HICET Business School

Coimbatore-32

Half Yearly Magazine

July - December 2019

BUSINESS AFFAIRS

Department of Management Science started in the year 2005,in order to transform the students community into business professions by offering two years Business administration Master's program with the specializations in Finance, Marketing and Human resources,Production & Operations Systems, and logistics.

All the activities of the business school is evolved around the vision, Mission, programme, Educational objectives, Programme outcomes, and graduate attribute statement are guided by its core values.

FOUNDER AND CHAIRMAN'S MESSAGE

The management is extremely happy to see the outcome of the MBA Department of our college in bringing out with a department magazine called "BUSINESS AFFAIRS 2019". I hereby extremely happy for the interest shown by the department. Today, business news has an important connotation in the competitive world of business. So, it is an important step in bringing out contents of business in a magazineform for students to deliberate and discuss over, students should become industry readymanagers for future generation. I convey my blessings and good wishes to all members involved dedicatedly for the magazine preparation.

Thiru T.S.R Khannaiyan

MANAGING TRUSTEE'S MESSAGE

I am delighted to note that the department of MBA has come up with a department magazine called "BUSINESS AFFAIRS 2019". This type of magazines makes students to explore new business paradigms, I hope and wish this magazine will help our studentsin enhancing their knowledge in various spears of business and help them to succeed intheir career or business ventures. This magazine will also serve as a business knowledge repository for the existing andupcoming batch of students. My regards for MBA department to scale new height in the days to come.

Thirumathi Sarasuwathi Khannaiyan

EXECUTIVE TRUSTEE & SECRETARY'S MESSAGE

It gives me immense pleasure to know that the department of MBA has come up with a department magazine called "BUSINESS AFFAIRS 2019". These kinds of efforts will motivate the students in building their future profile and will give confidence in upbringing their hidden talents. I wish this magazine will help our budding management leaders to develop a sharp intellect in the areas of business affairs and bring out a competitive model of successful businesses in future. My good wishes for MBA department for bringing out this magazine.

Thirumathi. K. Priya Sathish Prabhu

ADVISOR'S MESSAGE

Hindusthan College of Engineering and Technology is an amalgamation of competent teachers, Energetic students and with an experience and efficient administration. The college came into existence with the vision of creating a safe and supportive environment for its students to provide a perfect balance of Academics, Sports, Artistic and Social opportunities. Learning should be a joy and we strive for that.

We believe in giving our students strong values along with a set of wings which may carry them far and wide. In turn, our students are equipped to face the challenges of the rapidly changing world. Today's India is an empowered, enlightened and enterprising nation. We wish to make it even more powerful with conscientious, smart and confident citizens who would make us proud by augmenting their multifaceted skills.

It gives me immense pleasure to give my best wishes to HOD and faculty fraternity of management sciences for bringing out the magazine "**BUSINESS AFFAIRS 2019**". The students and faculties of the department are always proactive in taking initiatives in Educational, Technical, Cultural and Social events in bringing laurels to the institution. I hope that this magazine will serve the purpose of reflecting all the important information in the recent business trends and it will also inspire many other students who want to aspire for the MBA programme.

Dr .S. Annadurai
Advisor, Hindusthan Group Of Institutions, Coimbatore

PRINCIPAL'S MESSAGE

Hindusthan College Of Engineering And Technology primarily intends to nurture the shelved potential in students providing an ideal platform for them to channelize their creative outbursts and lend expression to their thoughts and views on various aspects in serene manner.

Our institution believes that the purpose of education is to turn mirrors into windows, and as such is focused not only on pure studies but also on providing opportunity to each students to explore his or her own capabilities and in their area of interest like curricular, Co-curricular or Extra-curricular activities.

We fortunately have a committed and supportive Management, dedicated teachers and cooperative students which blend harmoniously to create a students centric college. In the MBA department it is natural to find the intensive use of a variety of thinking activities, Strategies and active ideas so that the department becomes alive. This edition of the Magazine "**BUSINESS AFFAIRS 2019**" is a Milestone that marks our growth, and gives life to business thoughts and aspirations.

I congratulate the entire editorial team for their hard work and dedication that has resulted in the publication of this issue of the department magazine. With this I extended my best wishes to you all in your academic journey towards excellence, knowledge and wisdom.

Dr. T . Kannadasan,
Principal, HICET.

EDITORIAL

I am glad to see the department of management science having completed thirteenth years of its existence. We have been awarded the autonomous status from AICTE and Anna university in July 2016. We are continuing to grow with a committed vision to develop students in leadership capabilities and business oriented learning for success in managerial or entrepreneurial ventures with social responsibility.

In our campus, Students are expected to have an enriching and experiential learning which will enable them to reach new heights in their professional life. We foster sharpening of skills and enhancement of knowledge base in our students through various extra-curricular, Co-curricular and curricular activities.

I Appreciate all the students , who have contributed to the **"BUSINESS AFFAIRS 2019"** A Department Magazine, I also wish faculty and student editors for highlighting important debatable topics in the magazine. I wish this magazine to become a treasure of knowledge for debate club members and serve a guiding literature.

I wish you all success.

Dr .K. Samuvel,
Director-MBA

Chief Editor

Dr. K.Samuvel

Director-MBA.

Editor

Dr. M. Bhuvaneswari

Associate professor

Associate Student Editors

II MBA

Sudhakaran L

Muhammed samil musthafa

Sreejidha K

Rohini M

CONTENT

Page. No

July

1. RajyaSabha passed the Banning of Unregulated Deposit Schemes Bill

The RajyaSabha has passed the Banning of Unregulated Deposit Schemes Bill, 2019. The Bill aims to introduce a mechanism that will curb the ponzi schemes.

RajyaSabha passed the Banning of Unregulated Deposit Schemes Bill The RajyaSabha has passed the Banning of Unregulated Deposit Schemes Bill, 2019**.** The Bill aims to introduce a mechanism that will curb the ponzi schemes. It will protect the interest of depositors. The Bill was passed by the LokSabha on July 24, 2019. The Bill will now replaced the Ordinance promulgated on February 21, 2019.

Provisions of the Bill:

The bill curb the menace of illicit deposit-taking activities in the country. It provides strict administrative measures to dupe gullible people of their hard-earned savings. Under the Bill, the centre and state is allowed to frame rules accordingly. The Bill ensures to protect the genuine businesses or individuals who borrow money from their relatives or friends for personal reasons or to tide over a crisis.

Ponzi scheme:

Ponzi scheme is a **form of fraud** which attract the **investors and pays profits** to earlier investors by using funds obtained from more recent investors.

2. **IIT Madras introduces Smart agricopter for spraying pesticides**

Indian Institute of Technology (IIT) Madras have developed a Smart agricopter. The innovation aims to eliminate manual spraying of pesticides in agricultural fields.

IIT Madras introduces Smart agricopter for spraying pesticides

Indian Institute of Technology (IIT) Madras has developed a **Smart agricopter.** The innovation aims to **eliminate manual spraying of pesticides** in agricultural fields. As the manual pesticide spraying remains an extremely hazardous activity as it affects the health of the **farmers' and laborers'** in a massive overuse of toxic chemicals. The Cost estimation of the agricopter is to be around **Rs 5.1 lakh.**

Smart Agricopter: The Smart Agricopter is a hexacopter drone with the capacity to **carry 15 liters of pesticide.** Agricopter will allow spraying pesticides ten times faster and with **100% precision.** It has multispectral imaging camera which provides smart analysis of crop health. It also ensures that the entire spraying process is completely autonomous and that the **farmer is never exposed** to the pesticide.

3. Ebix acquires Yatra Online in a ₹2,300-crore transaction

U.S.-headquartered Ebix, a provider of on-demand software and e-commerce services, on Wednesday announced the acquisition of homegrown travel portal Yatra Online for $337.8 million (more than ₹2,300 crore).

Following the completion of the transaction, Yatra will become part of Ebix's EbixCash travel portfolio, creating one of India's "largest and most profitable" travel services companies. Both the firms are listed on the NASDAQ.

"The acquisition of Yatra would lend itself to significant synergies and the emergence of EbixCash as India's largest and most profitable travel services company, besides being the largest enterprise financial exchange in the country...

"We are excited by the cross-selling opportunities that this combination provides us, while further strengthening our future EbixCash IPO offering," said Robin Raina, chairman, president and CEO, Ebix.

Yatra will continue to serve customers under its brand, alongside EbixCash's two other travel brands

— Via and Mercury.

Under Ebix's travel platform, the combined firm will leverage Yatra's existing customer base, service offering and multi-channel platform to take advantage of the growing multi-billion-dollar opportunity in India, the statement said.

The combined company will have an international footprint with more than 11,000 employees and a travel expanse spanning GCC, ASEAN and Asia Pacific countries. The transaction also provides the necessary scale to extend its travel business to North America, Latin America and Europe.

The statement said that based on the 15-day volume weighted average price of of Ebix Common Stock of $49.05 per share, each Yatra ordinary share convertible into Ebix common stock would be valued, on an as-converted basis, at $4.90 per share.

This is approximately 32% premium on Yatra's closing share price on March 8, 2019, the last trading day prior to the public announcement of Ebix's offer to acquire Yatra.

"Assuming a value of $4.90 per Yatra ordinary Share, the transaction implies an enterprise value of $337.8 million at the Ebix collar price of $59 per share and post adjustment for indebtedness, working capital, warrants to be converted and minimum cash requirement, a net equity value of
$239 million,"

Dhruv Shringi, co-founder and CEO, Yatra Online, said, "Over the last several years, we have built Yatra into one of India's most well-recognised e-commerce brands, growing into the a leading corporate travel services provider and one of the largest consumer travel companies. Becoming a part of Ebix's EbixCash travel portfolio will enable us to continue on that path."

4. Singapore Tops Asia In Dell Global Women Entrepreneur Cities Index 2019, Bengaluru Top Indian City

Indian cities Bangalore(Karnataka) and Delhi ranked 43rd (7th in Asia) and 50th (10th in Asia).The ranking measures a citys ability to attract and support high potential women entrepreneurs. And it is constructed using five pillars They include market, talent, capital (all 3 under operating Environment), culture and technology (under Enabling Environment).San Francisco Bay Area topped the list. They secured63.7 points It is followed by New York(62.9 points) and London(3rd) Singapore Tops Asia In Dell Global Women Entrepreneur Cities Index 2019, Bengaluru Top Indian City.

According to the latest **"Women Entrepreneur Cities Index 2019",** sponsored by **Dell** and conducted by London-based global information provider, IHS Markit, The Singapore tops in Asian city ranked at 21st position.Indian cities Bangalore(Karnataka) and Delhi ranked 43rd (7th in Asia) and 50th (10th in Asia).The ranking measures a city's ability to attract and support high potential women entrepreneurs. And it is constructed using five "pillars" They include market, talent, capital (all 3 under operating Environment), culture and technology(under Enabling Environment).**San Francisco Bay** Area topped the list.They secured 63.7 points It is followed by New York(62.9 points) and London(3rd).

Ranking List

Delhi achieved the **26th rank** globally and is improved in terms of the increasing availability of funding to women entrepreneurs. In terms of representation of women on corporate boards, Paris performed better with **44%** of the representation. As per the World Bank, women were not benefited equally from India's rapid economic growth even though they make up **48%** of the Indian population. Around 65% of women are literate as compared to 80% of men India is the lowest female labor force participation rates in the world(Less than a third of women (15 years /older) are working or actively looking for a job. To help rural women set up, scale up their enterprises. The World Bank together with UN Women (a United Nations entity dedicated to gender equality and empowerment of women).

5. Reserve Bank of India fines Rs 25 lakh fine on Mobikwik, Hip Bar for violating Norms

The Reserve Bank of India imposed a total penalty of around Rs 25 lakh on two online payment solutions providers One Mobikwik System and Hip Bar.

Reserve Bank of India fines Rs 25 lakh fine on Mobikwik, Hip Bar for violating norms The Reserve Bank of India imposed a total penalty of around Rs 25 lakh on two online payment solutions providers One Mobikwik Systems and Hip Bar. Mobikwik Systems Private Limited slapped a fine of Rs 15 lakh while Hip Bar Pvt Ltd faced a fine of Rs 10.85 lakh. These two prepaid payment instrument (PPI) issuers levied monetary penalty for non-compliance of regulatory guidelines.

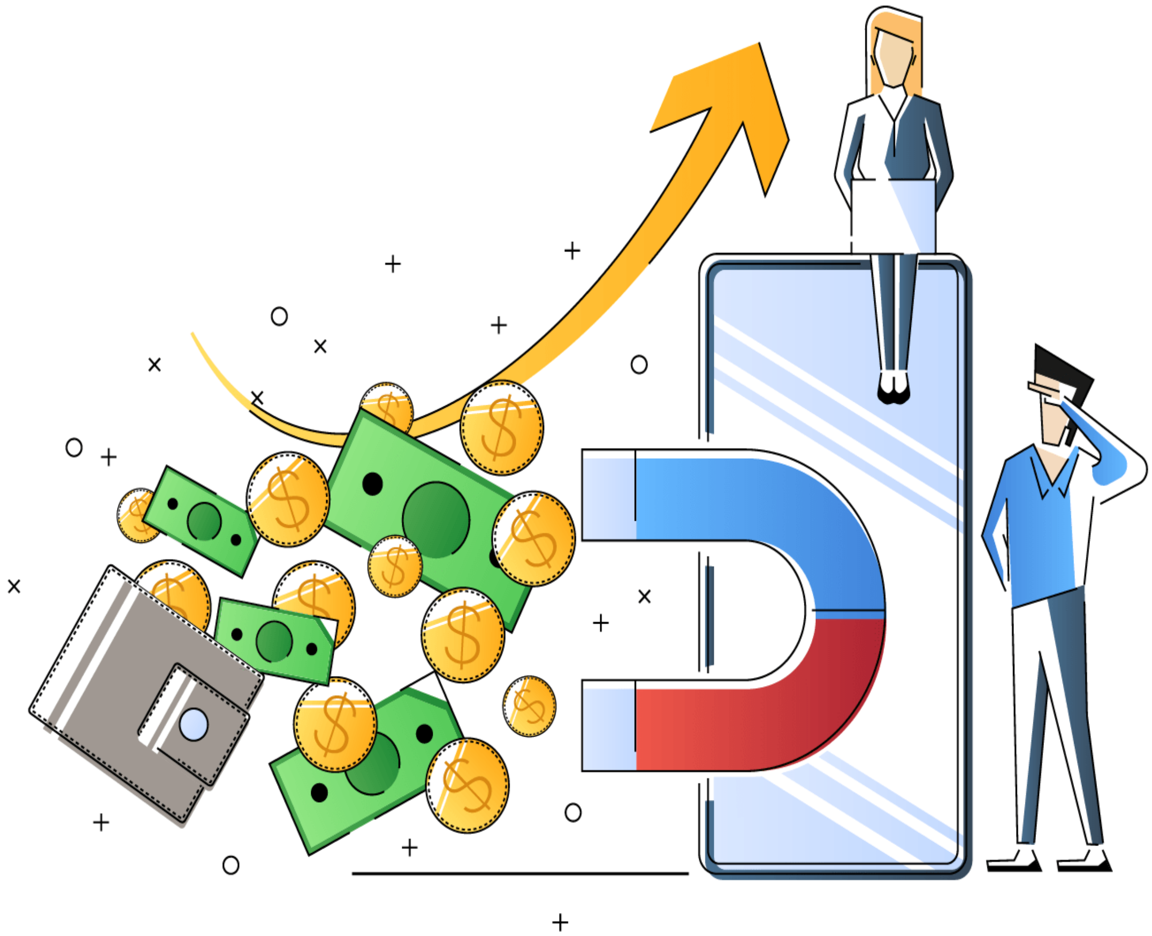
MobiKwik

It is an Indian company founded in 2009 provides a mobile phone-based payment system and digital wallet. Customers add money to an online wallet that can be used for payments.

