrowed heavily. However, they now fear their funds could remain underutilised.

NBFCs typically mobilise funds to fund IPO bets by issuing commercial papers (CPs). They lend to HNIs at a spread between 3 per cent and 5 per cent. The fund mobilisation is done by gauging the demand scenario, which was strong for SBI Cards until last week as grey market premiums were as high as 50 per cent of the IPO price of ₹750-755 per share.

However, the premium more than halved following the selloff in the market, which saw the frontline indices drop 8 per cent in seven days. Market players said NBFCs and HNIs are recalibrating their plans based on the changing dynamics.

"The subscription levels in the HNI category will not be according to initial estimates. NBFCs that have committed to borrowing are caught on the wrong foot. Those who can lower their borrowing plan are doing so," said an official with an NBFC. The HNI borrowing is based on the estimated demand for the IPO and expected listing price. If the expected listing price is high, HNIs borrow more to get the desired allotment. If the estimated listing gain is low, they refrain from placing higher bets.

For instance, the HNI category of IRCTC was subscribed 350 times. NBFCs made huge gains as they provided funding worth ₹35,000 crore. HNIs also made a killing as the stock more than doubled on debut.

"Some NBFCs were expecting IRCTC-kind of demand for SBI Cards. However, the oversubscription will be much lower, hurting demand for IPO financing," said an investment banker.

SBI Cards IPO was subscribed 87 per cent on Tuesday with the bulk of demand coming from small investors. The qualified institutional buyer (QIB) segment was subscribed 21 per cent and the HNI segment was subscribed 47 per cent. The QIB book closes on Wednesday while other categories will remain open till Thursday. Market players say HNIs will take cues from QIBs. If the QIB subscription is modest, they might call of some of their leverage bets, said the banker quoted earlier.

DEMAND SITUATION
HNI demand might undershoot their estimates, fear NBFCs

	Shares reserved		
	In mn	In value (₹cr)	Subscription (%)
Institutional investors*	24.2	1,829	**21**
HNIs	18.3	1,385	**47**
Retail	42.8	3,231	**121**
Employees	1.9	141	**184**
Shareholders	13.1	985	**141**
TOTAL	**100.3**	**7,571**	**87**

Source: Exchanges
Note: As on 5pm on March 3; *Excludes anchor book

One for the high net worth individuals

Listing gains may be limited if the issue is subscribed multiple times. Those taking leveraged bets need to do their maths properly

SANJAY KUMAR SINGH

YOUR MONEY

When an initial public offering (IPO) like that of SBI Cards, which is expected to evoke a good response, takes place, expectations of listing day gains run high. High net worth individuals (HNIs) often borrow money from non-banking financial companies (NBFCs) to apply for such IPOs. Such leveraged bets, however, carry high risks that HNIs need to be cognizant of.

If a person's application is for more than ₹2 lakh, he falls in the HNI category. Allotments in this category happen as follows: If the HNI portion gets oversubscribed x times, then each HNI is allotted 1/x of what he has applied for. HNIs often borrow to enhance the number of shares they are allotted. "Suppose an HNI wants to buy shares worth ₹1 crore. If the oversubscription is 10 times and he applies using only his own money, he could end up with an allotment of ₹10 lakh worth of shares only," says Shankar Vailaya, chief executive officer, Sharekhan BNP Paribas Financial Services.

HNIs must take into account the probability of listing gain before applying. "Listing gain should be adequate so that the applicant is able to make a profit even after deducting interest cost," adds Vailaya.

Two key risks exist in taking such a loan. Instead of a listing day gain, there can be a loss. Even in case of a high-quality company, sometimes market sentiment can change between the time of applying and the time of listing. Even extraneous factors (say, like the Coronavirus epidemic) can affect sentiment.

The other risk is the amount of allotment the HNI gets. "If the level of oversubscription is higher than expected, the HNI will end up with a smaller allotment. But he will have to pay interest on the entire borrowed amount, which could result in losses," says Deepesh Raghaw, founder, PersonalFinancePlan.in, a Sebi-registered investment advisor. He adds that as the level of allotment reduces, the listing gain has to be higher for the investor to make a profit. Guessing in advance how much the level of oversubscription will be is not easy as HNI applicants mostly apply on the last day.

