OPINION, P6

J SINHA & S MOHANTY

Markets trust family-owned businesses' handling of Covid-19

SUNIL JAIN

As Vedanta case shows, govt refusing to accept arbitration orders is the new challenge to Doing Business

NATION, P4

BAD DEBT PILE-UP

RBI has not asked banks to raise capital to brace for possible NPAs: Thakur

BACK PAGE, P14

TRENDING NOW!

ByteDance gets Trump nod to avoid TikTok shutdown

NEW DELHI, MONDAY, SEPTEMBER 21, 2020

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LOCAL VS GLOBAL

BSNL losses to soar as 4G tender stuck

KIRAN RATHEE
New Delhi, September 20

IT'S GOING TO be almost a year since the government approved a ₹70,000-crore revival package for the ailing Bharat Sanchar Nigam (BSNL), but the company is still struggling to put in place a tender to place orders for building its 4G network. This is when one of the key reasons forwarded by the government in favour of a revival package was that once 4G spectrum worth around ₹24,000 crore is given to the company it would be able to effectively compete with its private sector peers and become profitable by FY24.

The company's 4G tender first ran into trouble over the issue whether Chinese vendors like Huawei and ZTE should be allowed to participate in it or not and later whether foreign vendors should be totally kept out which means shutting doors on the likes of even Nokia, Ericsson and Samsung.

Amid these pulls and pressures the tender, which the company floated in March, had to be cancelled and since then a new network building model which is still at trial stage is being pushed by various sections in the government and local industry.

Continued on Page 2

COVID-19

More people are dying in the cities

26 deaths per 1,000 cases in Mumbai against state average of 23; cases of Kolkata, Ahmedabad similar

ISHAAN GERA
New Delhi, September 20

CITIES, LIKE DELHI and Mumbai, may be better equipped in terms of health infrastructure than states like Bihar and Odisha but they continue to report a higher ratio of new deaths. Indeed, cities are recording more deaths per 1,000 cases than other regions.

Mumbai, for instance, registered 26 deaths for every 1,000 cases on September 20.

While the ratio has come down from 47 deaths per 1,000 infections a month ago, it is still higher than the 23 deaths per 1,000 registered in Maharashtra.

Ahmedabad and Kolkata are no different. Ahmedabad's death ratio for every thousand cases at 19, is higher than Gujarat's ratio of 12. Similarly, Kolkata registered 31 deaths per thousand, but West Bengal accounted for a much lower 19.

While Delhi has much lower death incidence of 11 deaths per 1,000, this is even lower in Bihar, Odisha, Jharkhand, Kerala and Telangana. Odisha recorded the lowest level, only three deaths for every 1,000 cases, whereas Bihar recorded four on September 20.

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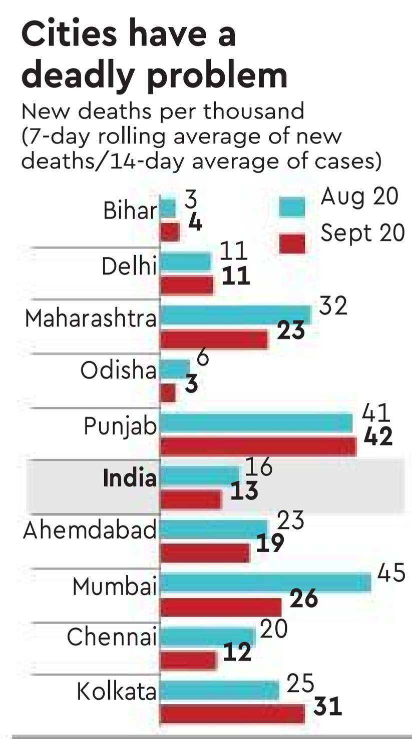


VICIOUS CYCLE

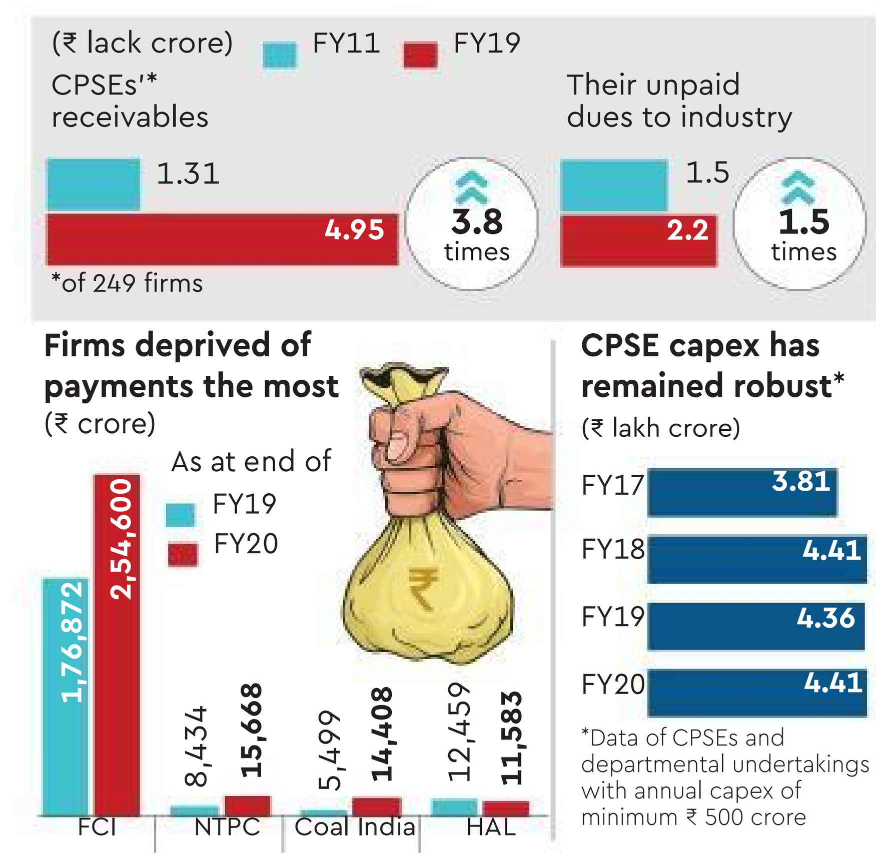
CPSEs owe others a lot, but deprived of dues much larger

Receivables of 14 large CPSEs rose 42% year-on-year to ₹3.5 lakh cr in FY20

PRASANTA SAHU
New Delhi, September 20

TRADE RECEIVABLES OF 14 among the larger central public sector enterprises (CPSEs) rose 42% year-on-year to ₹3.5 lakh crore at FY20 end, according to data reviewed by FE. This is partly, if not largely, due to payments held up by their owner, namely the central government, against the supplies received of goods and services. So, if the CPSEs, on their part, have not cleared a large portion of their dues to the industry (public and private), and the outstanding amount touched ₹60,500 crore at March end, 2020, it is due to this vicious cycle of defaults.

In fact, as the chart shows, the trade receivables of CPSEs – 249 in total – have been rising relentlessly in recent years.



The consolidated figures are available for only up to FY19; but given the big rise in receivables of the 14 large firms, the figure must have shot up further in FY20.

In fact, dues to CPSEs rose much faster than the amount they owe to the industry. If trade payables of all CPSEs grew 1.5 times from ₹1.5 lakh crore at FY11 end to ₹2.2 lakh crore at FY19 end, the dues to CPSEs surged 3.8 times to ₹4.95 lakh crore during the same period.

Continued on Page 2

GST SHORTFALL

21 states agree to borrow; others may lose aid, says Centre

FE BUREAU
New Delhi, September 20

WITH AS MANY as 21 states/UTs agreeing to borrow to bridge their GST revenue shortfall under the incentivised Option 1, the Centre has toughened its stance and indicated to the dissident states that if they don't fall in line before the scheduled GST Council meet on October 5, then they would have to wait till June 2022 to get their compensation dues.

According to the GST Act, the GST Council, with full presence of sates and UTs, requires a minimum of 20 states to pass any resolution, in case voting is required on any issue, an official source pointed out, signaling the Centre's resolve to implement the plan for the states to borrow.

SHARP DIVIDE

- **21 states that have decided to exercise the Option 1** include Andhra, Assam, Bihar, Gujarat, Haryana, MP, Odisha, Karnataka, UP
- **States yet to respond** are Jharkhand, Kerala, Maharashtra, Punjab, TN, Rajasthan, Telangana Delhi and West Bengal

The sources added that even after June 2022, the non-complaint states getting the compensation will be subject to the Council extending the compensation cess collection period beyond 2022.

Continued on Page 2

UNSTABLE PRICES

Barely 0.5% of Operation Greens funds released in 31 months

PRABHUDATTA MISHRA
New Delhi, September 20

THE RECENT SURGE in mandi prices of the three all-season vegetables — tomato, onion and potato— and the wide rate disparities across key regions and production centres (see chart) lay bare the fact that the Operation Greens scheme, which was launched 31 months ago in the FY19 Budget, has made little difference on the ground.

Data gathered by *FE* shows that under the ₹500-crore Operation Greens, only five proposals worth about ₹124 crore have been approved so far; worse, as little as ₹2.4 crore was released under the programme till July, and this amount went to a Gujarat-based company.

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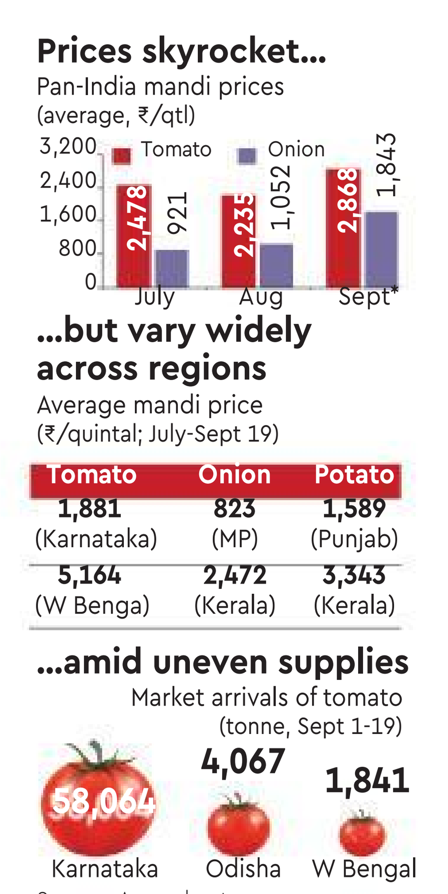
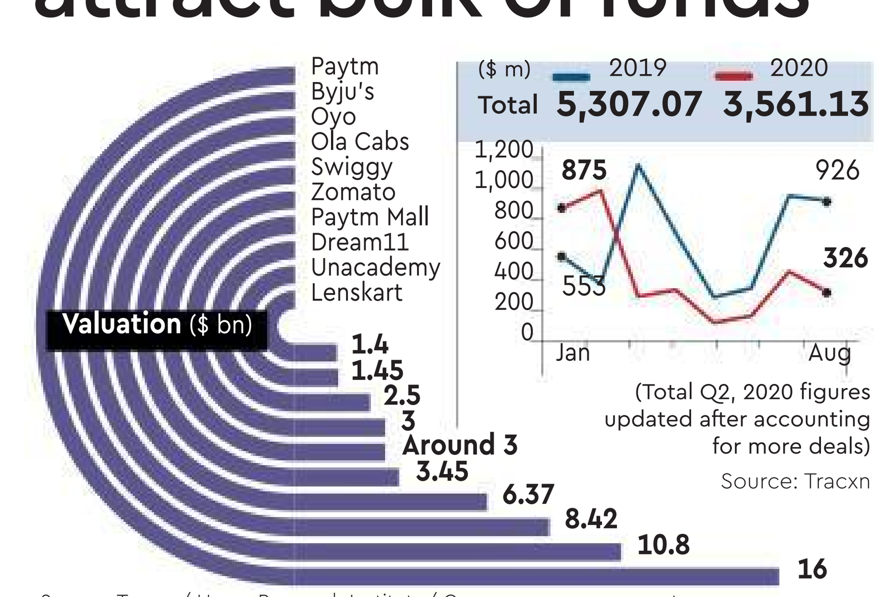


Tomato	Onion	Potato
1,881 (Karnataka)	823 (MP)	1,589 (Punjab)
5,164 (W Benga)	2,472 (Kerala)	3,343 (Kerala)

INVESTMENT

Edtech, food delivery attract bulk of funds



Source: Tracxn/ Hurun Research Institute/ Company announcements

ASMITA DEY
New Delhi, September 20

CONSUMER INTERNET COMPANIES attracted investments of $3.5 billion between January and August, about 34% lower than a year ago, data sourced from market research firm Tracxn showed.

Investments, which had slowed considerably in May and June, falling below $170 million, gathered pace in July and August when firms raised close to $800 million. Of this, online education companies Byju's, Vedantu, Eruditus and Toppr together secured close to $400 million from investors like DST Global, Coatue Management and Chan Zuckerberg Initiative. In September so far, Byju's, Unacademy and Zomato have collectively raised over $750 million.

Edtech firms have seen valuations soar as more students have signed up for online classes post the pandemic.

Continued on Page 2

RS passes key farm Bills amid uproar

AMID UPROAR BY sections of the Opposition, Rajya Sabha on Sunday passed two Bills that seek to replace two recent ordinances aimed at facilitating barrier-free inter-state trading of farm goods and contract farming, respectively, reports **fe Bureau** in **New Delhi**. Since the Lok Sabha had passed the Bills last Thursday, only the President's assent is now required for these to become law.

Details on Page 2

FE SPECIALS

BRANDWAGON, P10

Taking the mall to homes

Shopping malls rejig strategy to boost sales ahead of the festive season, as footfall remains low

eFE, P8

Beyond merely making in India

A strong focus on India-centric innovations has led to India-specific features in Samsung's product portfolio

PERSONAL FINANCE, P9

When focused funds pay off

Most focused funds go for a multi-cap approach with most of the investment in large-cap stocks

INFRASTRUCTURE, P11

Kanpur to come of age with Metro

With an EIB loan in its kitty, the UP govt is aiming to flag off first stretch of ₹11,076-cr project by 2021 end

SCIENCE & TECH, P12

A view to a kill

Facebook's panoptic vision is a dangerous, yet exciting notion

PLAY STORE RE-ENTRY

Forced to comply with Google's mandate: Paytm

FE BUREAU
New Delhi, September 20

PAYTM ON SUNDAY said the company was "forced to comply" with Google's mandate of removing its UPI cashback offer and scratch cards to get relisted on the Play Store.

Google in an abrupt move had pulled out the Paytm app briefly from the Play Store on Friday before restoring the app services later in the day. The tech major is understood to have viewed Paytm's recently launched cashback campaign to be in violation of its gambling policies.

The Paytm Cricket League on its consumer app allows users to get player stickers after each transaction, collect them and receive Paytm Cashback.

The Noida-based payments firm said that on Friday morning, Google in a mailed statement to the company observed: "Your app contains content that doesn't comply with the Gambling policy as it offers games with "loyalty" (e.g. engagement or activity) points that (1) are accrued or accelerated via real-money purchases which (2) can be exchanged for items or prizes of real-world monetary value."

Details on Page 5

TRUCE IN SIGHT?

Arunachalam may be named to Murugappa board today

SAJAN C KUMAR
Chennai, September 20

SHAREHOLDERS OF AMBADI Investments, the holding firm of the Murugappa Group, will on Monday vote on a proposal to appoint Valli Arunachalam to the board of the company.

If the resolution is passed, Arunachalam, 59, and a nuclear engineer, will be the first woman director in the century-old group.

The development will signal the larger Murugappa family's inclination to amicably settle the stake that her branch of the family has in the business.

Valli Arunachalam

Arunachalam, the eldest daughter of former executive chairman MV Murugappa, publicly stated in January she was denied a board position in AIL despite being her father's heir. Murugappa passed away in 2017. Arunachalam, her sister and their mother hold an 8.15% stake in Ambadi Investments.

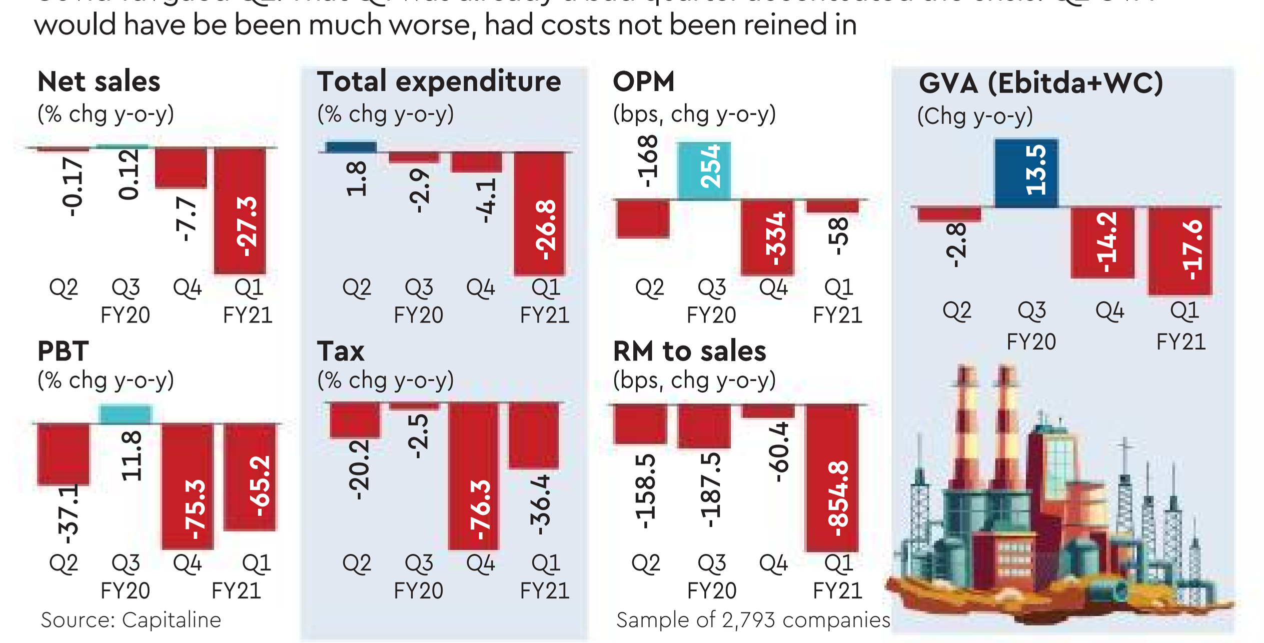
Continued on Page 2

June quarter

FE BUREAU

Even sharp cost cut fails to salvage situation

India Inc resorted to unprecedented expenditure curbs to cushion the hit to bottom line in Covid-ravgaed Q1. That Q4 was already a bad quarter accentuated the crisis. Q1 GVA would have be been much worse, had costs not been reined in



Source: Capitaline

Sample of 2,793 companies

QuickPicks

Three months at district hospital must for PG medical students

ALL POST-GRADUATE students pursuing MD or MS in broad specialities in medical colleges across the country will have to undergo a compulsory residential rotation of three months in district hospitals as part of the 2020-21 course curriculum, reports **PTI**. Such rotation — 'District Residency Programme — shall take place in the 3rd, 4th or 5th semester of the PG programme.

Govt envisages broader social security net for workers

THE CENTRE has proposed to extend, in a phased manner, social security benefits to all employees and workers — estimated to be around 50 crore — including those in the unorganised sector enterprises, under the revised Social Security Code introduced in the Lok Sabha, reports **Surya Sarathi Ray** in **New Delhi**. **PAGE 13**

THE REEL DEAL

Ayushmann Khurrana: The pandemic-proof brand endorser?

DEVINA JOSHI
Mumbai, September 20

LAST YEAR'S FAN favourite, Bollywood star Ayushmann Khurrana, seems to be continuing his winning streak in the branding world this year, too, having signed six to eight new brand endorsement deals, including Tide India, Toyota's Urban Cruiser, Nestlé's KitKat, Bajaj Allianz, JSW Paints and Sprite.

What's interesting to note is, this is right in the middle of the ongoing pandemic that has disrupted the marketing industry significantly.

Furthermore, his new wins stand out because unlike last year, when he made waves with movies like *Article 15* and winning the National Award for *Andhadhun*, Khurrana hasn't had any major hits/releases in 2020 (his tally this year includes *Shubh Mangal Zyada Saavdhan* and the digitally released *Gulabo Sitabo*).

WINNING STREAK

- Toyota Urban Cruiser
- Peter England
- The Man Company
- Tutorix
- The Urban Company
- KitKat
- Bajaj Allianz
- Nexus Malls
- Magic Bricks
- Godrej Securities
- Ranjit Inner Wear
- Daniel Wellington
- Titan
- Balaji Wafers
- Sprite
- Tide India
- JSW Paints

"He is probably riding on last year's success," says Aviral Jain, MD, Duff & Phelps. "But his movie themes aren't radically different from last year; they are still social themes, humorous themes about the practical aspects of society. So, his positioning remains largely unaltered."

With these new endorsement contracts, he now has a total of 17 brands in his kitty, in addition to some old ones in the process of renewal. Khurrana, according to sources, hasn't changed his annual endorsement fee from last year, and is maintaining it at ₹1.5-2 crore.

In addition to these retainers, he has also done a few short campaign bursts on digital media, particularly on Instagram, with brands like Disney+ Hotstar, Reliance Fresh, Club Mahindra, Dhani and Castrol Activ.

Continued on Page 2

Economy

MONDAY, SEPTEMBER 21, 2020

EXPLAINING POSITION

Ajit Mohan, head, Facebook India

"I think it is important to call out to you that the content policy of a team that is at the centre of all of these enforcement decisions is separate and independent in India from the public policy team here"

AGRI TRADING OVERHAUL

Rajya Sabha passes two key farm Bills amid uproar

FE BUREAU
New Delhi, September 20

AMID UPROAR BY sections of the Opposition, Rajya Sabha on Sunday passed two Bills that seek to replace two recent ordinances aimed at facilitating barrier-free inter-state trading of farm goods and contract farming, respectively. Since the Lok Sabha had passed the Bills last Thursday, only President's assent is now required for these to become law.

While the passage of the Bills in Lok Sabha led to the unexpected resignation of food processing industries minister Harsimrat Kaur Badal from the Narendra Modi Cabinet, Rajya Sabha also witnessed unprecedented scenes after deputy chairman Harivansh declared motions moved by the Congress, TMC, DMK and CPI(M) for sending the Bills to a select committee of the Upper House were negated by voice vote. He did not allow division of votes either as sought by the movers of the motions. The deputy chairman also overruled Opposition pleas for postponing agriculture minister Narendra Singh Tomar's reply to the debate till Monday as the scheduled sitting time of the House was over.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 seeks to provide freedom to farmers to sell their produce anywhere in the country while The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020, offers a legal framework to contract farming by farmers with agri-business firms, processors, wholesalers, exporters or large retailers for farm services.

While a section of farmers are protesting against the Bills despite the government's assurance that procurement of agri produce at MSPs would continue, the Opposition parties have fuelled agitation, especially in Punjab and Haryana.

On June 5, the Centre promulgated three Ordinances reforming the country's agriculture marketing. During the June 6-August 31 period, mandi arrivals of crops – from fruits and vegetables to cereals and pulses – have dropped. The fall was up to 49% for fruits, 57% for vegetables and 45% for grains. This seems to signify a weakening of the APMC networks, a development which may bolster bargaining strength of farmers.

Moving the Bills, Tomar said: "The two Bills are historic and will bring a change in the lives of the farmers. They will be able to freely trade their produce anywhere in the country. I want to assure the farmers that these Bills are not related to minimum support price."

The Centre through another ordinance also promulgated in June, made changes to the Essential Commodities Act removing cereals, edible oil, oilseeds, pulses, onions and potato from its purview. The reforms are expected to help evacuate the surpluses from production zones to demand zones seamlessly, to the advantage of farmer-producers and players across the agriculture value chain, who have been promised solid support by way of schemes and outlays to build infrastructure and logistical chains from farm-gate to the retail trade, and even exports.

Watershed moment for Indian agriculture, says PM

PM NARENDRA Modi on Sunday described the passage of two farm sector bills as a "watershed moment" in the history of Indian agriculture, asserting that they will ensure a complete transformation of the farm sector and empower crores of farmers.

In a series of tweets after Rajya Sabha passed the bills by voice vote amid din created by protesting opposition members, Modi said these proposed laws will liberate farmers from numerous adversities as he noted that peasants were for decades bound by various constraints and bullied by middlemen.

"A watershed moment in the history of Indian agriculture! Congratulations to our hard-working farmers on the passage of key bills in Parliament, which will ensure a complete transformation of the agriculture sector as well as empower crores of farmers," Modi tweeted.

— PTI

From the Front Page

Covid: More people are dying in the cities

While most states have seen a dip in new deaths over the last month, they are rising in certain states. Himachal Pradesh was recording only two deaths for every 1,000 cases a month ago, and now has 25. Although the rise is only marginal in Punjab, deaths have increased from 41 per thousand to 42 and the state has the highest incidence of deaths across the country.

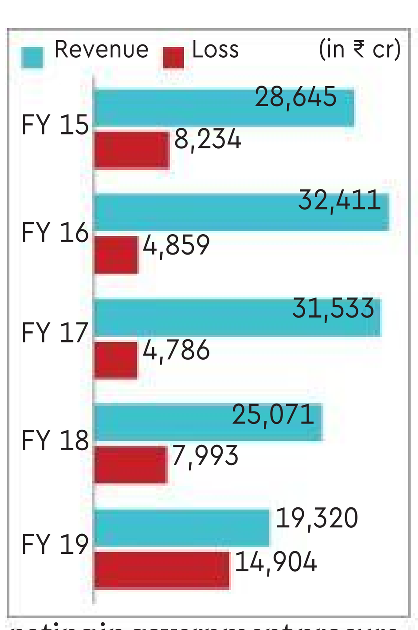
On Sunday, India reported 86,752 deaths, 40% of which were added in the last one month. While the case fatality rate has declined from 1.9% of August 20 to 1.6% on September 20 — it had touched a high of 3.4% – if India keeps up this pace, it will cross one lakh deaths within a fortnight.