Reserve bank of India

The Reserve Bank of India is India's central banking institution which controls the issuance and supply of the Indian rupee. The Monetary Policy Committee established in 2016, it also controlled monetary policy in India.

6. Centre to tax foreign tech firms on profits; framework being finalised: Report



The government is finalising a framework to tax foreign technology companies that have a user base of 500,000 and above and earn more than Rs 20 crore revenue, a move that will have a bearing on tech giants such as Google, Facebook and Twitter, reports The Economic Times.

The direct tax at 35 percent would be on par with what local companies pay and will be imposed on profits earned by foreign companies in India, the report said.

The move was under consideration after Budget 2018 introduced the ‘Significant Economic Presence’ concept and the Central Board for Direct Taxes (CBDT) had in July that year called for suggestions to frame SEP rules.

Besides the framework for tech companies, SEP may be included in the Finance Ministry’s draft direct taxes code, which aims to streamline India’s direct tax laws, it added.

India is not the only country examining the tax structures for foreign tech companies, which pay meagre amounts compared to revenues, profits and advertising business generated locally.

The EU is mulling a 3 percent tax on multi-national tech companies. France, an EU member, has already announced separate tax rules for such companies.

At the G20 summit in June, Finance Minister Nirmala Sitharaman had brought up the issue of taxation of profits made by digital companies, the report said.

Tech companies have been using "purchase of advertising space" to circumvent tax structures. Google remitted more than $2 billion between FY14-18 on the same grounds. It also filed around 50-60 percent of revenue in India under the same category.

Tax authorities have argued that these remittances are not cost, but royalties which can be taxed. Firms like Google and Facebook billed users locally, but reported only part of the transaction as India revenue and remitted the rest to overseas entities as cost. In response, India introduced an equalisation levy of 6 percent on such remittances, one of the highest in the world, the ET report said.

7. Consumer Protection Bill 2019 passed by Lok Sabha

The Consumer Protection Bill 2019 that seeks to protect and enforce consumer rights was passed through a voice vote by the Lok Sabha on Tuesday, July 30, 2019. The Consumer Protection Bill seeks to establish the Central Consumer Protection Authority (CCPA).

The Central Consumer Protection Authority (CCPA) will take immediate action on complaints filed by consumers. The authority will take action after a complaint is filed by even a single consumer and it can also file a class suit. The bill was introduced on July 8.

The main objective of the Consumer Protection Bill is to ease the process of addressing the grievances of consumers.

Consumer Protection Bill 2019

The Consumer Protection Bill 2019 seeks to replace the Consumer Protection Act, 1986. The bill proposes setting up of a Consumer Disputes Redressal Commission and forums at the district, state and national levels for fast redressal of consumer complaints.

Central Consumer Protection Authority (CCPA)

Central Consumer Protection Authority is a national level regulator dealing with matters related to violation of consumer rights, unfair trade practices and false or misleading advertisements that are prejudicial to the interests of public and consumers.

The CCPA deals with the rights of consumers as a class. It will comprise an investigation wing headed by a Director-General with powers of search and seizure. The District Collector is empowered to report to the CCPA regarding mass consumer complaints in the concerned jurisdiction.

Further, the CCPA has the power to order a recall of goods that are deemed dangerous, hazardous or unsafe and to direct discontinuation of practices that are unfair and prejudicial to the interests of consumers. The CCPA also has the power to file complaints before the relevant Consumer Dispute Redressal Forum. It can also impose penalties on manufacturers and celebrity endorsers for misleading advertisements.

Consumer Protection Bill 2019

Key Provisions

• The Consumer Protection Bill aims to protect consumers' interests through a redressal mechanism that would ensure timely and effective settlement of disputes.

• It seeks to enlarge the scope of the existing law and make it more effective and purposeful.

• It seeks to establish a Central Consumer Protection Authority (CCPA) to protect consumer rights and look into the issues related to false or misleading ads.

• It has provisions for post-litigation stage mediation as an alternative dispute resolution mechanism. It also provides for product liability action.

Consumer Protection Bill: Penalties

• The bill provides for fine and ban on celebrities for endorsing misleading advertisements:

• In the case of the first offence, the penalty would include a fine of up to Rs 10 lakh and a one-year ban on any endorsement.

• For the second offence, the penalty would include a fine of up to Rs 50 lakh and a three-year-ban on endorsements.

• For manufacturers and companies, the penalty would be up to Rs 10 lakh and up to two years of jail term for the first offence.

• For any subsequent offence, the manufacturers and companies would have to pay a fine of Rs 50 lakh and serve a jail term of 5 years.

• The bill also provides for penalty up to life term jail sentence in case of adulteration.

August

1. Ikea to launch e-commerce operation in Mumbai soon: CEO

Swedish home furnishing retailer Ikea is all set to launch e-commerce operations in the country, beginning with Mumbai followed by Hyderabad and Pune, a top company official said on Friday.

Talking to reporters on the sidelines of first anniversary celebrations of its store here, Ikea India Chief Executive Officer Peter Betzel said the outlet witnessed one million purchases from over four million footfalls.

He also said the company was looking at various channels including smaller formats and customer meeting points, to reach customers.

"India is a long-term commitment for Ikea and we will focus on fast expansion multi-channel approach. In the coming years, our goal is to meet 100 million customers with our beautiful and affordable home furnishing offer to make everyday life at home better and brighter.." Betzel said.

"Our next destination is Mumbai where we will soon start our e-commerce, enabling us to meet many more customers followed by Hyderabad and Pune going online," he said without giving timelines.

Ikea had earlier said it invested over Rs 800 crore in the Hyderabad outlet, which includes an in-house 1000-seater restaurant.

The store was opened on August 9, 2018.

The restaurant served one million each of frozen yoghurt, veggie balls and chicken balls during the past one year, he said adding the outlet has over 3.50 lakh Ikea family membership registrations.

"We are normally attractive for the fun day out for the whole family. We know that on an average 3 to 4 people as a family visiting us (our store)) so you can say then it is more than 1 million buyers," he said.

On the upcoming Mumbai store, he said the construction work was going on there.

On the breakeven of the Hyderabad store, Betzel said they were looking at the long term commencement to India and not predicting when the operations will become profitable.

Asked about the company's plans to roll out smaller format outlets, the executive said, "we are in transformation.. We are now looking at real accessibility with online stores and different store formats."

"So we will have many more product meeting places with different formats, not stores only, but online and meeting places in the cities with big stores formats. That's how we are transforming Ikea. Because the world is changing. We also have to adapt to that."

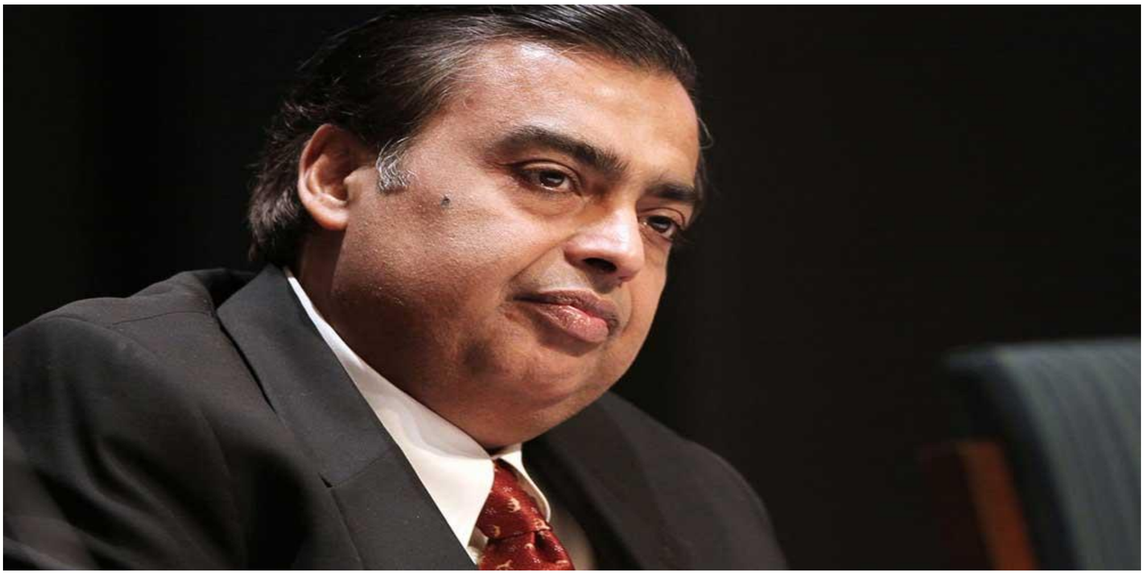
Ikea had earlier said the Hyderabad store was the first of 25 such outlets planned to be set up in India by 2025.

In 2013, IKEA received nod from the government to invest Rs 10,500 crore in single-brand retail.

2. Reliance Industries AGM: Here are key takeaways from Mukesh Ambani's speech:

Mukesh Ambani, Chairman and Managing Director of Reliance Industries, country's second-largest company by market capitalisation, announced various plans and partnerships across businesses at 42nd Annual General Meeting on August 12.

The company signed an agreement to sell 20 percent stake in oil to chemical business to



Saudi Aramaco, one of the world's largest companies and also formed a partnership with BP for its KG-D6, Ambani announced.

Jio crossed 340 million subscribers, he said, adding the investment is almost complete. Mukesh Ambani said RIL is ready to kickstart four key engines this year—Internet of Things (IoT), Home Broadband, Enterprise & MSME Broadband—with annual revenue opportunity for Jio at Rs 20,000 crore from IoT only.

With the completion of Jio capex, and through stake sale and asset monetisation, Reliance Industries is aimed to be zero debt company in next 18 months.

Here are key things that Mukesh Ambani said at Reliance Industries' 42nd AGM:

-In FY19, RIL became India's largest and most profitable company among private and public sector companies.

-Reliance Retail crossed the turnover of Rs 1.3 lakh crore to be the largest retail company

-Jio & Retail have proved the sceptics wrong.

-Reliance Retail is larger than all major retailers put together.

-Consumer businesses contribute 32 percent to Reliance's earnings before interest, tax, depreciation and amortisation (EBITDA).

-Consumer businesses to contribute 50 percent to Reliance's consolidated EBITDA soon.

-RIL has the most comprehensive and integrated oil-to-chemicals (OTC) business.

-Oil to chemicals business achieved revenue of Rs 5.7 lakh crore, exports of Rs 2.2 lakh crore.

-Saudi Aramco & RIL agree to form long-term partnership. It will acquire 20 percent stake in oil-to-chemical business with an enterprise value of $75 billion.

-JV with BP will invest Rs 35,000 crore in KG-D6. Focussing on augmenting production of methane; partnership with BP will help here.

-Jio has been signing 10 million new customers every month; 500 million subscribers well within company's grasp. Jio has become the second-largest operator in the world.

-Company has invested Rs 3.5 lakh crore to create state-of-the-art digital infrastructure. Can offer fixed broadband to homes & enterprises today.

-Jio's wireless technology is already 4G+ & can be upgraded to 5G at minimal cost.

-Jio's IoT platform to be available from January 1, 2020. It aims to connect 1 billion homes on Jio IoT platform. Annual revenue opportunity for Jio at Rs 20,000 crore from IoT.

3.Direct Tax Code panel proposes major cut in income tax, corporate tax

The Direct Tax Code (DTC) panel has recommended a substantial cut in personal income taxes and corporate tax rate. The DTC task force was constituted by the government to overhaul the 58-year old Income Tax Act and draft New Direct Tax Law.

The eight-member task force headed by Central Board of Direct Taxes member Akhilesh Ranjan had submitted its report to Union finance minister Nirmala Sitharaman on August 19,

2019. The finance ministry tweeted announcing the same but did not share the details of the report.

Many of the recommendations of the DTC panel aim to simplify the rules and procedures thus, making it easier for taxpayers.

Direct Tax Code 2.0 recommendations

The DTC panel has recommended a significant increase in the highest income tax slab. According to sources, if the recommendations to change the tax bracket and rebates, the Income taxpayers earning up to Rs 55 lakh per annum now may get major tax relief.

The DTC panel has also recommended a major cut in the corporate tax for both domestic and foreign companies. The panel has proposed reducing the tax from earlier 30 percent for large companies and 40 percent for foreign companies to an even rate of 25 percent for both domestic and foreign companies. The United States had also last year reduced its corporate tax from 35 percent to 21 percent. However, foreign companies may still have to pay branch profits tax on the amount repatriated to their foreign partners. The draft Direct Tax Code 2013 had also recommended the same. The panel has also reportedly proposed that dividend distribution tax (DDT) should be taxed only in the hands of the recipient and not companies, to correct the anomaly of triple taxation on the distribution of profits to shareholders as dividends. Currently, the DDT is charged at 20.6% in the hands of the company and it is further taxed at 10% on proceeds of over Rs 10 lakh at the shareholders' (receiver's) end. The DDT is levied after a firm has already paid the corporate tax, which translates into triple taxation on income from the same source. The DTC report also comprises suggestions on faceless assessment, litigation management and expeditious disposal of appeals. The report also included suggestions on sharing of information among the GST department, Customs, CBDT and Financial Intelligence Unit (FIU)

3. Nirmala Sitharaman Press Conference: Bank Reforms announced

Finance Minister Nirmala Sitharaman addressed her second press conference on the economic slowdown. She has announced another mega consolidation plan to provide a boost to the economy. She talked about the merger of banks as well as reforms in the banking sector.

According to the Finance Minister, the NPA has come down. This has come down to 7.90 lakh crores earlier it was 8.65 cr. She has informed that the benefits of 14 public sector banks have been increased. Biggest announce was that now Oriental Bank of Commerce and United Bank of India will merge with Punjab National Bank.

Merger of Banks

Finance Minister announced four mergers of PSU Banks in the press conference. After all mergers, India will now have 12 public sector banks - State Bank of India, Bank of Baroda, Punjab National Bank, Canara Bank, Union Bank of India, Indian Bank, Bank of India, Central Bank of India, Indian Overseas Bank, UCO Bank, Bank of Maharashtra, and Punjab and Sind Bank. These four Mergers are:

1. Punjab National Bank + Oriental Bank of India + United Bank of India
2. Canara Bank + Syndicate Bank
3. Union Bank + Andhra Bank + Corporation Bank
4. Indian Bank + Allahabad Bank

Other Announcements for Banking Sector

• FM Nirmala Sitharaman announced some other reforms in the banking sector. She said that the board committee of nationalized banks will appraise the performance of the General Manager and above-level employees.