The interest rate on these loans also has a bearing on the investor's profitability. NBFCs raise money from mutual funds. In case of more popular IPOs, the latter agree to lend only at a higher rate.

NBFCs add a spread of 2-3 percentage points to the borrowing rate before lending. (Note that if the NBFC charges 12 per cent, the investor will pay a rate that is lower by 3-4 per cent. The interest earned while the money is blocked in ASBA offsets a part of the investor's cost.)

The most favourable scenario for leveraged HNIs is if the listing gain is good but the level of oversubscription is not very high. Though this can happen, these are intrinsically conflicting outcomes. If an IPO is popular, the likelihood of listing gain is high, but such an IPO is also likely to be oversubscribed. The probability of getting the optimal mix of listing gain and allotment is not easy.

Any investment where leverage is high—it can go as high as 99 times the amount put up by the investor—carries high risk. "Investing in an IPO via IPO funding is a high-risk high-reward investment. It could result in massive losses if things go wrong," says Adhil Shetty, CEO, BankBazaar.com.

Finally, beware of over-leveraging. "Restrict yourself to your risk-taking ability. If you have one crore of your own, then don't try to get allotment for more than that amount," says Vailaya. Shetty suggests that IPO funding should be considered only after carefully analysing the IPO, issue price, market and industry trends, and cost of borrowing.

LEVERAGE MAGNIFIES BOTH GAINS AND LOSSES OF HNIs

Amount invested (2%) (₹)	500,000
Amount borrowed (₹)	24 ,500,000
Total amount invested in IPO (₹)	25,000,000
No. of times issue oversubscribed (x)	10
Interest rate on financing (%)	11.0
Amount worth of shares investor gets (₹)	2,500,000
Interest on total amount @11% for 7 days	51,685
Listing gain	
Gain on investment if shares run up 15% on listing day (₹)	375,000
Gain after paying STCG at 15% (₹)	318,750
Gain after payment of interest (₹)	267,065
Profit to investor (%)	53.41
Listing loss	
Listing day loss of 10% (₹)	-250,000
Loss after payment of interest (₹)	-301,685
Loss to investor (%)	-60.34

COMMODITIES

PRICE CARD

As on Mar 03	International		Domestic	
	Price	%Chg#	Price	%Chg#
METALS ($/tonne)				
Aluminium	1,684.5	-6.5	1,937.2	2.9
Copper	5,640.0	-3.0	6,139.2	-1.1
Zinc	2,009.0	-9.6	2,182.8	-15.4
Gold ($/ounce)	1,600.3*	8.3	1,793.9	8.5
Silver ($/ounce)	16.8*	-2.0	19.1	-1.3
ENERGY				
Crude Oil ($/bbl)	53.1*	-12.9	50.9	-17.7
Natural Gas ($/mmBtu)	1.8*	-26.2	1.8	-27.4
AGRI COMMODITIES ($/tonne)				
Wheat	189.7	2.2	293.9	-1.8
Maize	183.8*	-0.1	240.2	-12.6
Sugar	391.1*	13.5	472.3	-2.2
Palm oil	600.0	-9.1	990.5	-4.9
Rubber	1,564.0*	0.5	1,828.1	0.3
Cotton	1,399.5	0.6	1,497.5	-4.2

* As on Mar 03, 20 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 73.3 & 1 Ounce = 31.1032316 grams.
Notes:
1) International metals, Indian basket crude, Malaysia Palm oil, Wheat LIFFE and Coffee Karnataka robusta pertains to previous days price.
2) International metal are LME Spot prices and domestic metal are Mumbai local spot prices except for Steel.
3) International Crude oil is Brent crude and Domestic Crude oil is Indian basket.
4) International Natural gas is Nymex near month future & domestic natural gas is MCX near month futures.
5) International Wheat, White sugar & Coffee Robusta are LIFF E future prices of near month contract.
6) International Maize is MATIF near month future, Rubber is Tokyo-TOCOM near month future and Palm oil is Malaysia FOB spot price.
7) Domestic Wheat & Maize are NCDEX future prices of near month contract, Palm oil & Rubber are NCDEX spot prices.
8) Domestic Coffee is Karnataka robusta and Sugar is M30 Mumbai local spot price.
9) International cotton is Cotton no.2-NYBOT near month future & domestic cotton is MCX Future prices near month futures.
Source: Bloomberg Compiled by BS Research Bureau

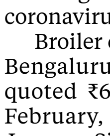
Farmers suffer losses as consumers chicken out

Market price less than the cost of production

DILIP KUMAR JHA
Mumbai, 3 March

Poultry prices have declined by a third in the past month because of receding consumer demand amid the coronavirus outbreak.