An analysis of daily deaths data shows that India's daily death rate is declining. While on August 20, 16 people died for every 1,000 cases that the country recorded, on September 20, this ratio had declined to 13.

The US, on the other hand, registers 21 new deaths for every thousand infections. Business resumption has been defying the pandemic, picking up through August and accelerating further in mid-September. Nomura economists remain cautious on its sustainability, as a rising number of cases could lead to localised lockdowns or a more cautious consumer.

After briefly plateauing in June-July, the tracker has been picking up through August and raced ahead to a post-lockdown high of 81.6 on September 13, around 18pp below the pre-pandemic normal.

Local vs global: BSNL losses to soar as 4G tender stuck



INTERESTINGLY, THE PULLS and pressures and experiments regarding BSNL's 4G tender is taking place at a time when it's a late entrant into the space – its private sector peers are pursuing the government to allocate them spectrum to conduct 5G trials.

The results are showing. The company which is yet to post its FY20 earnings, is expected to show wider losses than around ₹18,000 crore projected at the time of the revival plan. In the last five years, from FY15 to FY19, BSNL's turnover has fallen from ₹28,645 crore to ₹18,865 crore and its losses have risen from ₹8,234 crore to ₹13,804 crore.

As it is, BSNL has the lowest average revenue per user (Arpu) for mobile services in the industry at ₹50. In contrast, Bharti Airtel has an Arpu of ₹157 followed by Reliance Jio at ₹140 and Vodafone Idea at ₹114. The low Arpu is because it has bulk of low-paying 2G users on its network.

Analysts point out that keeping the Chinese vendors out seems fine considering the Indo-China border tensions and the subsequent guideline by the government barring companies which share land border with India from participating in government procurement tenders. However, not allowing other foreign vendors like Nokia, Ericsson or Samsung to build the network through what is called managed networks model and opting for an indigenous model which entails something of mix and match called system integrator, would be risky for the company considering that it can't afford to experiment at this stage.

Under the multi-vendor model, which sections in the government are pushing for BSNL, the 4G network would be built and managed by a system integrator, which would basically buy hardware and software from different companies like Nokia, Ericsson and other foreign vendors and assemble them. This is a new model which is being tried globally and for BSNL since the system integrator would be an Indian player, it would give a touch of a domestic company having built the network.

Most of the private mobile operators have built their networks through turnkey contracts to a single vendor which after commissioning also manages it under managed services agreement. It saves cost and improves network efficiency. In the system integrator model, the network would have components of several players, basically by way of assembling, which may increase costs and lead to quality issues or technical glitches.

CPSEs owe a lot, but deprived of much larger portion of dues

Despite the piling up of receivables, many of the larger CPSEs have managed to contain rise in payables largely by resorting to debt financing – their long-term borrowings rose 206% to ₹13.63 lakh crore during FY11-FY19. And they continued to give the much-needed fillip to a faltering economy through sustained rise in capital expenditure.

A large part of the surge in CPSEs' receivable is attributable to postponement of release of subsidy dues to Food Corporation of India, which carries out procurement and storage of food grains for implementation of the National Food Security Act.

CPSEs with large trade receivables at FY20 end are – NTPC (₹15,668 crore), Coal India (₹14,408 crore), BHEL (₹12,378 crore), Hindustan Aeronautics (₹11,583 crore), SAIL (₹8,812 crore), BEL (₹6,740 crore), NLC (₹6,692 crore) and Nuclear Power Corp (₹4,115 crore). While receivables of some of these CPSEs are mostly from the Centre, in some others, most pending dues are from other CPSEs or state government undertakings. "..around 99% of trade receivables is with respect to the government and government-related entities," according to HAL's FY20 annual report. "Around 99% of trade receivables (are) with respect to the government and government-related entities," BEL says in its FY20 annual report.

Similarly, about 81% of total receivables of BHEL pertains to the government sector. For Coal India, around 55% of dues are from state power generating companies/electricity boards, the balance are from CPSEs (according to a CIL analysis of pending dues as on November 30, 2019). Even though an email to the company elicited no response, an analysis of NTPC's annual report shows that the company primarily sells electricity to bulk customers comprising mainly state government utilities.

CPSEs with high 'trade payables' include Coal India (₹10,108 crore), BHEL (₹9,900 crore), NTPC (₹9,001 crore), BEL (₹2,425 crore) and NBCC (₹2,151 crore) as on March 31, 2020. Most of these are dues for goods and services procured from industry (both public sector and private sector). Among others, Engineers India, NHPC, Mishra Dhatu and PowerGrid also have huge receivables and unpaid dues to industry.

Investments: Edtech, food delivery spaces get most funds

Byju's valuation doubled to nearly $11 billion from around $5.5 billion in July 2019. Eruditus' valuation jumped to $800 million post its latest $113-million fund raise from around $400 million when Sequoia Capital led a $40-million investment round in the company early last year.

Atit Danak, principal at Zinnov Consulting, believes as people become more receptive to the idea of remote education, the ed-tech space will continue to be favoured by investors. The shortage of quality teachers and low teacher-to-student ratio in schools will spur the shift to hybrid learning that focuses more on skills and outcomes, not rote learning. "In fact, what happened in the digital payments and e-commerce sectors has happened in the EdTech sector and there is a fundamental shift in consumer perception as well as behaviour," Danak said. However, the EdTech sector is still a tough market because of the low numbers of educators, affordability and access challenges, he said.

After a brief lull, the food delivery space is seeing some deals led by Zomato. The firm closed a $62.44-million funding from Temasek in August. The sector seems to have made a turnaround —Zomato's GMV (gross merchandise value) for the food delivery business recovered to nearly 60% of pre-Covid levels in July from a two-year low in the last week of March.

Rehan Yar Khan, managing partner at Orion Venture Partners and VC sector co-chair at IVCA, said funds will continue to pour into online only businesses like ed-tech, gaming and online to offline segments like e-commerce, food delivery on the back of consumer interest. "Instead of going to restaurants, malls, people are turning to online gaming, social apps like Zoom for recreation and ordering food online," Khan said.

In July, deal levels have largely recovered but the capital remained concentrated only in these two sectors. Companies in the hospitality and logistics space will see fund flows only when sales revive and they may see a drop in their valuations. Ankur Pahwa, partner at EY, said sectors like agri-tech and health-tech are also expected to see traction in terms of deals going ahead. However, firms operating in segments like mobility and travel will continue to see operating pressure.

Barely 0.5% of Operation Greens funds released in 31 months

Incidentally, finance minister Nirmala Sitharaman expanded the ambit of the scheme in May, by extending it to all fruits and vegetables.

The stated aim of the scheme is to achieve a reasonable degree of stability in the prices and supplies of TOP through the year and across regions; it seeks to ensure remunerative prices to farmers, reduce wastages and at the same time, targets to insulate end consumers from price shocks.

Despite the Operation Greens, for the second year in a row, the government has had to ban onion exports to check rising prices of the vegetable. It has been employing such market intervention tools recurrently to quell domestic prices as and when they skyrocket, although the efficacy of such steps has remained doubtful.

Last year, for instance, the government imposed minimum export price for onion in October, put stocking limits on wholesalers and retailers and later banned its exports altogether. However, these steps yielded little and the retail prices went up to even the ₹100-120/kg range in many places, including Delhi, by December-January.

Currently, retail prices of onion are ₹30-40/kg in most of the places across the country, including Delhi, which is the largest consumption centre, according to the consumer affairs ministry data. Tomato prices, too, continue to be high and touch prohibitive levels of ₹70-100/kg in retail markets very often. And the wide price disparities persist: For instance, the average mandi rate of tomato was ₹1,733/quintal at production Kolar cluster in Karnataka on September 16, while it was as high as ₹3,000/quintal at Dehradun, Uttarakhand, another key production centre. The rate was an even higher ₹5,000-6500/quintal at many mandis in West Bengal and Odisha on the same day.

While the price disparities are hurting consumers, the farmers are not benefitting much either. This is because in areas where the prices are high, the market arrivals are low. In fact, the low arrivals inflate the prices. For instance, the mandi arrivals of tomato dropped 40% to 4,067 tonne in Odisha and by a half to 1,841 tonne in West Bengal during September 1-19 from the year-ago period, according to Agmarknet portal.

The arrivals of tomato in Odisha and West Bengal together is a tenth of what Karnataka's mandis received (58,000 tonne) during September 1-19. The lower mandi prices in large production centres seem to suggest that farmers need support to fetch decent rates.

The situation clearly proves that the Operations Greens objective of augmenting supplies in all areas is not met.

"Why farmers of one state are selling at such low prices when there is shortage in another state? There is something wrong in the distribution system and information network which the government should try to fix," said Rakesh Agarwal, a tomato trader in Dehradun. Since tomato is perishable, even a production centre would depend temporarily on another centre for supplies, given that harvesting periods vary among different areas.

Operation Greens aimed to ensure that farmers and consumers of tomato, onion and potato are connected in a manner that both communities benefit. Under the scheme, 50% subsidy is supposed to be given on transportation from surplus to deficient markets. Also, post-harvest losses are to be curbed by incentivising creation of farm-gate infrastructure, agri-logistics and storage capacities.

The idea is to promote Farmer Producers Organisations (FPOs), agri-logistics, processing facilities and professional management of the supply chains.

The subsidy is also subject to certain conditions prices in a cluster being lower than preceding 3 years' average market price at the time of harvest or the price is over 15% lower than year-ago level or the rate is below the government-fixed price. The beneficiaries will be eligible to claim subsidy if they transport a minimum 100 tonne in case of individual farmer/FPO/co-operatives and 500 tonne for food processors, exporters and commission agents. For retailers and state marketing federations, the minimum threshold is 1,000 tonne.

"The objective was noble, but it is a badly managed scheme. The guidelines were such that no farmer will get the subsidy and it will be cornered by traders and companies without any benefits for the consumers," a government official said, requesting anonymity. There are several other long-term schemes of the agriculture ministry which are meant to promote establishment of infrastructure while Operation Greens could have been limited to increasing availability of these key staples in all regions, he said.

Among other rules, the ministry has fixed the normal truck rate at ₹2.84/tonne per km and reefer van at ₹5/tonne per km to claim subsidy while in case of transportation by railway and air (Air India), the actual freight amount is considered. Storage charge has been fixed at ₹345/tonne per season and cold storage at ₹2,000/tonne per season.

Arunachalam may be named to Murugappa board today

In an e-mail interaction with FE last week, Arunachalam had said that given a board representation, she would exercise her duties with due and reasonable care, skill and diligence. This includes promoting the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and also the environment.

"As a senior technocrat, with tremendous experience in business, I propose to leverage all of that experience and contribute to the growth of the Group's business. Also, my appointment will bring much-needed diversity to the board. I do intend to open up the holding company boardroom to new ideas, richer debates, and different perspectives," she said.

Under the Hindu Succession (Amendment) Act, 2005, women can become the karta or head of the family and daughters can become coparceners and inherit as much as sons. Arunachalam is the karta of the MVM Hindu undivided family, which holds the stake in Ambadi Investments.

Industry watchers say the family tussle appears to be nearing a truce and chances are high that Arunachalam will be inducted on to the board. They refer to an internal mail sent by the Murugappa Group chairman to senior functionaries in January immediately after she went public, that the Group will try to amicably settle the issue.

As per the AGM notice, Arunachalam who has a PhD in nuclear engineering from Texas A&M University and an MPhil in Physics from University of Madras, has 24 years of work experience. As senior innovation and technology consultant, she has been spearheading building of technology maps, setting strategy and vision to drive innovations in product & process design and development.

Ayushmann Khurrana: The pandemic-proof brand endorser?

So what keeps brands returning to his doorstep? With more people active on digital media these days, "Khurrana has actively engaged with fans over social media during the lockdown. That helps with visibility," says Jain. If one looks at bigger celebrities like Virat Kohli, Ranbir Kapoor or Deepika Padukone, they typically garner 20-25% growth in followers annually on social media (Facebook, Instagram and Twitter). But in the post-Covid scenario, this number has gone down to 15-20%.

In Khurrana's case, however, his followers on Instagram, for instance, have risen from eight million in December 2019, to 13.1 million currently – a growth of over 30%, despite Covid. "This is encouraging," shares Jain, "but we must not forget that the absolute base of followers averages 80-100 million for these other celebs, while Khurrana's absolute base is far lesser." Virat Kohli, for example, commands 80 million followers on Instagram.

However, one cannot negate Khurrana's easy charm and boy next door appeal, which works in his favour. "He is far more relatable and approachable than, say, a Ranbir Kapoor, who is more 'metro' and sophisticated," says Sandeep Goyal, chairman, Mogae Media. "Ayushmann is a small town boy and therefore, more emulatable."

Seen less as a macho man and more of a 'common man', Khurrana has also emerged as a silent winner in the nepotism controversies surrounding Bollywood celebs at present. "While existing contracts with star kids will probably not be affected, new brands on the hunt for endorsers would rather play safe and steer clear of controversial names at this point," Goyal adds. This has clearly worked in Khurrana's favour. And the fact that his contemporaries, other newcomers like Kartik Aaryan, haven't been as visible or successful on the movie front, has helped his cause.

In 2019, Khurrana was a new entrant at rank 10 in the Duff & Phelps celeb brand valuation report with a brand value of $40.3 million.

Even as the celebrity endorsement space reels with the repercussions of marketing budget cuts, celebrities are having to offer 'concessions' on their contracts by either extending the duration of association free of charge for another few months, or by increasing the number of days they can be used for such engagements in a year. Sources say Khurrana is no exception to this new normal. "The volume of celebrity advertising has gone up, but the value (of using a celebrity in ads) has gone down. Similarly, we are seeing the emergence of lower tier celebrities on digital media as well, as brands are now more open to experimentation," Jain says.

GST shortfall: 21 states agree to borrow; others may lose aid, says Centre

States that are yet to respond to the borrowing plan are Jharkhand, Kerala, Maharashtra, Delhi, Punjab, Rajasthan, Tamil Nadu, Telangana and West Bengal.

These states have said the Centre, as the sovereign, should raise funds from the market to bridge the shortfall in the compensation cess funds.

Under the option 1, which entails total borrowings of ₹97,000 crore by all states combined (the shortfall estimated of just GST implementation), the Centre will facilitate the process through the RBI's single window "at the lowest possible single rate interest to all the States/UTS as per their individual choice". The other option envisages the states borrowing to offset the entire GST shortfall of ₹2.3 lakh crore in FY21, including the shortfall caused by Covid-19. The Centre has made it clear that both the options don't undermine the commitment to compensate the states fully for the GST shortfall.

However, the dissident states reckon that the borrowing plans are a breach of trust and amounts to the Centre's reneging on its promise that any shortfall from its their protected revenue level will be fully compensated in the first five years of GST, that is, till June 2022. Former finance minister P Chidambaram wrote in FE on Sunday: The 'two options' given by the Centre to the states to borrow is an act of deceit. There is a hole in every State's revenue budget for the current year. The borrowing will fill the hole but will be shown as a debt in the capital account of the State, which the State has to service by paying interest and eventually repay the debt. If the State does not borrow and the Centre will not provide the compensation the hole will remain a hole and, inevitably, the State will cut its capital expenditure or welfare expenditure in the current year — neither of which is desirable."

The 21 states that have decided to exercise the Option 1 are Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Puducherry, Sikkim, Tripura, Uttarakhand and Uttar Pradesh.

The Option 1 means that rates would be close to G-sec and interest and principle burden is to be borne by fund from compensation cess collected after June 2022. The borrowing would not be treated as debt on states' books. The Option 2 requires a part of the amount borrowed to be treated as debt in states' books while they will have to bear the burden of interest payment. Also, choosing this option closes the doors on carrying forward the unutilised part of additional borrowing to next financial year.

The states not agreeing to both options point out that since the GST compensation was meant to be an income for them, any cost thereof can't be borne by them.

More than ₹70,000-crore loans sanctioned to discoms under liquidity package, says govt

PRESS TRUST OF INDIA
New Delhi, September 20

AS MUCH AS ₹70,590 crore worth of credit has been sanctioned to discoms under the liquidity package for payment of dues by these utilities, Parliament was informed on Sunday.

Finance minister Nirmala Sitharaman in May this year had announced a ₹90,000-crore liquidity infusion into cash-strapped discoms for clearing their outstanding dues till March 2020.

Now, the government is in the process of enhancing this package to ₹1.2 lakh crore factoring in discoms outstanding dues till June this year. Some states had urged the central government to hike this liquidity package by factoring in outstanding dues of April and May as well.

Power minister RK Singh

"As against ₹90,000 crore of liquidity infusion package announced by the government, ₹70,590 crore worth of loans have been sanctioned and ₹24,742 crore has already been disbursed/released till September 16, 2020," said power minister RK Singh in a written reply in the Rajya Sabha.

The government is infusing liquidity in the power sector through Power Finance Corporation (PFC) and REC to enable the sector to maintain power supplies as cash flows had plummeted during lockdown imposed to contain the spread of COVID-19.

Under this intervention, the REC and PFC are extending special long-term transition loans of up to 10 years to discoms for liquidating their outstanding dues of central public sector undertaking (CPSU) generation (Genco) and transmission companies (Transcos), independent power producers (IPPs) and renewable energy (RE) generators.

In a separate reply to the House, the minister stated that power demand would increase from 1,399.91 billion units (BU) in 2019-20 to 2,047.43 BU in 2026-27.

Facebook neutral, non-partisan: India head

PRESS TRUST OF INDIA
New Delhi, September 20

FACEBOOK INDIA HEAD Ajit Mohan has defended the handling of alleged hate speeches by members of the ruling BJP, saying the platform has remained true to its design of being neutral and non-partisan and acted based on inputs from various teams.

In an interview with PTI, Mohan rejected charges of Facebook India's decisions being influenced by political leanings of individuals, saying the process followed at the platform is designed to ensure no one person can influence outcomes, let alone take any unilateral decisions.

"The content policy of team that is at the centre of all the enforcement decisions (on hate speeches) is separate and independent in India from the public policy team (that handles government relations)," he said. "It's designed for independence." And the content management team is guided by only community standards. "And enforcement of that has to be objective, has to be non-partisan and neutral..."

Individuals can have "points of views" or "leanings", the "system is designed to make sure no one person can influence the outcomes," he said. "And so the answer is yes," he said replying to a question on whether Facebook is a non-partisan and politically neutral entity. The comments come amid a political storm over a report published in the Wall Street Journal last month, alleging the social media giant ignored extremist posts by ruling Bharatiya Janata Party leaders in order to protect its business interests in India.

Internet user base rises 3.4% at Mar-end; Jio has 52% mkt share: Trai data

PRESS TRUST OF INDIA
New Delhi, September 20

THE NUMBER OF internet subscribers in India increased to over 743 million at the end of March 2020, clocking a growth rate of 3.4% on a sequential quarter basis, showed Trai data on sector's quarterly performance.

Reliance Jio led the chart grabbing 52.3% of the overall market share, followed by Bharti Airtel (23.6% share) in the quarter ended March 2020. Vodafone Idea held the third position as its internet subscriber base market share was at 18.7%, for the period in reference.

"Total number of internet subscribers increased from 718.74 million at the end of December 2019 to 743.19 million at the end of March 2020, registering a quarterly growth rate of 3.40%," Trai said in its report. In this, the number of wireless internet subscribers stood at 720.7 million (97% share of overall pie) and wired internet subscribers were 22.4 million.

A whopping 92.5% of overall internet subscribers used broadband for internet access — the internet subscriber base comprised 687.4 million broadband users and 55.7 million narrowband subscribers.

"The broadband internet subscriber base increased by 3.85 per cent from 661.94 million at the end of December 2019 to 687.44 million at the end of March 2020," said the Trai report titled 'Indian Telecom Services Performance Indicators, January-March, 2020".

Internet access with a minimum capacity of 512 kilobits per second or more is defined as broadband connectivity, while narrowband refers to net access with lesser speed.

Wireless internet subscribers increased to 720.7 million at the end of March 2020, a quarter-on-quarter growth rate of 3.51 per cent.

"Out of total internet subscribers, 96.90% subscribers are using mobile devices for access of internet service. Wired internet subscribers are only 3.02% in total internet subscribers at the end of March 20," Trai said.

Of the overall 22.42 million wired internet subscribers, state-owned Bharat Sanchar Nigam Ltd (BSNL) held 50.3 per cent market share with 11.27 million subscribers, followed by Bharti Airtel with 2.47 million subscribers.

In wireless internet segment, Reliance Jio held 53.76 per cent market share, followed by Bharti Airtel (24 per cent) of wireless internet subscribers in the quarter ended March 20, it said.

Top five service areas in terms of internet subscriptions (wired and wireless) were Maharashtra (63.01 million), Andhra Pradesh including Telangana (58.65 million), UP (East) (54.60 million), Tamil Nadu including Chennai (51.64 million) and Madhya Pradesh including Chhattisgarh (48.72 million), it said.

E-Auction Sale Notice under IBC, 2016.
Corrigendum to the Notice for Sale of Assets

CIN : U15141MP2006PTC018304
Regd. Office : 201, Bansi Plaza, 581 M.G. Road, Indore (M.P.) 452001
Liquidator's Office : A D B & Company, Chartered Accountants, 1st Floor, Mahavir Gaushala Complex, Moudhapara, Raipur (C.G.) 492001

With reference to paper advertisement in Indian Express on 20/09/2020 for sale of Assets of Dhanlaxmi Solvex Private Limited, installed capacity of Plants are as under:

Block	Description	Plant Capacity (In TPD)	
		Soya Solvent Extraction	Refinery
A	Dewas Unit	800	-
B	Shajapur Unit	800	100
C	Kreli (Narsinghpur) Unit	400	50
D	Harda Unit	800	-
E	Ratlam Unit	Roller Flour Mill - 120	
F	All Five Unit Collectively	Extraction – 2800 TPD Refinery – 150 TPD Floor Mill – 120 TPD	

Rest of the details shall remain same as original notice.
Sd- CA Shikhar Chand Jain
Liquidator,
Dhanlaxmi Solvex Private Limited -In Liquidation
IBBI Reg. No.: IBBI/IPA-001/IP-P00495/2017-1810883

MAHESHWARI

FORM G- INVITATION FOR EXPRESSION OF INTEREST

(Under Regulation 36A (1) of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

	Relevant particulars	
1.	Name of the corporate debtor	**Francis Remedies (India) Private Limited**
2.	Date of Incorporation of Corporate Debtor	28/02/2006
3.	Authority under which Corporate Debtor is incorporated / registered	Registrar of Companies-Delhi
4.	Corporate identity number / limited liability identification number of corporate debtor	U24231DL2006PTC146931
5.	Address of the registered office and principal office (if any) of the Corporate Debtor	Regd. Office: P-67, Second Floor, South Extension, Part-ii, New Delhi-11049 Factory Address:- Khasra No- 111, Village Mandawali, Pargana Mangalore, Tehsil- Roorkee Dist.- Haridwar Uttrakhand-247670 Communication Address:102, B-3, Prerna Complex, Subhash Chowk, Laxmi Nagar, Delhi-110092
6.	Insolvency commencement date in respect of Corporate Debtor	02nd March , 2020
7.	Date of invitation of expression of interest	21-09-2020
8.	Eligibility for resolution applicants under section 25(2)(h) of the Code is available at:	Details can be obtained by sending emailing to Email – cirp.francis@gmail.com
9.	Norms of ineligibility applicable under section 29A are available at:	Details are available on www.ibbi.gov.in . Further details(if any) can be obtained by sending email to:- Cirp.francis@gmail.com
10.	Last date for receipt of expression of interest	06-10-2020
11.	Date of issue of provisional list of prospective resolution applicants	12-10-2020
12.	Last date for submission of objections to provisional list	17-10-2020
13.	Date of issue of final list of prospective resolution applicants	23-10-2020
14.	Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants	17-10-2020
15.	Manner of obtaining request for resolution plan, evaluation matrix, information memorandum and further information	The Resolution Professional shall share the request for Resolution Plan, evaluation matrix, information memorandum and further information in softcopy by Email after verification of KYC, capacity to invest, capability to manage and eligibility Under Section 29A of IBC,2016 and pre-qualification criteria if any approved by CoC
16.	Last date for submission of resolution plans	16-11-2020 before 6pm
17.	Manner of submitting resolution plans to resolution professional	A Prospective Resolution Applicant in final list, may submit Resolution Plan, physically in sealed envelope, to the office of Resolution Professional through Registered/ speed post or courier or by hand to Mukesh Kumar Grover Address – 102, B-3, Prerna Complex, Subhash Chowk, Laxmi Nagar, Delhi-110092 (also send copy on email id **cirp.francis@gmail.com mukesh@mjra.co.in**
18.	Estimated date for submission of resolution plan to the Adjudicating Authority for approval	30-11-2020
19.	Name and registration number of the resolution professional	Mukesh Kumar Grover IBBI/IPA-001/IP-P00383/2017-18/10640
20.	Name, Address and e-email of the resolution professional, as registered with the Board	Mukesh Kumar Grover Address–102, B-3, Prerna Complex, Subhash Chowk, Laxmi Nagar, Delhi-110092 **mukesh@mjra.co.in**
21.	Address and email to be used for correspondence with the resolution professional	Address – 102, B-3, Prerna Complex, Subhash Chowk , Laxmi Nagar, Delhi-110092 Email – cirp.francis@gmail.com
22.	Further Details are available at or with	Mukesh Kumar Grover (Resolution Professional) 102, B-3, Prerna Complex, Subhash Chowk , Laxmi Nagar, Delhi-110092
23.	Date of publication of Form G	21-09-2020

Mukesh Kumar Grover
Resolution Professional In the matter of
Francis Remedies (India) Private Limited
(IBBI/IPA-001/IP-P00383/2017-18/10640)
Email: mukesh@mjra.co.in,
Email: cirp.francis@gmail.com (For Correspondence)

Place: New Delhi
Date: 21/09/2020

FORM G
INVITATION FOR EXPRESSION OF INTEREST

(Under Regulation 36A (1) of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

	RELEVANT PARTICULARS	
1	Name of the corporate debtor	ARC LAMICRAFT PRIVATE LIMITED
2	Date of incorporation of corporate debtor	23.01.2007
3	Authority under which corporate debtor is incorporated / registered	Registrar of Companies - Ahmedabad
4	Corporate identity number / limited liability identification number of corporate debtor	U25202GJ2007PTC049846
5	Address of the registered office and principal office (if any) of corporate debtor	Nr. Sadguru Cotton Mill, Rajpar-Khanpar Road, Village-Rajpar, Taluka-Morbi, Morbi, Rajkot-363641
6	Insolvency commencement date of the corporate debtor	**03.06.2020**
7	Date of invitation of expression of interest	**21.09.2020**
8	Eligibility for resolution applicants under section 25(2)(h) of the Code is available at:	Details can be obtained by sending email to : cirp.arc@gmail.com
9	Norms of ineligibility applicable under section 29A are available at:	Details are available on **www.ibbi.gov.in** Further details (if any), can be obtained by sending email to: cirp.arc@gmail.com
10	Last date for receipt of expression of interest	**06.10.2020**
11	Date of issue of provisional list of prospective resolution applicants	**11.10.2020**
12	Last date for submission of objections to provisional list	**16.10.2020**
13	Date of issue of final list of prospective resolution applicants	**21.10.2020**
14	Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants	**24.10.2020**
15	Manner of obtaining request for resolution plan, evaluation matrix, information memorandum and further information	Request for resolution plan (RFRP), Evaluation Matrix and Information Memorandum (IM) shall be available through following Email ID from RP after NDA execution : cirp.arc@gmail.com
16	Last date for submission of resolution plans	**23.11.2020**
17	Manner of submitting resolution plans to resolution professional	A Prospective Resolution Applicant in final list may submit the Resolution Plan physically in sealed envelope to the office of Resolution Professional through Registered/Speed Post or Courier or by Hand.
18	Estimated date for submission of resolution plan to the Adjudicating Authority for approval	**30.11.2020**
19	Name and registration number of the resolution professional	Mr. Chirag Shah IBBI/IPA-001/IP-P01169/2018-19/11837
20	Name, Address and E-mail of the resolution professional, as registered with the Board	Mr. Chirag Shah, 208, Ratnaraj Spring, Besides Navnirman Co. Op. Bank, Opp. HDFC Bank House, Navrangpura, Ahmedabad-380009 chirag.irp@gmail.com
21	Address and email to be used for correspondence with the resolution professional	208, Ratnaraj Spring, Besides Navnirman Co. Op. Bank, Opp. HDFC Bank House, Navrangpura, Ahmedabad-380009 cirp.arc@gmail.com
22	Further Details are available at or with	Further Details can be sought from Resolution Professional at following E-Mail ID : cirp.arc@gmail.com
23	Date of publication of Form G	**21.09.2020**

Chirag Shah
(Resolution Professional)
ARC Lamicraft Private Limited
IBBI/IPA-001/IP-P01169/2018-19/11837
208, Ratnaraj Spring, Besides Navnirman Co. Op. Bank,
Opp. HDFC Bank House, Navrangpura, Ahmedabad-380009

Date : 21.09.2020
Place : Ahmedabad

RBI FIGURES

PSBs report frauds worth ₹20k crore in April-June

PRESS TRUST OF INDIA
New Delhi, September 20

PUBLIC SECTOR BANKS (PSBs) reported frauds worth over ₹19,964 crore in total 2,867 cases during the April-June quarter of the ongoing fiscal year, according to a reply to an RTI query.