• While speaking in a press conference, Nirmala Sitharaman said that the management committee loan sanction threshold has been enhanced to 100 percent.

• PSBs will recruit a chief risk offer from the market, at market-linked compensation.

• Large PSBs have also been given the flexibility to enhance the sitting fees of non-official directors on the board.

NPAs have come down

Finance Minister Nirmala Sitharaman announced that loan recovery is at a record high. She also said that gross NPAs have come down. She also said that selections for Banks Board Bureau are going to be professional, without any political interference.

Nirmala Sitharaman said that record levels of loan recovery have been reached due to the reforms implemented by the government. In FY19, there was a recovery of Rs 1.21 lakh crore compared with over Rs 77,000 crore in FY18, she said.

Capital Infusion for PSBs

Finance Minister Nirmala Sitharaman gave estimate numbers for the amount of capital that will be infused in state-run banks.

- Punjab National Bank: Rs 16,000 crore
- Union Bank of India: Rs 11,700 crore
- Bank of Baroda: Rs 7,000 crore
- Canara Bank: Rs 6,500 crore
- Indian Bank: Rs 2,500 crore
- Indian Overseas Bank: Rs 3,800 crore
- Central Bank of India: Rs 3,300 crore
- UCO Bank: Rs 2,100 crore
- United Bank: Rs 1,600 crore
- Punjab & Sind Bank: Rs 750 crore

4. India, China no longer 'developing nations': US President Donald Trump

Will US President Donald Trump stated recently that India and China are no longer “developing nations”. Trump stated that both India and China are taking advantage of the developing nations tag given by the World Trade Organization and he will not let it happen now.

Donald Trump made the statement while addressing a gathering at Pennsylvania. Trump said that both India and China, Asia’s two biggest economies, are no longer developing nations and they cannot take the ‘developing nations’ benefit from the WTO. Trump claimed that by taking the ‘developing nations’ advantage from the WTO, the two nations are putting the US to a disadvantage. Trump said that two nations are not growing but they have grown and warned that the US will not let such countries take advantage of the WTO.

The statement comes at a time when there is a raging trade war between the US and China. The US recently increased the trade tariffs imposed on Chinese goods and China retaliated by imposed higher tariffs on US goods. Trump has also previously criticized India for levying heavy duties on US good and described India as a "tariff king".

Donald Trump had asked the WTO in July 2019 to define its designation of developing country status. The move was reportedly aimed at pointing out how nations like India and China were getting lenient treatment under the global trade rules.

Under the global trade rules of the WTO, developing countries can claim longer timeframe for the imposition of safeguards, softer tariff cuts, generous transition periods and procedural advantages for WTO disputes and avail certain export subsidies.

5.Rising Gold Prices: What are the reasons?

The gold prices in India rose to a new high on August 10 with 10 grams of 24-carat gold costing Rs 38,465.00 in New Delhi. This sharp rise marks an increase of nearly 25 percent from Rs 30,560 in 2018.

The gold prices have seen a sharp rise with the turn of the new year, with the price of 10 grams of gold going up to Rs 32,905 at the beginning of the year to Rs 35,000 in February 2019. Though the gold prices slipped again to Rs 32000 in May 2019, they have been on a rise ever since then, turning gold into one of the safest investment options. The global trade war, weakening of international currency such as dollar and yuan and rise in global gold demand have been some of the major reasons for the sharp rise in gold prices.

Gold Price Rise: Key Reasons

1. Rise in Demand in India

One of the key reasons for the rise in gold prices is the rise in gold demand in India. The total demand for both gold jewellery and gold investment went by 13 percent in the second quarter of 2019. While the gold demand in India in the second quarter of 2019 was 213.2 tonnes, the total gold investment demand was 44.5 tonnes. In the second quarter of 2018, the total gold demand was 189.2 tonnes and total gold investment demand was 39.3 tonnes.

The sharp rise in demand can be attributed to a higher number of auspicious days and comparatively favourable pricing in April and May. According to the World Gold Council MD, Somasundaram PR, the full-year gold demand is expected to be around 750-850 tonnes in 2019.

2. Market volatility

The unpredictability of the market triggered by the US-China trade war, Trump’s policies, Brexit and other rising political tensions in the Middle East and fears of a global economic slowdown have led investors to fall back upon the traditional investment safe haven, gold thus, pushing its prices up. Investors tend to focus more on gold when other assets are losing value.

3. Weakening of currency

Currency is reported to be another major influencer of gold price. Gold is generally denominated in dollars and weakening of the Indian rupee against dollar results in an increase in the gold price in rupee terms. The weakening of rupee though does not have an impact on global gold prices. The weakening of the dollar will push up gold prices globally. Recently, China devalued Yuan by 2 percent against the US dollar, which led investors to scramble for a safe haven to invest their money.

4. Increased Central bank purchases

According to the World Gold Council, the global gold demand increased in the second quarter of 2019 due to record-breaking purchases by the central banks. Central banks reportedly bought 224.4 tonnes of gold in the second quarter of 2019, taking their gold purchase in the first half to 374 tonnes, which is most for any first half since 2000. The increase in central bank buying is one of the key drivers in the rise in gold demand.

Most central banks buy gold as a precaution against a volatile market scenario and the dollar. In 2018, the central banks had added 651 tonnes to their reserves, while the RBI added 42 tonnes. The RBI added more in 2019 and the country's gold reserves now stand at a record high of almost 618 tonnes.

5. Interest Rates

Recently the US Federal Reserve decided to lower interest rates, which benefitted the gold prices. Lower interest rates benefit non-interest yielding assets such as gold. As per analysts, the US Federal Reserve is expected to announce further cuts in interest. This comes amidst fear of a full-blown currency war between the dollar and Chinese Yuan, especially after the imposition of increasing trade tariffs by the Donald Trump administration on China.

The gold prices and interest rates have an inverse relationship. A rise in interest rates leads investors to fall back upon fixed-income investments that have a fixed return unlike gold, which does not offer a fixed return. Hence, the demand for gold in this case falls and the price remains low.

6. India slips to 7th spot in Global GDP Rankings of 2018, France, UK push ahead: World Bank

India has slipped down to the ***7th place*** in the global ***GDP rankings of 2018***, reveals data compiled by the World Bank. According to the 2017 World Bank report, India had become the fifth largest economy, displacing UK and France.

According to the 2018 data, the UK and France once again moved ahead of India to reclaim their 5th and 6th spots respectively in the global GDP rankings.

Global GDP rankings 2018

The United States continues to top the list with a GDP of $20.5 trillion, followed by China at second place with GDP of $13.6 trillion and Japan at third place with a GDP of $5 trillion.

India recorded a ***GDP of $2.73 trillion*** in 2018, which is less than that of the UK and France, which had a GDP of $2.82 trillion and $2.78 trillion respectively in the same year.

Global GDP rankings 2017

India had emerged as the fifth largest economy in 2017, pushing ahead of the UK and France in the global GDP table. While the UK was pushed to sixth place, France was pushed to the seventh position. In the Global GDP rankings of 2017, India had recorded a GDP of $2.65 trillion, while the UK's GDP was $2.64 trillion and France's $2.59 trillion.

India's economic slowdown

The drop in India's position on the global GDP table reflects the slump in India's overall economic growth. India's GDP in 2018 shows a growth of mere 3.01 percent in dollar terms in 2018, as against 15.72 percent in 2017. On the other hand, the UK's GDP grew by 6.81 percent and France's economy expanded by 7.33 percent.

India's economic slowdown- Key Reasons

According to economists, India has slipped to the 7th place in Global GDP ranking due to ***currency fluctuations*** and a ***slowdown*** in ***economic growth.***

While in 2017, the Indian rupee had appreciated by 3 percent against the dollar, in 2018 it depreciated by 5 percent against the dollar.

The Indian economy grew by 11.2 percent in 2018-19 in rupee terms, while it grew by 11.3 percent in 2017-18.

India is, however, still the fastest-growing major economy in the world. According to a research firm, IHS Markit, India will overtake the UK as the fifth-largest economy in the world in 2019 and is likely to even overtake Japan and emerge as the third-largest economy by 2025.

In the Union Budget 2019-20, the Indian government set a goal of becoming a ***$5 trillion economy by 2025***. To achieve this goal, India will need to sustain a GDP growth rate of 8 percent. India has identified certain key areas to boost work upon such as Indian MSMEs, increasing focus on private investment, introducing people-centric policies and invoking a behavioral change to address issues such as gender equality, a healthy and a beautiful India, savings, tax compliance and credit quality.

September

1. India's largest energy conglomerate NTPC Ltd. has unveiled its lans to set up a 5 gigawatt (GW) solar park in Gujarat.

India's largest energy conglomerate NTPC Ltd. has unveiled its plans to set up a 5 gigawatt (GW) solar park in Gujarat.This solar park is expected to be the biggest in the country. The move of the company is toward cleaner energy.The search engine giant Google has signed a partnership agreement with the state-owned operator Bharat Sanchar Nigam Ltd. (BSNL). The partnership aims to bring public WiFi to villages in states namely Gujarat, Bihar, and Maharashtra.US President Donald Trump announced a new round of sanctions against Iran's central bank, calling the new penalties the highest sanctions ever imposed on a country. His remarks came days after he ordered to substantially increase sanctions on Iran.Ola and Ayushman Bharat - Pradhan Mantri Jan ArogyaYojana (AB-PMJAY) announced a partnership to facilitate comprehensive health insurance for Ola's 2 million driverpartners.Digital Communication Commission the highest decision-making body in the Department of Telecom approved multiple projects worth over 8,500 crores for setting up mobile towers and laying of optical fibre.Book titled Turbulence and Triumph: The Modi Years authored by Rahul Agarwal and Bharathi S Pradhan is set to release on October 2019. It is published by Om Books International. It depicts the journey of Prime Minister NarendraModi from this young days to becoming 14th prime minister of India.

2. India Post expanded speed post service to six new foreign destinations in Asia, Europe, and South America.

The Department of Posts announced commencing of International Speed Post EMS Service to Bosnia and Herzegovina, Brazil, Ecuador, Kazakhstan, Lithuania and North Macedonia. Meghalaya Minister of Health and Family Welfare AL Hek launched two programmes aimed at creating public awareness on health-related issues. Hek launched the Ayushman Bharat Fortnight by flagging off a walkathon from the Health Complex at Laitumkhrah.

SriLanka unveiled South Asia's tallest tower, costing over $100 million, 80% of which has been funded by China under the controversial Belt and Road Initiative (BRI). The 350-metretall 17-storey Lotus Tower, located in the heart of Colombo city, comprises a television tower, a hotel, a telecommunications museum, restaurants, auditorium, an observation deck, a shopping mall and a conference centre.

New York became the second US state to ban flavored e-cigarettes following several vapinglinked deaths that have raised fears about a product long promoted as less harmful than smoking.

Indian Space Research Organisation (ISRO) joined hands with Defence Research and Development Organisation (DRDO) for the development of human-centric systems for the Human Space Mission to demonstrate its human space flight capabilities.

3. RBI selects Daffodil Software Pvt Ltd for developing mobile app for visually impaired

The Bombay High Court that an internet connection would not be required for its proposed mobile application which would help visually impaired people identify currency notes. The Reserve Bank of India selected a vendor to develop a mobile phone based application for them. The Bombay High Court that an internet connection would not be required for its proposed mobile application which would help visually impaired people identify currency notes. As many as 16 vendors shown interest in developing the mobile phone based application and five made to Final ranking. Daffodil Software Pvt Ltd selected to develop the application, it added. At present, banknotes in the denominations of Rs 10, 20, 50, 100, 200, 500 and 2,000 are in circulation, besides Re.1 notes issued by the Centre. The identification of banknote denomination is key to successful completion of cash-based transactions by visually impaired persons. Intaglio printing based identification marks for helping the visually challenged in identification of banknotes denomination are present in the notes of Rs 100 and above. After demonetisation of old Rs 500/1,000 notes in November 2016, new banknotes in design and sizes have been put in circulation.

Reserve Bank of India has been sensitive to the challenges faced by the visually challenged in conducting their day to day business with Indian banknotes," the central bank had said while scouting for a vendor to develop the mobile application. The proposed mobile app would be able to identify the denomination of notes of Mahatma Gandhi Series and Mahatma Gandhi (New) series by capturing the image of the notes placed in front of mobile camera, the RBI said while inviting bids from tech firms to develop the app.

The app will also generate audio notification intimating the currency note denomination to the user if image is captured correctly, else intimating the user to try again in case of image is not readable. There are about80 lakh blindor visually impaired people in the country, who are likely to benefit from the initiative of the central bank. In June 2018, the central bank had stated that it would explore the feasibility of developing a suitable device or mechanism for aiding visually impaired in the identification of Indian banknotes.

4. PNB puts up 11 NPA accounts for sale to recover dues of Rs 1,234 crores

Punjab National Bank, a government run put up for sale nearly a dozen Non Performing Assets (NPA) to recover dues of over 1,234 crore.The bank invited bids from Asset Reconstruction Companies (ARCs)/ NBFCs/ banks/ financial institutions for 11 NPA accounts.The accounts having the bad loans include Visa Steel, which has irrecoverable dues

of 441.83 crore, IndBarath Energy (Utkal) 414.23 crore, Aster Pvt Ltd 113.57 crore and Om Shiv Estates 100.16 crore.The government lender asked the prospective bidders to expedite the process of due diligence.The last date to submit the bids is 20 September 2019 and the auction will be open on 21 September.The PNB given in-principle approval for amalgamation of Oriental Bank of Commerce and United Bank of India with the lander.The government announced the series of mergers involving 10 state-owned banks, a move which will reduce the number of state-run banks to 12 from 27 in 2017. The Oriental Bank of Commerce and United Bank would be merged with the Punjab National Bank.

5. RBI appoints Jai BhagwanBhoria as new administrator for PMC Bank

Reserve Bank of India (RBI)superseded the Board of crisis-hit Punjab and Maharashtra

Reserve Bank of India (RBI) superseded the Board of crisis-hit Punjab and Maharashtra Cooperative Bank Ltd. Mumbai She is appointed Jai BhagwanBhoria as the administrator of the bank. The RBI increased the amount of withdrawal allowed to the depositors from ₹1,000 to ₹10,000. The directives of RBI shall remain in force for a period of six months. The development comes at a time when the lender's suspended MD reportedly admitted to the RBI that the bank's actual exposure to the bankrupt HDIL is over ₹6,500 crore four times the regulatory cap or a whopping 73% of its entire assets of ₹8,880 crore. The slum redevelopment focused Housing Development and Infrastructure or HDIL is in the bankruptcy court now after being hit by a severe cash crunch following the failure of some ofits key projects in the cityits key projects in the city.The removal of the now scam-hit bank's chairman Waryam Singh last year after it had found out his involvement in sanctioning loans to realty developer HDIL and related-entities without proper due diligence and much above the regulatory limits.

PMC BANK

PUNJAB & MAHARASHTRA CO-OPERATIVE BANK LIMITED

MULTI-STATE SCHEDULED BANK

6. Northeast to introduce seaplanes to boost tourism

Airport Authority of India (AAI) will introduce water aerodrome or seaplanes in three locations in Assam for the first time.