Broiler chicken in the benchmark Bengaluru wholesale market was quoted ₹61.76 a kg on average in February, as against ₹91.58 a kg in January. Similarly, broiler chicken in the Hyderabad and Muzaffarpur (Bihar) wholesale markets was sold at ₹61.28 a kg and ₹78.66 a kg, respectively, in February, as compared to ₹86.28 a kg and ₹90.13 a kg in January. Egg prices have also plunged.



CORONAVIRUS OUTBREAK

Though the government and farmers have rejected the possibility of coronavirus spreading through consumption of chicken and eggs, demand for poultry has plunged.

"Poultry consumption has declined sharply since the outbreak of coronavirus. Mammals, not birds, are the main source of coronavirus," said K G Anand, general manager, Venkateshwara Hatcheries, which sells poultry products under Venky's brand.

Poultry farmers are suffering heavy losses following the sharp drop in prices. According to Anand, a broiler chicken is currently being quoted ex-farm at ₹40 a kg, as against its cost of production of ₹80-85 a kg.

"The entire poultry sector is led by small and unorganised players. They cannot survive at such massive losses. As a consequence, they are cutting their production capacity. In fact, many small farmers have shut down their operations and shifted to other means of livelihood," said Ramesh Chander Khatri, president, Poultry Federation of India.

Poultry farmers have been suffering for over two years because of a sharp spike in prices of raw material. Though feed prices have moderated of late, the decline in chicken consumption because of the coronavirus fear has hit farmers hard.

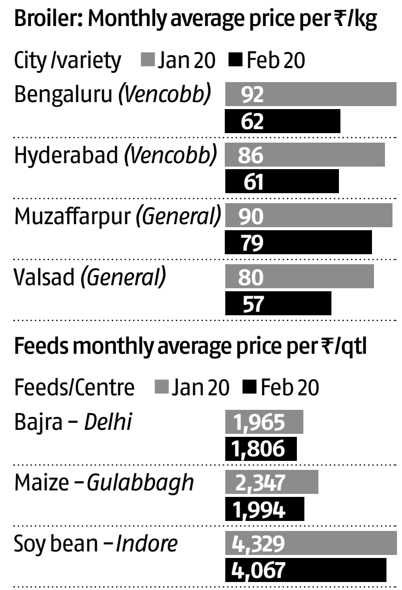
Feed prices have declined 6-15 per cent in the last one month. The average soybean price has fallen 6 per cent to ₹4,067 a quintal in February, as against ₹4,329 a quintal in January.

Similarly, maize and bajra have become cheaper by 15 per cent and 8 per cent, respectively. Maize and bajra traded at ₹1,994 a quintal and 1,806 a quintal, respectively, in February as against ₹2347 a quintal and ₹1965 a quintal in January.

"We expect demand to return to normal in two months. But by then the summer season will set in and it remains a lean period for the poultry sector. However, reduced availability may have some positive impact on prices," said Anand.

The data compiled by the Poultry Federation of India shows that the ₹1-trillion poultry sector employs 20 million people, directly and indirectly.

MORE THAN A FLUTTER
Broiler: Monthly average price per ₹/kg



Source: www.poultrybazaar.net, NCDEX
Compiled by BS Research Bureau

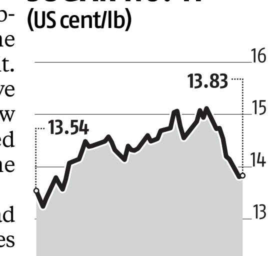
Sugar mills may achieve over 80% of export quota

DILIP KUMAR JHA
Mumbai, 3 March

India is likely to achieve over 80 per cent of its export quota allocated for the sugar season October 2019–September 2020, following a sharp rise in global sugar prices after the forecast of a supply deficit. Sugar prices, however, have moderated in the past few days amid reduced demand in view of the coronavirus outbreak.