The country's largest lender State Bank of India (SBI) saw the highest number of fraud cases; however, Bank of India was the worst hit in terms of value, as per a reply from the Reserve Bank on frauds reported by these lenders to RTI activist Chandra Shekhar Gaur.

Of the 12 PSBs, SBI reported the maximum 2,050 fraud cases involving ₹2,325.88 crore during April-June 2020.

Bank of India took the biggest hit in terms of valuation at ₹5,124.87 crore in 47 cases, followed by Canara Bank ₹3,885.26 crore in 33 cases, Bank of Baroda ₹2,842.94 crore in 60 cases, Indian Bank ₹1,469.79 crore in 45 cases, Indian Overseas Bank ₹1,207.65 crore in 37 cases and Bank of Maharashtra ₹1,140.37 crore in 9 cases.

As compared to these, the second largest public sector lender Punjab National Bank (PNB) reported much less amount of fraud at ₹270.65 crore, even as the number of cases stood at 240.

Among others, UCO Bank had ₹831.35 crore as fraud reporting in 130 cases, Central Bank of India ₹655.84 crore in 149 cases, Punjab and Sind Bank ₹163.3 crore in 18 cases and Union Bank of India reported the lowest amount of fraud at ₹46.52 crore in 49 cases.

The data may change subject to rectification/updation made subsequent to first reporting by banks (in respect of individuals frauds), the RBI said in the reply.

"Amount involved does not equate with the loss suffered by the reporting bank. Further, the entire amount lent in case of borrowal accounts need not have been diverted by the borrower/fraudster. In case of borrower accounts, amount involved may refer to the amount outstanding in the books of the reporting bank," it said.

'Banks not asked by RBI to raise capital to brace for possible NPAs'

PRESS TRUST OF INDIA
New Delhi, September 20


Anurag Thakur

THE RESERVE BANK of India (RBI) has not asked banks and non-banking financial institutions to raise capital to brace for a possible pile-up in bad debt in coming months, minister of state for finance Anurag Thakur informed the Rajya Sabha. However, he said, "Banks and non-banking financial institutions are required to maintain capital as per prudential capital adequacy norms on an ongoing basis."

RBI governor Shaktikanta Das at an event in July had advised that banks need to raise capital on anticipatory basis to build up adequate capital buffers to mitigate risks arising out of coronavirus outbreak. "In such a situation, it has become a lot more important that the banks have to improve their governance, sharpen their risk management skills and banks have to raise capital on an anticipatory basis instead of waiting for a situation to arise. Proactively, it is necessary for both public and private sector banks to build up adequate capital buffers," Das had said.

The government in the first batch of supplementary demands for grants has sought Parliament nod for ₹20,000 crore towards recapitalisation of public sector banks during the current fiscal. With the intent to ease financial stress caused by Covid-19 disruptions and meet the challenges of bad loans, the RBI in August permitted lending institutions to grant concession to eligible borrowers for Covid-19 related stress in personal, MSME and corporate loans by implementing individual resolution plans in respect of eligible loans.

As economy shrinks, an expansive explainer at Express e-Adda today

EXPRESS NEWS SERVICE
New Delhi, September 20


Ruchir Sharma

WITH THE COVID-19 pandemic pushing the world economy into its worst recessionary phase since the Great Depression, Ruchir Sharma, Head of Emerging Markets and Chief Global Strategist at Morgan Stanley Investment Management, will be the guest at Express e-Adda on Monday to discuss how countries can negotiate its far-reaching effects.

Global trade and industry has suffered heavily with growth rates in most countries plunging to record lows and India also registering a contraction of 23.9 per cent in GDP in April-June 2020. New York-based Sharma, who is one of the finest observers of contemporary Indian politics and economy, will also give new insights into the functioning of the financial markets and socio-political changes.

Sharma's latest book, The 10 Rules of Successful Nations, is born of data analysis, on-the-ground research and his deep interest in contemporary politics and current affairs. The book is a wake-up call to economists who failed to foresee every recent crisis, including the cataclysm of 2008, and a slim primer with insights on the political, economic and social habits of successful nations.

While the economy has suffered, markets across the world, including India, have rebounded even as the pandemic rages on in most countries, including India. At the E-Adda, Sharma, who will be in conversation with Anant Goenka, Executive Director, *The Indian Express*, and P Vaidyanathan Iyer, Executive Editor for National Affairs, The Indian Express, will navigate the audience through the fog created by the pandemic and domestic and international politics.

With a quarter century of travelling the world as a writer and investor, Sharma's rules challenge conventional textbook thinking on what matters - and what doesn't -- for a strong economy. The book explains why successful nations embrace robots and immigrants, prefer democratic leaders to autocrats, elect charismatic reformers over technocrats, and pay no mind to the debate about big versus small government.

Sharma's book also explains why rising stock prices matter as much or more than food prices, and the measure of debt is the best predictor of economic crises, and why no one number can accurately capture the value of currencies.

His earlier books include Democracy on the Road (2019), The Rise and Fall of Nations: Forces of Change in a Post-Crisis World (2016) and Breakout Nations (2012). Sharma was selected one of the "top global thinkers" by Foreign Policy magazine in 2012 and was named as one of the Most Influential people in the world in 2015 by Bloomberg Markets.

Sharma, who started writing at 17, has been a writer longer than he has been an investor. He's a regular contributor to several international publications. He is passionate about politics and has covered every national election in India, and many major state contests, going back to 1998. Sharma's other interests include athletics and he continues to train for the 100 and 200 meters sprints. He has a keen interest in wildlife and in international cinema and attends major film festivals.

Govt set to amend FCRA; Aadhaar to be mandatory for registration

PRESS TRUST OF INDIA
New Delhi, September 20

THE FOREIGN CONTRIBUTION (Regulation) Act (FCRA) is all set to be amended, under which providing the Aadhaar numbers of the office-bearers of any NGO will be mandatory for registration and public servants will be barred from receiving funds from abroad.

The Foreign Contribution Regulation (Amendment) Bill 2020, to be introduced in the Lok Sabha on Sunday, also proposes to enable the Centre to allow an NGO or association to surrender its FCRA certificate.

The draft bill proposes that not more than 20% of the total foreign funds received could be spent on administrative expenses. Presently, the limit is 50%.

The Statement of Objects and Reasons of the bill states, "The Foreign Contribution (Regulation) Act, 2010 was enacted to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest and for matters connected therewith or incidental thereto."

The draft says the Act came into force on May 1, 2011 and has been amended twice. The first amendment was made by section 236 of the Finance Act, 2016 and the second by section 220 of the Finance Act, 2018.

REMOVING UPI CASHBACK OFFER

'Forced to comply' with Google mandate to get listed on Play store, says Paytm

FE BUREAU
New Delhi, September 20

PAYTM ON SUNDAY said the company was "forced to comply" with Google's mandate of removing its UPI cashback offer and scratch cards to get relisted on the Play Store.

Google, in an abrupt move, had pulled out the Paytm app briefly from the Play Store on Friday before restoring the app services later in the day. The tech major is understood to have viewed Paytm's recently launched cashback campaign to be in violation of its gambling policies.

The Paytm Cricket League on its consumer app allows users to get player stickers after each transaction, collect them and receive Paytm Cashback.

The Noida-based payments firm said that on Friday morning, Google in mailed statement to the company observed: "Your app contains content that doesn't comply with the Gambling policy as it offers games with "loyalty" (e.g. engagement or activity) points that (1) are accrued or accelerated via real-money purchases which (2) can be exchanged for items or prizes of real-world monetary value." Paytm said it was not given an opportunity to respond to Google's concerns.

Reiterating that Paytm's cashback campaign was within guidelines, as well as all laws of the land, the company pointed out that Google Pay regularly runs similar campaigns in India.

"At the beginning of this Cricket Season itself, Google Pay has started its 'Tez Shots' campaign which clearly says, "Score Runs to earn assured rewards worth up to ₹1 lakh," Paytm said in a blog.

In a blog post on Friday, Google had said that it does not allow online casinos or support any unregulated gambling apps that facilitate sports betting. This includes if an app leads consumers to an external website that allows them to participate in paid tournaments to win real money or cash prizes, it is a violation of the firm's policies.

"Google and its employees are making policies which are over and above the laws of our country, and are arbitrarily implementing them," Paytm said.

Customs duty exemption on key TV component to end from October 1

FE BUREAU
New Delhi, September 20

WITH THE END of Customs duty exemption on open cell — a key component in TV panel manufacturing — from October 1, TV manufacturers are expected to start making the product in India, leading to a reduction in imports of television sets that are ₹7,500 crore a year, finance ministry sources said. The open cell will attract 5% after the end of the current month.

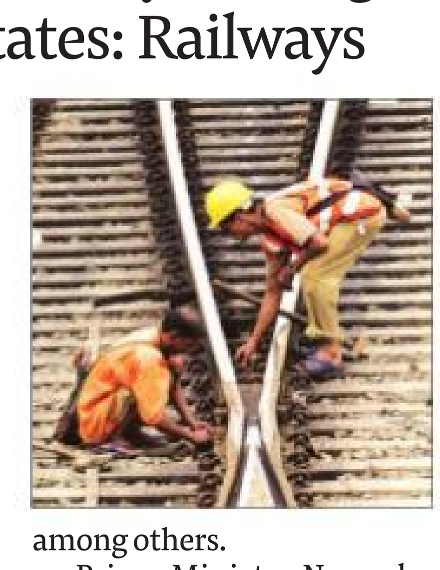
This exemption was given a year ago to the industry as it had sought time to build domestic capacity for open cell. However, TV manufacturers have said that domestic manufacturing capacity isn't adequate yet to curb all imports, and the prices of TVs is likely to rise with the 5% customs duty.

While the industry has estimated price escalation by ₹600-1,200 per unit depending on the size, sources in the government have said that the impact wouldn't be more than ₹200 for a TV set. The sources also said that domestic TV manufacturers were using the 5% customs duty on open cell as an excuse to revise prices upwards by claiming that manufacturing capacity is still not available within the country.

The government sources have also argued that such exemptions can't continue when the domestic manufacturers have already with provided adequate protection of import with 20% customs duty on TVs since December 2017. They have argued that weaning away such exemptions was needed to kickstart manufacturing capacity within the country.

Generated over 9L mandays of work under Garib Kalyan Rozgar Abhiyaan in 6 states: Railways

PRESS TRUST OF INDIA
New Delhi, September 20



THE RAILWAYS HAS generated 9,79,557 mandays of work till September 18 under the Garib Kalyan Rozgar Abhiyaan in Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh, the national transporter said Sunday.

Around 164 railway infrastructure projects are being executed in these states.

Till September 18, as many as 12,276 workers have been engaged in the scheme and the payment of ₹2,056.97 crore has been released to the contractors for the projects being implemented, the railways said.

Railways has appointed nodal officers in each district as well as in the states so that a close coordination is established with the state government, it said.

The national transporter has identified a number of works which are being executed under this scheme. The works are related to the construction and maintenance of approach roads for level crossings, development and cleaning of silted waterways, trenches and drains along the track, construction and maintenance of approach road to railway stations, repair and widening of existing railway embankments or cuttings among others.

Prime Minister Narendra Modi had launched a massive employment-cum-rural public works campaign named Garib Kalyan Rojgar Abhiyaan to empower and provide livelihood opportunities in areas or villages witnessing large number of returnee migrant workers affected by the devastating COVID-19, on June 20, 2020.

The prime minister had announced that ₹50,000 crore would be spent for building durable rural infrastructure under the scheme.

This Abhiyaan of 125 days is being undertaken in mission mode, and involves focused implementation of 25 categories of works/activities in 116 districts, each with a large concentration of returnee migrant workers in six states of Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand and Odisha.

Public works campaign being undertaken during this campaign will have a resource envelope of ₹50,000 crore.

Opinion

MONDAY, SEPTEMBER 21, 2020

PRESERVING SAFETY NETS

Congress leader P Chidambaram

APMC system is indeed a safety net for the farmer but it is a restricted market ... We need to enlarge the market for agriculture produce while preserving the 'safety net' principle through MSP and Public Procurement

RationalExpectations

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Won't pay my bills, even if court orders

As the Vedanta case shows, government refusing to accept arbitration orders is the new challenge for DoingBusiness

IF UNPAID DUES—of both the government and PSUs, at the Centre and the states—running into lakhs of crore rupees was the big problem that India Inc faced while dealing with the government, apart from the miles of red tape, getting the government to honour even arbitration court verdicts (sometimes even those of regular courts) is proving to be an equally big challenge.

The latest in this sad saga is a $476-mn arbitration award that Vedanta and Videocon have just won in the Supreme Court (SC) pertaining to the Ravva oil and gas fields that they had jointly developed in the 2000s. The government and the private contractors had a dispute over how much of the costs could be recovered by the contractors and, after the dispute went into arbitration in Malaysia, the private firms won. The government, however, refused to accept the award and challenged it on the grounds that it was violative of 'public policy'—this is the most common ground for challenging arbitration awards. Last week, however, SC rejected the government's arguments; how long it will take for Vodafone-Videocon to get back their money now remains to be seen.

What makes this especially worrying is that the original award was given way back in January 2011! Challenging global awards has become so much of a habit that even in the case of Tata-DoCoMo, where the government was not even a party, it challenged the award, on the grounds of 'public policy'; it is complicated, but the Tatas were happy to have lost the case as this allowed them to make the payment to DoCoMo to honour a contractual commitment.

It has taken Vedanta-Videocon nearly a decade to get govt to honour a global arbitration award. Sadly, many others are also finding that govt challenges every such award against it, making a mockery of the arbitration process

Though the numbers are much higher, there is a similar case of cost-recovery involving Reliance Industries and the Panna Mukta Tapti fields it was working on; Reliance won the award in 2016, the government challenged it and the case is still in court. And, in the Reliance-ONGC case where the government had asked for $1.6-bn in damages—Reliance denied the government charges that it had been 'stealing' natural gas from ONGC—the arbitration court gave a verdict in favour of Reliance; that was in 2018 but, predictably, the government has challenged this in court.

The Antrix-Devas case is quite similar. In that case, Isro's arm Antrix was to build two satellites for Devas Multimedia, with 70 MHz of spectrum thrown in; with the CAG enquiring into the matter, and the reverberations of the 2G case still strong, the government cancelled the contract. Devas went in for arbitration and won a $672-mn award. How this case will play out in the court—the government challenged the award—is not clear but, six months ago, SC asked Devas whether it would be willing to waive off the interest component of the money owed to it; that suggests the government may lose this challenge as well.

Fortunately for companies, the courts are increasingly—though not always—batting for honouring arbitration awards. In the Tata-DoCoMo case, when the government argued that making the payment would violate the Fema law, the judge said that if that were the case, the Tatas could pay the Fema penalties as well, but the award would be honoured. And Hindustan Construction Company (HCC) won a big battle—but not the war—when, last year, SC struck down an unfair amendment to the Arbitration Act. Under the arbitration law, no automatic stays were to be granted in future for any case where the proceedings started after October 2015; parties challenging the award could still get a stay, but the courts would decide on the merits of each case. But Section 87 that was inserted later allowed an automatic stay on all cases before October 2015, and that ensured HCC couldn't get paid even though it had won in arbitration. The road ahead for HCC still remains a long one since, while the SC ruling meant the National Highways Authority of India (NHAI) couldn't get an automatic stay on the arbitration cases it had lost, HCC would have to approach each high court where NHAI got a stay and ask for it to be vacated.

India's tortuous legal system is the main reason why most global firms working here have arbitration clauses in their agreements; indeed, the reason why the government came up with arbitration laws—it even put in place fairly strict rules to prevent the awards from being challenged—was to ensure that firms were able to settle their disputes quickly. Yet, as we are seeing, the government almost habitually challenges all awards, and this ensures that the delays continue. Another favourite tactic is to delay the appointment of arbitrators and, in the case of Vodafone and Cairn, to even argue that the cases could not be arbitrated under the bilateral investment treaties. In the *Nafed vs Swiss firm Alimenta*, while SC ruled in favour of the government—which had argued 'public policy' again!—earlier this year, keep in mind the award was given in Alimenta's favour way back in 1989!

So if a Vodafone or a Cairn finally win their cases, there is no guarantee the government will not challenge them again on the grounds of 'public policy'. If the courts uphold the challenge—or allow it to be delayed for years—this will be a double whammy for the firms. Keep in mind the infamous retrospective tax was brought in by then finance minister Pranab Mukherjee after SC had ruled in favour of Vodafone in the tax matter. In the ITC case too, after SC had ruled in its favouring the ₹803-crore excise duty case, the government passed an ordinance that changed the tax law; ITC then approached the government for a settlement and, as part of this, while ITC didn't have to pay the government ₹453 crore, the government got to keep the ₹350-crore that ITC had already paid in the case. The government refusing to honour arbitration and court cases, it appears, is an old tradition.

HiddenCOST

Pandemic-control related disruptions in access to healthcare seem to have caused a spike in stillbirth

A CLUTCH OF STUDIES, *Nature* reports, has revealed a shocking cost of the pandemic—the rise in proportion of pregnancies that ended in stillbirths (deaths of the baby in the womb). With access to healthcare eroded because of the lockdown, and supply-chain of crucial nutritional and pharmacological support essential for safe pregnancy disrupted, many women lost their babies. The thinning of healthcare access meant that complications that could lead to stillbirths went unnoticed/untreated. With national Covid-19 control protocols advising pregnant women not to visit healthcare facilities, unintended loss of pregnancies could have occurred. The largest study on the topic, drawing on data of 20,000 women in nine hospitals in Nepal, noted an increase of 50% in stillbirths.

What makes matters worse is, with institutionalised delivery likely to have fallen because of lockdown and pregnant women (or families) choosing to avoid hospitals, the actual stillbirth rates could be higher. Routine antenatal care that could have saved many pregnancies was unavailable to the most vulnerable. But, what is interesting is that the trend was noticed even in developed countries like the UK, and not just low- and low-middle income countries. Indeed, while advances in telemedicine have helped bridge a lot of gaps in access to healthcare, in the case of antenatal care the requirement is for in-person consultation and monitoring—the UK reported lesser number of women coming in for hypertension, which could mean hypertension in many pregnant women, which is a stillbirth risk, went unreported. As the world learns to live with the SARS-CoV-2, it will need to address such human costs of the pandemic.

MARKET REPUTATION

THE MARKETS SEEMED TO FAVOUR FAMILY-OWNED BUSINESSES IN INDIA, AS IS EVIDENT FROM STOCK PERFORMANCE. ALSO, THEY WERE MORE AGGRESSIVE WHEN IT CAME TO ACQUISITIONS

Did family-owned businesses handle the pandemic better?

JANMEJAYA SINHA & SAURAV MOHANTY

Sinha is chairman and Mohanty is consultant, BCG India
Views are personal

GIVEN THE DOMINATING presence, family-owned businesses have in India, we thought it was worth evaluating whether there was any difference in responses to the Covid between family-owned businesses (FBs) and non-family owned businesses (NFBs). Family-owned businesses comprise 300 of the top-500 Indian companies, they earn $670 billion of combined revenues, comprise 74% of manufacturing output and employ more than 5.2 million people. It is not commonly known that FBs lead even in respect of the environment, social and governance (ESG) scores in India. Over the last 15 years, FBs have shown higher revenue growth, together with higher leverage and lower short-term profitability, however, they have been rewarded with higher share price appreciation. We thought it would be instructive to evaluate how the FBs performed relative to NFBs during the pandemic.

To do this quick and dirty review, we restricted our sample to 200 companies—100 FBs and 100 NFBs. Covering sectors such as industrial goods & auto industries (40%), financial services (25%), consumer goods and services (16%), technology and media (11%) and pharma (10%). While a high-level analysis may not allow for deep insights, it does provide enough information to give us a broad directional indication of how India's FBs have fared. On average, FBs have seen a higher drop in consolidated revenue in Q1FY21 against Q4FY20—a 34% decline as compared to 30% for NFBs. The PBT for FBs also similarly dropped ~35% as compared to a 23%-drop for NFBs. The disparity observed in the analysed companies also arises from the higher proportion of NFBs in tech and financial sectors (which have till now performed better relative to other sectors) within the top companies of the country.

How have stock markets reacted to FBs and NFBs? It is true that market valuations across the globe are exaggerated because of the expansive monetary policy that all central banks are pursuing—increasing liquidity and lowering interest rates. This holds true for India, compounded further by large foreign inflows, together with a fall in imports and a rise in RBI's reserves. Stock markets in India are at elevated levels. Within this context, FBs' stocks have gone up by 36% on average as compared to 23% for NFBs. In doing this, we took out the Jio effect, to see if the conclusions hold even if we did not account for the nearly $20-billion investment that Jio platforms attracted.

FBs' stocks have gone up by 36% as compared to 23% for NFBs, even when the Jio effect is ignored; this is despite their PBT falling ~35% vs NFBs' 23%

Why did the stock market show more confidence in FBs? Quite honestly, it is not possible to answer this question in real-time. We do not have all the data yet to explore this question deeply. But, there are a few surface-level indicators that suggest some answers. While a quick dipstick cannot substitute deep analysis, we have sifted through company results and media reports to form an opinion. Intuitively, one could imagine that FBs deal with the family wealth and so take preventive action early. What we could ascertain was that FBs were quick to act to protect themselves. They exhibited strong proactiveness with a majority of them building cash provisions higher than mandated. FBs were in the news constantly for raising capital using various means—NCDs (Mahindra, Reliance), commercial papers (Mahindra), debt restructuring (GMR), cash release from surplus assets (various FMCG players). Proactive measures and strong communication to the market gave confidence to the market about their plans.

Counter-intuitively markets were not upset by the lower PBT performance of FBs compared to NFBs. Large NFBs were clinical in managing their costs down to protect profit erosion primarily by a reduction in COGs—drop from 60% share of revenue to 49% of revenue but also by reducing their use of direct labour costs, mostly contract labour. FBs, on the other hand, had a more muted reduction of COGs from 56% of revenue to 50%. The media did not report knee-jerk measures by FBs, only by some startups, in laying off large numbers of their employees. Salary cuts were reported for FBs and NFBs at mid-senior level executives. Whether this FB behaviour was because of the relationships that are formed between the promoters and long-serving employees or because of higher need for family reputation with a hire/fire approach is not clear. It is possible though that, after fully incorporating the productivity enhancement possible through digital, there may be long-term implications for employment.

Markets may also have noticed that FBs were more aggressive with respect to acquisitions. FBs made more than ~4 times more acquisition investment as compared to NFBs. Reliance has been at the forefront of this through its big-ticket acquisition of Future retail and Netmeds, but there were others also (the Murugappa Group is likely to acquire CG Power during Covid).