Airport Authority of India (AAI) will introduce water aerodrome or seaplanes in three locations in Assam for the first time. The main aim is to introduce water aerodrome or seaplanes in three locations in Assam. To boost tourism and connectivity, three riverfronts were selected in Assam to introduce the water based ferry for the first time in India, The water aerodrome or seaplane services would be launched in Brahmaputra river and Umrangso reservoir. The three locations selected for the seaplanes include Guwahati, Umrangso (in DimaHasao district) and the famous Kaziranga National Park. Jindal to inspect the under construction work of the ₹500 crore newly designed Agartala airport project, said that not much investment is required to commence the seaplane services in Assam.

The Three jetties would be built in three locations at a cost of ₹50 crores. Some other small works have to be done before launching the new ferrying mode," he added.

They could be connected to the terminal building on land where the pilot can choose to dock like a ship.The water aerodrome or seaplanes services were planned to be introduced under the UDAN (UdeDeshkaAamNaagrik) scheme.

7. Public Sector Banks merged into 4; Know all figures, impact & Significance

Ten big public sector banks (PSBs) have been merged into four. India will now have 12 Public Sector Banks from 27 in 2017. The merger banks was announced by Union Finance Minister Nirmala Sitharaman on August 30, 2019, while addressing a press conference. The banks which are being merged together are Punjab National Bank, Oriental Bank of Commerce, United Bank of India, Indian Bank, Allahabad Bank, Canara Bank, Syndicate Bank, Union Bank of India, Andhra Bank and Corporation Bank.

October

1. India and Germany sign 17 MoUs, five joint declarations of intent exchanged

Seventeen agreements have been signed between India and Germany in the fields of agriculture, maritime technology, Ayurveda and yoga among others, the external affairs ministry said. Five joint declarations of intent were also exchanged between India and Germany, the ministry said in a statement.

NEW DELHI: Seventeen agreements have been signed between India and Germany in the fields of agriculture, maritime technology, Ayurveda and yoga among others, the external affairs ministry said.

Five joint declarations of intent were also exchanged between India and Germany, the ministry said in a statement.

The joint declarations of intent included cooperation on strategic projects, partnership for green urban mobility, research and development on artificial intelligence and cooperation in the field of prevention of marine litter, it said.

German Chancellor Angela Merkel, who is on a two-day visit to India, said the agreements prove that ties between the countries are marching ahead in the area of new and advanced technology.

"We will be happy to engage in big infrastructure projects which India is envisaging," she said.

Agreements have also been signed to promote, establish and expand scientific and technological research cooperation, academic collaboration in ayurveda, yoga and meditation, the statement said.

An MoU has also been signed in the field of occupational diseases, rehabilitation and vocational training of insured persons and workers with disabilities, it said.

Another pact was signed for cooperation in inland, coastal and maritime technology, it added.

Other agreements signed between the two countries include collaboration in agricultural technical and professional training, cooperation between the National Museum, the National Gallery of Modern Art, the Indian Museum,Kolkata, the Prussian Cultural Heritage Foundation and the Stiftung Humboldt Forum in Berliner Schloss and between All India Football Federation (AIFF) and DeutscherFußball-Bund e.V (DFB), the statement said.

2. **India signs MoU with Saudi to launch RuPay card in Gulf Kingdom**

During Prime Minister Narendra Modi's recent visit to the kingdom of Saudi Arabia, India has signed an agreement with the Saudi Arabia to launch the RuPay card in the country. A Memorandum of Understanding (MoU) was also signed between the two countries for the purpose. The step will benefit not only 2.6 million Indians in Gulf Kingdom but also pilgrims visiting Haj and Umrah.

By ZishanHaider Riyadh, Oct 29 (PTI) India on Tuesday signed an agreement with Saudi Arabia to launch the RuPay card in the country, making it the third nation in the West Asia to initiate India's digital payment system which will benefit not only the 2.6 million Indians in the Gulf Kingdom but also Haj and Umrah pilgrims. The RuPay card is a first-of-its-kind Indian domestic Debit and Credit Card payment network, with acceptance at ATMs, POS devices and e-commerce websites. It was launched in 2012 to fulfil the Reserve Bank of India's vision to have a domestic, open and multilateral system of payments. India has already launched the RuPay card in the UAE, Bahrain, Singapore and Bhutan. During Prime Minister Narendra Modi's visit, an MoU was signed to launch the RuPay cards in Saudi Arabia, said a joint statement issued at the end of his visit. There are over 2.6 million Indians working in Saudi Arabia, the largest expatriate community in the country. Nearly two lakh Haj pilgrims and over three hundred thousand Umrah pilgrims from India visit Saudi Arabia every year and acceptance of Rupay card will allow them to transact at cheaper rates. RuPay is a highly secure network that protects against cyberhacks and is India's version of Master Card and Visa. Today, there are close to 500 million RuPay cards in circulation in India. RuPay has also tied-up with international players like Discover, Japan Credit Bureau and China Union Pay to enhance its international acceptance and recently achieved a milestone of issuing 25 million RuPay cards. India's relations with Saudi Arabia have been on an upswing over the last few years based on burgeoning energy ties besides cooperation in several other areas. Prime Minister Modi's first visit to Riyadh in 2016 put bilateral ties on a new trajectory. PTI ZH CPS AKJ CPS

3. UPI to be launched globally after hitting One Billion transactions in October

The Government of India in its major boost towards cash less digital economy launched the Unified Payments Interface (UPI) channel. The transactions through the channel has reached One Billion in the month of October

Highlights

The milestone has been achieved after three years of launch of technology backed payments solution. The system was built by National Payments Corporation of India (NPCI)

The platform is one of the fastest growing initiatives of GoI and also the fastest adoption among all other payment systems anywhere in the world.

The system is to be taken to the global market. The plan is to be executed by NPCI. The team will first launch UPI in Singapore and then in UAE.

UPI

The UPI was launched before demonetization in 2016. It enables the users to send money from their account to any account without entering bank details. The transactions in UPI are made using email ids and QR codes. The main objective behind the launch of UPI was to promote digital payments.

4. Moody's cuts India GDP growth forecast to 5.8% for FY'20

Moody’s Investors Service on Thursday cut India’s gross domestic product (GDP) growth forecast for 2019-20 to 5.8% from the earlier estimate of 6.2%. It attributed the deceleration to an investment-led slowdown that has broadened into consumption, driven by financial stress among rural households and weak job creation.

“The drivers of the deceleration are multiple, mainly domestic and in part long-lasting,” the ratings agency said in its report.

It expects growth to pick up to 6.6% in FY21 and around 7% over the medium term.

Highlighting the diminished probability of sustained real GDP growth at or above 8%, it said: “What was an investment-led slowdown has broadened into consumption, driven by financial stress among rural households and weak job creation. A credit crunch among non-bank financial institutions (NBFIs), major providers of retail loans in recent years, has compounded the problem”.

India’s economic growth slumped to a six-year low of 5% in the April-June quarter and, according to the Reserve Bank of India (RBI), is likely to be near this trough at 5.3% in the July-September quarter.

The central bank had last week cut the country’s growth forecast for FY20 to 6.1% from 6.8% estimated earlier.

5. Cheers to brands! 43% people in India are planning to spend more this Diwali season

More than two in five (43%) Indians said they are likely to spend more this Diwali season than they did around the festival last year, new YouGov survey reveals. Just under a quarter (23%) are likely to spend less and three in sixteen (18%) may spend the same as last year.

According to YouGov, it ran a survey to gauge consumer sentiment around sales and to sense people's excitement about shopping during Diwali time. It added that the research showed that men are more likely than women to spend more this Diwali than they did last year (48% vs 37%). Even millennials seem to be more excited to splurge this festive season as compared to Gen Z (49% vs 35%).

Clothes (42%) and gadgets (31%) are the categories that people are likely to spend more on this year. Interestingly, men are more likely than women to spend more in both these categories (45% vs 38% and 38% vs 23%, respectively).

Although auto industry is at a standstill, the upcoming festive season could be a ray of hope for car manufacturers. A quarter of people (25%) said they are planning to buy a two-wheeler and more than one in five (22%) are looking forward to buying a four-wheeler in the next 3 months. Amongst other big-ticket items, one in seven (14%) are aiming to buy a house or property within this time period.

Traditionally, Diwali is a great opportunity for brands to lure consumers with festive sales and promotions. Looking deeper into people's behaviours around sales, we see that around nine in ten (89%) agree with the statement 'I love shopping during sales and discounts'. A large number (55%) hold up their purchases in anticipation of sales and agree with the statement - 'I generally plan my shopping around sale season'. Millennials are more likely to say this as compared to GenZ (60% vs 47%). Furthermore, around one in six (15%)

shop for only big ticket items during sales while one in three (30%) don’t care about sales and shop when they need to.

According to YouGov, when looking at their sale preferences, we see that consumers are likely to respond better to offers that translate into direct discounts or cash benefits as compared to indirect offer and benefits. A quarter (25%) of people said a ‘flat 50% off’ discount is likely to make them consider buying a product, and half of this proportion (13%) said the same for offers such as ‘up to 50% off’ and ‘flat 25% off’. Comparatively, people said they are least likely to respond to promotional offers such as ‘up to 10% off’, ‘flat 10% off’ and ‘buy three get one’.

When asked about how these promotions affect their brand perception, 64% people said they feel positively about brands that regularly offer discounted prices and promotional offers and 90% from these further claimed they are loyal to such brands.

Clothes are the most purchased items during sale, with 77% saying they plan their shopping of clothes during sale. Gadgets (64%) and appliances (54%) are other popular items purchased around promotional offers.

6. Confession Of A FOMO Investor

Investors tend to take on risky bets driven by the fear of missing out Recently I came across a term, which was new to me: FOMO. It's slang perhaps inspired by new age media, which basically implies a form of envy when you miss out on action. And when I looked at what is going on in the financial world for the past few years, it seemed that this 'infection' had consumed a significant majority. I don't claim to have read market cycles over centuries, but I have not seen such extremely narrow and extreme valuations going back several decades. There was FOMO in the real estate space before 2008. Now, pensioners get nothing in their FD, so driven by FOMO, they take equity risks even for their monthly bills. Equity market participants are scared that the market may climb even higher and they will not be able to participate later.

CHAITANYA DALMIA
CIO, RENAISSANCE GROUP

Many have FOMO in FAANG (Facebook, Amazon, Apple, Netflix, Google) stocks. Global investors have FOMO on India. Indian investors have FOMO on HRITHIK (HDFC, Reliance Industries, Infosys, TCS, HDFC Bank, ITC and Kotak Mahindra Bank).

How I got sucked in

I consider myself a disciplined investor who has the ability to stay away from the crowd for extended periods. And that's what I did for a good part of two decades before I seemingly (and unknowingly then) succumbed to it over the past few years.

Over the past two decades, I made a tonne of money in bank stocks. In the second round, I lost money in one of the PSU banks. But the bad dream (or should I say sloppy work at my end) did not end there. I had bought two other PSU banks prior to that and two more thereafter. I always knew they were mediocre banks, but in hindsight its hard to pinpoint which one turned out to be the worst in the race to the bottom! I relied too much on their liability franchise and hoped that treasury income and recoveries (with the recovery in the economy) would offset the bad-loan hole they had dug in their income statement, and therefore, also the balance sheet.

Licking my wounds, I limped to my next pit stop: the well-run banks. But my value mindset prevented me from delving into them. So I turned to the NBFCs. Here again, there were two baskets — well-run but highly priced ones, and not so well-run with relatively cheaper stocks. I did not have the heart to pay up for the good ones. And I always knew that the badly run ones are not worth taking the risk in the current difficult economic environment. I held on to my horses while I looked for exploits elsewhere. I invested in some old forgotten PSU behemoths, and some of the newly listed defense and railway PSUs. I also invested in the media sector where the pessimism seemed overdone.

Anyway, back to the main story. The defining moment for me to get sucked in even deeper came when a friend got me a pre-IPO deal in RNAM. But it came at a price outside my comfort zone. I was walking out of the deal when its parent caught my attention. HFCs had already run-up, and so had the asset advisors/managers. I thought that its parent would be a great way to play the financial sector, something I had missed out. It ticked many right boxes. I would get an NBFC play, a housing-finance play and an asset-management play all rolled into one. Plus, it did not appear very expensive then. I ignored the risks across that came with the business group, like the risks associated with very complicated corporate structure. I always knew the liability-side to be brittle, but the astonishing ease with which refinancing was taking place made me somewhat ignore that risk. Remember, we are talking about pre-IL&FS crisis days.

There was another theme doing the rounds — insurance. A slew of IPOs were lined-up, both in life and non-life space. Prior to that, Max Financial was already listed, and while I was trying to get a better understanding of the business muddled with unusual technical terms, the stock price kept chugging along. The pre-IPO price also kept pace with the listed Max, and both started chasing each other. In the mad rush, I bought into the listed idea before I could get a handle on the business.

Finally, there was bad assets resolution under way. There were two ways to play it: either become a bidder, or do it via an ARC. Edelweiss fit the bill for this one with the same checklist.

And yes, if you are sucked into FOMO, ensure you are playing on the voting machine and not on the weighting one. When in Rome, do as the Romans do. And if you don’t, expect to be flogged! Well, one should be flogged if you are FOMO’d, does not matter where and how you play. But I wonder if history shall rhyme this time?

November

1. Tackling Governance Challenges: Gaurav Goel, Founder & CEO, Samagra, Transforming Governance

Samagra works with state governments to make a difference in the lives of citizens.
Over the past six years, IIT Delhi and IIM Calcutta alumnus Gaurav Goel, Founder & CEO of Samagra | Transforming Governance, has been working with the bureaucratic and political leadership of states to make a difference to the lives of citizens.
Goel's path-breaking effort to tackle complex governance challenges and effect change at scale has led him to be recognised as one of the shining stars in this year's BW Businessworld 40 Under 40 list. Tackling Governance Challenges: Gaurav Goel, Founder & CEO, Samagra, Transforming Governance.

A B.Tech in Computer Science & Engineering from IIT Delhi, Goel also pursued MBA from IIM Calcutta before joining McKinsey & Co. as a management consultant where he worked across sectors and geographies, solving diverse corporate problem statements. While at McKinsey, he realised that eventually, he wanted to set up an organisation that would work towards improving the lives of citizens by engaging with the governance process.
In 2012, he set up Samagra so that he could translate his passion into an enterprise that improves the lives of citizens and creates impact at scale.

Samagra is a consultancy that works with state governments across India to solve the most complex governance challenges across domains such as education, employment, skilling, public service delivery, and agriculture, among others. Once they are approached with a problem statement, they work with the various state government machinery to diagnose the problem, design a solution and implement it.

Unlike the Big 4 that are categorised as Tier-2 or Tier-3 governance consulting firms and usually work as vendors to governments, Samagra is a Tier-1 governance consulting firm that works with senior political and bureaucratic leadership as a thought partner to solve abstract problems. The only other firm operating in the same space is the public and social sector practice of Boston Consulting Group.