The government had allocated 6 million tonnes (MT) of sugar quota among 530 mills spread across in the country, depending on their crushing capacity and records, under the maximum admissible export quota (MAEQ). Of this, sugar mills have already cumulatively contracted for around 3.5 MT and transported around 2.3 MT out of their factories for exports.

SUGAR NO. 11
(US cent/lb)



Source: Bloomberg
Compiled by *BS* Research Bureau

To step up exports from India and eventually reduce the domestic surplus, the government has re-allocated 600,000 tonnes of quota to those mills which are equipped for exports. This quota was taken away from those unable to export.

"We will be able to achieve over 5 MT of sugar exports this year. It will be an extremely good performance. Given that the government is pro-active, the performance of sugar mills in terms of exports will be better this year," said Abinash Verma, director-general, Indian Sugar Mills Association (ISMA).

Of the 5 MT of allocated MAEQ last year, sugar mills were able to achieve exports of 3.8 MT. Meanwhile, international sugar prices have moderated in the last few days on reduced demand amid lockdowns following the coronavirus outbreak.

Sebi eases penalty norms in minor commodity futures

In a relief to the commodities futures markets, the Securities and Exchange Board of India (Sebi) has relaxed norms for matched book for commodity derivatives contracts. This means that in case of the market moves in one direction and if those on the other side fail to square off their open position, the exchange can use the tool for settlement giving an exit route to affected parties.

Penalty in such cases have been cut sharply, while the price at which such trades should be settled has been amended. The regulator took the decision in view of past defaults in smaller commodities where prices were pulled on one side. If the buyer of a commodity wants to square off by selling his/her position but the market is all-sellers with lower circuits, he/she cannot exit. The exchange has a tool to give him/her an exit by making him pay some penalty calculated on settlement price.

DILIP KUMAR JHA

Fortune stirs in a brand refresh

With a new campaign and Akshay Kumar as endorser Adani Wilmar pitches an extended staples portfolio, seeks familiarity for the brand beyond edible oils

The actor introduces the entire range of products under the brand, urging young professionals to step into the kitchen without fear of failure

VINAY UMARJI
AHMEDABAD, 3 MARCH

How does a 20-year old brand that has been associated with one product for the most part of its existence, convince consumers that it is much more than that? By Adani Wilmar's playbook, a new logo, a fresh look and signing up one of Bollywood's highest paid actors as brand ambassador ought to do the trick for its edible oils brand Fortune.

Since its launch way back in 2000, Fortune has built itself a neat niche in the edible oils segment, accumulating goodwill and recall in a market that is dominated by large multinationals at one end and unorganised and unbranded sellers on the other. "An internal survey report showed that 90 per cent of our consumers still associated Fortune brand with edible oil, not other food staples. The new campaign is an attempt to push Fortune as a complete foods brand," says Angshu Mallick, deputy chief executive officer, Adani Wilmar.

Akshay Kumar has been roped in as the face of the brand and the television commercial (TVC) has him advising first-timers in the kitchen, mostly millennial working professionals, on how to keep cooking. With the tagline '*Ruko Mat*' (don't stop), Kumar pushes his protégés to sample Fortune's wheat flour (*atta*), pulse flour (*besan*) and basmati rice and not let their failures in the kitchen blow out their attempts to dish up a meal at home.

Conceptualised by Ogilvy India, the campaign hopes to leverage Kumar's popularity with the young to create familiarity for the brand and its staples portfolio. It is a smart narrative to use believes Piyush Kumar Sinha, director at CRI Advisory, a consulting firm that specialises in retail. Given that most household have young professionals who call for food to be delivered home, the storyline will resonate with the target audience, he says.

A different colour palette, new fonts and a lotus bloom in place of the alphabet 'O' marks the changed logo

The company has also designed a new logo; the London-based brand design agency Blue Marlin was assigned the task and they decided upon a look that denotes change and yet retains the old association with the brand. The alphabet 'O' in the name Fortune is now made to look like a lotus bloom and the colour and font has changed.

"The bloom denotes energy and will be the driving force for all our marketing efforts for Fortune products," says Mallick.