If there was one blessing due to Covid, irrespective of whether they were FBs or NFBs, it was in respect to the strong acceleration witnessed in driving greater adoption of digital and data in addressing and resolving the challenges of business. One could see this in digital marketing and personalisation (in respect of customers), adoption of new ways of working or in digitising operations—robotic process automation, digital supply chain, online auto purchase, and an e-commerce drive. Covid accelerated digital adoption by at least a decade.

What one uncovers is this fascinating dichotomy in India's emotions with respect to FBs. Markets respect them, but the government, regulators and the public often suspect them. They span from the best reputations to the worst reputations. However, there is one thing that separates FBs from NFBs. FBs demonstrate a longer-term perspective than the next quarter, in fact, sometimes they want to build for the next generation. Maybe the market sees this!

India's first-six months of Covid-19

How quickly the nation's leadership learns from these past six months and changes its approach will be vital for managing the pandemic and achieving economic recovery

NIRVIKAR SINGH

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SIX MONTHS AFTER India's initial drastic lockdown, with the release of the first-quarter GDP numbers and a continued increase in Covid-19 cases, how should we assess the situation, looking back to those months, and also looking forward? The fall in GDP, among the worst in the world, reflects the severity and poor planning of India's lockdown. This is a familiar story, and the GDP figures just confirm the damage. Of course, one quarter's loss of output would be less important if followed by a quick recovery. In previous columns, I have argued that India did not do enough to bridge the disruption of the lockdown for small businesses, and this will make a recovery slower and more difficult. But, now it is emerging that the real problem with achieving a rapid recovery lies in the management of the pandemic. If the pandemic is not controlled, then no government economic policy will be enough for a full recovery.

In earlier columns, I have suggested that, given its resource and institutional constraints, India's management of the pandemic was about as good as could be expected. But now, as infections continue to climb, and comparisons with other countries are made, it looks like that assessment was too rosy. India has higher rates of infections and deaths than its poorer neighbours, including Afghanistan as well as Bangladesh and Pakistan. It may be that those other countries are undercounting more than India, but such an explanation seems unlikely. Aside from these direct statistics, other evidence, from antibody tests, suggests that true infection rates may be many times higher, making community spread much more likely than the official data suggest.

There is also the concern that the economic disruption so far will create a negative health spiral, in which those without livelihoods will suffer other health problems, with fewer resources to treat them, and where increasing Covid-19 cases will crowd out treatment for all kinds of other illnesses. This was a worry right from the start of the pandemic, even in more developed countries, but India may face this situation more starkly in the next months.

What is to be done? In late August, in a joint statement, the Indian Public Health Association, the Indian Association of Epidemiologists, and the Indian Association of Social and Preventive Medicine called for the lockdown to be discontinued. This recommendation is a reflection of the failure of the government to use the initial drastic lockdown to plan and implement an effective public health strategy. These experts want testing that is more targeted than the current policy of trying to track and test most contacts of new cases. The rationale is that these newly identified cases are too small a fraction of actual infections. However, innovation might help: a cheap and quick home test, even if not too reliable, might allow rapid expansion of testing and more accurate containment of those who are infected.

Now, weariness has set in, and people appear to be ignoring precautions such as mask-wearing and social distancing

If the number of cases is going to keep increasing, then the obvious place where the government needs to put resources is in healthcare, including facilities, equipment and personnel. If trained personnel are not available, then they could be brought in temporarily from other countries. There are thousands of medical personnel of Indian origin who might be willing to help in the kind of emergency situation that India may face. As public health experts suggest, testing should be targeted to protect healthcare workers, and they should also receive the best protection and equipment possible. The rate of return to such expenditures is obviously very high if the recovery of the entire economy is at stake.

The central government could also help by being more honest about the situation, by being willing to consult experts more readily, and by communicating more effectively with citizens. The last of these is easy to underestimate, but it is critical to get it right. Initially, the result of government communications was panic and fear. Now, weariness has set in, and people appear to be ignoring precautions such as mask-wearing and social distancing. This is a time for repeated reminders from those in power to those whom they notionally serve. My impression is that frontline workers and state governments have been making strong efforts, but as one moves up the hierarchy of power and authority, the level of performance seems to attenuate.

It is a reasonable conjecture that over-centralisation is hurting India now more than ever. This refers not only to the hierarchies of government but also the concentration of decision-making at the highest level. The pandemic requires rapid and comprehensive flows of information, along with the capacity to process this information and make good decisions. At the top, this means being able to absorb diverse ideas and bad news, to seek out expert judgments, and to adjust rapidly. Beating the coronavirus is different from defeating political opponents or charming citizens eager for hope and change. How quickly the nation's leadership learns from these past six months and changes its approach will be vital for managing the pandemic and achieving economic recovery and sustained growth.

LETTERS TO THE EDITOR

On data security

An Indian English daily deserves big kudos for exposing the wrong intentions behind a Chinese technology company tracking personal data of around 10,000 prominent Indian individuals and organisations in conjunction with Chinese government. This includes, the president of india also, the VP, the prime minister of India and the opposition leaders, including congress president, CMs, MPs, army chief, and industrialists. The Chinese company has also collected the database of bureaucrats in key positions, judges, scientists, academicians, journalists, actors, sportspersons, religious figures and activists. The government has taken a good initiative on Wednesday by constituting an expert committee under the National Cyber Security Coordinator to study these reports, evaluate their implications, assess any violations of law and submit its recommendations within 30 days. The government must ensure to build an "impregnable firewall" to deal with the "digital aggression" by the neighbouring country, and must see what can be done. It is a matter of grave concern as China has been behind the spread of coronavirus, physical aggression in Ladakh and now "digital aggression". We are in clutches of China. Is the government not aware of it? Our national security is being shattered. Every common individual has right to privacy for his personal details and data. The situation is scary to know and threatens natioanl security as prominent government functionaries and important personalities, who have so many confidential details with them related to security and other policies of the government, the leakage of which can lead to serious threats to security and sovereignty of the country. Government needs to act quick on nabbing this Chinese company to avoid any further implications.

— Sanjay Chopra, Mohali

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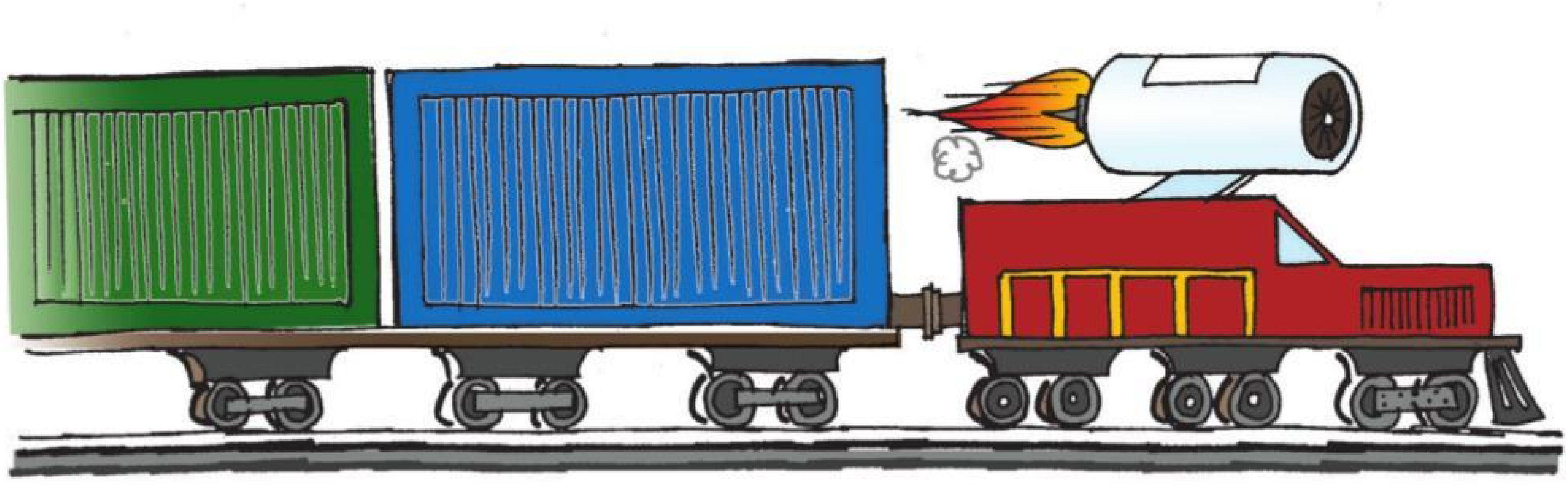

ILLUSTRATION: ROHNIT PHORE

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RAILWAY FREIGHT

Taking the track less travelled

The heart of the Indian Railways' freight strategy should be the creation of high-volume, high-speed freight corridors, with critical mass carried in train loads. It needs to create this critical mass in partnership with other players—given roads' role in first-/last-mile connectivity, road transport must be brought in as a partner

BUOYED BY A bright streak of rail freight loading and revenue last month, catching up with the August 2019 levels, railway minister Piyush Goyal recently hailed Indian Railways' 'serious efforts' during the challenging Covid-19 days to raise its modal share in the nation's freight transport market to 40% (from current estimated less than 30%).

Goyal spoke of customers appreciating railway managers' outreach to them, and discounts of 5-50% offered in freight rates. The Indian Railways' high freight tariffs besides endemic capacity constraints on tracks and terminals, as also bureaucratic service regime, conspire to let the system wallow in only an incremental growth trajectory, far below its potential. Consider the Indian Railways' lacklustre performance: Its freight loading rose over five years 2014-15 to 2018-19 at just 2.12% CAGR, and tonne-kilometres (NTKM) at only 0.26%.

Notwithstanding the Railways being a safe, energy-efficient, land use-efficient, and environmentally-benign mode, the rail-road mix in the country's freight movement has developed sub-optimally. Several experts and committees recommended the Indian Railways to achieve an optimal 50% modal share by steadily raising the rail-road ratio of 35:65 in Plan XII (2012-17) to 39:61 in Plan XIII, 45:55 in Plan VIV, and to 50:50 by Plan XV. Rail share, instead of rising, has been continuously sliding—and precipitously.

For capacity increase, railways' crucial need, the Indian Railways needed to sagely prioritise its investments and reform project management. Resources have been spread thinly on scattered projects, providing little tangible relief on congested routes or terminals. Characteristically, two DFCs, acutely critical for capacity enhancement, have languished for ten years. Seventy years ago, the Indian Railways commissioned the extremely challenging 200-km Assam Link in just 20 months.

Cessation of passenger trains during the Covid-19 crisis created a rare opportunity for the Indian Railways to dramatically reorganise its passenger business. It can have substantial sectional and terminal capacity released by drastically curtailing, if not eliminating, around 3,800 'regional'/sectional trains it runs daily for short distance (average 110 km) journeys. These are the services that also account for a major share in the annual loss of ₹40,000 crore the Indian Railways incurs in passenger business. Low passenger fares compel the Indian Railways to jack up freight charges; high freight rates dampen freight volumes. As it is, unwittingly, the Indian Railways let overall freight costs to escalate through wasteful concepts like exchange yards for large industries, and competitive departmental empire-building while providing connectivity by private sidings.

The nation's freight pie got ever larger, but the Railways' slice has got only thinner. The Indian Railways has remained overwhelmingly patronised by captive customers. Even in case of the nine bulk commodities, its bread and butter, its share has been dwindling. It carries a minuscule volume of the estimated 1,000 million tonne of piecemeal general goods journeying over 700 km and more. Considered preferable for containerised transport, FMCG (estimated annual market of value of ₹4,50,000 crore) is a principal commodity group, which runs an annual logistics bill of ₹35,000 crore. Several other prominent sectors would include automobiles, chemicals and textiles.

Today, two recurring themes reverberate across the logistics domain—digitalisation and multimodality. The nature of freight being transported is changing fast from heavy bulk to lighter high-value goods to move in smaller consignment volumes. Speed in delivery is itself an important characteristic of product quality.

The heart of the Indian Railways' freight strategy will be the creation of high-volume, high-speed freight corridors, with critical mass carried in train loads. It needs to create this critical mass in partnership with other players, aggregating/consolidating freight into train loads. Roads play a pivotal role for first-/last-mile connectivity; they need be co-opted as partners.

A major sector for the Indian Railways to focus on is the generic parcels traffic, which encompasses the express market. The Indian Railways may operate dedicated train formations conceptualised and developed by private entrepreneur/integrator analogous to envisaged private passenger train operators. Individual vans may be offered for intercity transport of freight/parcels/courier packages by fast passenger trains. Some others may opt for dedicated space to be leased on long-term contract in VPs on such trains. Levying FAK rate, the Indian Railways may make no distinction between parcel and freight, pricing determined accordance to cost incurred and the level of service provided.

Amidst the current pandemic onslaught, the Indian Railways traffic managers overcame entrenched timidity at time-bound transit and ran on demand time-definite 'parcel' trains. They need to audaciously promote the door-to-door transit venture, strategically involving established integrators and logistics providers. Further, there appears potential for overnight intercity rail freight transport, like on Canadian Pacific between Montréal and Toronto, or as several European railways improvised high speed LGV train-sets to operate freight services similar to air freight carriers. The Indian Railways may plan for overnight intercity journey of freight and documents, post-DFCs.

There appears potential for overnight intercity rail freight transport, like on Canadian Pacific between Montréal and Toronto

Along with appropriate software of policies and processes, the Indian Railways may concomitantly design and develop ancillary hardware, including a wagon for speeds about 120 km/h, with heavy loads, also when empty, like it developed new generation 'high speed', 'high capacity' parcel vans. The former senior railway engineer Naresh Kumar-designed 'Dwarf' container as also the standardised pallet/'cube' will incentivise break-bulk cargo by rail.

Now is a propitious time for the Indian Railways to prepare for the post-Covid-19 future by using the crisis to reimagine, reorient itself. Today, it's not the big that eats the small; it's the fast that eats the slow. The tsunami of fierce competition, volatile customer demands, rapidly evolving technologies would demand the Indian Railways' managers to grasp the nettle—adapt its mammoth, moribund apparatus to operate in a new paradigm. An important mandatory ingredient of the new normal will be optimising asset utilisation, accelerating asset velocity, embracing digital technologies, reducing unit cost, ensuring speed, timeliness, reliability of deliveries, and ease of doing business.

Fiscal problems of Indian states

MS ANANTH

The author is a Delhi-based lawyer

States with steep revenue deficits must address the issue of fiscal responsibility, raised by several Finance Commissions

IN NOVEMBER 2016, nine judges of the Supreme Court held that states were '...within their right to design their fiscal legislations to ensure that the tax burden on goods imported from other states and goods produced within the state fall equally.' The judges reiterated federalism as a basic structure of the Constitution and held that the power to levy entry tax under Entry 52 of List II of Schedule VII was not subject to any restriction. The case was *Jindal Stainless Steel Ltd & Anr v. State of Haryana & Ors*, and the issue in question was power of states to levy entry tax under Articles 301-304 of the Constitution. But in May 2015, the Lok Sabha had already passed the Constitution 101st Amendment Act which deleted Entry 52 of List II, Schedule VII, while harmonising and consolidating various indirect taxes. The significance of this: Why borrow when you can tax?

The Centre's and the states' borrowing powers are subject to limits under Article 292 and their respective FRBMs. The need for fiscal responsibility on the part of states has been identified in successive Finance Commissions. Increasing borrowings of states, with no change in revenue, are bound to adversely affect their commitments under FRBM rules. This would be harsh for states that have practised fiscal discipline and have high GST receipts.

For states, there is no mechanism to resolve which entity is to borrow, and as long as the Centre doesn't compensate states and directs borrowing, states will have little option but to comply. The Centre acknowledged its obligation to compensate states unambiguously in terms of the GST Compensation Act (Section 19). But the burden of this compensation falls on taxpayers, and not the central government, who pay for goods and services purchased either in the course of interstate trade and intrastate commerce. This is ironic, because levying compensatory cess on intrastate sales has the effect of a state taxing itself to compensate itself. Disputes with respect to levy of compensation cess would be between taxpayers and central or state governments. If states dispute the computation or lack of payment, state governments would have to litigate on the decision of the GST Council before the Supreme Court under Article 131.

Under the GST Compensation Act, compensation is liable to be paid only for five years from 2017. After 2022, the Centre is under no obligation to compensate states. It is in this context that residuary taxation powers of states are important. The amendment deleted substantial taxation powers but left untouched taxation powers of panchayat, municipality, regional council or district council and taxes on sale of electricity, fuel and alcohol. Entertainment-related levies have been challenged in Madhya Pradesh, Allahabad and Kerala High Courts. These taxes are over and above GST—on entertainment, paid on ticket prices by cinemagoers.

The deletion of Entry 52 may not take away the power of taxation since this power comes from Article 304, which remains unchanged after the amendment. Entries in Schedule VII are only subject matters of legislative powers and the actual power flows from the provisions of the Constitution itself (*State of West Bengal v. Kesoram Industries*). There's nothing impermissible or constitutionally illegal in the actions of states imposing such taxes, since (a) there is no equity in taxation and (b) raising finances is a legitimate act of a state. Since federalism is part of the basic structure, states can legitimately take recourse to these powers.

The fiscal problem of Indian states isn't unique. Provinces in Canada and states in the US are facing a problem with similar consequences—low taxes, revenue, increasing deficits. In the US, there has been talk of states invoking bankruptcy laws to clean the slate and rewrite contracts.

The question whether the Centre should borrow or a state is only a means to an end—fiscal responsibility. The bigger issue of fiscal responsibility raised by the earlier Finance Commissions needs to be addressed by states with steep revenue deficits. Nearly 200 years after Shakespeare advocated fiscal prudence through Laertes, George Washington reiterated this for a new country. His caution of 'avoiding... accumulation of debt... not ungenerously throwing upon posterity the burthen, which we ourselves ought to bear' is excruciatingly relevant for Indian states.

Ready for the rains

UP's EoDB progress mirrors the fable of the drought-stricken farmer who was prepared for the rains when they came

ACHAL SHARMA

Founder, CorePeelers; *achalmsharma@gmail.com*

TWO FARMERS, WHO were neighbours, were suffering financial distress due to many years of drought. Every season, they looked at their dry fields, waited for the rain and blamed God for their misfortune. When this suffering peaked, one of them started to plough. He took three days to plough his land and lay the seeds. The other farmer thought that his friend was wasting his energy and resources. He asked him the reason for doing so. The first farmer replied he was preparing his soil for rainfall. In a few days, the rains fell, but only one reaped a harvest. Why? Because he had prepared his ground and didn't just wait for the rain.

Uttar Pradesh jumping 10 ranks to reach the second position on the list of states that have implemented the Ease of Doing Business Reforms is an example of the prepared farmer. Chief minister Yogi Adityanath has surprised many with the aggression and sensitivities he brings with himself. This is also a reply from him to his adversaries who always thought the state would not do well under his leadership.

Ploughing the soil

Implementing 186 out of 187 EoDB reforms prescribed by the Centre in February 2019 is commendable. Implementing these in a year's time would not have been possible unless the state government was already working on this. Before laying the ground for next plantation, this farmer had to burn the field; CM Adityanath did it by reducing crime. Controlling organised crime in the state was one of the first steps for bringing ease of business to the state. The next step was to implement EoDB enablers of providing access to information, transparency and single-window support. Enabling Invest Mitra and other digital platforms was sound foundation-laying. Invest Mitra received nearly 2.3 lakh applications for NOCs in the last two years, and it efficiently cleared 94% of them. There are 73% satisfied customers on this portal. This unified portal is a transparent, one-stop solution for investor boarding and time-bound service-delivery. Every district was chased on EoDB preparedness, and the state ensured they were ranked on EoBD parameters. It digitised land transaction deeds of last 10 years at all sub-registrar offices and put it up online to facilitate checking of ownership details and history. In addition, other parameters were met for land transactions and records. Online application systems were eased—for instance, easy online process for electrical connections. Over 20 departments/agencies—labour, pollution control board, commercial tax, power, food safety and drugs—were part of this. Effective implementation of EoDB reforms laid the ground for sowing of seeds.

Sowing the seeds

Developing infrastructure was another priority—investment in infrastructure rose 3-5 times compared to previous governments, and 100-150% of accrued funds were released for the infra sector; this was a huge support to industry. The state has a robust industrial infrastructure, including 15 industrial areas, 12 specialised parks, four growth centres and industrial infrastructure development centres (IIDC). As of February 2020, UP had 20 notified, 13 operational and 23 formally-approved SEZs. Merchandise exports from the state reached $16.29 billion in 2018-19 and $12.82 billion in April-December 2019. In 2019 alone, 147 investment intentions worth ₹16,799 crore ($2,200 million) were filed in UP. There has been a considerable rise in the number of industrial clusters/hubs and PPP projects in the infrastructure domain. Jewar airport project, defence corridor, etc, are some ground-breaking efforts to promote business. Laying these seeds is an important task done by the farmer preparing for the rain.

Rains will come

The pandemic has changed the landscape of business and societies. The UP CM is working relentlessly to ensure that the speed of execution is not slowed down. The post-pandemic era for UP will bring rains and the seed sown by the current government will reap a rich harvest.

The e-invoice edge

E-invoicing, to be rolled out on Oct 1 for businesses with ₹500-cr-plus turnover, is a win-win for both govt and industry

RAVI KIRAN EDARA

The author is an IRS officer and vice-president, GST Network, New Delhi. Views are personal

OCTOBER 1 ONWARDS businesses with a turnover above ₹500 crore will start 'e-invoicing' their B2B supplies and exports. But what is an e-invoice? Currently, businesses use one or the other ERP solution or accounting/billing software to create and manage invoices. This will continue in e-invoicing, but invoices will be sent in a standard digital format (called 'schema') to the Invoice Registration Portal (IRP). The portal gives back a signed invoice along with an Invoice Reference Number (IRN). It will also give a QR code containing key particulars of the invoice (including IRN). This 'machine-to-machine' exchange of data happens in a split second. Then the supplier issues invoice to the buyer by adding the QR code on the invoice copy. This process is called 'e-invoicing'. It is specified in rules that, where applicable, an invoice issued without obtaining IRN is not an invoice at all.

Advantages: E-invoicing appears to be another layer of compliance for taxpayers. But a closer look shows is a step in easing compliance for businesses. Compliance becomes part of the business process and supply chain system. GST reporting will be easier with real-time auto-population of invoice details into return (for supplier and respective buyers) and simultaneous generation of e-way bill, where required.

The standard invoice format (INV-01) has got all the elements of a typical commercial invoice. It paves way for interoperability amongst businesses, by allowing direct transmission of invoices in a structured format from one finance system to another. This leads to elimination of data-entry errors, reduction of reconciliation issues, reduction of disputes among transacting parties, fast payment cycles, reduction of paper, reduced processing costs, better internal controls and thus enhancing efficiency of businesses. At a global level, the EU countries lead this approach.

Global trends: Many Latin American countries are leaders in 'clearance' model of e-invoicing. Brazil, Chile and Mexico could plug revenue leakages and tax evasion in a significant way. In 'clearance' model, before issuing to buyer, an invoice has to be reported and 'cleared' from a government-designated portal. India's design also broadly falls under this category.

This model has advantages: fiscal documents becoming tax-compliant on real-time basis, reduced risk of fines, single source of truth for fiscal purposes, possible elimination of requirement to file periodic returns, low frequency of audits, automatic refunds, reduction of frauds, etc.

Even in the EU where 'e-invoicing' hitherto meant electronic exchange of documents among businesses, they are actively looking towards the 'clearance' model.

Towards Continuous Transaction Controls (CTCs): Invoice is the key document evidencing business transaction as well as tax compliance. The 'clearance' model signals a departure from the traditional, retro-active system of 'post-audit'. In the 'post-audit' approach (in India also), long after completion of transaction, the invoice details are reported periodically by taxpayers to government. Drawbacks of this model are that tax authorities can obtain visibility of a transaction long after its conclusion and auditors have to exclusively rely on historical and often aggregated data maintained by businesses.

The global trend is towards CTCs, i.e. the digital mechanisms used by tax authorities to collect transactional invoice data in real-, or near-real time, so that tax receipts can be matched to business activity. Clearance model of e-invoicing is the prime example of this approach.

In recognition of popularity of CTCs in many countries, in June 2020 the International Chamber of Commerce had come out with practice principles for CTCs. The report notes: "There is an emerging view among both public administrations and businesses that technology-driven modernisation of public revenue collection such as CTCs have the potential to reduce the administrative burden on companies while increasing the effectiveness of tax and other public administration controls."

Against this backdrop, it is only expected that e-invoicing in India is going to be a win-win for both businesses and the government, in the time to come.

eFE

MONDAY, SEPTEMBER 21, 2020

COVID IMPACT

Brad Smith, president, Microsoft

"Access to broadband isn't just an economic imperative – it's a human right. The COVID-19 pandemic has exacerbated the digital divide."

SMART INNOVATIONS

Going beyond merely making in India

A strong focus on India-centric innovations has led to India-specific features in Samsung's consumer electronics and smartphones product portfolio

SUDHIR CHOWDHARY

IN JANUARY THIS year, Samsung launched its new line of refrigerators—Curd Maestro—that customers can use to make curd at home. Given the fascination Indian homes have for everything curd, it is no surprise these refrigerators saw very strong demand pan-India. "Curd is an essential in Indian households. We launched the Curd Maestro refrigerator after extensive consumer research in India that has helped us address consumer pain points when it comes to making curd at home," says Amitoj Singh, senior director and head, product innovation team at Samsung India.

"We found the common pain point was setting the curd and getting the same consistency and taste. The younger generation did not have the time for the process of boiling then cooling the milk, adding a bit of curd, and then ensuring it is kept in the fridge once it is set. This refrigerator addresses all these pain points," he explains.

But this brings us to the question— why did Samsung go down that road?

Local innovations

Company officials says that as a brand, Samsung is driven by five core philosophies—people, change, excellence, integrity, and co-prosperity. And these values have inspired the company to come up with innovations that help make the lives of consumers better. Therefore, as part of Samsung's 'Make for India' initiative, Samsung R&D centres in the country—one in Bengaluru and two in Noida—have been working on India-centric innovations based on consumer insights. This has led to several India-specific features across Samsung's consumer electronics and smartphones product portfolio, including the Unbox Magic television set series, Masala Dry, Sun Dry and Roti Naan microwave ovens.