Backed by a team of 45 professionals, Samagra is currently working in four states and running seven state-wide engagements. Also, they are involved with central government entities like NITI Aayog. Through their engagements, they have impacted the lives of more than 3.5 crore citizens.

Speaking to BW Businessworld about Samagra's achievements, Gaurav said, "Since the time of our inception, we have generally remained in the background and not sought awards for government programmes. However, the state governments we have worked with have won awards for several of our engagements such as the CSI-NihilenteGovernance Award of Excellence 2017-18 won by the Government of Haryana for AntyodayaSaral, which redefined public service delivery in the state or the SKOCH Order-of-Merit award won by the Government of Himachal Pradesh for pioneering tech-based reforms undertaken by the state to improve the quality of education, to name a few."

Goel's journey has not been with without challenges. "A major challenge we have faced in the past, and one that the social sector entities continue to face, is attracting and retaining a critical mass of the best talent to work in this sector," he says.

"To overcome this challenge, we have consciously cultivated a strong value proposition to attract talented professionals over the years — we offer as steep a learning curve and as fast a growth trajectory as best-in-class corporates while providing a real opportunity to create large-scale impact," he adds.

2. Govt allows retail investors to participate in bonds' auction

Breaking from the established practice of borrowing from the market, the Uttar Pradesh government has allowed retail investors to participate in auction of bonds floated by the state, through registered aggregators and facilitators such as stock exchanges.

For market borrowing, as per practice, the development bonds or government securities, are floated by the state governments and are subscribed by PSU (public sector undertaking) banks and Reserve Bank of India acts as facilitators. Financial institutions also participate in the process.

However, to encourage retail participation in such auctions, five per cent of notified amount has been reserved by the RBI for small investors on a non-competitive bidding basis.

The proposal of Finance department to allow the registered stock exchanges to act as facilitators/aggregators on behalf of scores of retail investors looking to invest in government bonds through non-competitive route was recently cleared by the state cabinet.

Sources in the Finance department said, "After the proposal was approved by the state cabinet, a notification to this effect was issued by the government."

The sources said that the decision was taken in the light of RBI recommendation aimed at encouraging retail participation in government securities.

Apart from UP, several other state governments have also followed suit, adhering to the RBI norms.

The RBI notifies on government securities' auction/bidding on a weekly basis. For retail investors, five per cent of notified amount in such auctions is reserved for retail investors through a non-competitive bidding process.

Under this route, investors are required to specify the amount without quoting the yield or price. Later, bidders are allotted securities at the weighted average price/yield of the auction.

Both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) offer exclusive platforms for retail investors to participate in these primary market instruments. Securities that are allotted in primary market can be sold by investors on the stock exchanges they are listed with.

In July 2019, the UP government had allowed the municipal corporations of Lucknow and Ghaziabad to float municipal bonds totalling Rs 350 crore to fund their respective infra projects. While, Lucknow Municipal Corporation (LMC) will float bonds worth Rs 200 crore, Ghaziabad Municipal Corporation (LMC) will float the same for Rs 150 crore.

Some other major municipal corporations are also exploring the possibility of harnessing this route to raise funds.

The bonds, to be listed on bourses, would be floated for 10 years with annual returns of 8-1/2 to 8.5-9 per cent. The funds would be invested in projects having the viability of generating enough returns for repayment to investors.

The total debt on the UP government is likely to cross Rs 5 trillion mark by the end of 2019-20 fiscal, which is slightly higher than the budget size of the UP government.

Though the fiscal deficit is within limits set by the FRBM Act (Fiscal Responsibility and Budget Management Act), the debt burden is heading towards the debt trap, where the government contracts fresh loans to repay old loans.

The 15th Finance Commission which visited UP ahead of Diwali had raised concern over the rising debt burden on the state government and asked for immediate corrective measures to be taken to prevent the debt from ballooning.

3 . RIL first Indian firm to hit Rs 10L Cr m-cap mark

Reliance Industries on Thursday became the first Indian company to hit the Rs 10 lakh crore market valuation mark following a spike in its share price.

At market close, the oil-to-telecom conglomerate’s market capitalisation (m-cap) zoomed to Rs 10,01,555.42 crore ($139.8 billion) on the BSE.

The stock rose 0.65 per cent to close at Rs 1,579.95. During the day, it jumped 0.90 per cent to an all-time high of Rs 1,584. This is the second gain for the company.

At the NSE, it gained 0.77 per cent to close at Rs 1,582.

“It was only a matter of time for business tycoon MukeshAmbani’s company to test this milestone, considering the past investments made in consumer-facing sectors like telecom and retail. These investments have yielded fruitful results for the company and has been consistently increasing their share in the overall profits,” according to Ajit Mishra, VP Research, Religare Broking.

Since the past few sessions, the company’s market valuation has been hovering near the Rs 10 lakh crore mark.

On the volume front, 2.73 lakh shares of the company were traded on the BSE and over 62 lakh shares on the NSE during the day.

The company is still ahead of British energy major BP Plc in terms of market valuation. BP Plc’s m-cap was at USD 127.86 billion at close of trade on NYSE.

"RIL today (Thursday) became the first Indian company to hit the Rs 10 lakh crore milestone in market capitalisation, after its shares rose to a record high. We will put two important factors that should be seen as a catalyst for this share. Firstly, the Reliance Jio disruption. Second is the stake sale to Aramco has further made its valuation going forward attractive since their aim to achieve the debt-free balance sheet is likely to be seen in FY20-21," said Mustafa Nadeem, CEO, Epic Research.

In October this year, Reliance Industries (RIL) hit the Rs 9 lakh crore m-cap level.

It took just 27 trading sessions for RIL to reach the coveted Rs 10 lakh crore market cap. RIL had on October 18 hit the Rs 9 lakh crore market valuation mark in intra-day trade.

In August 2018, it became the first Indian company to have crossed the Rs 8 lakh crore m-cap mark.

So far this year, the company's scrip has zoomed nearly 41 per cent, much higher than the 14 per cent rise in Sensex so far in 2019.

Mukesh Ambani's Reliance Jio had this month said it will increase mobile phone call and data charges in the next few weeks in compliance with rules, as it followed similar announcements by Bharti Airtel and Vodafone Idea on tariff hike.

India's most valuable company Reliance Industries had last month posted a record quarterly net profit of Rs 11,262 crore in September quarter.

TCS is the country's second most valued firm with a market valuation of Rs 7,79,501.64 crore, followed by HDFC Bank with a market cap of Rs 6,92,853.48 crore, Hindustan Unilever (Rs 4,51,482.38 crore) and HDFC (Rs 3,98,994.81 crore).

The m-cap figures of companies change daily with stock price movement.

4. Maruti Suzuki October Sales Up By 4.5% To 1.53 Lakh Units Amid Festive Season

Maruti Suzuki India on Friday reported 4.5 per cent growth year-on-year in October sales led by compact and utility vehicle segments.

Driven by the festive season and heavy discounts, the company sold 1.53 lakh units during the month against 1.46 lakh units sold in the same month of last year. The country's largest car manufacturer said domestic sales in October grew by 4.5 per cent year-on-year to 1.44 lakh units from 1.38 lakh units and exports increased 5.7 per cent to 9,158 units from 8,666 units.

Passenger car sales were up by 4.4 per cent to 1.06 lakh units compared to 1.01 lakh units in October last year. The compact car segment (new WagonR, Celerio, Ignis, Swift, Baleno and Dzire) clocked 15.9 per cent growth but mini segment (Alto, S-Presso and old WagonR) showed 13.1 per cent decline.

Utility vehicles sales (Gypsy, Ertiga, XL6, VitaraBrezza and S-Cross) grew by 11.3 per cent whereas vans (Omni and Eeco) sales fell by 26.8 per cent in October YoY.

For the April to October period, however, total sales were down by 20.3 per cent to 8.94 lakh units from 11.2 lakh in the year-ago period.

Domestic sales dipped by 21.4 per cent to 8.31 lakh units from 10.5 lakh units while export sales edged lower by 2.6 per cent to 63,069 units from 64,753 units year-on-year.

5. From Neutral To Accommodative

Will the change in RBI's monetary policy stance help boost growth?

After her first Union Budget, which almost remained a non-event in terms of any reforms, Finance Minister Nirmala Sitharaman has gone on to introduce different policy decisions over the past couple of weeks, with the major one being the reduction of the corporate tax rate. Such announcements were frequent in nature and also referred to as budget-on-instalments on a lighter note.

The Reserve Bank of India under Governor Shaktikanta Das also switched its stance from neutral to accommodative. In common parlance, accommodative stance is taken when a central bank (such as RBI) attempts to expand the overall money supply to boost the economy when growth is slowing (as measured by GDP). The policy is implemented to allow the money supply to rise in line with national income and the demand for money.

Under the governorship of Das, the Reserve Bank of India delivered more rate cuts than ever in the past. This was, indeed, unprecedented.

"Effectively, the rate cut has been 100 basis points if you take into account the change in stance," Das said. And the latest bi-monthly review on October 4, by the six-member Monetary Policy Committee (MPC) headed by Das, slashed the short-term lending rate, repo rate, by 25 basis points. This was the fifth consecutive rate cut effected by the Das-led monetary policy panel, and it was in addition to a cumulative 110 basis points rate cut that RBI has announced so far this year. The repo rate now stands at 5.15 per cent, the lowest since March 2010.

Is it growth-oriented?

It is noteworthy that the RBI has been the most aggressive central bank in Asia this year to ease policy and support growth amid low inflation. A gloomy global outlook fanned by trade tensions has since prompted policymakers from Australia to South Korea to be dovish in their rate cut. The expectations were that with these rate cuts, the latest being 25 bps, there will be a boost to consumption and it will incentivise consumption. As MayankJalan, President, Indian Chamber of Commerce said that the reduction in rates will bring down the lending rates and hence provide the much needed liquidity in the economy. Jalan added that it will also incentivise investment and boost consumption.

But is that happening? The answer is no. The rate cuts have failed to have any impact on the economy which is constantly in a slowdown mode. The question is: will this accommodative monetary stance help in kickstarting growth?

Most agree that it is a short-term solution. It is at best a necessary condition, not magic bullet to kill the slowdown. While according to some economists, the quantum of rate cuts is not enough and more rate cuts are needed to kick-start the economy, others feel that the accommodative stance is fine but the effect of it should have been allowed to filter down to the economy. In fact, many feel that even a 75 basis point cut was enough of a stimulus for the economy and it should be allowed to filter down the real economy before more easing is effected. Rajeev Radhakrish-nan, Head of Fixed Income and Fund Manager of SBI Mutual Fund said that even as macro challenges facing the economy cannot be addressed by monetary policy alone, given the extant growth — inflation outlook and cyclical/structural factors impacting growth, the current easing phase can sustain for a while even as liquidity conditions may remain conducive for rates transmission. It appears that the rate cut even failed to boost the market sentiment as the equity benchmarks Sensex and Nifty fell after the central bank announced a rate cut of 25 basis points. Sensex

The governor also said the central bank alone cannot boost the economy and there's a need for more reforms with various stakeholders having a role to play in addressing the slowdown. There is a need for structural reforms: Das admitted that rate cuts were a necessity but the country needs structural reforms—an enabling business environment and measures to improve supply chains in the farm sector to make the economy more competitive.

6. SunSource Energy

This major solar energy venture has been spearheaded by a first generation entrepreneur. Green energy is among the most talked about sustainable development goals (SDG) of the United Nations. It is also a goal in which India is leading from the front. BW Businessworld's 40 under Pioneer In Green Energy: KushagraNandan, Co-Founder & President, 40 categorisation thus picks a pioneer in the sector SunSource Energy, founded by KushagraNandan. The company touches many benchmarks in the sustainable energy space. SunSource Energy was born of a dream of powering the entire world with clean energy and envisions building world class solar and clean energy assets around the globe.

The renewable energy sector being capital intensive and highly regulated, not too many young talents, particularly those with no prior experience in working in a regulated sector in India, venture into it. Nandan was only 29 when he decided to come back to India and set up SunSource Energy. The company's footprints have since expanded across six countries, making it one of India's leading 'distributed solar organisations'.

Nandan has played an important role in making solar power the preferred choice of energy for more than 150 customers. His company now has a presence in 24 states in India and six countries around the world. SunSource Energy is an independent solar power producer with 500 employees, including contractual employees who work at multiple project sites. The company provides and distributes solar power and solar power storage solutions to commercial and industrial customers.

What is now one of India's largest solar energy ventures in terms of distribution has been successfully spearheaded by a first generation entrepreneur. less than a decade ago in 2010, this clean and renewable energy venture began at Co-founder AdarshDas's living room, when solar energy was still a fledgling business in India. Today of course, the company is on a global expansion mode.

Nandan has been able to successfully change the company's business model thrice – from an engineering consultancy to a design and engineering firm to an EPC, and then on to an IPP. The move was so swift that SunSource became the fifth largest distributed solar independent power producer (Solar IPP) in India within a year of moving to the IPP model. He is very enthusiastic about the Union government's efforts at digitisation of systems and Mudra loans, which he feels, have added to the ease of doing business in India for new entrepreneurs.

Even though the shadow of the all invasive economic slowdown has spread to the power sector too, it has scarcely touched SunSource, possibly because the company has selected customers prudently. "We only partner with clients who have a high credit rating and are in industries that are expected to be least affected by the slowdown," says Nandan. "Further, we don't bid an aggressive tariff for our projects. We don't go down to the tariffs that are not sustainable as our focus is always on developing projects that deliver long term value to our customers," he goes on to say.

In the long run though, the clean energy sector has tremendous potential, especially since the government strives for a green energy ecosystem. "The Prime Minister aims to have a rooftop solar capacity of 40 GW by 2022," points out Nandan. "We are still sitting at an installed capacity of close to 5 GW," he says adding, "Further, the Government of India aims to have a renewable energy capacity of 500 GW by 2030 which makes renewable all the more important for assisting the country's growth".

Nandan's message to upcoming entrepreneurs is: keep working on the details but always have the larger goal and perspective in mind – and work hard towards reaching that goal.

7. India Corruption Survey 2019

As per the India Corruption Survey 2019, Rajasthan and Bihar fared the worst in country with 78% and 75% of respondents admitting to paying bribes, while Telangana topped the list in south India. The survey was carried out between October 2018 and November 2019 and was conducted by ***Local Circles***, a social media firm and the ***Transparency International India***. It had a total of 1.9 lakh responses from nearly 81,000 unique respondents in 248 districts across 20 Indian states.

As compared to 2018, India's overall ranking in **Corruption Perception Index** has risen 3 places to 78 out of 180 countries. While an average of 56% of respondents admitted to paying bribes in 2018, the number has come down to 51% in 2019.

Key Highlights of Survey

Most Corrupt States in India:

Rajasthan tops corruption chart in India. As per India Corruption Survey, 78% people in Rajasthan, participating in survey, admitted to paying a bribe to get work done.

Bihar follows Rajasthan and was placed at second spot. In Bihar 75 % of citizens admitted to paying a bribe to get their work done.

Uttar Pradesh was ranked third in list. In UP 74 % of citizens admitted to paying a bribe to get their work done. **Jharkhand** shares 3rd spot with UP, where 74% citizens admitted to paying a bribe to get their work done.