With a fresh look and renewed energy into the brand, the company is hoping it can bring its learnings from edible oil marketing into staples; oils, once a fragmented unbranded marketplace has changed its flavour over the years and is now one where 60 per cent is cornered by branded players. In contrast, only 10 per cent of the total wheat flour market is branded,
followed by 2-3 per cent of sugar being branded and only two per cent of total pulses market being branded with hardly any national player in the fray.

For Adani Wilmar, breaking into these markets will mean dipping into the vast distribution network that the company has built for its oil brand. Mallick believes that they are the best placed for such a foray, given that the home grown brand has an understanding of the market and a wide-enough presence in the hinterland.

Sinha agrees that Adani Wilmar is well placed to exploit the gains from its edible oils distribution and brand recall for Fortune, for the entire staples portfolio. A national campaign with a famous face will help push the brand into the popular consciousness. However, the market for food staples is complex and built on a web of trusted relationships. Consumers choose on the basis of several factors and hence there is no single formula for operating in these businesses, in some cases there is a mix of national and global brands and in others it is a pure unbranded play. With Fortune, Adani Wilmar will have to navigate its way carefully and localise its marketing and promotion according to the product being sold and the region being targeted. Becoming a pure national brand in staples is tricky, according to Sinha. But he says, "Fortune could go on to achieve the goal of becoming a pan Indian brand for staples if it gets three things right; pricing, availability and trust."

FROM PAGE 1

US Fed cuts rate...

"Spillovers to financial markets in India have largely been contained."

Growing hopes of coordinated policy action to mitigate adverse effects on economic activity boosted market sentiment today (Tuesday), it added.

The outbreak of coronavirus and its subsequent spread to geographies across the world have adversely affected the financial markets.

In the past few days, central banks around the world have indicated the possibility of global coordinated action.

This prompted a recovery in the domestic as well global financial markets. The rebound on Monday in the domestic stock markets, which had shed 7 per cent in the past six sessions, stopped after the health ministry reported two new coronavirus cases the same day. Besides, an Italian tourist also tested positive for coronavirus in Jaipur, according to the Rajasthan government.

The BSE Sensex on Tuesday closed 480 points higher, 1.26 per cent, than its previous close following global market cues. Similarly, the Nifty50 index also closed 170.55 points, or 1.53 per cent, higher.

While the broader market showed some recovery, the rupee continued to weaken against the dollar. The rupee breached the psychological threshold of 73 to a dollar and closed at 73.29 on Tuesday, a 0.77 per cent fall from Monday's close.

Referring to possible actions that the banking regulator can take, a State Bank of India executive said liquidity in the system was adequate. However, there could be room for sector-specific measures like ensuring funding as part of an overall support package by government and agencies.

And, the units and companies affected by disruption may be given some dispensation (read relaxation) like forbearance in the treatment of loans.

Kristalina Georgieva, managing director of the International Monetary Fund (IMF), while addressing the Group of 20 meeting of finance ministers and central bank governors in Riyadh last month, had said all were hoping for a V-shaped, rapid recovery, but given the uncertainties, it would be prudent to prepare for more adverse scenarios.

The markets were eagerly awaiting the G7 central bankers' call. There were expectations of a rate cut. "The expectation is that the rate cuts will be large. Anything less than 50 basis points will be taken negatively by the markets," said a senior currency dealer.

A day after two fresh cases of coronavirus were reported in India, the Union health ministry on Tuesday issued a travel advisory suspending all regular visas/e-visas granted on or before March 3 to nationals of Italy, Iran, South Korea, and Japan who have not yet entered India.

PM takes stock...

Meanwhile, two private schools in Noida cancelled classes on Tuesday for the next few days as a precautionary measure after the father of a student tested positive for coronavirus, officials said.

One of the schools, where a student's father tested positive, said it would remain shut from March 4 to March 6. Earlier in the day, the school said it was postponing internal examinations scheduled for Tuesday due to some "unavoidable circumstances".

The board exams are not affected, the messages sent to the parents made clear.

The second school said it was suspending classes immediately till March 9 and sanitising its campus. Fumigation was underway at both schools.

Some family members of the Delhi-based man, who has tested positive for the coronavirus, have been shifted to Safdarjung Hospital for tests after they showed symptoms of the virus, health ministry sources said. Some other relatives were asked to remain quarantined at their homes only, the sources added.