The relevance of these innovations is evident especially now when many of us are working from home. Take, for example, Samsung's line of Smart Ovens that are tailor-made for Indian households and can make staples such as *tandoori rotis* and *naans* as well as *masalas* and *tadka* with the help of HotBlast technology.

On the television front, the Unbox Magic TV range that was launched last year was also made for India using insights from Indian consumers. Samsung R&D Institute Noida developed five industry-first features—personal computer mode, music system, home cloud, live cast and two-way sharing.

"These innovations keep in mind the evolving needs of Indian consumers on how they interact with their TV sets and other smart devices. In the current context, TV sets with the personal computer mode are being used by consumers to work from home and study from home as these come with a free subscription to Office 365," says Singh.

"We launched the Curd Maestro refrigerator after extensive consumer research in India that has helped us address consumer pain points when it comes to making curd at home.

— AMITOJ SINGH, SENIOR DIRECTOR AND HEAD, PRODUCT INNOVATION TEAM, SAMSUNG INDIA

Consumer insights are the key

Singh's product innovation team does consumer research and comes up with strong insights, along with inputs from diverse teams such as sales, marketing and others. These insights help R&D teams create these successful innovations.

"Indian consumers are unique, and the needs are unique. We need to innovate different for them, create products and features that help them solve their problems," he says.

Investing in collaboration

Last year, Samsung invested $16.8 billion globally in R&D across its product lines as well as on cutting-edge innovations in Internet of Things (IoT) and 5G mobile networks, AI, autonomous driving, and connected car technologies. An interesting example of collaboration between Samsung R&D centres is the recently launched solution for Samsung's Galaxy A51 and Galaxy 71 smartphones—AltZLife, which allows users to quickly switch between normal mode and private mode (Secure Folder) by simply double clicking the power key. The on-device AI function also intelligently suggests moving private content to the Secure Folder, thus enhancing smartphone privacy.

Last month, Samsung's Bengaluru R&D centre launched an industry-academia programme last month called Samsung PRISM (Preparing and Inspiring Student Minds). Students in engineering colleges get to work on projects in AI (including vision tech), machine learning, 5G networks, IoT and connected devices to solve real world problems.

DIGITAL TRANSFORMATION

It's all about winning hearts and minds

Uma Ganesh

IT IS POSSIBLE to make a strong case for digital transformation on the strength of quantifiable metrics such as reduction of costs from better control of inventory or improving supply chain, enhanced customer experience leading to enhanced sales or retention of customers, expansion of market with the introduction of new products and services. These potential outcomes are achieved when the organisation does radical rethinking on the use of right technology, processes and talent under the capable leadership.

However, digital transformation is much more than adopting new technologies or nurturing the innovation ecosystem. The fundamental factor that can spell success with the digital transformation journey is the business leader's ability to create the right culture and environment to embrace and facilitate the change. Unlike in the past when organisation strategy once developed would have three-to five-year time frame to implement, organisations committing to digital transformation should be prepared to make changes and adapt on a daily basis.

Therefore, aligning values of employees with those of the organisation has to be top priority as it embarks upon the digital transformation journey. It's as important to assess culture risks of the organisation as it is to assess business risks in order to ensure that changes in processes or new technology adoption planned are successfully implemented. Employee reluctance or cynicism if ignored or not sensed by the management could have a major negative impact as organisations move forward with their

transformation plans without the total buy-in from all concerned. The organisation runs the risk of losing its market relevance or even loss of revenue and hence cultural readiness has to be accorded a high priority for moving forward with digital plans.

A McKinsey survey of global executives has highlighted three digital culture deficiencies—functional and department silos, fear of taking risks and action on a single view of the customer. Therefore, cultural risk management initiative should address factors such as accountability, collaboration, transparency, willingness to learn, risk taking ability, broadening the scope and definition of customer and performance measures. Cultural risk assessment can be carried out through surveys, town hall interactions and ongoing social media sensing of employees, customers and other stakeholders. Based on this assessment, it may be necessary to revisit organisation values that would encourage changes in performance assessment metrics as well as organisation behaviour. The basic insecurity of people which stems from mindset patterns or lack of right skills for the digital world should be addressed with training programmes.

In this context, businesses need to take care that digital strategy is not developed independently. The first-level roll-out plan should be in sync with the nature of culture that exists and take advantage of those elements of the current culture that supports the digital strategy. It is prudent to identify departments or functions who are willing to be the change champions, with the first movers setting an example.

Every organisation and its culture is unique and so also would be its digital transformation programme. Hence, it is also important to blend informal interventions along with the changes in the approaches for metrics driven performance management, ensuring continuous communication and personal touch of leadership with employees is sustained. The goals for digital transformation would be achieved only by winning the hearts and the minds of people who are part of the journey and by inspiring them to raise their levels of aspirations.

The writer is chairperson, Global Talent Track, a corporate training solutions company

Tech Bytes

IT adoption helps MSMEs handle Covid

THE COVID-19 PANDEMIC has driven digital transformation of micro, small and medium enterprises (MSMEs) in India, as these businesses are now adopting technology for business continuity and growth. The *Covid-19 Lockdown: Business Owner's Sentiments Study* by Tally Solutions says that 94% of MSMEs relied on IT infrastructure during the lockdown to stay afloat. Sixty six percent of all business owners ensured timely payment to workforce, after unlock 3.0. The study highlights that 82% of small businesses are optimistic about outlook of business continuity with current cash flow getting better, allowing 66% of them to pay salaries on time after Unlock 3.0. The number of businesses with IT infrastructure has doubled since the beginning of the lockdown until the recent Unlock 3.0. Technology adoption enabled businesses to manage their operations as usual with 44% of the employees available to work during the lockdown, which increased to 66% as the lockdown was relaxed. Joyce Ray, head – India Business, Tally Solutions said, "Despite being one of the most adversely impacted sectors, the MSMEs have shown immense resilience and dynamism to overcome this situation through innovation and adaptability. Not only have these businesses ensured sustenance but also shown great moral character by supporting their employees during this time."

Nasscom FutureSkills & Microsoft for AI training

AS PART OF its ongoing efforts to promote skilling as a national priority, NASSCOM FutureSkills and Microsoft have joined hands to launch a nation-wide AI skilling initiative. The initiative aims to skill one million students in AI by 2021. The collaboration will provide Microsoft's AI, machine learning and data science expertise to students through easy to consume modules including live demos, hands on workshops and assignments. Rohini Srivathsa, National Technology Officer, Microsoft India, said, "As economies start to recover from the pandemic, expanded access to digital skills will be one of the key drivers of an inclusive economic growth. Technologies like AI are becoming enablers for every business today, making the need for creating an AI ready ecosystem vital for India's economic and social value creation."

Gadgets

OPPO F17 PRO

Hot pick in the mid-range segment

F17 Pro impresses with its ultra-sleek body, nice display, good cameras and fast-charging capability

SUDHIR CHOWDHARY

SMOOTH, SLICK AND super-fast— words that best describe the mobile devices from Oppo's hugely popular F series. Before the pandemic, we had reviewed the F15 device that impressed us with its design and overall performance. Cut to present. The device maker has introduced F17 Pro, the latest addition to its F series. The new model is said to be one of the sleekest phones and comes with a host of new features on the camera side. Let us take a look at what's new in the phone and how it performs.

Basically, we are looking at two devices in the F17 series: F17 Pro comes in 8+128GB configuration and is available in three colours (Magic Blue, Matte Black, and Metallic) for ₹22,990. The other device is F17 that comes in two variants of 6GB+128GB and 8GB+128GB and is priced attractively at ₹17,990 and ₹19,990 respectively.

Our trial unit was the Magic Blue F17 Pro that packs an ultra-sleek body (7.48mm thickness) and weigh just 164g making it the sleekest phones around. Trust me, you'll be amazed by the comfortable and smooth in-hand feel of the device, you can easily slide it into your jeans pocket or it can be tucked into the purse with ease without causing any bulge.

Oppo F17 Pro sports a 6.43-inch Full HD+, Super AMOLED screen with a large 90.7% screen-to-body ratio to offer a good viewing experience. The display uses Mini Dual-Punch Holes that boast the industry's smallest camera diameter of only 3.7mm to ensure that the screen's real estate is maximised to fully enjoy video games and intricate details in every shot. The screen also features In-Display Fingerprint Unlock 3.0, which can rapidly unlock a screen in 0.3 seconds.

Inside, we are looking at a powerful MediaTek Helio P95 AI chipset that boasts 8-cores with a CPU frequency as high as 2.2Ghz. It also comes with 2 ARM Cortex-A75 Prime Cores operating at upto 2.2GHz and 6 ARM Crotex-A55 Efficiency Cores that can operate at upto 2.0GHZ. The device also features an 8GB of memory and 128GB of storage, which can be further extended up to 256GB through a 3-Card Slot. The phone packs a large 4000mAh battery along with OPPO's proprietary 30W VOOC Flash Charge 4.0 technology. With only a 5-minute charge, users can enjoy four hours of talk time with the F17 Pro. Users can also enjoy a 74% charge in just 30 minutes with the F17 Pro and full charge in just 53 minutes.

With a suite of six AI portrait cameras, the F17 Pro packs a camera powerhouse with easy-to-use portrait photography and video stabilisation features. The phone is designed to offer a powerful combination of AI cameras including a 48MP wide-angle quad-camera setup on the rear, and Dual Depth cameras in the front that together offers better clarity and quality to pictures. The Dual Lens Bokeh leverages both the second 2MP depth camera and the 16MP main Front camera paired with software level image processing to create a more accurate and precise bokeh effect.

Powered by all-new AI algorithms, F17 Pro introduces AI Super Clear Portrait, a portrait photography feature that captures clearer facial details with AI facial reconstruction technology. It even empowers the users to take the best low-light portraits; the device features an AI Night Flare Portrait that combines bokeh effect and lowlight-HDR algorithms to capture artistic portraits even in low-light.

Plain-speak, we were impressed by the F17 Pro a lot. It certainly delivers in everything the company has promised. It has an ultra-sleek body, good camera performance, an envious display, great speaker audio quality, high-end processing power, and reasonably good battery life with crazy-fast charging. Certainly a hot pick in the mid-range segment.

SPECIFICATIONS

- Display: 6.43-inch Full HD+, Super AMOLED screen
- Processor: MediaTek Helio P95 AI chipset
- Operating system: Android 10
- Memory & storage: 8GB RAM, 128GB storage
- Camera: 48MP + 8MP + 2MP + 2MP (rear), 16MP + 2MP front camera
- Battery: 4000mAh, 30W VOOC Flash Charge 4.0
- Estimated street price: ₹22,990

HUAMI AMAZFIT POWERBUDS

Towards a truly wireless world

The good thing is the Amazfit PowerBuds aren't a rip-off of Apple AirPods

VIKRAM CHAUDHARY

WHEN APPLE LAUNCHED the AirPods in 2016, it set off a new phenomenon—these were wireless earphones that were also a style statement. Almost immediately, other brands followed—some were a rip-off of the AirPods, others had original design. Today, wireless earphones are available for as low as ₹1,000 to more than ₹20,000. But like in any product segment, it's the mid-range that offers the best value-for-money. One of these is Amazfit PowerBuds by Huami, priced ₹6,999.

The PowerBuds aren't a rip-off of the AirPods, and these pack a technology punch. These are TWS (true wireless sports) earphones with features such as heart-rate monitoring, magnetic ear hooks, noise reduction for calls, etc., making it not only a good set of earphones, but also a fitness device.

The battery is claimed to last eight hours of play-time on a single charge.

An interesting feature is 'tap control'. The PowerBuds can be customised with tap functions such as music controls, call answering/hanging up, wake up voice assistant (Siri, Google Assistant), or turn on/off the ambient sound enhancement mode, ensuring safety during outdoor sports. These are also equipped with in-ear detection, so that the music can automatically play or pause when placing the PowerBuds in or removing from your ears. These are rated at IP55 (water-resistant, but not waterproof), and therefore sweating during a workout won't affect their functionality.

But unlike the AirPods, the PowerBuds are slightly heavier and bulky. While that doesn't lead to any discomfort during long periods of usage, this bulkiness makes them prone to falling out, especially while running. To counter that, Huami is offering magnetic sport ear hooks as an added accessory (within the box at no extra price)—these ear hooks can be connected to the PowerBuds and then around your earlobes to prevent the PowerBuds from dropping. The sound quality—especially the bass effect—is good, and it is definitely better than what your average wired earphones will deliver, though it is not in the same league as that of top-quality headphones.

Wireless earphones are here to stay, and have become a social signal of affluence.

KEY FEATURES

- Heart-rate monitoring with PPG optical sensor
- Magnetic sport ear hooks to prevent them from dropping
- Superior sound that enhances beats during exercise
- IP55 water and dust resistant rating
- Eight hour battery life (and a magnetic charging box)
- Dual-microphone noise reduction for calls
- In-ear detection that automatically plays/pauses music
- Estimated street price: ₹6,999

Investor

MONDAY, SEPTEMBER 21, 2020

EXPERT VIEW

With NTPC's vision to become one of the top global integrated power companies by CY32, a target-based approach was necessary and the CY32 plan is designed to meet the purpose

—ICICI Securities

● NTPC RATING: BUY

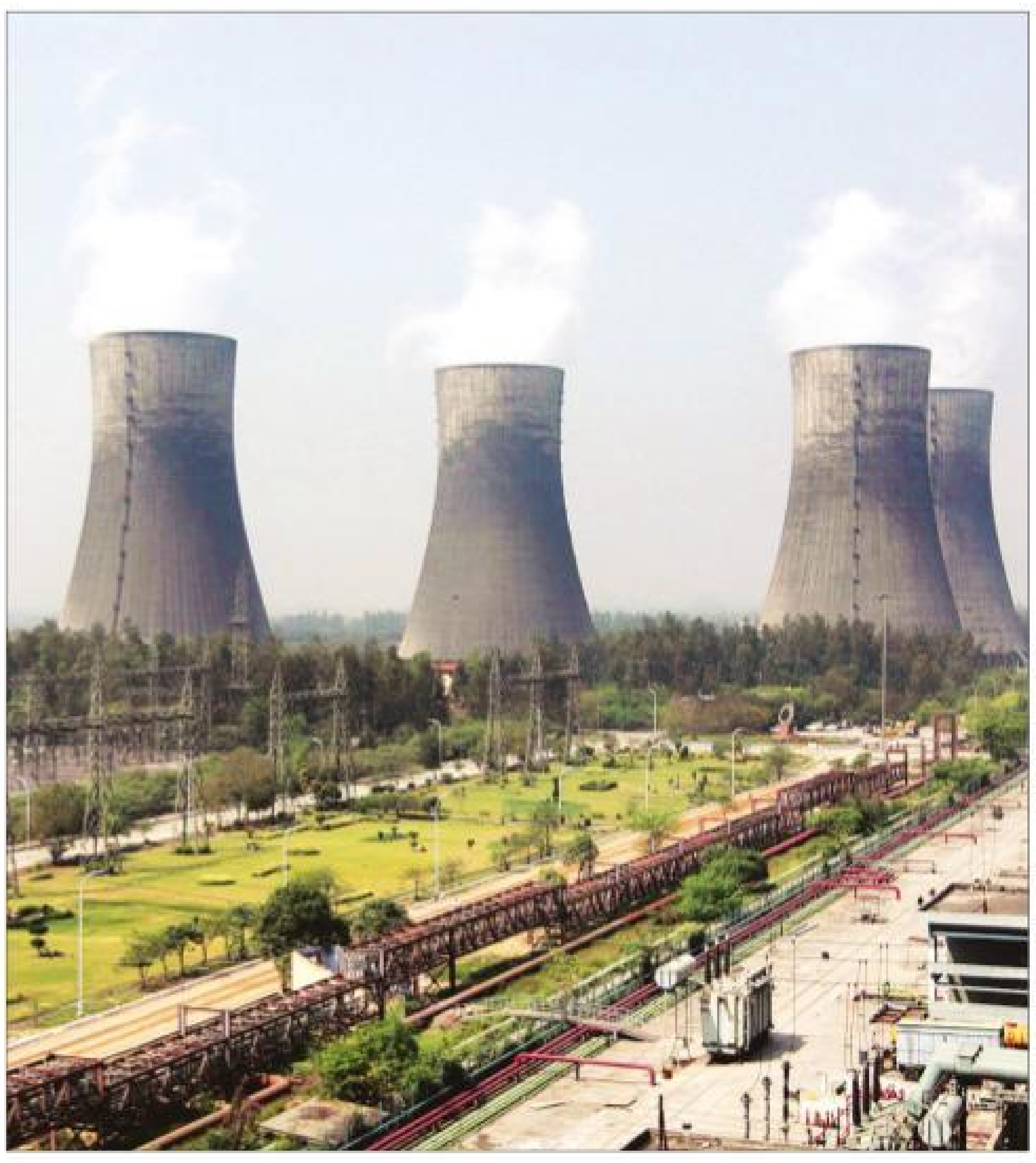
Focus on ESG compliance augurs well for prospects

FY20 AR and CY32 plan to achieve sustainability show firm is committed to maximising stakeholder value; 'Buy' maintained

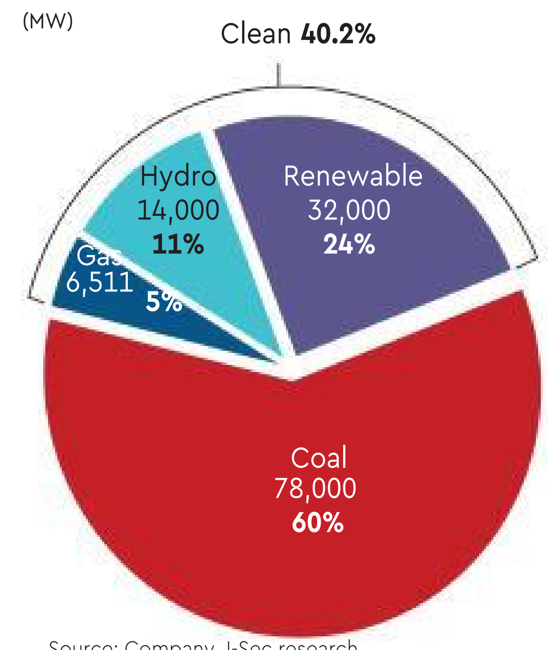
NTPC'S THRUST ON better compliance and disclosures, integrated reporting and target-based sustainability strategy is aimed at improving its ESG compliance to global requirements. The company's FY20 integrated annual report is based on International Integrated Reporting Council (IIRC) standards (along with references to other frameworks) and contains key sustainability-related information. Its recently-released sustainability targets through a plan named The Brighter Plan 2032, which focuses on seven key areas, is a step in the right direction.

With its vision to become one of the world's leading integrated power companies by CY32, a target-based approach was necessary and the CY32 plan (combined with the existing target of 130GW capacity by the same year) is designed to meet the purpose. Focus on the plan is expected to help the company improve its ESG scores and bring it at par with some of its global peers. Maintain **Buy** with an unchanged target price of ₹165.

Focus on improvement in ESG compliance: NTPC's portfolio of coal assets has been a major factor behind its currently sub-optimal ESG ratings. However, the company is working towards improving its ESG compliance. Key areas of focus in the past few months have been: (i) improved disclosures: NTPC's FY20 annual report adheres to standards laid down by the IIRC; (ii) sustainability-improvement targets set through The Brighter Plan 2032: NTPC's vision to become one of the foremost global power companies by CY32 calls for significant thrust on clean, green and sustainable growth; (iii) improved compliance and continuous pursuit of superior efficiency parameters; (iv) continued thrust on CSR and community development; (v) management becoming more vocal about the company's already existing sustainability-related achievements.



Planned capacity target by FY32
(MW)



Source: Company, I-Sec research

The Brighter Plan 2032: NTPC's The Brighter Plan 2032 sets short-term goals for CY22 and long-term for CY32 in seven focus areas: (i) de-carbonisation & air emissions control; (ii) water & biodiversity conservation; (iii) health and safety; (iv) circular economy; (v) community development; (vi) strong finance & ethics; (vii) sustainable supply chain.

Green, sustainable growth, focusing on maximising stakeholder value: NTPC's plan to achieve 130GW capacity by FY32 includes increasing the 'clean sources' pie of its capacity mix, i.e. renewables (solar, wind, hydro) and gas from ~17% currently to 40.2% in FY32, aiming to become the country's largest RE player. It is also taking several initiatives to reduce carbon footprint/emissions from its existing coal-based plants while working on several other areas that are ultimately aimed at maximising stakeholder value.

Maintain BUY: With standalone EPS for FY21e/FY22e/FY23e at ₹12.3/16.5/18.5, and consolidated EPS at ₹14/18.5/21, respectively, we maintain **Buy**. Stock is trading at 5.9x FY22e standalone P/E, 0.7x P/BV and 6.5% dividend yield.

ICICI SECURITIES

● EQUITY STRATEGY

Activity at 90%+ of pre-crisis level

Improvement in 1H Sept was broad-based; urban indicators up consistently; economy holding up well

JEFFERIES ECONOMIC RECOVERY tracker (JRT) improved 1ppt WoW to cross into 90%+ of pre-COVID for the first time. Even as Covid cases rise, Govt allowing more movement is helping. The long dormant hotel & travel web traffic is seeing pick-up. Broad based indicators such as toll collections, rail and road freight are now consistently higher y-o-y. Our preferred recovery plays are Maruti, DLF, God Prop, Crompton, Kajaria, HDFC and HDFC Bank.

Activity levels cross 90% levels

We track 20 economic high-frequency activity indicators to formulate our India economic activity indicator. Week ending 13th September shows a reading of 90%, +1ppt WoW and +4% cumulatively over the last four weeks. Despite the surge in COVID cases, the government has continued to open up the economy and the same is reflecting in the data. Activity improvement in 1H September is broad based and we now see long lagging indicators of travel seeing initial recovery signs. Our index uses a combination of agriculture/rural (25%), broader economy (35%) and predominantly urban (40%) indicators.

Urban activity trending up steadily

Improvement in urban indicators is fairly consistent now. Congestion levels, +1ppt WoW, are up 12ppt m-o-m. The long dormant hotel & travel web traffic is seeing pick-up. Hotels (+9 ppt m-o-m) and travel bookings (+8ppt m-o-m) have risen in tandem with flights (domestic nearly half of pre-COVID) and govt. raising long-distance train count by 35% in September. The realty portal traffic (at 85%), auto portal traffic (113%) were flattish WoW, but this coincides with the pre-festive season inauspicious period. Notably, metro rails have opened up over the last few days in several large cities and this will boost commerce.

Despite the surge in COVID cases, the government has continued to open up the economy and the same is reflecting in the data

Few broad data points are up YoY

The broader economy is holding up well in September. The e-way bill generation (+5% against prior Sep) has now seen y-o-y growth for the past 5 weeks. E-toll collections (+1ppt WoW) are now 1% above pre-COVID levels. Power consumption was up 2% YoY for week. Car/2W registration has weakened WoW but still trending well on y-o-y basis. Unemployment (-40bps WoW, -10bps y-o-y) showed some improvement.

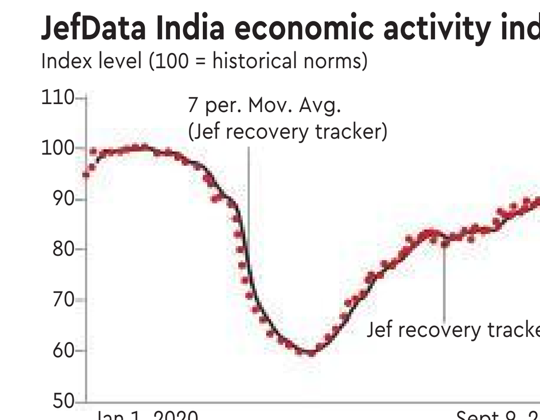
Weaker data-points are mostly weekly fluctuations: This week, e-retail transactions were weaker (-8ppt WoW) and custom collections also weakened (-9% y-o-y). Broadly though, (Tr-2wk/4wk) the trend remains positive here.

Rural outlook positive: With 91% of the rainfall season done, monsoon season rainfall is 7% above normal and 86% of the country by area has received normal or better rains. Sowing levels are at all-time highs (+6% y/y) and a good summer crop is likely.

COVID trend rising, but lock-downs not pursued: Total COVID cases have now risen to 4.9m infections, +15% WoW. Active case additions are near highs at ~15k/day. The authorities though are not advocating lockdowns anymore though social distancing advisories remain in place.

JEFFERIES

JefData India economic activity index
Index level (100 = historical norms)



Source: Jefferies

● VOLTAS RATING: BUY

Firm's arsenal is growing stronger

It outdid peers in last fiscal; crisis helping firm reposition itself; 'Buy' maintained

A DEEP DIVE into Voltas's FY20 annual report suggests a handsome increase in returns/cash flow despite multiple industry challenges (supply-chain, limited pricing power, etc.) and increased commitment to long-term growth while widening its leadership gap. We note a visible shift in A&P towards digital, FY20 OPM growth despite sharp overhead surge and continued investments in the Voltbek JV leading to 2x jump in sales (low base), though with higher losses.

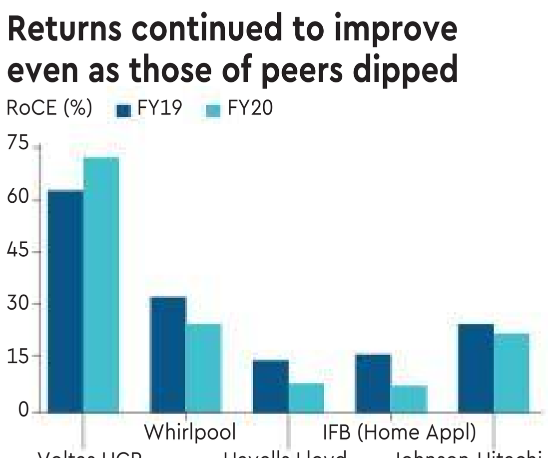
For us, mid-single digit share in refrigerators/washers will be a critical milestone for the JV. The company's internal initiatives, and favourable trends triggered by Covid, especially for the JV's range, could lead to faster revenue scale-up. Retain **Buy**.