Telangana rounds off top 5 list of 'Most Corrupt States in India', with about 67% of citizens admitted to paying bribes to get numerous pending work completed.

Punjab ranks sixth in list, where 63% citizens accepted to paying bribes to get their work done. **Karnataka** shares the spot with Punjab.

Tamil Nadu ranks seventh in most corrupt state's list. Around 62% of citizens admitted to paying bribes to get their work done.

Least Corrupt States: According to the list, Kerala is one of the least corrupt states, where only 10% of people admitted to paying a bribe to get their work done and all of them gave bribes several times (directly/ indirectly). Besides Kerala, Goa, Gujarat, Odisha, West Bengal, Haryana and Delhi are least corrupt states.

8 . CBDT inaugurates Web Portal for exchange of information on Income Tax

Central Board of Direct Taxes (CBDT) has inaugurated the Web Portal for Exchange of Information on Income Tax which will consolidate all relevant Automatic Exchange of Information (AEOI) related information at one place. This portal will help in convenient access by public, financial institutions as well as departmental officers at large.

Web Portal for Exchange of Information on Income Tax

The Web Portal would be a repository of policy and technical circulars, guidance, notifications issued by the CBDT. It would provide links to relevant circulars, guidance issued by regulatory authorities in India and other international bodies.

The portal would not only be useful for domestic financial institutions but will also help foreign financial institutions as well as tax authorities to get information about Indian laws, rules and procedures related to AEOI under Common Reporting Standard (CRS).

Background

To implement the AEOI standard, necessary domestic legal framework was put in place in 2015. Later, on August 2015 a comprehensive *Guidance Note* was released for providing guidance to financial institutions, sectoral regulators as well as Income Tax (IT) Department officers for ensuring compliance with reporting requirements under IT Act and Rules. Under the Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI), India is committed to exchange financial account information automatically from 2017. Also, financial institutions annually reports information which are then exchanged by India under the standard.

Sectoral regulators have issued necessary notifications and circulars for compliance by financial institutions. To educate financial institutions about their reporting obligations, CBDT also carries out stakeholder consultations. Moreover, to reach out to financial institutions and account holders, CBDT has also created an Exchange of Information portal on Income-tax Department website for dissemination of information to all stakeholders.

9. 11th BRICS SUMMIT

PM Modi attended the 11th BRICS summit and invited business leaders from BRICS nations to invest in India, especially in infrastructure development.

Highlights of the summit

- The BRICS countries discussed in creating a common crypto currency for mutual payments. The step was being discussed to reduce the share of payments in USD.
- PM Modi proposed the first meeting of BRICS Water Ministers in India.
- India is to host BRICS Digital Health Summit. The Summit will focus on innovative solutions to healthy lifestyle
- India will also host BRICS Youth summit that will focus on hackathon, startups and games
- Also, BRICS workshop on digital forensics is to be held in India

BRICS Business Council

The BRICS Business Council created a road map to achieve 500 billion USD trade target among BRICS nations by next summit. An agreement was signed between New Development Bank and BRICS Business Council to achieve this.

India-Russia

PM Modi met his Russian counterpart Mr Vladimir Putin on the sidelines of the 11th BRICS summit.

- During their meet, the leaders noted their satisfaction that the 25 billion USD trade target between the countries to be achieved by 2025 has already been achieved.
- Also, the leaders discussed about the first bilateral regional forum to dismantle the barriers of trade at regional level.

India-Brazil

PM Modi met the President of Brazil Mr Jair MEssiasBolsonaro and invited him to be the Chief Guest at the Republic Day celebrations, 2020.

- After the meet, PM Modi outlines areas of animal husbandry, agriculture, post-harvest technologies and biofuels as areas of potential
- The leaders also discussed about space and defense sectors

India-China

PM Modi met the Chinese President Xi Jinping on the sidelines of the 11th BRICS summit.

- The countries have agreed to hold the next round of border talks after the leaders' meet. The 21st round of border talks were held in 2018 by Security Advisor AjitDoval and his Chinese counterpart.
- The Chinese President appreciated the 2nd Informal Summit in Chennai. He also invited PM Modi for the 3rd informal summit to be held in China in 2020.
- The leaders reviewed the preparations for celebrating the 70th anniversary of establishment of diplomatic relations between the countries.

10. Sebi Bans Karvy Stock Broking For Rs 2,000 Crore Client Defaults

After a major scandal hit the stock markets with the brazen modus operandi of misusing clients' funds, the Securities and Exchange Board of India (Sebi) has banned Karvy Stock Broking (KSBL) from taking new clients and executing trades.

IANS had first reported the payment defaults occurring in Karvy Stock Broking and its clients filing complaints with the Prime Minister's Office (PMO), the Finance Ministry and SEBI.

Sebi said the unauthorised use of clients' funds creates a serious doubt over the conduct and integrity of KSBL.

This is one of the biggest cases of broker defaults in the equity segment and despite numerous regulations, the fact remains that clients' money and securities were brazenly misused for its own purposes by Karvy Stock Broking.

The defaults are to the tune of Rs 2,000 crore and in an ex-parte order, Sebi has directed that pending forensic audit, KSBL is prohibited from taking new clients with respect to its stock broking activities.

The depositories, i.e. NSDL and CDSL, in order to prevent further misuse of clients' securities by KSBL, are hereby directed not to act upon any instruction given by KSBL in pursuance of power of attorney given to KSBL by its clients with immediate effect, Sebi said.

The depositories shall monitor the movement of securities into and from the DP account of clients of KSBL as DP to ensure that clients' operations are not affected.

"Therefore, there is need for urgent regulatory intervention to prevent further misuse of clients' securities," said Ananta Barua, wholetime member, SEBI, in the order.

Detecting the fraud, the order noted that the securities lying in the aforesaid DP account actually belong to the clients who are the legitimate owners of the securities. Therefore, KSBL did not have any legal right to create any kind of pledge on these securities, the order said.

Even if clients' securities were pledged, it should have only been for meeting the obligation of the respective clients which was not observed in this case.

"Considering the issue of misuse of clients' securities by KSBL in an unauthorised manner, for its own use and purposely not disclosing the DP account no. 11458979, named KARVY STOCK BROKING LTD (BSE) to the Exchanges in their reporting create a serious doubt on the conduct and integrity of KSBL," SEBI said in the strongly worded order.

On subsequent verification, it was observed that securities worth Rs 257.08 crore, pledged on behalf of four clients out of the aforesaid nine clients, were unpledged between June 1, 2019 and August 22, 2019 and securities worth of Rs 217.85 crore was recovered by KSBL from four out of the nine client accounts.

Prima facie, a net amount of Rs 1,096 crore has been transferred by KSBL to its group company, i.e. Karvy Realty Private Limited, between from April 1, 2016 and October 19, 2019.

Further, KSBL has sold excess securities (securities not available in DP account) to the tune of Rs 485 crore through nine related clients till May 31, 2019.

Further, Karvy had also transferred excess securities to six out of these nine related clients to the tune of Rs 162 crore till May 31, 2019. On subsequent verification, it was observed that securities worth Rs 257.08 crore pledged on behalf of four clients out of the aforesaid nine clients were unpledged between June 1, 2019 and August 22, 2019 and securities worth of Rs 217.85 crore was recovered by KSBL from four out of the nine client accounts.

KSBL has also purchased securities in five out of the nine client accounts amounting to Rs 228.07 crore between June 1, 2019 and September 8, 2019.

December

1 .Swiggy losses mount: Food delivery app reports 500% jump in cash burn; here's why

Swiggy has reported a 500% jump in losses as compared to last year as one of the country's leading food delivery applications ramps up advertisement spends. "The increase in losses is due to a multi-fold increase in advertising expenses, employee expenses and delivery costs," Anchal Agarwal, founder of Tofler, a Business Intelligence Platform, said in a report on Monday. Further, the company is aiming to swell its user base, "unlike many other startupswho focussed on achieving sustainability and controlling costs this financial year," she added. The Bundl Technologies Private Limited or Swiggy's net loss stood at Rs 2,346 crore during fiscal 2018-19. The online food ordering business has boomed in India with the entry of several platforms such as UberEats, Zomato, Swiggy, among others. In fact, Amazon, one of the largest e-commerce platforms is also expected to start its own food delivery business soon, according to a media report. Considering the potential in the Indian market, Swiggy has been expanding its foothold in India and had earlier said that it has set-up over 1,000 cloud kitchens, for nearly 1.6 lakh restaurants listed on the platform. The company made an investment of more than Rs 175 crore for the same.

Swiggy now looks to further pump Rs 75 crore to increase the number of cloud kitchens in 12 new cities by March 2020, according to Vishal Bhatia, CEO, New Supply, Swiggy. "With the massive growth in online food ordering over the last 2-3 years, India has leapfrogged the widespread in-restaurant dining culture that was prevalent in many international markets," Vishal Bhatia had earlier said. Meanwhile, food aggregators including Swiggy have been facing heat from restaurant partners as the National Restaurants Authority of India (NRAI), a body representing over 5,00,000 outlets alleged that platforms like Swiggy and Zomato are unsustainable for restaurants. Thousands of cafes and restaurants pan-India then joined the logout campaign stating that the deep discounts offered on the platforms were causing huge losses to restaurants.

2. ArcelorMittal initiates Rs 42,000 Cr payment for Essar Steel acquisition

Global steel giant ArcelorMittal has initiated payment for acquisition of debt-ridden Essar Steel for Rs 42,000 crore, sources said on Friday.

The decks for acquisition of Essar Steel by L N Mittal-led company was cleared by the Supreme Court last month.

According to banking sources, "Payment from ArcelorMittal has started flowing and entire payment is expected to be cleared in a day or two."

Another source privy to the development said ArcelorMittal has arranged the entire fund and is likely to transfer the amount by Monday.

"ArcelorMittal has arranged the entire amount of Rs 42,000 crore which is likely to be transferred to State Bank of India, the lead banker to take control of Essar Steel under the Insolvency and Bankruptcy Code," one of the sources said.

When contacted, ArcelorMittal refused to comment on the issue.

After the payment to the lenders, this will be the single-biggest recovery under the IBC.

While ArcelorMittal had kept the entire Rs 42,000 crore amount to be repaid in an escrow account, it did not immediately release it to the lenders after the November 15 Supreme Court order, sources said.

As per the plans approved by the committee of creditors (CoC), upheld by the Supreme Court in its November 15 ruling, SBI will receive the largest chunk at about Rs 12,161 crore, the sources said.

Besides, Canara Bank will get Rs 3,493 crore and ICICI Bank Rs 2,110 crore, the sources said.

"Completion of the transaction is now expected before the end of the year. After completion, ArcelorMittal will jointly own and operate ESIL in partnership with Nippon Steel Corporation, Japan's largest steel producer and the third largest steel producer in the world, in line with the joint venture formation agreement signed by the two companies," it had said.

The Supreme Court paved the way for ArcelorMittal's takeover of Essar Steel for Rs 42,000 crore and set aside the July 4 National Company Law Appellate Tribunal (NCLAT) order giving equal status to financial creditors and operational creditors.

The bench had clarified that financial creditors enjoy primacy over operational creditors and the adjudicating authority cannot interfere with the decision approved by the committee of creditors.

The bench had clarified that financial creditors enjoy primacy over operational creditors and the adjudicating authority cannot interfere with the decision approved by the committee of creditors.

The top court said the adjudicating authority can send back the resolution plan to the CoC for the implementation in accordance with the guidelines but cannot change the commercial decision taken by the CoC.

The bench said the CoC resolution plan must balance the interest of all stakeholders.

The apex court had on July 22 ordered status quo in the Essar insolvency case.

The verdict came on a plea of the CoC challenging the NCLAT's order of July 4 in which it had approved steel tycoon Lakshmi Mittal-led ArcelorMittal's Rs 42,000-crore bid for the acquisition of Essar Steel after it rejected a plea by the lead shareholder of the debt-laden firm challenging the eligibility of the bidder.

Essar Steel was auctioned under the new Insolvency and Bankruptcy Code to recover Rs 54,547 crore of unpaid dues of financial lenders and operational creditors.

3. Transfer money via NEFT 24x7 from Dec 16; from Jan 1 it will be free of cost. Here's all you need to know

From December 16, you can transfer money online using the National Electronic Funds Transfer (NEFT) route 24x7, i.e., any time of the day and any day of the week. The Reserve Bank of India stated earlier on in the month, that bank customers will be able to transfer funds through NEFT around the clock on all days including weekends and holidays from December 16.

Added to this, in November, the central bank had directed from January 2020 banks can no longer charge savings bank account holders for online transactions in the NEFT system.

What is NEFT

NEFT is a nation-wide payment system that allows transfer of funds from one bank account to another. Individuals, firms and corporates can transfer the money from one bank branch to any other bank account held by individual, firm or corporate in the country. The beneficiary, i.e., the bank account in which money has to be transferred will receive the money within two hours.

NEFT transactions can be used for payment of credit card dues to the card issuing banks, payment of loans EMI etc.

NEFT transactions on 24X7 basis

This will allow the bank customers to transfer the money all around the clock. Earlier, NEFT payment system operated for customers from 8:00AM to 7:00 PM on all working days except on 2nd and 4th Saturday as banks remain close on that day.

According to RBI's circular issued on December 6, here is how the NEFT system will operate:

There will be 48 half-hourly batches every day. The settlement of first batch will commence after 00:30 hours and the last batch will end at 00:00 hours.

- The system will be available on all days of the year, including holidays.
- NEFT transactions after usual banking hours of banks are expected to be automated transactions initiated using 'Straight Through Processing (STP)' modes by the banks.
- The existing discipline for crediting beneficiary's account or returning the transaction (within 2 hours of settlement of the respective batch) to originating bank will continue.
- Member banks will ensure sending of positive confirmation message (N10) for all NEFT credits.
- All provisions of NEFT procedural guidelines will be applicable for NEFT 24x7 transactions as well.

No charges on online NEFT transactions

RBI has mandated banks to not to charge any fees on NEFT transactions done by savings account holders from January 1, 2020. According to the central bank's press release, this move is aimed at pushing savings bank account customers to transfer money using electronic modes via NEFT.

RBI has mandated banks to not to charge any fees on NEFT transactions done by savings account holders from January 1, 2020. According to the central bank's press release, this move is aimed at pushing savings bank account customers to transfer money using electronic modes via NEFT.

The central bank in its monetary policy review held in July 2019 had announced its decision to do away with the charges levied for NEFT and RTGS transactions. RBI's statement said, "In order to provide an impetus to digital funds movement, it has been decided to do away with the charges levied by the Reserve Bank for transactions processed in the RTGS and NEFT systems. Banks will be required, in turn, to pass these benefits to their customers." In July, almost immediately after RBI's saying that banks should remove charges on NEFT, State Bank of India announced waiver of charges on NEFT, RTGS and IMPS.