The Delhi government said it was taking all possible steps to deal with coronavirus and was trying to get in touch with those who could be infected or were in contact with the infected man.

Addressing a press conference, Delhi Health Minister Satyendar Jain, flanked by Deputy Chief Minister Manish Sisodia, said: "COVID-19 is a new infection, but there is no need to panic. We are taking all possible steps to keep Delhi safe. Isolation wards being readied in 25 hospitals, including 19 government and six private hospitals."

DoT to issue...

Tata Teleservices, on Tuesday, made an ad hoc payment of Rs 2,000 crore towards AGR dues. It had earlier paid Rs 2,197 crore, saying it was the full and final AGR dues payment from the company, against the government estimate of around Rs 14,000 crore.

"This on account payment is subject to reconciliation after the conclusion of the process of computation and verification being conducted by the DoT spanning a period beginning from FY2007 and spread across 20 circles," the company said in a statement.

Bharti Airtel, on February 29, said it had completed assessing the dues related to AGR. As per the company's self-assessment exercise, the dues amount to Rs 13,004 which it has already paid. It has paid an additional Rs 5,000 crore, which the company said could be adjusted against any reconciliation exercise. Government calculations suggest the Sunil Bharti Mittal-led company owes Rs 35,500 crore to the DoT. The assessment of dues was done for the period between 2006-07 and February 2020.

Last week, DoT had operators to speed up their self-assessment of AGR dues and submit documents backing their calculations, after Bharti Airtel Ltd, Tata Teleservices Ltd and Vodafone Idea made partial payments.

The government is learnt to be exploring the possibility of roping in third-party audit firms to reconcile dues payable by telecom operators.

Last October, the Supreme Court had upheld the government's definition of AGR, based on which the levies on telecom operators are calculated. The order dealt a blow to the telecom industry, which had for years argued that AGR should only include revenue from core telecom operations. Telecom operators now have to pay dues of the past 14 years with interest and fine.

In order to iron out the confusion over AGR dues calculations, the DoT has come out with a set of guidelines for one time re- verification to be carried out by the Controller of Communication Accounts. The government has pointed out in a note that there's an urgent need to streamline deduction verification from 2006-7 to 2017-18.

New CPI series...

As prices of non-food items rise at higher rate than food items, the DA component of salaries of industrial workers and others would see higher hike if new CPI-IW is taken into account than the existing one.

After the committee's approval last week, a national tripartite committee led by Labour and Employment Minister Santosh Kumar Gangwar will meet to approve the new CPI-IW index. This will be followed up by an approval from the Union Cabinet.

UNHRC moves SC over CAA, India says matter internal

Ruckus over Delhi riots rocks both Houses of Parliament for second day in a row

ARCHIS MOHAN
New Delhi, 3 March

In an embarrassment for the Narendra Modi-led Union government, the United Nations High Commissioner for Human Rights on Tuesday sought to file a petition in the Supreme Court against the citizenship amendment law.

External affairs ministry spokesperson Raveesh Kumar said the Citizenship Amendment Act (CAA) is an internal matter of India and that "no foreign party" had any locus standi on issues pertaining to the country's sovereignty.

India's Permanent Mission in Geneva was informed on Monday evening by UN High Commissioner for Human Rights Michelle Bachelet that her office had filed an "intervention application" on the law in the Supreme Court, which is hearing a batch of pleas in this regard.

In the morning, Modi said peace, harmony and unity are prerequisites for the country's development, while addressing Bharatiya Janata Party's Members of Parliament. He said several forces were working to destabilise the country.

Modi also took a dig at Congress leader, former prime minister Manmohan Singh, saying the latter found a "bad smell" even in a slogan like 'Bharat Mata Ki Jai' and looked at it with suspicion. At a recent event, Singh had said the slogan was being misused to construct a "militant and purely emotional" idea of India that excludes millions of residents and citizens.