Leader using adversity to reposition itself: Voltas continued to outperform peers in FY20 in revenue growth as well as return metrics. This was driven by SKU ramp-up and increased distribution, leading to sustained RAC market share expansion (rose 50bps y/y). With Voltas's consumer insights and distribution network, we perceive Voltbek to be the dark horse going ahead—further bushing re-rating prospects.

Outlook: Arsenal growing stronger—Rising competitive intensity and unforeseen supply-chain challenges seem counter-intuitive for Voltas's North-bound market share, operating margin and cash flows in RACs. The company's ability to position SKUs across customer tiers and demand centres makes it a formidable scale player in the $8-bn concentrated white goods market. As the JV chases its 10% market share target (FY25e), for us key milestones are: (i) SKU rollout across key categories; and (ii) brand campaigns & their efficacy. We maintain 'BUY/SO' with SOTP-based TP of ₹730.

EDELWEISS

Returns continued to improve even as those of peers dipped



Source: Company, Edelweiss Research
Note: Havells Lloyd ROCE based on data reported in Q4FY20

Personal Finance

● FOCUSED FUNDS

When a focused investment play pays off

Most focused funds go for a multi-cap approach with most of the investment in large-cap stocks

SAIKAT NEOGI

AS SELECTING RIGHT stocks is the key for generating higher returns in the long-term, investors are looking at focused funds of mutual funds. These funds invest in high-performing stocks and the fund manager's strategy is very crucial, especially in times of high market volatility.

Focused funds, according to Securities and Exchange Board of India's categorisation norms, can invest in a maximum of 30 stocks and state its focus area—large-cap, multi-cap, mid-cap or small-cap. There is no restriction in terms of market capitalisation and the fund manager has flexibility to manage the fund based on his market outlook. As on August 31, there are 23 focused funds with net assets under management of ₹53,097 crore.

High conviction ideas

As focused funds are all about taking concentrated bets across sectors and themes by the fund manager, higher returns can be made depending on the selections of stocks. So, investors who are convinced with the fund manager's stock picking ability and have a high-risk appetite should invest in such funds. As these funds run concentrated portfolios, investors should be aware of concentration risk. The average exposure to the top 10 stocks in the focused category is around 59% as against 47% for multi-cap funds.

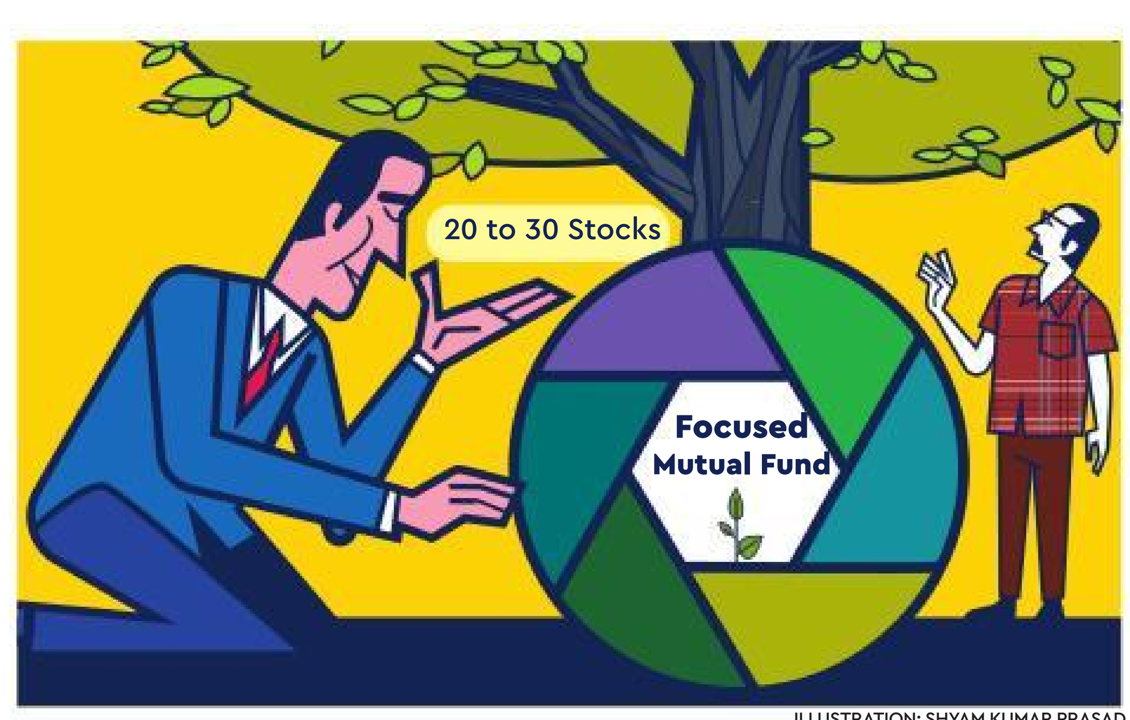
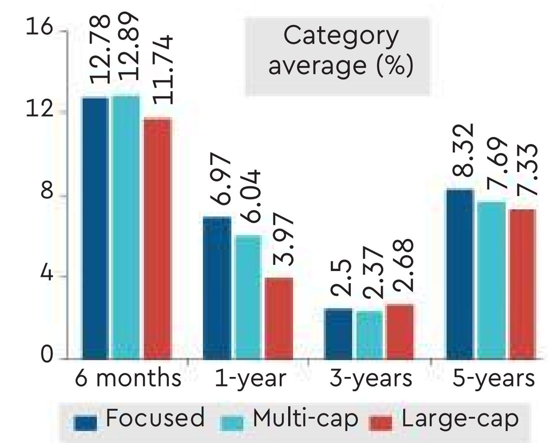


ILLUSTRATION: SHYAM KUMAR PRASAD

Returns from focused, multi-cap and large-cap funds



Data as on Sept 15, 2020 Source: ICRA MFI explorer

Sameer Kaul, CEO and MD, TrustPlutus Wealth Managers (India), says these funds give a flavour of Portfolio Management Services to investors' portfolio. "These target high conviction ideas and invest in a concentrated manner. Given that the recent market rally has been quite narrow in terms of stock participation, focused funds with concentrated portfolios may be better placed than diversified funds to benefit from this up move," he says.

Harshad Chetanwala, co-founder, MyWealthGrowth, says flexibility to invest across market capitalisation gives an advantage. "The portfolio of focused funds will have 20-30 companies as the fund manager invests in the companies with a lot of conviction. A few focused funds have done very well over the last few years and are performing consistently among equity diversified funds," he says.

Multi-cap approach

Most focused funds go for a multi-cap approach with most of the investment in large-cap stocks. Brijesh Damodaran, managing partner, BellWether Advisors LLP, says focused funds by the very definition invests in select stocks and has allocation mostly into large-cap. "With the benchmark being Nifty50, allocation is more towards large-cap and investors, too, are more comfortable with large-cap stocks. Large-cap stocks can underperform for certain time periods and give higher returns over a longer period of investment. Investors need to stay invested for over five years and look at their asset allocation before investing in focused funds," he says.

Last year, when few stocks contributed to the market rally, focused funds outperformed multi-cap and large-cap categories. Kaul says that investors should not invest in focused funds with a short term investment horizon. "Investors should select funds that do not invest in illiquid or highly volatile names and are not biased towards mid-small cap stocks. Investors should not get jittery by the interim volatility of these funds," he says.

As the number of stocks are limited in focused funds, these funds benefit from a broad-based rally as they may have limited allocation in these stocks. "These funds do have high risk because of concentrated portfolios, but offer focused portfolios to investors built with strong conviction. Based on the fund's allocation across market capitalisation one can select the focused fund to invest," says Chetanwala.

How to get adequate health cover at a nominal cost

A combination of base health insurance plan, super top-up and critical illness plan ensures a sizable health cover

● INSURANCE

SANJIV BAJAJ

AS COVID-19 CASES rise in India, treatment costs in a good hospital would require ₹4-5 lakh. If more than one family member gets hospitalised, it may become a precarious situation if you have a policy of ₹4-5 lakh. So, how can you ensure adequate health insurance at a nominal cost?

Base health insurance plans

The base health insurance plan covers hospitalisation expenses including pre and post-hospitalisation expenses such as cost of medicines, doctor fees, diagnostic tests etc. Regular health insurance plans come in two basic variants: Individual plans and family floaters.

The family floater plan brings the entire family under one umbrella cover. This plan should be good enough to cover normal hospitalisation in a good hospital. We suggest a minimum of ₹10 lakh base hospitalisation cover, given the high treatment cost in good hospitals. However, in case of multiple hospitalisations in the same family or long-term hospitalisations, a higher sum insured will be required.

The cost-effective way to increase the health cover would be a super top-up plan. However, take note of deductibles in a super top-up plan, which is the level beyond which the super top-up can be utilised for paying the expenses. The deductible is a cost-sharing requirement under a health insurance policy. A super top-up plan is best utilised when your deductible amount is equivalent to your base health cover. Also, in most super top-up policies, there is no requirement of medical check-ups up to the age of 55 years. In regular health plans, this is usually 45 years. One may not be able to buy a sizable base health plan for ₹30-40 lakh given the high premium but can look at a combination of ₹10 lakh of base cover along with ₹30 lakh super top-up which comes at a very meagre premium.

ILLUSTRATION: SHYAM KUMAR PRASAD

Critical illness insurance plan

The critical illness insurance plan provides coverage for life-threatening/chronic illnesses that require treatment over a long period of time. A critical illness plan covers a specific number of listed critical illnesses with claim disbursement in the form of lump sum to a policyholder at the time of diagnosis provided he survives for a certain period depending on the plan.

In case of critical illness, generally people end up staying at home translating to "loss of income". Since the policy pays a lump sum on diagnosis, the money can be invested to ensure reasonable monthly returns to meet daily expenses.

There are long-term expenses associated with a critical illness in the form of medicines for 9-10 months, periodical doctor visits and medical tests. It is useful in covering long-term expenses that can't be covered in the base health plan beyond the post-hospitalisation period. These plans are extremely low cost. Critical illness plans for people up to 40 years should cost about ₹5,000 for a ₹10-lakh plan.

A combination of base health insurance plan along with super top-up and critical-illness would ensure a sizable health cover at a very nominal cost. It would take care of cost on account of long-term hospitalisations due to severe illnesses and long-term expenses associated with it.

The writer is joint chairman & MD, Bajaj Capital

BrandWagon

MONDAY, SEPTEMBER 21, 2020

NUMEROLOGY

App downloads by Indian mobile users in the last six months:

- **85%** - video streaming app
- **81%** - music app
- **79%** - shopping app

— Criteo survey

RETAIL

Taking the mall to homes

Shopping malls rejig strategy to boost sales ahead of the festive season, as footfall remains low

DEVIKA SINGH

ALTHOUGH THE CENTRE allowed malls to reopen in June, several of them continued to remain shuttered due to the localised lockdowns. In Maharashtra, for instance, malls could reopen only in August. According to a report by Anarock Retail and Retailers Association of India (RAI), shopping malls saw a 77% degrowth in sales in June, as compared to the same period last year; whereas high street sales witnessed 61% degrowth.

Mall owners are finally seeing a 35-50% recovery in footfall August onwards. However, industry watchers say malls will remain impacted as their key traffic driver — multiplexes — are yet to open. A low appetite for out-of-home food consumption, too, has meant lower footfall in malls. As a result, malls are now looking at alternative sources of revenue. As per Shopping Centres Association of India, there are 650 large shopping centres and 1,000 small shopping centres in the country at present.

Closer to consumers

Shopping malls are adopting the omnichannel model to tide over the lull in sales. Naviin Ibhrampurkar, head of marketing and corporate communications, Inorbit Malls, says the strategy now revolves around malls going to customers.

Inorbit Malls currently operates five malls in West and South India. Under the 'Inorbit on the Move' initiative, launched in Bengaluru, it is taking select retailers to residential societies. The company is also helping its retailers reach customers through video calls and assisting in home deliveries and curbside pick-ups. The mall plans to roll this service out in other cities soon.

DLF Malls, meanwhile, has launched new features on its Lukout app — the Lukout Closet to showcase look-books by various brands, and a Shop Assist feature that connects customers directly to the store manager. The company has added another feature that gives a real-time status on the traffic in the mall. The Lukout app has five lakh downloads, of which 60-70% are active users, as per DLF Malls.

Both these malls have offered a relief on rentals to their retailers. Inorbit has done so based on the category the retailers are operating in. "Electronics, for instance, is already seeing 95% of last year's sales; hence, they don't need support anymore," says Ibhrampurkar.

Meanwhile, DLF Malls had waived the minimum guarantee (MG) rent for its retailers in the first quarter (April-June). "Since we are seeing footfall resume in the second quarter, we are giving a waiver of 70% on MG rent to F&B companies and 50% to the retailers," says Pushpa Bector, executive director, DLF Retail. In the third quarter, the company plans to reduce the waiver.

A few malls are also tying up with food aggregators and other apps. DLF Malls has partnered with inresto, restaurant tech platform Dineout's b2b arm, while Inorbit Malls is looking to tie up with Zomato. Nexus Malls has roped in offline technology platform DotPe to provide contactless dining solutions to its F&B partners. The feature is available in its malls in Ahmedabad, Chandigarh, Amritsar and Bhubaneswar.

Awaiting revival

The Anarock-RAI report predicts a better third quarter for shopping malls, owing to the upcoming festive season. Around 75% of the respondents in tier II and III cities indicated that they plan to visit a mall in the next three months, the report states. The festive season, however, will also bring in challenges for mall owners. Instilling confidence among consumers about safety measures being implemented inside the mall, will be crucial.

Apart from ensuring crowd control and social distancing, Anuj Kejriwal, CEO and MD, Anarock Retail, says malls will have to compensate for the absence of promotional events, which usually drive up footfall during the festive season, by launching highly creative online promotions.

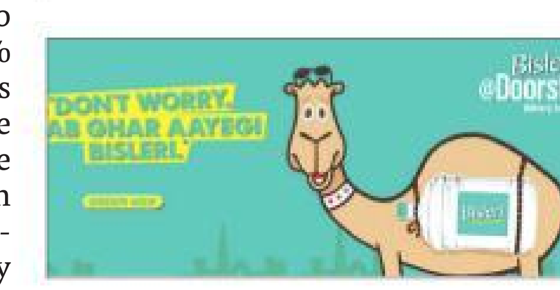
Ensuring that shops within malls, especially in the smaller towns, remain afloat in this period of crisis is paramount. "Malls in the bigger cities can replace a retailer if he exits; but those in the smaller towns cannot afford to lose a retailer, as the number of retailers there is limited," says Abheek Singhi, senior partner and MD, BCG.

Besides the festive season optimism, mall owners are hopeful that the government may soon allow theatres to reopen, which could further boost footfall.

E-COMMERCE

Building shops online

Why brands across categories are launching their own e-commerce sites



VENKATA SUSMITA BISWAS

THE HIGH UPTAKE in online shopping has encouraged a wide range of brands to venture into e-commerce. Many of them are opting to build their own e-commerce platforms, instead of merely listing their products on online marketplaces.

Bisleri, Cornitos, Kiehl's and Amaris Jewels are some of the brands that have launched their own e-commerce platforms over the last few months. Apple, which used to get 30% of its annual sales in India from e-commerce sites here, is launching its own online store for India this month.

Online on their own

Brands that rely mainly on offline sales are struggling, as there has been an 80% drop in footfall in malls and high streets. "The fear of going to malls and stores has led to a shift in purchase behaviour," says Shikhee Agrawal, AVP, Kiehl's India. The skincare brand's online store, launched in August, provides e-consultations and exclusive offers to customers.

The dip in sales from modern trade outlets and supply chain issues which made it difficult to reach many parts of India, prompted Cornitos to launch its own e-commerce platform. Even though Cornitos is already available on sites such as Amazon, Flipkart, Grofers, Big Basket and Milkbasket, the company sensed the need to have an exclusive online store. "There is a limit on how many of our SKUs can be listed on these platforms. We offer a wholesome experience on our site, where we offer product bundles and run a loyalty programme," says Vikram Agarwal, MD, Greendot Health Foods, which owns the Cornitos brand.

Meanwhile, Bisleri's online shop allows consumers to purchase or subscribe to its mineral water bottles and cans, and club soda bottles. The company is yet to make its fizzy drinks available for purchase online. Consumers need to spend upwards of ₹150 to make a single purchase from the online store.

Then there's Amaris Jewels, a Delhi-based jewellery brand, which noticed a significant increase in orders placed through Instagram, and decided it was best to launch an online store. "The online store has opened us up to new markets within India and abroad. Most of our online orders are from the US," says Prerna Rajpal, founder, Amaris Jewels.

Kalagato estimates that 10-11% of internet users across tier I, II and III cities in India shop online, and spend ₹4,000-5,000 every month

Reeling in users

A report by Kalagato states that 10-11% of internet users across tier I, II and III cities in India shop online. The most popular categories of products sold online include fashion, electronics and home appliances. As per the market research firm, consumers spend about ₹4,000-5,000 on buying products online every month.

It has been observed that e-commerce works better for brands that have a high-ticket size. Then what has propelled FMCG brands with low ticket size products to venture into this channel? "They get to save on margins that are otherwise lost to marketplaces. Further, brands have realised that end-consumer connection is critical, and competition is greater now because e-commerce has reduced entry barriers," says Anand Ramanathan, partner, Deloitte India.

Another key factor is the control over user data. "Brands that are leveraging marketplaces like Amazon or Big Basket don't have direct access to user data. It is prudent for all brands to have their own websites as the data collected on users can be utilised for sharp targeting," says Shankar Shinde, managing partner, Geometry Encompass.

Experts say that the cost of user acquisition will be high, but a necessary investment in the initial days. Neha Kulwal, CEO, Admitad, says that there has been an increase in affiliate marketing initiatives from newly launched e-commerce portals targeted at user acquisition. Brands that wish to leverage social media platforms like Instagram to drive sales also need to first build an e-commerce site.

Ramanathan says while it is expensive from a customer acquisition standpoint, "e-commerce is a great platform for brands to build loyalty and reward customers".

In The News

DDB Mudra Group bags integrated marcom mandate of McDonald's

DDB MUDRA GROUP has been awarded the integrated marketing communications mandate of McDonald's India – North & East. The QSR brand's digital marketing will be handled by 22feet Tribal Worldwide and digital media planning by OMD Mudramax, in addition to the existing brand strategy and creative mandate.

Facebook India has a new head of global business group

FACEBOOK HAS APPOINTED Arun Srinivas as the director of global business group to lead the strategy and delivery of its India Marketing Solutions charter, focussed on large advertisers and agencies. He will drive the company's revenue growth in India, and partner the media and creative ecosystems for accelerating adoption of digital tools by businesses.

Havas Media adds a new business

gamezy

HAVAS MEDIA INDIA has won the integrated media duties of Gamezy, a fantasy gaming platform from Gameskraft. The mandate includes both offline and online media duties. The account will be handled by the agency's Bengaluru office.

Madison Digital bags SEO mandate for Indira IVF

MADISON DIGITAL HAS won the SEO mandate for Indira IVF, one of the largest fertility clinic chains in India. The account was won in a multi-agency pitch.

Berger Paints ropes in Akshay Kumar as its brand ambassador

Preity G Zinta is the face of beauty brand Oriental Botanics

Motobahn

CAR REVIEW: KIA SONET

The art of getting the car right

The Kia Sonet just might be the vehicle the Indian market needs right now

VIKRAM CHAUDHARY

THE NEW KIA SONET is a seductive blend of design, utility and luxury; it takes premiumness onto a different plane—the quality of plastics used inside the cabin, for example, matches what you get in cars twice its price of ₹6.71 lakh to ₹12 lakh (ex-showroom).

But that isn't the biggest strength of the Sonet—its strength lies in Kia's smart marketing. In terms of the number of variants being offered to the customer, except the Hyundai Venue, no other car model comes close to the Sonet.

Consider this: Fifteen variants, two trim lines (Tech-Line and GT-Line), 11 colours, two petrol engines, two diesel engines, and five gearbox choices. What it effectively does is that the customer, once she's zeroed in on a particular variant, usually refrains from extensively checking out other car models.

Coming to the product, there isn't much to complain about the Sonet. The top-end variants are equipped with air purifier, Bose seven-speaker sound system, ventilated seats, mood lighting, connectivity features, smart key, over-the-air map updates, multi-drive modes (like in authentic SUVs), wireless smartphone charger, touchscreen ... the list is long. Mind you, it's an entry-level SUV.

And yet some features aren't there (available in some of its competitor cars); even top-end variants don't have cooled glovebox and automatic wipers.

We drove the 1.0-litre turbocharged petrol variants (both iMT and DCT). The intelligent manual transmission (iMT) is a kind of manual gearbox but without the clutch, though the driving experience it offers is like an automatic gearbox. The DCT is seven-speed dual-clutch gearbox—it shifts gears so fast you don't get to know when the gears are being shifted. The engine is a gem—very powerful for its small size, and with a claimed fuel efficiency of 18.3 km per litre.

Other engines in terms of fuel efficiency are: 1.5-litre diesel VGT (19 kpl), 1.5-litre diesel WGT (24.1 kpl), and 1.2-litre petrol (18.4 kpl).

Like the Seltos, the driveability of the Sonet is also commendable. The steering feedback—mechanical signals that the front tyres send to the steering wheel—is so accurate that you feel every bump and dip in the road through the steering wheel. This leads to safer driving.

Space inside is decent, and especially the front row is quite roomy. The rear seat is not spacious enough for three adult passengers but the boot space is good.

Verdict

While the ex-showroom price of the Sonet starts at ₹6.71 lakh, some features described above are available only in the variants priced above ₹10 lakh. At the same time, even the entry-level variant isn't barebones—it has front power windows, front and rear USB charging ports, electrically adjustable outside mirrors, and rear AC vents, though it doesn't have an audio system. A good way to make the right variant choice is using 'Compare Trims' function on the Kia India website.

On the whole, the Sonet is probably the vehicle the Indian market—battered first by the slowdown and now by Covid-19—needs right now. It's got the aura to pull customers to the showroom, and then a lot of variety to make them stay.

(The name, instead of a play on the 'sonnet', a kind of poem, appears to have been inspired by the Synchronous Optical Network, or SONET. It's a standard for synchronous data transmission on optical fibres, denoting the Sonet's connectivity and networking abilities.)

The Sonet has 15 variants, two trim lines (Tech-Line, GT-Line), 11 colours, two petrol engines, two diesel engines, and five gearbox choices

SMART MARKETING

Kia Sonet: A lot to choose from within one car model

Variant	Price (ex-showroom)
Engine: **Petrol 1.2**	
HTE 5MT	₹6.71 lakh
HTK 5MT	₹7.59 lakh
HTK+ 5MT	₹8.45 lakh
Engine: **Petrol 1.0 turbo**	
HTK+ 6iMT	₹9.49 lakh
HTK+ 7DCT	₹10.49 lakh
HTX 6iMT	₹9.99 lakh
HTX+ 6iMT	₹11.65 lakh
GTX+ 6iMT	₹11.99 lakh
Engine: **Diesel 1.5 WGT**	
HTE 6MT	₹8.05 lakh
HTK 6MT	₹8.99 lakh
HTK+ 6MT	₹9.49 lakh
HTX 6MT	₹9.99 lakh
HTX+ 6MT	₹11.65 lakh
GTX+ 6MT	₹11.99 lakh
Engine: **Diesel 1.5 VGT**	
HTK+ 6AT	₹10.39 lakh

Infrastructure

EXPERT VIEW

Nominal freight rates, which had shot up in April, have cooled and are now ~5% higher than pre-Covid levels, given easing of labour supply. That said, increase in diesel and labour costs continues to batter the profitability of truck fleet owners

—Edelweiss

KANPUR METRO PROJECT

City looks to come of age with network

With a ₹5,552-crore loan from EIB in its kitty, the UP govt is burning midnight oil to commission the first stretch of ₹11,076-cr project by the end of next year

DEEPA JAINANI

THE IDENTITY OF Kanpur has for long vacillated between being known as the 'Manchester of the East' and the 'Dying City of the North'. Not anymore. With the Kanpur Metro set to be a reality soon, it's time for Kanpur, one of the most populous cities in India and the largest one in Uttar Pradesh, to shed its old identities and assume the avatar of a 'smart city'.

Paving the way for its speedy implementation, the European Investment Bank (EIB) recently sanctioned a loan of ₹5,551.99 cr (Euro 650 million) for the ₹11,076-crore Kanpur Metro project. The Uttar Pradesh Metro Rail Corporation (UPMRC), the nodal agency for the project, is burning the midnight oil to get it commissioned on time, especially as precious time was lost due to the lockdown imposed in the wake of the coronavirus pandemic.

While the 31.4-km network comprising two corridors is scheduled to be ready by 2024, UPMRC is targetting commissioning its first stretch by the end of next year. Says Kumar Keshav, MD, UPMRC, "the stretch from IIT Kanpur to Moti Jheel has been selected as the 'priority corridor'. Its total length would be approximately 8.7 km and it would consist of 9 elevated stations. Civil work on the priority section is in full swing and we are confident of commissioning commercial operations on this stretch by November 2021." Trial runs for the purpose are expected to begin in July 2021.

In fact, in order to save time, the UPMRC has started erecting pre-cast double T-girders for the priority corridor. Given that double T-girders had never been used for preparing slabs of the concourse level of a Metro station, this marks a first for Metro projects in India.

Of the two corridors to be built, the IIT-Kanpur to Naubasta line would be 23.8 km long and include an elevated section of 15.16 km and an underground stretch of 8.62 km. Of the total 22 stations on this corridor, 14 would be elevated while 8 would be underground. The second corridor, from Agriculture University to Barra-8, would be 8.6 km in length and include 4.19 km of an elevated stretch and 4.41 km of an underground section. It would have 8 stations, four of which would be elevated and the rest underground.