4. Walmart Launches 'Desi' Initiative To Support Indian MSMES

Walmart's initiative is aimed at training around 50,000 micro, small and medium enterprises (MSME) in the next five years, across 25 institutes

HIGHLIGHTS

- Retail major Walmart has launched a desi initiative to help MSMEs
- Under the initiative, company plans to train 50,000 MSMEs in next five years
- The training would cover all aspects of business management, promoting customer-centric strategies and best practices

Retail major Walmart on Monday launched "Walmart Vriddhi Supplier Development Program", an initiative to help MSMEs in India to enhance their capability and supply chain. Speaking at the launch event here Judith McKenna, President and CEO, Walmart International Under the initiative, the company which owns the e-commerce major Flipkart, aims to train around 50,000 micro, small and medium enterprises (MSME) in the next five years, across 25 institutes.

"The Vriddhi programme will encourage Indian suppliers to make for online and offline customers around the world, including -- but not limited to -- the supply chains of Flipkart and Walmart. Whether a supplier has ambitions domestically or around the globe, Walmart Vriddhi will give them the tools they need to succeed," she said. The first hub would be set up by March 2020, she said, adding that the programme will connect the community of enterpreneurs. McKenna further said that the initiative is part of the Walmart's "long-term commitment" in India. She added that the company will have a unique network as part of the initiative to provide inputs and technical support among other support to the MSMEs.

Further, training would cover all aspects of business management, promoting customer-centric strategies and best practices in workforce management and environmental sustainability.

5. India Plays A Lead Role In Our Global Transformation: WPP CEO Mark Read

WPP CEO Mark Read sees India play an important role strategically, financially, creatively, technologically and also from a people perspective as the company re-engineers its play to be future fit, writes BW Businessworld's Noor FathimaWarsia.

WPP named Mark Read its global CEO in September 2018 – arguably one of the toughest years for the company since its inception three decades ago. The year 2017 had begun seeing a fall and fall of sorts for the company, leading several industry analysts to challenge the very business model of communication, marketing and advertising agencies itself. The towering giant seemed to be struggling like never before and speculations like a company "break up" to "disposing" some parts of its business, to job cutting, or even no longer remaining the number one holding company, were already part of global headlines.

The holding company's CEO's role, which never was easy to begin with, had become tougher, and unlike that of some of its peers such as Omnicom. As daunting as it may sound, it was in this background that WPP, under Read's leadership embarked on the strategy created to not only turn the company around, but also become future-fit.

WPP CEO MARK READ

WPP pushed forth it's positioning as a 'creative transformation company' and took several steps towards streamlining its agencies to be stronger. It undertook the task of bringing together its several agencies – creative, media, design, PR and the likes – under one roof, in the form of Campuses. The enormity of the move is evident in a market like India, for instance, where WPP has over 11,000 people. Numbers indicate that WPP's new strategy has taken hold as the company reported a return to quarterly organic sales growth for the first time in over a year in October 2019. Coupled with the fact that WPP agencies maintained a steady flow of new business wins globally, Read was able to restore some of the lost confidence. Even though he remains 'cautioned' in his outlook for the year ahead, in a conversation with BW Business world, Read reiterates that India plays a significant part in WPP's global transformation.

Excerpts:

India has always been an important market for WPP. But 2019 was a year of muted growth in the country. Does this impact your overall expectations in any form?

India is our seventh biggest market, and the fifth largest economy that is still growing. We continue to see India play an important role for our global transformation strategically, financially, creatively, technologically and also from a people perspective. end the compartmentalisation or the label of digital - there are no analogue or digital consumers. We are not in the business of a creative agency or a digital agency. This is also where the culture to cement collaboration comes in play.

Was this also why we are seeing WPP Campuses being set up in many countries?

Culture matters and so does location. We have moved people in campuses including in India. The level of collaboration grows exponentially when you put them together. When you integrate like this, the results are there for all to see. Integration does not mean a change in P&L (profit & loss) – P&L is more about measuring where to invest rather than using it to reward people. Culture should be open, optimistic and extraordinary. Open means to partner well with clients, ecosystem partners and each other. There can be no conflict when working together. Even something like media choice is much more important today in the overall creative idea. The way a brief is given has changed due to this. Leadership and talent that works together is imperative.

Does it sometimes worry you that most recent examples show marketers are setting the industry agenda or making a move towards change instead of agencies?

Our clients still trust us, but we may be at fault of not marketing ourselves well. We have to recapture our confidence. This is not the same as arrogance or complacency to change. Clients want us to change to be simpler to navigate, collaborate more, and invest in creativity and technology. We are doing this. Marketers are transforming their businesses and are keen to move as quickly as we want to. There is a great sense of urgency and action from clients to innovate, move to digital media, look to commerce, and this is true across all markets. One of our largest clients in India had said to me, ‘if WPP is successful, we are successful’, and I replied the same is true the other way around as well. This is a people and technology business. We need to invest in both, but the nature of our business is such that we don’t see results overnight. We have to do fantastic work; results will follow.

6. CORPORATE: DESTINATION US

Indian companies are setting up offices and manufacturing plants in the US aided by a US Trade Commission initiative.

Think foreign direct investments (FDI) and what comes to mind are foreign investors arriving with bags full of dollars. But think again. It isn't always about foreign companies bringing investments to India. The reverse is quite true as well. Yes, in 2018, while India received FDI worth $42, Indian companies took $13.7 billion in business investments to the US alone.

In fact, the US has been a leading business investment destination for Indian companies in the recent past. In the past three years, more than a dozen Indian companies have set shop in states across America. And facilitating these crossovers is the Select USA initiative backed by the US Trade Commission.

Taking advantage of the Select USA programme, around 300 Indian companies have so far travelled to America and held meetings with prospective partners and various state and local administration officials. According to USTC officials, some of these companies are in various stages of investing in the US. Select USA is helping them in successfully setting an office or a manufacturing plant, or both.

Is The Timing Right?

Today, when dark clouds are hovering over the Indian economy which has slowed down considerably in the past several quarters (declining GDP numbers in each of the past six quarters), does it make more sense for the established, well-to-do Indian manufacturers to hop over and set up base in the US?

Privately, a large number of Indian companies think so. Sample this: If you happen to be in Tuscaloosa County in west-central Alabama, chances are you won't be able to miss this 700,000 sqft manufacturing facility of $12-billion Samvardhana Motherson Group (SMG). This plant is owned by Samvardhana Motherson Peguform or SMP Automotive Systems Alabama Inc. Here, the company manufactures various exterior and interior components for models produced at the nearby Mercedes assembly plant.

SMG is linked to India-based Rs 62,572 crore ($9.1 billion) Motherson Sumi System or MSSL, which has set a revenue target of $18 billion for FY20, driven by both domestic and overseas businesses.

“SMP, our company that manufactures and supplies globally highly integrated modules and polymer products, was given an order by Mercedes Benz US International for manufacturing bumpers and interior polymer parts for the global production of Mercedes SUVs out of Tuscaloosa. The local bodies in Alabama have been instrumental in providing the necessary infrastructure for setting up a greenfield facility spread over 700,000 sq. ft. and we started production in 2018,” says VivekChaand Sehgal, Chairman of SMG and MSSL.

Once fully operational, this plant is expected to produce 1,000 tonne of castings in the first year and 10,000 tonne in five years. Reportedly, the US market accounts for about 60 per cent of the TVS Group’s exports and 40 per cent of its revenues.

Presence in the US is expected to sharply reduce delivery lead times, giving SCL a competitive advantage. Says Vivek S Joshi, President and CEO, SCL, “The need to set up a plant in the US was felt in FY15. In fact, the request came from customers for a near-shore presence. It was felt that a plant in the US would shorten the supply chain and mitigate the risks of market volatility.”

How did Select USA help? Joshi says Select USA was very helpful in facilitating the ‘matchmaking’. “We were able to interact with multiple states like Virginia, Michigan, Ohio, Indiana, South Carolina, North Carolina, Georgia & Texas. We were also able to have interactions with Federal agencies including the Department of Commerce which offered support for our project. It took us around a year for the entire process,” recalls Joshi.

The SCL factory is getting commissioned this quarter, informs Joshi. “It took us 24 months to make the plant operational. Once the plant goes full stream, we expect to employ around 230 personnel. Barring a few key support staff from India, probably 5-6 members, all other members will be US citizens,” says Joshi.

7. Telecom: In Deep Financial Mess

Debt-laden telecom operators face a dark future unless revenue increases. Will tariff increase alone solve this mess?

The Data And statistics of the Indian telecom sector are widely known. It ain't a rosy picture by any imagination despite India having 110 crore active mobile subscribers with one of the lowest average revenues per user (around Rs 63 per month recorded for one operator as on March 31, 2019). The entry of Reliance Jio has also not helped the business, even though, it has empowered more subscribers with the cheapest data rates and free voice services. Data from sector regulator—Telecom Regulatory Authority of India—shows that price-per-GB of data declined by 95 per cent to under Rs 12 in 2018 compared with Rs 226 in 2016. Therefore, the competition post-Jio entry has added to the misery of the sector, whose combined debt is expected to touch Rs 10-lakh crore in the next few months.

Sample this: As on March-end 2019, the combined debt of the three mobile services operators — Bharti Airtel, Vodafone-Idea and Reliance Jio — stood at around Rs 4 lakh crore. Add to it the unpaid licence fee, the outstanding Spectrum Usage Charge (SUC), arrears, penalty and interest payments, etc, the figure jumps to Rs 5.5 lakh crore. Further, add the losses etc. of the incumbent players, the resulting figures have now crossed the Rs 9-lakh-crore mark.

Then comes the Supreme Court order on October 24, which mandates the incumbent to cough-up Rs 92,642 crore in unpaid licence fee, and another Rs 55,054 crore in outstanding SUC. The SC order came in a long-pending case, whereby the telecom companies had argued that the adjusted gross revenue or AGR should comprise of revenue accrued from core services, while the government had argued that AGR needs to include all revenue, including non-telecom revenue (like money from rent, land sales or sale of scrap etc.)

The Cellular Operators Association of India (COAI) has sought an easier payment schedule for spectrum bought in previous auctions, waiving penalty and interest arising out of AGR dues, and a 14-year period to pay the principal amount of AGR dues.

“We expect they will independently evaluate the situation and make the right decision for the country, its citizens and the industry,” Rajan Mathews, Director General, COAI, said.

The loss-making Bharti Airtel and Vodafone Idea appear to be worst hit by the SC order. Vodafone Idea will need to pay at least Rs 28,309 crore, while rival Bharti Airtel’s dues are roughly Rs 21,682 crore. Jio reportedly owes around Rs 13 crore and there is no other operational operator. Remember Reliance Communications and Aircel went bankrupt and Airtel bought the telecom business of Tatas.

With over 1.19 billion subscribers, the telecom sector is a key contributor to the Indian economy in terms of consumer benefit, employment, revenue generation and contributes 6.5 per cent to the GDP. It is a well-known fact that in India, the telecom sector has the lowest tariffs in the world backed by the investment of over Rs 10 lakh crore in setting up of world-class mobile networks over the last 20 years. “Today it is going through one of its most disruptive phases. The sector is already reeling under a daunting debt of Rs 4 lakh crore and is in dire financial straits as operators are making negative returns on their investments,” Mathew added. The financial data of the telecom operators clearly depicts that the telecom Earnings before interest, tax, depreciation and amortisation (EBITDA) continues to contract, while the interest expense of the industry continues to increase.

Some relief

On November 21, the Union Finance Minister Nirmala Sitharaman announced that the government has decided to grant a 2-year moratorium for telecom companies to pay their spectrum dues. While the move will give Rs 42,000 crore relief to Bharti Airtel, Vodafone Idea and Reliance Jio, the government is unlikely to intervene in the Supreme Court-mandated statutory payments, government officials say informally. This move will give Vodafone Idea and Bharti Airtel a cash flow breather of Rs 23,920 crore and Rs 11,746 crore, respectively.

Reacting to it, Mathews of COAI said: “We welcome the fact that the government recognises the financial distress of the telecom sector and has provided relief in the form of deferments of spectrum payments. This will certainly provide some immediate cash flow relief to the industry.”

However, Mathews pointed out to the high level of levies and taxes that continues to be a challenge for the sector. He said the telcos pay up to 30 per cent of their revenues to the government, by way of various levies and taxes, which is an enormous burden on the industry. “We have been requesting the government that these levies and taxes be rationalised and the same is also one of the important goals of National Digital Communications Policy,” he added.

Whatever may be the case, a lot is riding on this sector to start generating cash revenue if we do not want to see the shutdown of any more service provider. If that happens at all, are we ready for a near-monopolistic business environment? Perhaps Not.

8. Seven Things To Fix The Economy

The target of $1 trillion exports for a $5 trillion economy that has been recently adopted is excellent – but must now be matched by an ambitious industrial policy and a reform agenda. The financial year 2019-20 will go down as a terrible year in India's economic trajectory. The drop in India's growth was so swift, so widespread and so large that it can only be described as a crisis. India is now officially growing below five per cent and with inflation reaching close to 5.4 per cent, it is showing a return of stagflation. Given India's needs and aspirations and a very rapidly growing young population – anything below a GDP growth of seven per cent is unacceptable and at least nine per cent is needed to reach the goal of $5 trillion around 2025. At this rate, India will not even reach $5 trillion by 2030.

The Indian economy has seen a decline in growth for seven quarters – a serious growth recession. The GDP growth was 8.1 per cent in Q4 FY 17-18 and is now 4.5 per cent in Q2 FY19-20 and headed downwards. Investment remains down and the consumption bump after the recovery from demonetisation has turned out to be a dead cat bounce – as consumption bumps often are. People dipped into their savings to maintain consumption post-demonetisation – but that bump could not last for too long without investment and job creation. The agricultural sector is also not doing well and rural wages are not rising as rapidly as earlier – therefore rural demand remains depressed. This is the first time that all indicators are pointing downwards – usually, you get a mixed picture.

If inflation is contained at four per cent, nominal GDP growth would be under ten per cent so that the revenue targets would surely not be reached. So fiscal targets are likely to be breached anyway – without any efforts to consciously breach them. And with state deficits at high levels and the PSU finances in bad shape, the public sector borrowing requirement (PSBR) is in any case exceeding eight per cent of GDP. With declining savings, it leaves very little financial savings for investment. Moreover, with low growth and higher inflation, the rating agencies may well be inclined to cut India's ratings – something not to be taken lightly.

Moody's has already signalled a downgrade by shifting from 'neutral' to 'negative'. Standard and Poor's has maintained ratings for now – but may shift downwards if the gloom continues.

More important than a fiscal boost is to re-orient government expenditures towards a more developmental growth-oriented outcome, i.e. lower the recurrent expenditures and increase capital expenditures and try to attract longer-term finance to maintain infrastructure investment. Lower borrowing costs, cuts in subsidies (by rationalising them) could provide some space for this improvement in the quality of expenditures. Recovery in investment (gross fixed capital formation) is key to the recovery of the economy. The GFCF as a share of GDP peaked in 2007-8 at 36 per cent just before the Great Recession and has since declined to around 28.5 per cent with private investment peaking at around 27.5 per cent of GDP in 2007-08 and now slumping to 21.5 per cent of GDP. Within the private sector, the first slump came in private corporate investment, which fell from around 17 per cent of GDP in 2007-08 to 11 per cent thereafter – a sudden and sharp drop. Non-corporate investment remained robust for another three years even after the Great Recession – due to the fiscal and monetary stimulus but then fell after 2011-12, when growth fell.