"IT IS UNFORTUNATE AND SAD THAT 70 YEARS AFTER INDEPENDENCE, RAISING A SLOGAN LIKE *BHARAT MATA KI JAI* IS BEING DEPICTED AS A CRIME… IT IS UNFORTUNATE THAT A PERSON WHO HELD THE POST OF PRIME MINISTER IS SAYING SO"

NARENDRA MODI, Prime minister

(After Manmohan Singh said the slogan was being misused to construct a 'militant and purely emotional' idea of India)

FURORE OVER CITIZENSHIP LAW

Govt okay with discussion on Delhi violence after Holi, says **OM BIRLA**

SHAHRUKH PATHAN, who pointed a gun at a policeman, arrested in UP

KEJRIWAL meets PM, requests not to spare those responsible for violence, irrespective of party affiliation

India summons Iranian envoy, lodges protest over Iranian FM **JAVAD ZARIF**'s comment on violence in Delhi

In Parliament, both Houses could not transact any substantive business for a second successive day. In the Lok Sabha, Speaker Om Birla said the government was willing to hold a discussion on the communal violence in Delhi after the festival of Holi.

After Birla's statement, Opposition MPs stormed well of the House and there was a repeat of Monday's shoving and jostling between Opposition and ruling party MPs.

As tempers rose, Birla warned that members from both benches, who cross over to the other side during uproar would be suspended for the entire session.

However, Congress leader Adhir Ranjan Chowdhury walked over to the side of the Well facing the Treasury benches, which led to a commotion between the BJP and opposition members. Other Opposition party members, too, followed Chowdhury and a commotion broke out as BJP members blocked their way.

Locket Chatterjee, BJP MP from West Bengal, was seen having heated arguments with Chowdhury, and Union minister Ravi Shankar Prasad tried to pacify them. On the day, the Banking Regulation (Amendment) Bill, 2020, which comes in the backdrop of PMC Bank scam, was introduced in the Lok Sabha by Finance Minister Nirmala Sitharaman. The Bill seeks to strengthen cooperative banks.

In the Rajya Sabha, the government said it was willing to hold a discussion on the subject. The House adjourned for the day at 3 pm after what seemed like an agreement that it could have a discussion on communal violence on Wednesday morning. However, BJP's Bhupendra Yadav issued a caveat that according to rules the chairman's decision on the issue should be final.

In a reply to a written question, the Centre on Tuesday said in the Lok Sabha that it was discussing with state governments the preparations for updating the National Population Register (NPR) from April 1 to September 30. Union Minister of State for Home Nityanand Rai said no document would be collected during the exercise, which will be carried out along with the house-listing phase of Census 2021.

Delhi CM Arvind Kejriwal called on the PM and requested that those responsible for the violence — irrespective of party affiliation — "should not be spared".

Kejriwal appreciated the Delhi police for being proactive in controlling the situation, when rumours were spread on Sunday night.

India on Tuesday summoned Iran's Ambassador Ali Chegeni and lodged a strong protest over the "unwarranted" comments by Iranian FM over violence in Delhi. In a tweet on Monday, Zarif said Iran condemned the "wave of organised violence against Indian Muslims".

MODI NOT QUITTING TWITTER, FB

'Inspiring women' to take over PM's social media on Sunday

NEHA ALAWADHI & ARCHIS MOHAN
New Delhi, 3 March

The PM's Twitter following rose by about 10,000 to 53.4 million on Tuesday, and the likes on his Facebook page increased by over 20,000 in a day FILE PHOTO: REUTERS

This International Women's Day, Prime Minister Narendra Modi will give control of his social media accounts to women, said the PM on Tuesday, a day after he hinted at giving up social media accounts, raising a storm on the internet.

"This Women's Day, I will give away my social media accounts to women whose life & work inspire us. This will help them ignite motivation in millions. Are you such a woman or do you know such inspiring women? Share such stories using #SheInspiresUs," Modi posted on his different social media accounts on Tuesday.

While there was no confirmation on who these women could be, among the suggestions that came from his followers were Asha Devi, the mother of the Nirbhaya gang rape victim; Sudha Murthy, the wife of Infosys co-founder Narayana Murthy, and women from small towns and cities who have shown exemplary courage in dealing with everyday situations.

Sportswomen, including shuttler Saina Nehwal, who in January joined the Bharatiya Janata Party (BJP), and boxer MC Mary Kom, conferred with the Padma Vibhushan this year, were some other suggestions.

On Monday night, the PM said he was "thinking of giving up my social media accounts on Facebook, Twitter, Instagram & YouTube" this Sunday, setting the internet abuzz. The PM's Twitter following rose by about 10,000 to 53.4 million on Tuesday, and the likes on his Facebook page increased by over 20,000 in a day.