In July this year, the UPMRC awarded the contract for supply, testing and commissioning of 201 cars (67 trains of three cars each) along with train control and signalling systems for the Kanpur and Agra Metro projects to Bombardier Transport India, setting a tight deadline of 65 weeks for the supply of the first train set from the company. A consortium led by Sterling & Wilson has won the ₹419-crore electrification contract for the project.

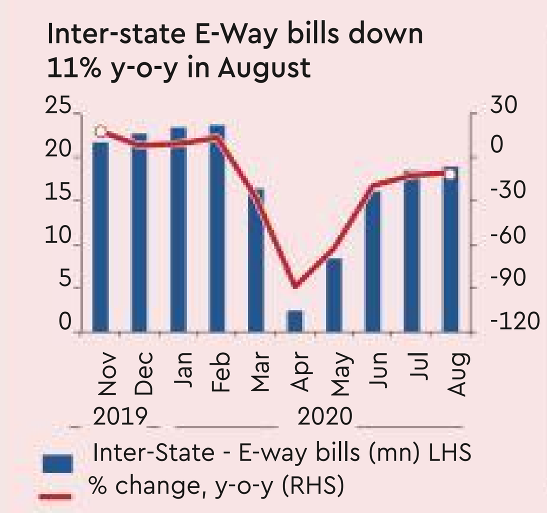
The urgency with which the project is being implemented is linked to Kanpur's dire need for a modern and efficient public transport system. With a population of over 41 lakh and 11.4 lakh registered vehicles in 2017, the city's residents have to presently put up with traffic congestion, inadequate parking spaces and rising pollution levels.

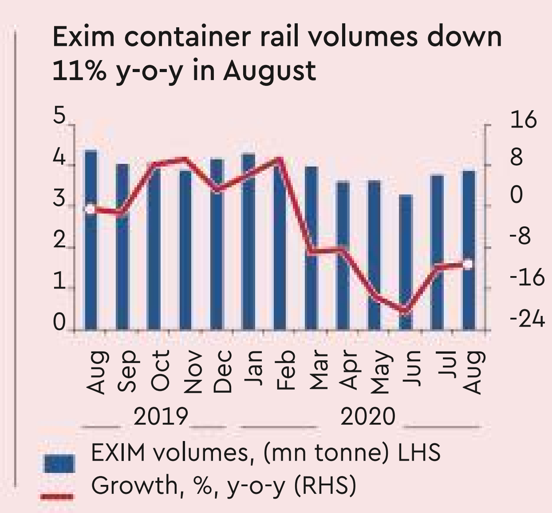
According to the detailed project report (DPR) for the Metro project, the city's population is expected to rise from 41.2 lakh in 2017 to 46.3 lakh in 2021, 56.9 lakh in 2031 and 65.8 lakh in 2041. Against this backdrop, total daily ridership in the year 2024, when Phase-1 of the network is proposed to be fully operational, is estimated at 9.4 lakh, going up to 10.8 lakh in 2031 and 13.5 lakh passengers in 2041.

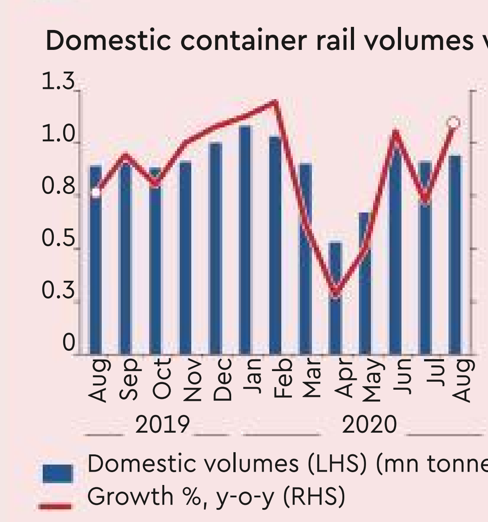
DATA MONITOR

E-Way bills close to last year's levels in August

E-Way bills generated in August were ~86% of pre-Covid-19 level (February), and were down only 4% y-o-y, signifying near normalcy. In m-o-m terms, they were up 2%. Container rail volumes, though down ~8% y-o-y in August, were up ~3% m-o-m. While EXIM volumes fell 11% y-o-y, domestic volumes rose 6% y-o-y. Container volumes at major ports rose 2% m-o-m and EXIM volumes were up 3%, indicating normalisation of the container road-rail mix.







Source: Indian Railways; Edelweiss research

Startups

CONVEGENIUS

Edtech for '*Naya* Bharat'

This edtech social venture aims to bridge the learning and skill gaps at the bottom of the pyramid through its affordable & adaptive tech solutions

SUDHIR CHOWDHARY

THE COVID-19 PANDEMIC has transformed the centuries-old education model to one driven by technology. It has also exposed the country's immense digital divide; while most private schools located in big cities and towns have been quick to adopt online teaching methods, prolonged school closures has had a devastating impact on the education of children from poorer backgrounds.

ConveGenius (CG) is trying to make a difference here. An edtech social enterprise that provides a set of personalised and adaptive learning solutions, it has impacted the lives of 1.2 million students studying in government and low-fee private schools so far. "We have collaborated with governments of several states including Himachal Pradesh, Andhra Pradesh, Goa and Uttar Pradesh, and have expanded our platform's reach with nine vernacular languages and 20-plus curriculums followed by different schools around the country," says Shashank Pandey, co-founder of ConveGenius.

Shashank Pandey, co-founder, ConveGenius

"More than an edtech social enterprise, we are the edtech for *Naya* Bharat," says Pandey. "While many other edtech companies are focusing on bringing digital learning to upper-class students, we focus on pedagogical innovations that can bridge the learning and skill gap for the masses."

ConveGenius has been growing steadily since its inception, which reached its peak during the lockdown. "We became profitable in FY 2019-20 with gross annual revenue of ₹18.4 crore. We have till date raised ₹20 crore from our existing investors—The Michael and Susan Dell Foundation (MSDF), Benori Ventures and Rajat Dhawan," he informs.

The brainchild of Jairaj Bhattacharya and Shashank Pandey, ConveGenius started its journey in Singapore in 2014 and currently has its head office in Noida.

"With major edtech players entering the market, we could see a crucial detail being overlooked in their development. The change wasn't significant enough for the masses and the financial situation of the majority of Bharat. We needed to start from the bottom of the funnel; where students cannot afford or access quality education," he says. "We recognised the need to take this digital revolution to them. So, we launched an edtech platform that could reach every nook and corner of the country that promises quality education without hurting the pocket."

ConveGenius products are available on Web, mobile as apps, tablets, and also available as bots configured on WhatsApp and Facebook Messenger. "Our long term vision is to impact the lives of 100 million students, and a target of 50 million in the next 5 years. We are already on the road to bridging the learning gap in the K-12 space, and we are running a few experiments to provide skilling opportunities and financial assistance to our students. We will be leveraging our data to provide student loans, scholarships and integrate relevant vocational courses on our platform to help students build a stable career."

TECH & LEARNING

ConveGenius' teacher-facilitated personalised and adaptive learning platform is used in sync with classroom sessions and can be accessed through any device such as a smartphone, tablet, TV, or a laptop. The platform leverages scientifically designed assessments to calibrate the learning path of each student. Teachers can use real-time data insights and suggestive content to teach at the right level. The platform can be accessed both online and offline, making it available even to the remote areas of the country. "Our AI-based chat-lite version can be accessed through a simple application such as Whatsapp with asynchronous internet services like 2G/ 3G as well," Shashank Pandey says, adding "As our Covid response, we have also integrated the platform with an AI-based WhatsApp chatbot to offer personalised assessments, doubt-solving services and content recommendations for home learning."

ENABLEX.IO

A smarter way to integrate video communication in digital businesses

This startup offers a platform equipped with robust APIs to build video communications tools

SRINATH SRINIVASAN

ONE OF THE Indian startups that has seen much traction during the recent lockdown is EnableX.io. It provides a platform for building video communication tools. Consumer apps/enterprises can simply use its APIs to integrate video tools with customisation of their choice.

"During the lockdown, the demand from telemedicine, edtech verticals increased. We saw 500-700 new clients every month, whereas before the lockdown it used to be 100 or a little over that," says Pankaj Gupta, founder and CEO, EnableX.io.

The startup is in direct competition with Twilio, a firm listed on NYSE. It may appear that EnableX.io also competes indirectly with the likes of Microsoft Teams, Zoom and so on but that is quite not the case. "It may be true that our clients want to make a consumer application to compete in the same space as Teams and Zoom but we do not directly step into that game," says Gupta. In fact, whatever interactive user data that Gupta's clients collect via their final applications rests with them. For EnableX.io, it is the parametric data associated with its APIs that is important. "We invest our capabilities and time in knowing how our APIs take on the workload in our client's application. A client's application, based on the need, changes from time to time. Our API is one component of such an application to enable video, audio or text communication," he explains.

Pankaj Gupta, founder and CEO, EnableX.io

Being focused on the Indian market, one such parametric data that Gupta emphasises and sees as a challenge to solve is the network bandwidth. "In 3G network areas, the bandwidth goes as low as 150 Kbps, or even lower. We test our APIs to work in such conditions as well. These are typically tier-II, tier-III cities," tells Gupta.

This is also the place where Gupta finds an opportunity. "Being an Indian company, we understand the Indian user's psyche much better. This helps us provide services to our clients whose applications are used in such towns. We also understand other Asian markets better," says Gupta.

Some of those applications include Video KYC which is picking up pace in onboarding customers and authorising transactions, especially in BFSI and payments space with rapid penetration into smaller cities and towns. With these parametric data, EnableX.io jumps into R&D to come up with enhanced solutions and features.

"We have our own machine learning algorithms and deep tech capabilities that power the platform, driven by engineers who have nearly three decades of experience, ever since video as a form of communication started," says Gupta.

Gupta believes that more opportunities will come up as more businesses utilise computer vision and remote working capabilities. "In the immediate future, scaling up the business and platform via new deals across geographies will give us the mileage to explore the possibilities that come with this technology," he adds.

Quick View

August air traffic up 34.4% m-o-m, but way below last year's level

AIR TRAFFIC IN August registered a rise of 34.4% over the preceding month, with a total of 28.32 lakh domestic passengers travelling by air, though the numbers were 76% lower than in the corresponding period last year, aviation regulator DGCA said on Wednesday. While IndiGo carried 16.82 lakh passengers (59.4% share), SpiceJet was at the second spot, flying 3.91 lakh passengers (13.8% share), the Directorate General of Civil Aviation noted. The occupancy rate or load factor for five out of the six major Indian airlines was between 58% and 69% in August. Meanwhile, Aviation Minister Hardeep Singh Puri told Parliament on Wednesday that Indian airlines had sought interest-free credit of at least $1.5 billion from the government to enable them to cope with the loss of revenue from the pandemic.

Orbital rail project okayed, to decongest NCR network

THE CABINET APPROVED on Tuesday the crucial Haryana Orbital Rail Corridor Project from Palwal to Sonipat, which would decongest the railway network in the National Capital Region and connect unserved areas of the state. Estimated to cost ₹5,617 crore, the project is likely to be completed in five years. The rail line would facilitate diversion of traffic not meant for Delhi and also help in developing multimodal logistics hubs in Haryana, an official statement said. It would be implemented by the Haryana Rail Infrastructure Development Corporation Limited (HRIDC), a JV of the Ministry of Railways and the government of Haryana.

20 firms keen on renovating New Delhi railway station

FRANCE'S STATE-OWNED railway company SNCF, the GMR Group and the Adani Group are among 20 entities that have shown interest in redeveloping the New Delhi railway station into a world-class multimodal hub. Around 20 national and international firms participated in a pre-bid meeting last Tuesday. The project being implemented by the Rail Land Development Authority (RLDA) is estimated to cost ₹6,500 crore and would be completed in around four years.

Quick View

SC rules in favour of Vedanta-Videocon in Ravva oilfields case

IN A SETBACK to the government, the Supreme Court on Wednesday allowed Vedanta and Videocon Industries to recover $476 million, instead of the $198 million capped by the petroleum ministry, for their joint development of the Ravva oil and gas fields off the Andhra Pradesh coast between 2000 and 2007. A bench upheld the Delhi High Court's February judgment that had allowed Vedanta's predecessor Cairn India to implement the foreign arbitration award of January 18, 2011, for the higher recovery. The tribunal had held that the companies were entitled to costs of $278 million, in excess of the $198 million set by the ministry. The counter-claim of the ministry to the extent of $22 million was also allowed by the tribunal. "We feel that the interpretation taken by the tribunal is a plausible view, and the challenge on this ground (calculation) cannot be sustained, to refuse enforcement of the award," the court said.

Corpus of discom liquidity package to rise to ₹1.2 trn

THE ₹90,000-CRORE liquidity package for discoms to help them pay their dues till the month of March would soon be enhanced to ₹1.2 lakh crore, factoring in these utilities' outstanding till June, Power Secretary Sanjeev Nandan Sahai said recently. Finance Minister Nirmala Sitharaman had in May announced liquidity infusion into the cash-strapped discoms for payment of their dues till March 2020. The discoms have been facing a demand slump due to the lockdown to contain Covid-19. The total outstanding dues of discoms to power producers rose over 36% y-o-y to ₹1.29 lakh crore in July 2020, reflecting continuing stress in the sector.

Tata Projects bags contract to build new Parliament

TATA PROJECTS LIMITED on Wednesday bagged the contract to construct a new Parliament building at a cost of ₹861.90 crore, officials said. It outbid Larsen & Toubro which had submitted a bid of ₹865 crore. The new Parliament building will be constructed close to the existing one under the Central Vista redevelopment project, and is expected to be ready in 21 months.

Education

MONDAY, SEPTEMBER 21, 2020

ONLINE ADMISSIONS

Yajulu Medury, Director, Mahindra Ecole Centrale

"The lockdown has left students justifiably worried about their educational prospects. We were receiving queries about admissions process and requests for early round of counselling. We are committed to ensuring student safety and have therefore taken the process completely online."

Making Indian universities stay in the business

Over 250 universities may go out of business in four years if they don't digitise: Schoolguru Eduserve

VIKRAM CHAUDHARY

NOW THAT A large number of institutions across the educational spectrum have undertaken the shift to online, competing effectively in this space will be more challenging for those institutions that have thus far delayed their decision to venture into online learning. "It is not enough to simply offer online education; institutions must also figure out ways to make their courses engaging and differentiate their offerings to make them attractive to students," says Shantanu Rooj, founder & CEO of Schoolguru Eduserve, the online learning services organisation.

Universities in particular, Rooj adds, must quickly get their act together to ensure that the new normal does not compromise on the learning outcome for the student. "The focus must be on employability, apprenticeships, on-the-job trainings and capstone projects, and a lot of peer-to-peer learning can help navigate this better. Unless universities think about their strategies in advance, a large number of them would face the same fate as that of engineering colleges in India," Rooj says.

Almost 600 engineering colleges have closed down in the last four years, and 800, reportedly, are in the process of shutting down as they could not deliver on the intended outcome, which is employment.

"There are today talks about a multi-university degree, where a student can go to, say, five different universities to learn five different courses, and then go to yet another university and get a degree from there. With credit mobility happening, there is going to be an oversupply of capacity in terms of the number of seats available," Rooj says.

He adds that those universities in India that have not currently focused on employability and outcome may cease to exist, going forward. "It is not the physical infrastructure, but the digital infrastructure that will define universities of the future. Those universities that have become degree-churning machines may go out of business."

Engineering colleges, Rooj adds, didn't go out of business because there was an oversupply of seats, but because they were not providing the right return on investment to students in terms of employability and outcome. "There are seats, but students are not taking these seats," he says.

If universities take digitisation steps they can stay in the business, but then digitisation is only one of the things towards return on investment. "Universities have to think of product marketing delivery of education; they have to focus on faculty and obviously digitisation ... all of these will be important," Rooj says.

In addition, non-performing universities, Rooj adds, are not just in the private sector, but also in public sector. "If you go to the eastern part of the country, a large number of universities in the public sector are not performing well."

ILLUSTRATION: SHYAM KUMAR PRASAD

Digitalisation has created oversupply of faculty—not in terms of faculty numbers but in terms of education delivery. In the physical world, a professor would have probably taught, say, 5,000 students, but in the digital world she can teach 5,000 students in one classroom session. Also, education is becoming nano-sized; it is coming in small sachets. For example, if a working profession wants to commit three months at a university for upskilling, she may not want to take an entire course, but just a module that will help her upskill.

Recently, the UGC announced on mandating examinations, and Rooj says that it's a forward-looking verdict protecting the interest of students. "Getting a degree without exams may have given some students an easy way out, but it would have caused long-term damage to the credibility of their degrees. Also, universities who have not prepared themselves would find it challenging to meet the guidelines. Universities need to adopt a blended model of exams using digital infrastructure, and without compromising the health of students and faculty," he says.

Rooj also adds that 50% of the college teachers are still not comfortable with teaching online, citing a recent Schoolguru study, titled 'The use of Technology in Teaching & Learning in Indian Higher Education Institutes'. The survey, conducted with over 1,200 teachers, deep dives into the current trends in the higher education ecosystem, especially analysing the acceptability of digital learning among educators. According to the survey findings, nearly 50% of university teachers are uncomfortable with online teaching.

Engineering colleges didn't go out of business because there was an oversupply of seats, but because they were not providing the right RoI to students in terms of outcome

Rooj says: "We are all aware that, in India, the shift to digital learning has not been driven by choice, but rather by coerced need. Hence educators were not completely prepared—in fact, 89.92% of teachers had never used technology at all before and 83% of teachers had never delivered a virtual lecture. This strongly reiterates their discomfort with digital learning methods. The reason for the distress teachers are facing is the skill gap—82% teachers have noted that colleges have not offered any training to them on online teaching tools and techniques. Better preparedness is the need of the hour. Institutes should conduct continuous skilling and upskilling programmes to assist educators to effectively use digital tools for teaching, preparing course material, facilitating peer-to-peer engagement, conducting assessments and providing feedback. A robust education continuity plan should combine adoption of advanced technology and location-agnostic learning systems and continuous and constant knowledge upgrade of educators."

Rooj adds that, for staying relevant, universities will have to focus on digitalisation, focus on outcome (i.e. employability, so as to provide return on investment), think about product (the new set of learners demand a product that is modular, always-on, on-the-go, distributed, gamified and crowdsourced), improvement of curriculum (make it more contextual), think about student service (students are getting more demanding and have higher expectations), think about financing (in the world of financial autonomy amidst reducing public subsidy, universities will need to get creative about how they improve revenue and mobilise funding), think of marketing and brand (in the world of too many suppliers of educational services, students have the choice to select the best perceived), and improve governance to raise their own game (get more efficient and improve performance).

New course on EV ecosystem by FSR Global

FSR Global has launched a new course—EVs: A Power Sector Perspective

FE BUREAU

IN THE PAST 10 YEARS, the deployment of electric vehicles (EVs) has been growing at a rapid rate. As EV manufacturers around the world keep rolling out new models, the power sector is exploring avenues to prepare itself cope with the challenges arising from this transition. To help professionals who wish to address the power sector challenges posed by the ever-growing number of EVs, FSR Global—an initiative of the Florence School of Regulation, Italy—has launched a specialised five-week online course, called Electric Vehicles: A Power Sector Perspective. Building on the Florence School of Regulation's legacy in Europe, FSR Global facilitates the development and delivery of effective energy policy and regulation in Asia, Latin America and Africa.

The amount of time required to take this course ranges from 4-10 hours per week depending on the aimed course level as well as the level of expertise in the subject prior to joining the course

The course, FSR Global said, is actually an opportunity to dive into both the policy and regulatory frameworks, as well as the business models supporting the development of EVs in Europe, the US, Latin America and Asia. It will start from September 10, 2020, and will help participants master the following:

- Building blocks for a holistic EV charging infrastructure policy and regulation;
- Business models in deploying charging infrastructure and the role innovation will play;
- How to manage additional EV load in the power system as well as the risks and mitigation avenues for grid integration;
- Vehicle-to-Everything (V2X) applications, key enablers and how to unlock the V2X potential.

The course, FSR Global added, will offer a personalised learning experience with three engagement levels. In addition to video lectures, learning material includes podcasts, additional reading material including a tailor-made course text, forum discussions as well as an interactive live class. The amount of time required to take this course ranges from 4-10 hours per week depending on the aimed course level as well as the level of expertise in the subject prior to joining the course.

Science & tech

EAVESDROPPER

A view to a kill

Facebook's panoptic vision is a dangerous, yet exciting notion; success of Project Aria will depend on how much control people want to give to Facebook

ISHAAN GERA

EARLIER IF I were to imagine a place, I would shut my eyes and think about the scenery, the noises and the smell, and how I felt standing there at that moment. Then a few years ago, Google changed all that. I was no longer required to close my eyes, all I had to do was open Google maps, and I could find myself standing at the corner of the street or in front of that shop. The experience is not as immersive as closing my eyes. But give it a few years, and with the right kind of virtual reality headsets, I have no doubt Google will get us there.

But Google has its limitations. How the company has achieved this is by fitting cars with cameras and asking them to go around the city. Many countries have allowed Google to deploy these camera-fitted cars, but some like India have placed restrictions on Google. It is easier to roam the streets of Washington than to traverse the lanes of Varanasi.

Facebook's gamble

However, Facebook now has a more grandiose vision. Something many governments may not be able to object to. And, the idea is not to capture the streets, but buildings, houses and every other thing. The company, earlier, this month announced something called Project Aria, Facebook's AR glasses, which will record the world around you and relay it back to the company in real-time to help it create 3D images and populate its software with more information. Tomorrow, if the glasses are pointed to a Cezanne, they can recognise it. While only a few of Facebook's employees will wear the product initially, the company has plans to extend its reach over time.

In the video available on the project's website, Facebook presents a demonstration of the technology being used to find car keys, identify objects, recognise places, convey stop signs. So, the plans do go beyond just recording and observing. Besides, it would be a shame not to use augmented reality for this purpose, if others are doing the same.

Then there is Mark Zuckerberg's interview to famous YouTube personality Marques Brownlee. In the interview, Zuckerberg's vision is to create a device that is the extension of a human being. He wants people to experience an alternate reality beyond what they get on a watch. So, Facebook is not trying to strap a watch on people's face.

And, given that the company has been pouring in billions in its AR/VR acquisition, it would be foolish not to capitalise on it in the coming years. The company spent $3 billion to acquire virtual-reality leader Oculus in 2014, last year it bought CTRL-Labs in September and Beat Games in November. Earlier this year, Facebook invested $40 million in Scape Technologies, a UK based AR company that specialises in creating 3D maps.

So, Facebook is well on the path of making VR and AR a money-making machine, and it has the database and tools for it.

Triumph of the Name of Jesus, by Giovanni Battista Gaulli, on the ceiling of the Church of the Gesu.

But this begs the question why would Facebook succeed, where others have failed? While Google was trying to pioneer the AR revolution, the company was way ahead of its time. It introduced the prototype in 2012 when knowledge about VR/AR was limited, and most countries and businesses were still in the phase of rapid digitalisation. Most countries at the time were doing the same. Over the last few years, prices of products have come down. And, $1,000 devices have become within reach of many consumers. Besides, most countries are on the path of 5G adoption. Gaming has taken off in a big way, and people are using technology more often to save costs. Pandemic has accelerated the process. Even movies have become futuristic to sell the right vision. Remember Mission Impossible and the smart-contact lenses.

However, there are counter-acting forces that Facebook will have to consider if its Aria is to become a reality. Data is the first hurdle. Google's innovation did earn it the awe of many, but also led to the derision of people using these glasses. Given how Facebook's increasingly being perceived as big bad tech, it would not be surprising if Project Aria receives similar criticism. Second, and most important, governments and people's perception of data has changed. Earlier, governments were reticent about data privacy and data rights; now, they are increasingly trying to regulate it. With whistleblowers revealing trade secrets of the likes of Facebook-watch Social Dilemma on Netflix-the situation hasn't been any better. Even supporters of social media have started to point out its failings and started to see it as a threat.

Aria's vision

Things will get clearer as more details emerge of how Facebook plans to use the technology, but for now, the video lays out a limited vision of Facebook's approach. The company wants to create a record of everything possible to 3D map the world. Those wearing the glasses will see and record everything, and Facebook will then categorise objects. The company claims that it will blur identifiers--faces and licence plates-Facebook will still have access to the data. Besides, what's to say there would not be any change in its terms and conditions.

Indeed, Facebook presently does have this data, but it cannot track people using the information. Unless they use its app or its services or post information. However, the glasses allow Facebook to gauge and understand the world in real-time. More important, Facebook can track consumer preferences in real-time, something that has been impossible throughout the history of capitalism.

Facebook will know what you are fixated on and prioritise advertisements based on that. It will also be able to monitor your daily activity and direct companies on how best to target you. If that isn't scary enough, imagine Facebook learning from your life and people's life every day and knowing you better each time. The consumer is king, and also a lab rat.

And, this creates data privacy concerns. Even if the data is anonymised and sold, Facebook will still have control over people's preferences and social behaviour. What's to say, Russia or any other country would not influence elections or popular opinion.

Illusion of control

But that does not mean Facebook is doomed. The only way Facebook can implement its vision is if it shares gains from its earnings with the people. There is a price to data, and Facebook hasn't renumerated anyone but itself. Two, it needs to open itself to more regulation and start sharing some gains with the government. While the idea of Facebook selling anonymised data is not bad, but it needs to cede space in certain profit areas which border on unethical. The platform cannot allow its algorithms to be manipulated.

And, more important, people should have the option to opt-out. Besides, there is another concern for creating a big brother state. Will Facebook share data with police authorities, if it does, then the glasses will mean the suppression of dissent and tracking of detractors. No one should have that power.

Don't be surprised if in the future you enter a place, and the sign says. Leave your glasses, phone and Facebook, outside the premises.

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TECH BOOST

SvaKatha to hold digital fashion show

Virtual fashion visualisation by a start-up incubated at IIT Gandhinagar

FE BUREAU

THIS IS CAN pave the right way for the badly-hit fashion industry during the Covid-19 pandemic. SvaKatha, a fashion-technology start-up incubated at IIT Gandhinagar, has created India's first 3D fashion show that can help fashion brands and designers become more sustainable.