Credit to the private sector as a share of GDP also peaked in 2013 and has since fallen – contrast with Vietnam and Bangladesh where credit growth has continued to rise despite a slowdown in global trade as these economies have maintained export growth.

Among the cyclical factors, the slump has been attributed to a) high-interest rates and financial sector problems, b) demonetisation, c) GST complexity and implementation as well as d) the global slowdown.

9. RETAIL: Artificial Intelligence (AI) is changing the way one shops

Demand forecasting, automating the supply chain and improved consumer experience are a few methods by which AI is transforming the retail sector.

There is something therapeutic about shopping. Do you also feel that? Perhaps it brings a sense of serenity or maybe it is the systematically stacked, colour coded shelves — opinions are divided. And taking a cue from this, Artificial Intelligence (AI) is changing the way one shops. Specifically, it's driving a change in two areas — search and customer service.

Shopping smart

The promise of AI has seemingly been just on the horizon for years, with little evidence of change in the lives of most consumers. A few years ago, buzzwords like "big data" hinted at the potential, but ending up generating little actual impact. Advancements in AI like deep learning and machine learning combined with the rise in mobile commerce are now being put to use by retailers and e-commerce sites such as Amazon to improve the lives of online consumers. Both are software that learns to perform complex tasks without active supervision by humans.

Taking a leaf from Jeff Bezos's Amazon Go, a startup opened an artificial intelligence-powered retail store Watasale in Kochi last year, which allows consumers a cashier-less grocery shopping experience. A consumer can download an Amazon Go-like app and scan the QR code on the turnstile to enter the store, where he can pick up an item off the shelf, and his account gets charged. In case he changes his mind and puts the item back, his money will be reverted back into his account.

It is interesting that while the cashier-less experience attracted consumers through convenience and the fact that it saves time, it also causes errors and increases the chances of loss for retailers. This was in part due to consumers forgetting to scan their merchandise, theft and mis-scanning of items among other things. Reports last year from retailers across the US and the UK reported that for every 10 per cent business done through a scan and go methods, 1 per cent could well be product loss.

However, a Juniper Research's study has found that the AI technology will be adopted by over 325,000 retailers by 2023 and global spending by retailers on AI services will reach $12 billion during the same period.

India, the fourth-largest retail market in the world, is expected to reach Rs 76.9 lakh crore ($1.1 trillion) by 2020 as per the IBEF report. Revenues of India's brick and mortar retailers is expected to increase by Rs 10,000-12,000 crore ($1.4-2.8 billion) in FY20, where as online retail is projected to increase by $60 billion by 2020.

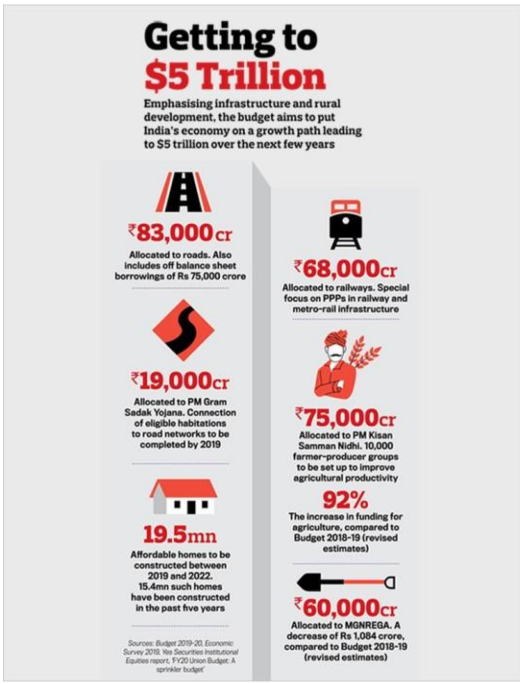
Speaking about the Lifestyle Buddy app, Kumar explained, that it uses AI and IoT to increase customer conversions and purchase value. "Lifestyle Buddy helps customers get personalised offers and style recommendations using a virtual stylist, 'Complete the Look Recommendations' and earn surprise rewards. Our 'Beauty Bot' offers a personalised beauty buying experience and is linked to a series of DIY tutorials that our customers can view at their convenience."

Gautam stated that their brand was investing in 'Smart Mirrors', which would enhance in-store experience for consumers. These smart mirrors make use of AI-powered algorithms to analyse data and can assist consumers like a personal shopping assistant. Based on an outfit/product that a consumer is trying out, the smart mirror shares styling tips and recommendations in terms of colours, better suggestions on pairing the right products and fits among other aspects. This provides an interactive experience for consumers in the store and helps in making more informed purchase decisions. AI applications have helped brands increase consumer engagement and in turn increase business.

10. A Budget For $5 Trillion By 2024

The Budget's immediate task is to bring about a recovery in our dismal current growth rate. We must not, however, lose sight of our medium-term aspirations.

The Finance Minister will present her first full Budget in February. Her primary task is to address our falling GDP growth rate, down to 4.5 per cent in the second quarter, with no recovery in sight. This will require addressing the stress in the financial sector, a liquidity crisis is driven by the public-sector not paying its dues, a moribund real-estate and construction sector, and a serious trust deficit with industry-driven by tax terrorism. I have written elsewhere about these issues (Business Standard, 19th December); here I would like to focus on our $5 trillion goals. The key phrase is not "$5 trillion" we will get to that eventually anyhow but "by 2024". That requires a real growth rate of eight per cent plus for five years; given this year's mediocre growth, each of the remaining four years must see real growth of nine per cent. That will take investment in technology and research and a focus on exports to the world by Indian industry and in government policy.



Technology: For various historical reasons, the industry is more skill-intensive and capital-intensive in India than usual for our level of development. To have a thriving industrial sector we must invest much more in technology. Indian industry invests 0.3 per cent of GDP in in-house R&D, against a world average of 1.5 per cent. We must scale our investment five times. A vibrant R&D sector requires that higher education institutions produce abundant world-class talent. This needs a manifold increase in research within our higher education institutions: research done in our higher education sector accounts for 0.04 per cent of GDP, against a world average of 0.4 per cent. We must scale our investments ten times. Ever since Nehru, the Indian government has been generous in its funding of research (ranging between 0.4 per cent and 0.6 per cent of GDP).

The problem lies with where it is done: we have chosen to fund public research in autonomous public R&D institutes instead of in the higher education sector which is where the rest of the world does. How do we change this? Let's begin in this Budget: the government spends annually around Rs 90,000 crore on public research which increases by around Rs 5 – 7,000 crore annually.

Let us freeze funding to autonomous R&D institutes at their present nominal level and give the entire increase of say Rs 6,000 crore to the higher education sector. At a stroke, this would more than double total research funding in higher education and we can repeat this measure each year. Higher education institutes must compete with each other to access this funding, which can be awarded using a peer-review process. The results would transform the research environment in our higher education sector and with it, the quality of education our students receive and the talent we produce for the country.

Exports: No country has grown rapidly without growing exports rapidly. In India too, rapid export growth went with rapid GDP growth between 2003 and 2011. Indian industry is second to none and has demonstrated its capability to compete with the best in the world. The time has come to decisively address the complete integration of the Indian industry with the world. The Budget must cap the maximum tariff for raw materials and intermediate goods at five per cent and finished goods at ten per cent. Exceptions should be rare. This will force competitiveness across the Indian industry. We further need to facilitate trade with the most dynamic economies of the world. We must re-engage with the RCEP negotiations, and work for an early conclusion of the India - EU Free-trade Agreement (FTA). The rupee must be internationally competitive, and we can use internationally permitted means at our disposal to target an exchange rate of Rs 80 per dollar.

A technically-vibrant and internationally-oriented Indian industry is the surest path to a $5 trillion economy by 2024. The policy must support this through investment in public research done in the higher education sector and by decisively integrating Indian industry with the world. We must begin in this Budget.

July

1.https://www.businesstoday.in/top-story/parliament-passes-bill-to-curb-ponzi-schemes-protect-poor-investors/story/368912.html

2.https://www.indiatoday.in/education-today/news/story/iit-students-develop-smart-agricopter-to-eliminate-manual-spraying-of-pesticides-in-agricultural-fields-1572312-2019-07-22

3.https://www.thehindu.com/business/ebix-acquires-yatra-online-in-a-2300-crore-transaction/article28525515.ece

4.https://www.business-standard.com/article/news-ani/singapore-tops-asia-in-women-entrepreneur-cities-index-is-india-doing-enough-for-women-119072900622_1.html

5.https://www.business-standard.com/article/pti-stories/rbi-slaps-rs-25-lakh-fine-on-mobikwik-hip-bar-for-violating-norms-119072901266_1.html

6.https://economictimes.indiatimes.com/tech/internet/google-facebook-twitter-may-be-affected-framework-to-tax-big-tech-companies-being-finalised/articleshow/70458378.cms?from=mdr

7.https://economictimes.indiatimes.com/news/politics-and-nation/lok-sabha-passes-consumer-protection-bill/articleshow/70449679.cms?from=mdr

August

1.https://indianexpress.com/article/business/ikea-e-comm-operations-in-mumbai-soon-says-ceo-5893405/

2.https://www.businessinsider.in/highlights-of-mukesh-ambani-speech-at-reliance-industries-agm/articleshow/70638299.cms

3.https://www.businesstoday.in/current/economy-politics/finance-minister-nirmala-sitharaman-press-conference-live-indian-economy-slowdown-announcement/story/376264.html

4.https://www.thehindubusinessline.com/news/world/india-china-are-no-longer-developing-nations-wont-let-them-take-advantage-of-wto-trump/article29094804.ece

5.https://www.indiatoday.in/business/story/decoded-why-gold-prices-are-rising-suddenly-1592578-2019-08-28

6.https://timesofindia.indiatimes.com/business/india-business/india-slips-to-7th-largest-economy-in-2018-world-bank/articleshow/70490187.cms

September

1.https://www.hindustantimes.com/business-news/ntpc-to-build-india-s-biggest-solar-park-in-gujrat/story-i2W2YFZ8Jvg9vYYCj8TuqM.html

2.https://www.business-standard.com/article/pti-stories/india-post-starts-speed-post-service-to-six-new-foreign-countries-119091800728_1.html

3.https://www.businesstoday.in/current/economy-politics/rbi-selects-vendor-for-developing-mobile-app-to-visually-impaired-people/story/378037.html

4.https://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-puts-up-for-sale-11-npa-accounts-to-recover-dues-of-rs-1234-crore/articleshow/71035376.cms

5.https://www.businesstoday.in/current/corporate/rbi-supersedes-board-of-pmc-bank-appoints-jai-bhagwan-bhoria-as-new-administrator/story/382187.html

6.https://timesofindia.indiatimes.com/travel/destinations/seaplanes-to-be-introduced-in-the-northeast/as71395172.cms

October

1. https://economictimes.indiatimes.com/news/politics-and-nation/india-and-germany-sign-7-mous-five-joint-declarations-of-intent-exchanged/articleshow/71852738.cms

2.https://www.businesstoday.in/pti-feed/india-signs-mou-with-saudi-to-launch-rupay-card-in-gulf-kingdom/story/387377.html

3.https://timesofindia.indiatimes.com/business/india-business/upi-hits-1-billion-transactions-in-october-plans-to-go-global/articleshow/71787729.cms

4.https://economictimes.indiatimes.com/news/economy/indicators/moodys-cuts-indias-fy20-growth-forecast-to-5-8/articleshow/71515759.cms?from=mdr

5.https://brandequity.economictimes.indiatimes.com/news/business-of-brands/cheers-to-brands-43-people-in-india-are-planning-to-spend-more-this-diwali-season/70872559

6.https://www.outlookbusiness.com/markets/feature/confession-of-a-fomo-investor-5557

7.https://economictimes.indiatimes.com/wealth/personal-finance-news/psu-bank-mergers customers-of-which-banks-are-likely-to-be-impacted-and-Row/articleshow/71020548.cms?from=mdr

November

1.http://www.businessworld.in/article/Tackling-Governance-Challenges-Gaurav-Goel-Founder-CEO-Samagra-Transforming-Governance/14-11-2019-178984/

2.https://www.business-standard.com/article/economy-policy/up-allows-retail-investors-to-bid-for-govt-bonds-on-non-competitive-basis-119101501147_1.html

3.https://economictimes.indiatimes.com/markets/stocks/news/ril-becomes-first-indian-company-to-hit-rs-10-lakh-crore-market-cap/articleshow/72270982.cms?from=mdr

4.http://www.businessworld.in/article/Maruti-Suzuki-October-Sales-Up-By-4-5-To-1-53-Lakh-Units-Amid-Festive-Season/01-11-2019-178373/

5.http://www.businessworld.in/article/From-Neutral-To-Accommodative/14-11-2019-179027/

6.http://www.businessworld.in/article/Pioneer-In-Green-Energy-Kushagra-Nandan-Co-founder-President-SunSource-Energy/14-11-2019-179022/

7.https://www.globaltrademag.com/the-corruption-index-how-it-relates-to-fcpa/

8.https://www.dnaindia.com/business/report-web-portal-for-exchange-of-information-on-income-tax-launched-2802903

9.https://timesofindia.indiatimes.com/india/brics-all-you-need-to-know-about-the-11th-summit-in-brazil/articleshow/72032991.cms

10.https://www.business-standard.com/article/markets/sebi-bans-karvy-stock-broking-for-rs-2-000-crore-client-defaults-119112300172_1.html

December

1.https://www.financialexpress.com/industry/sme/swiggy-losses-mount-food-delivery-app-reports-500-jump-in-cash-burn-heres-why/1796155/

2.https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/arcelormittal-initiates-rs-42000-cr-payment-for-essar-steel-acquisition/articleshow/72587104.cms

3https://economictimes.indiatimes.com/wealth/save/transfer-money-via-neft-24x7-from-today-from-jan-1-it-will-be-free-of-cost-heres-all-you-need-to-know/articleshow/72742169.cms

4https://www.indiatoday.in/business/story/walmart-launches-desi-initiative-to-support-indian-msmes-1626669-2019-12-09

5.http://www.businessworld.in/article/India-Plays-a-Lead-Role-In-Our-Global-Transformation-WPP-CEO-Mark-Read/30-12-2019-181259/

6.http://www.businessworld.in/article/Corporate-Destination-US/23-12-2019-181028/

7.http://www.businessworld.in/article/Telecom-In-Deep-Financial-Mess-/23-12-2019-181020/

8.http://www.businessworld.in/article/Seven-Things-To-Fix-The-Economy/23-12-2019-181019/

9.:http://www.businessworld.in/article/Retail-Walk-In-Pick-Leave-/23-12-2019-181011/

10.:http://www.businessworld.in/article/A-Budget-For-5-Trillion-By-2024/23-12-2019-181009/


Published By

Department of Management Sciences,
Hindusthan College Of Engineering And Technology
Othakkalmandapam post, Coimbatore – 641032. Tamilnadu.

+91 4222930216, 2611833, 2611844

hicetmbahod@hindusthan.net Hindusthan Business School HICET_B_SCHOOL