In a statement on Tuesday, the government said several of its ministries have launched a campaign in the run-up to women's day, which falls on Sunday.

These ministries are women and child development, information and broadcasting, health and family welfare, human resource development, agriculture and farmers' welfare, rural development, housing and urban affairs, finance, defence and home.

The campaign will observe seven themes which include education, health and nutrition, empowerment of women, skills and entrepreneurship and participation in sports, special circumstances, rural and urban women and agriculture.

Several special shows and women-centric movies will be telecast on Doordarshan from March 1-7. Ministry-specific initiatives will also take place in different parts of the country through the week.

The Press Information Bureau will organise roundtables on the themes in different universities, colleges and institutes across the country.

No proposal on Muslim quota: CM

There is no proposal on Muslim reservation before the Maharashtra government, CM Uddhav Thackeray said in Mumbai on Tuesday. Thackeray's remarks came days after Minority Affairs Minister Nawab Malik informed the Legislative Council that the state government will provide five per cent quota to Muslims in education. The NCP minister also said the government will ensure a legislation to this effect is passed soon.

"We will check its validity once it comes to us," Thackeray told reporters at Vidhan Bhawan in south Mumbai, where the Budget session of the state legislature is underway.

The BJP said it would back the Shiv Sena-led government if the NCP and the Congress tried to pressurise the Sena to grant Muslim quota by pulling out. PTI

'Won't have Delhi-like violence in Mumbai'

PRESS TRUST OF INDIA
Mumbai, 3 March

Newly appointed Mumbai police commissioner Param Bir Singh on Tuesday said maintaining communal harmony in the city was the priority of the police, and no Delhi-like violence will be allowed to happen here.

Singh, a 1988-batch IPS officer, took over as the top police officer of the city three days ago.

"The police are engaging with people to keep the city incident-free and ensure there is no repeat of Delhi violence," he told *PTI*.

At least 42 persons died in communal violence that flared up in the national capital last week. Mumbai was convulsed by terrible communal riots in 1992-93 in the aftermath of the demolition of Babri Masjid.

The city has witnessed some huge anti-Citizenship (Amendment) Act (CAA) protests since December, but they have been remarkably peaceful. "The entire police machinery is ready to tackle any untoward situation. We are also monitoring social media activities," Singh said, adding that stern action will be taken against anti-social elements.

"Agitating in a legal and constitutional way is the democratic right of people. We don't have any problem with that, but we will take action against those who violate the law," he said.

$83 billion of trade escapes tax net: Report

PRESS TRUST OF INDIA
New Delhi, 3 March

India has the third-highest trade-related illicit financial flow among over 135 countries with a whopping $83.5 billion escaping the government's tax net owing to trade-based money laundering tactics, according to a report released on Tuesday by US-based think tank Global Financial Integrity (GFI).

The GFI classifies as illicit flows funds which are illegally earned, transferred, and/or utilised across an international border. The primary sources of illicit flows include grand corruption, commercial tax evasion, and transnational crime.

A drug cartel using trade-based money laundering techniques to use the illegal proceeds of narcotics sales to purchase used cars, which will be exported to the drug source country and sold, is an example of illicit financial flow, it said.

According to the report titled "Trade-related Illicit Financial Flows in 135 Developing Countries: 2008-2017", for 2017, five countries with the largest identified value gaps were China at $457.7 billion, followed by Mexico at $85.3 billion, India at $83.5 billion, Russia at $74.8 billion, and Poland at $66.3 billion.

About the value gaps identified for India, GFI's senior economist Rick Rowden said a good way to think about a value gap is "the amount of trade that was not properly taxed" by the governments of the importers and exporters involved.

"This is why GFI believes the practice of trade misinvoicing is such a big problem — it leads to huge amounts of trade that are not being properly taxed, thus countries are losing out on billions of dollars of uncollected trade taxes each year," Rowden said.

"For India's trade with all its global trading partners, in terms of the sum of all of the value gaps identified in the country's trade with all its global trading partners, we identified gaps totalling $83.5 billion for the year of 2017, and an average sum of $77.9 billion over the ten-year period of 2008-2017", he said, citing the report.