Due to Covid-19, fashion companies are facing challenges in making their brand sustainable as conducting fashion shows and photo-shoots of new launches is essential. But due to a decline in retail sales, many companies are facing financial crises. Photo-shoots are becoming costlier and require too many resources.

With 3D technology and software getting better, the fashion industry is on the verge of an upgrade. In the coming days, consumer shop will change, the product display will change, and the fashion show will change. SvaKatha says it is developing better methods and procedures to develop cloth in 3D and the way it is presented in the digital world.

How is this 3D fashion show different? The most challenging part for 3D virtual fashion design is achieving the realistic fabric rendering and replicating the physical properties of the fabric feel and fall. The details in the fabric texture and garment silhouettes that SvaKatha has achieved, it says, is of global standards and no such detailed work has been created so far in any other fashion show.

"The garments and models of such fashion shows that are created even outside India do not take into account the physical properties of the fabric like its fall and texture," it adds.

It says that a virtual fashion show does not need actual sampling and production of garments, thereby eliminating the need for resources like pattern making, fabric production and stitching, while reducing the timeline of a concept collection and its presentation. "This will help designers and product teams as well as buyers/retailers to make decisions well in advance. Currently, fashion brands work for months to present their new collections to their buyers on a road-show. Virtual fashion shows and 3D designs can help replace the road-shows where sampling can be done virtually and production can be initiated based on the buyer response," SvaKatha added.

Fashion, design and art are all about imagination. The virtual fashion show gives fashion artists, designers and brands new dimensions to work and communicate their stories with their customers in a much more efficient way.

Moreover, virtual design allows designers to test a concept without actual sampling and it can be highly sustainable. "A fashion show is very crucial for a fashion designer and brand to present its concept and ideas. Till now, fashion shows were centralised around a few fashion events and big design houses. SvaKatha wishes to democratise the fashion show similar to what social media did to content. Every designer can now create a fashion show of their own or team up with fellow designers and put up a fashion show."

Govt envisages broader social security net for workers

SURYA SARATHI RAY
New Delhi, September 20

Social Security Code, introduced in Lok Sabha on Saturday, enables the Centre to frame schemes to provide social security benefits to unorganised workers

THE GOVERNMENT HAS proposed to extend, in a phased manner, social security benefits to all employees and workers, currently estimated to be around 50 crore, including those in the unorganised sector enterprises, under the revised Social Security Code introduced in Lok Sabha on Saturday.

The Bill enables the Centre to frame schemes to provide social security benefits to unorganised workers, gig workers, platform workers and self-employed workers or "any other class of persons". It is not clear if workers in the agricultural and allied sectors could also be covered under such schemes. Of course, how exactly and when the benefits will be designed and whether it will suffice to provide meaningful social security cover to all workers will hinge on the specific schemes to be rolled out.

The bill defines unorgansied worker as one who is a home-based worker, self-employed worker or a wage worker in the unorganised sector. An unorganised sector enterprise is the one which is owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs less than 10 workers.

The government, however, has neither prescribed any timeline to bring all workers under some sort of social security net; nor has it given any concrete source of funds for providing social security benefits such as old age protection, life and disability cover, health and maternity benefits, provident fund, employment injury benefit, housing, educational schemes etc.

The Bill says the central government shall formulate and notify, from time to time, suitable welfare schemes for unorganised workers on matters relating to life and disability cover, health and maternity benefits, old age protection, education. Also, states shall formulate and notify, from time to time, suitable welfare schemes for unorganised workers, including schemes relating to of provident fund; employment injury benefit; housing; educational schemes for children; skill upgradation of workers; funeral assistance; and old age homes.

The funding options include assorted government resources as well as corporate funding via the CSR route.

The code provides for creation of a National Social Security Board which shall give recommendations to the central government for formulating suitable schemes for different sections of unorganised workers, gig workers and platform workers. State boards will do the same for the state governments.

In order to expand the traditional social security benefits, the government has proposed to allow establishments to be covered under employees' provident fund organisation (EPFO) and Employees' State Insurance Corporation (ESIC) on voluntary basis even if they have less than the mandatory employee threshold of 10 and 20 respectively.

Haryana farmers block roads, copies of Bills burnt in Punjab

PRESS TRUST OF INDIA
Chandigarh, September 20

Members of various farmers' organisations stage a protest against the central government, in Patiala on Sunday PTI

FARMERS ON SUNDAY blocked roads in Haryana and burnt effigies of Prime Minister Narendra Modi in neighbouring Punjab, protesting against the farm Bills passed in Parliament.

Farmers occupied portions of roads and highways at several places in Haryana between 12 and 3 pm, following a call given by the state unit of the Bhartiya Kisan Union against the agri-marketing Bills, two of which were passed in Rajya Sabha on Sunday.

After 3 pm, reports said the road blockades were lifted, ending the day's protests in which the BKU was also supported by several other farmer organisations.

In Ambala, the Haryana Police used water cannons at the state's border to stop Punjab Youth Congress workers from entering the district and travelling ahead to Delhi as part of their "tractor rally".

Punjab protesters set fire to one of their own tractors when they were forced to end their rally at the Haryana border, the police said.

Farmers were joined by 'arhitiyas' – or the commission agents at 'mandis' – during their protests at many places in Haryana.

There was heavy police deployment across the state, particularly where the bigger gatherings were expected.

Police diverted traffic to alternative routes. Executive magistrates were stationed along with police at many protest venues.

Ambala-Nahan national highway near Naraingarh, Jind-Patiala and Jind-Delhi roads near Julana and Sonipat-Gohana highway were among the roads blocked in Haryana.

Traffic was also disrupted on Ambala-Chandigarh highway due to the protests by the Punjab Youth Congress activists. But there was no blockade on the Ambala-Delhi road.

The situation at the Haryana-Punjab border was tense for a while as Youth Congress activists were bent upon moving on the national highway towards Delhi. But the spot was heavily barricaded by the police, which also used water cannons to disperse protesters.

Farmers at several places in Punjab burnt effigies and copies of the farm Bills, claiming that the new laws will destroy their livelihood.

The three Bills are aimed at giving farmers the choice to sell their produce at competitive prices. But many farm organisations fear they will lead to the dismantling of the minimum support price (MSP) system.

Varun Chaudhary, the Haryana Congress MLA from Mullana in Ambala, who joined the protest at Mandour village near Panjokhra Sahib in Ambala district, said the Bills were not a "shield for farmers" but for hoarders.

Independent MLA from Meham, Balraj Kundu, who protested in Rohtak and Charkhi Dadri districts, claimed the Bills will benefit corporates. "From October 2, I will sit on a fast to protest against these anti-farmer measures," he said.

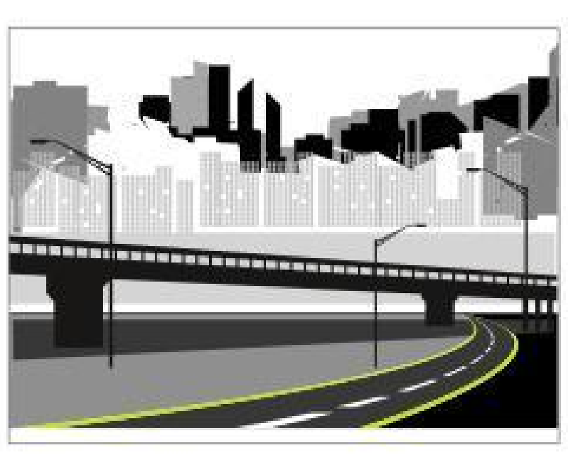
In Yamunanagar, Haryana BKU chief Gurnam Singh said, "It is the country's misfortune that despite the farmers' protest these Bills were passed." He called it a "murder of democracy".

Punjab Congress chief Sunil Jakhar, who also joined the Youth Congress protesters, said all parties, except the Akali Dal and the BJP, are with the farmers. He slammed Shiromani Akali Dal chief Sukhbir Singh Badal, accusing him of earlier supporting these "black laws". The SAD has pulled out of the Union Cabinet in protest against the Bills.

On Sunday, the Rajya Sabha passed the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, and the Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020. The bills were passed by Lok Sabha on Thursday. A third bill is yet to be passed in Rajya Sabha.

432 infra projects show cost overruns of ₹4.29 lakh crore

PRESS TRUST OF INDIA
New Delhi, September 20



AS MANY AS 432 infrastructure projects, each worth ₹150 crore or more, have been hit by cost overruns of over ₹4.29 lakh crore owing to delays and other reasons, according to a report.

The Ministry of Statistics and Programme Implementation monitors infrastructure projects worth ₹150 crore and above. Of the 1,670 such projects, 432 reported cost overruns and 505 time escalation.

"Total original cost of implementation of the 1,670 projects was ₹20,58,193.26 crore and their anticipated completion cost is likely to be ₹24,87,361.54 crore, which reflects overall cost overruns of ₹4,29,168.28 crore (20.85% of original cost)," the ministry's latest report for July 2020 said.

The expenditure incurred on these projects till July 2020 is ₹11,51,222.81 crore, which is 46.28% of the anticipated cost of the projects. However, it said the number of delayed projects decreased to 418 if delay is calculated on the basis of the latest schedule of completion.

Further, the report said for 945 projects neither the year of commissioning nor the tentative gestation period has been reported.

Out of 505 delayed projects, 120 have overall delay in the range of 1 to 12 months, 118 have delays of 13 to 24 months, 157 reflect delay in the range of 25 to 60 months and 110 projects show delays of 61 months and above.

The average time overrun in these 505 delayed projects is 43.49 months.

The brief reasons for time overruns as reported by various project implementing agencies are delay in land acquisition, delay in obtaining forest/environment clearances and lack of infrastructure support and linkages.

Besides, there are other reasons like delay in tie-up of project financing, delay in finalisation of detailed engineering, change in scope, delay in tendering, ordering and equipment supply, law and order problems, geological surprises, pre-commissioning teething troubles and contractual issues, among others, the report said. It has also been observed that project agencies are not reporting revised cost estimates and commissioning schedules for many projects, which suggests that time/cost overrun figures are under-reported, the report said.

India Inc's business sentiment recovers in July-Sept: CII

PRESS TRUST OF INDIA
New Delhi, September 20

THE BUSINESS SENTIMENT of India Inc has improved during the July-September quarter as the government gradually unlocked the economy and business activity resumed, according to the CII's business outlook survey.

The latest CII Business Confidence Index has surged to the level of 50.3 in July-September 2020, bouncing back from its lowest reading of 41.0 recorded in April-June 2020, the industry chamber said in a statement.

"The stellar recovery in the index has been supported by the remarkable increase in the Expectations Index (EI), which rose 46% quarter-on-quarter, to the level of 55.2, as nationwide lockdown restrictions were lifted and businesses gradually began to reopen during the July-September quarter," it said.

CII director general Chandrajit Banerjee said while a recovery is underway, it could be tremendously expedited through continued government support and handholding of businesses during this crisis.

The survey was conducted during August-September 2020 and saw participation of over 150 firms across different sectors. Over half of the respondents said the weakness in domestic demand is likely to be the topmost risk to business confidence in the next six months. Nearly 30% of respondents feel that the business activity may return to pre-pandemic levels by Q1 of FY22, the statement said.

"With regards to the general economic prospects, more than third of the respondents (35%) foresee a contraction higher than 4% in India's GDP in the financial year 2020-21 as the significant setback to economic growth has been further aggravated by state-imposed lockdowns to curb local outbreaks," it added.

Delhi records less than 4,000 virus cases after 5 days

THE NATIONAL CAPITAL'S COVID-19 case count went past 2.46 lakh on Sunday with 3,812 more people contracting the viral disease, while 37 fresh fatalities pushed the death toll to 4,982, according to the Delhi government's health bulletin.

Before this, the city recorded over 4,000 cases for five consecutive days.

The capital recorded 4,071 cases on Saturday, 4,127 on Friday, 4,432 on Thursday, 4,473 on Wednesday and 4,263 on Tuesday. PTI

NUCLEAR DEAL

France, UK, Germany reject US call to return Iran sanctions

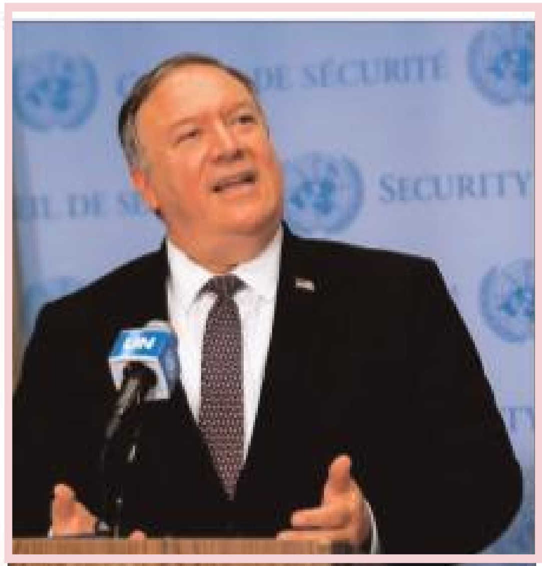
BLOOMBERG
SEPTEMBER 20

THE US HAS no authority to demand a snap-back in sanctions against Iran after quitting the 2015 nuclear deal two years ago, the French Foreign Ministry said in a joint statement with Germany and the UK on Sunday.

"We have worked tirelessly to preserve the nuclear agreement and remain committed to do so," the three countries' foreign ministers said in the statement.

Since quitting the nuclear accord in May 2018, the Trump administration has intensified efforts to pressure the Islamic Republic, ratcheting up sanctions. But the US moves have united partners like the UK, France and Germany with Russia and China, who have sought to salvage the accord. That has left the US isolated on the UN Security Council, with most nations saying America has no authority to demand the return of international sanctions since it's no longer a party to the agreement.

The US says that the broader Security Council resolution that enshrined the accord doesn't require it to still be in the agreement, and that all of the United Nations resolutions on Iran that were in place before the accord — from a ban on arm deals to restrictions on the Islamic Republic's ballistic missile activity and its nuclear enrichment — should have gone back into effect on Saturday.



> The US took this decisive action because, in addition to Iran's failure to perform its JCPOA commitments, the Security Council failed to extend the UN arms embargo on Iran
>
> — MIKE POMPEO, US STATE SECRETARY

The US expects all UN member states to comply with their obligations to implement sanctions, Secretary of State Michael Pompeo said in a statement late on Saturday. The Trump administration declared on Saturday that all UN sanctions against Iran have been restored, a move most of the rest of the world rejects as illegal and sets the stage for an ugly showdown at the world body ahead of its annual General Assembly.

The administration said that its triggering of the "snapback" mechanism in the UN Security Council resolution that enshrined the 2015 Iran nuclear deal had taken effect at 8 pm Eastern Time.

That is 30 days after Secretary of State Mike Pompeo notified the council that Iran was in "significant non-performance" with its obligations under the accord, known as the Joint Comprehensive Plan of Action, or JCPOA.

"The United States took this decisive action because, in addition to Iran's failure to perform its JCPOA commitments, the Security Council failed to extend the UN arms embargo on Iran, which had been in place for 13 years," Pompeo said in a statement released at precisely 8 pm.

"In accordance with our rights ... we initiated the snapback process to restore virtually all previously terminated UN sanctions, including the arms embargo," he said. "The world will be safer as a result." The White House plans to issue an executive order on Monday spelling out how the US will enforce the restored sanctions, and the State and Treasury departments are expected to outline how foreign individuals and businesses will be penalized for violations.

"The United States expects all UN member states to fully comply with their obligations to implement these measures," Pompeo said. "If UN member states fail to fulfill their obligations to implement these sanctions, the US is prepared to use our domestic authorities to impose consequences for those failures and ensure that Iran does not reap the benefits of UN-prohibited activity."

But the US move faces stiff opposition from the other members of the Security Council who have vowed to ignore it.

They say the US lost legal standing to invoke snapback when President Donald Trump withdrew from the nuclear deal in 2018 and reimposed American sanctions on Iran. The US argues it retains the right to do it as an original participant in the deal and a member of the council.

Trump vows to nominate woman judge for SC

PRESS TRUST OF INDIA
Washington, September 20

PRESIDENT DONALD TRUMP has said he will next week nominate a woman to replace the late US Supreme Court Justice Ruth Bader Ginsburg, escalating a political row with the Democrats over her successor weeks before the presidential election.

"I will be putting forth a nominee next week. I could say most likely it would be a woman. I think I can say that. If somebody were to ask me now I would say that a woman would be in first place," Trump told supporters at an election rally in North Carolina on Saturday.

Ginsburg, a history-making jurist, feminist icon and a champion of women's rights and social justice, died of cancer on Friday. She was 87. She was the second woman ever to serve as a justice on the nation's highest court.

Trump said he is within his rights to fill the vacancy in the US Supreme Court, a move that has infuriated Democrats, who fear Republicans will vote to lock in a decades-long conservative majority on the country's top court.

"We have great respect for the process. This has happened numerous times and every time there was a nominee as you know. There's been many occasions where frankly it turned out to be during a presidential year," he told reporters.

"I think we're going to start the process extremely soon. We will have a nominee very soon," he said, adding that there about 45 people on his list, but he does have a 'short list' for potential nominees. During the campaign rally, Trump asked his Republican supporters whether the nominee should be a man or a woman. The crowd cheered loudly for a female candidate.

"I think we're going to start the process extremely soon. We will have a nominee very soon," Trump said, adding that there about 45 people on his list

"That's a very accurate poll (crowd reaction) because that's the way I feel. I actually like women much more than I like men. I have to say. It would be a woman. A very talented, very intelligent woman," the president said, adding that a final name had not been zeroed in on.

He also discussed how he has the power to fill the vacant seat in the Supreme Court where justices serve for life or until they choose to retire.

"So, Article 2 of the Constitution says that the President shall nominate justices of the Supreme Court. I don't think it can be any more clear, can it?" Trump asked, prompting chants of 'Fill that seat!' from the rally crowd.

TikTok owner seeking $60-bn valuation in US deal

BLOOMBERG
September 20

CHINA'S BYTEDANCE IS seeking a valuation of $60 billion for TikTok as Oracle and Walmart take stakes in the short-video app's business to address US security concerns, according to a person familiar with the matter.

Oracle and Walmart have rights to buy 12.5% and 7.5% respectively of a newly established TikTok Global under an agreement that won the approval of President Donald Trump, the person said, asking not to be named discussing private negotiations. The two companies would pay a combined $12 billion for their stakes if they agree to that asking price.

The final valuation had not been set as the parties worked out the equity structure and measures for data security, the person said. Terms are still in flux and the proposed valuation could still change. Beijing also has yet to approve the deal, though regulators are said to favor any transaction in which ByteDance maintains control of its valuable recommendation algorithms and other proprietary technology.

ByteDance was pressured into a deal for TikTok when Trump threatened to ban the app in the US over national security concerns. After Microsoft made a proposal for a full buyout of the service, ByteDance instead turned to Oracle's offering in which the Chinese parent will maintain a solid majority stake.

"I approved the deal in concept," Trump told reporters on Saturday as he left the White House for a campaign rally in Fayetteville, North Carolina. "If they get it done, that's great. If they don't, that's OK too."

ByteDance and Oracle representatives didn't immediately respond to requests for comment.

The valuation for TikTok has been a looming question as Washington and Beijing escalated their rhetoric over the negotiations. The service for the US market alone has been estimated to be worth $20 billion to $50 billion, or even more Snap, for context, trades at a $35 billion valuation.

ByteDance, the Beijing-based parent company, is the most valuable private startup in the world at $140 billion, according to market researcher CB Insights. The TikTok Global deal does not include the app's China twin, Douyin, which has become an enormous hit in its own right.

ByteDance may end up owning as much as 80% of TikTok Global, which would include the app's operations in the US and the rest of the world excluding China. Venture firms, including Sequoia Capital and General Atlantic, may also acquire equity in the new business.

Under the current proposal, there will be five seats on the board of TikTok Global. Walmart Chief Executive Officer Doug McMillon will become a director, the retailer said in a statement. TikTok Global will likely be headquartered in Texas and will hire "at least" 25,000 people, Trump said. It will need to hire thousands of content moderators, engineers, and marketing staff that were previously located in China and around the world.

NEW POLICY

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ByteDance gets Trump nod to avoid TikTok shutdown

REUTERS
Washington/New York, September 20

US PRESIDENT DONALD Trump said on Saturday he supported a deal in principle that would allow TikTok to continue to operate in the United States, even as it appeared to conflict with his earlier order for China's ByteDance to divest the video app.

ByteDance was racing to avoid a crackdown on TikTok after the US Commerce Department said on Friday it would block new downloads and updates to the app come Sunday. The US officials had expressed concern that the personal data of as many as 100 million Americans that use the app were being passed on to China's Communist Party government.

TikTok will be owned by a new company called TikTok Global and will be headquartered in the US, possibly in Texas, Trump said. Oracle will take a 12.5% stake in TikTok Global and store all its US user data on its cloud to comply with US national security requirements, the companies said. Retail giant Walmart said it would take a 7.5% stake in TikTok Global.

While Oracle and Walmart said that TikTok Global will be majority-owned by US investors, this is the case only if one takes into account ByteDance's investor base, according to a source familiar with the matter who requested anonymity to discuss the deal's structure. This is because ByteDance will own 80% of TikTok Global, the source said.

WeChat prohibition put on hold

THE TRUMP ADMINISTRATION'S curbs on the Chinese-owned WeChat were put on hold by a judge, a day before it was to go into effect. Magistrate Judge Laurel Beeler on Saturday issued a preliminary injunction at the request of the US WeChat Users Alliance, which had argued that prohibitions on the app would violate the free-speech rights of millions of Chinese-speaking Americans who primarily rely on WeChat for communications within the US. — BLOOMBERG

Hefty fines for quarantine breaches in England

PRESS TRUST OF INDIA
London, September 20

THE UK GOVERNMENT on Sunday announced new rules, which make it a legal requirement for people with coronavirus to quarantine, with fines of up to 10,000 pounds imposed on repeat breaches of the stipulated 14-day self-isolation period to control the spread of the virus.

Downing Street said the new requirements, which will be enforced from September 28, also come with support payments of 500 pounds for those on lower incomes who cannot work from home, such as construction workers, and stand to lose income as a result of the mandatory self-isolation.

The rules come in as Prime Minister Boris Johnson (pictured) considers further tougher measures after he warned that the UK may now be seeing a "second wave coming in" of the deadly virus, with the number of cases continuing to rise.

"People who choose to ignore the rules will face significant fines. We need to do all we can to control the spread of this virus, to prevent the most vulnerable people from becoming infected, and to protect the NHS (National Health Service) and save lives," said Johnson.

New fines for those breaching self-isolation rules will start at 1,000 pounds — bringing this in line with the penalty for breaking quarantine after international travel — but could increase to up to 10,000 pounds for repeat offences and for the most egregious breaches, including for those preventing others from self-isolating.

"The best way we can fight thiThe one-off payment of 500 pounds is above the country's statutory sick pay of 95.85 pounds per week and a previously-announced additional award of 182 pounds for those told to self-isolate in highest risk areas of intervention or areas under localised lockdowns.

A number of steps will be taken as part of the new legally-enforceable quarantine rules, including NHS Test and Trace call handlers making regular contact with those self-isolating and escalating any suspicion of non-compliance to Local Authorities and local police.

Police resources will be used to check compliance in highest incidence areas and in high-risk groups, based on local intelligence. High-profile and egregious cases of non-compliance will be investigated and prosecuted.

The UK government says it hopes the new measures will be replicated in the devolved regions of Wales, Scotland and Northern Ireland, which have the authority to set their own coronavirus rules but largely follow government guidelines.

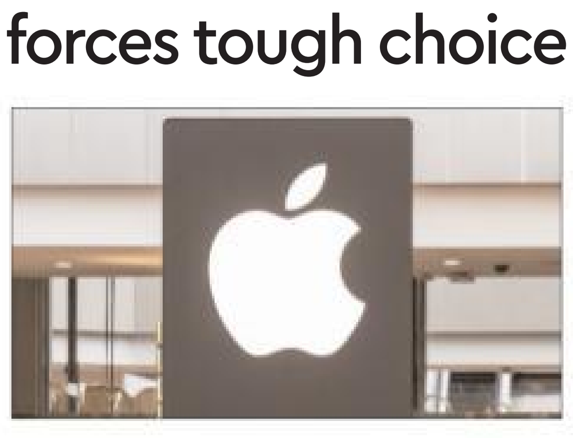
Apple court triumph forces tough choice for EU's tax crusade

BLOOMBERG
September 20

APPLE'S JULY COURT triumph over a massive European Union (EU) back-tax order is forcing antitrust chief Margrethe Vestager to make a tough choice: Challenge a ruling that faulted the EU investigation or accept judges' criticisms and re-examine a case started more than six years ago.

Her dilemma about whether to appeal before a late-September deadline shows how court rebukes have bogged down probes that were once swift and lethal. The EU targeted big names, triggering changes to taxation across Europe. The 13 billion-euro ($15.4 billion) demand for Apple was its crowning achievement.

"The European Commission may very likely appeal the judgment of the General Court in the Apple case, if only to save face," said Howard Liebman, a tax attorney with Jones Day in Brussels. "It will be a very rough row to hoe, given the very detailed and fact-oriented decision" from the EU's second-highest tribunal.



If Vestager opts to fight on at the EU Court of Justice, the bloc's top tribunal, she risks overlooking criticism that the EU failed to prove "to the requisite legal standard" that Ireland's tax deal broke state-aid law by giving the iPhone maker an unfair advantage.

The commission, the EU's executive arm, has already had to re-investigate some 40 probes following court decisions that picked apart its findings. At a Friday press conference in Brussels, Vestager refused to be drawn on her next move in the Apple tax case. "We haven't taken that decision yet," she said. "As the commission always does, we wait until we're closer to the deadline of the appeal question" before commenting. The speed at which some of these early cases were concluded — the first Belgian investigation took 11 months and Starbucks took 16 months — doesn't match the current pace.