

C'garh: Spurring  
Rural Growth

US Fed Interest Rate:  
Hike And After

Japan's \$42-bn  
Boost For India

# India Business Journal

VOLUME XVII No. 10 Rs 100

APRIL 2022

## PAPER IN TATTERS


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struggles its way out of multiple  
challenges to stay afloat.



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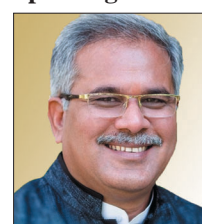


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**Designed  
To Lead:**  
Pritika Singh,  
Founder,  
Mohh



A closer look beyond the \$400-billion magic number reveals that India's share in global merchandise exports is still a minuscule 1.7 per cent.

## Beyond The \$400-Bn Feat

India's merchandise exports achieved a significant landmark last month. The country's shipments surpassed the \$400-billion mark for the first time ever with a week still remaining for the financial year to end. Exports are expected to touch \$410 billion by the end of FY22.

The export numbers are quite heartening, coming on the back of a depressing \$290 billion clocked in FY21. The export figures are also significantly higher than those achieved in the pre-COVID years of \$313 billion in FY20 and \$330 billion in FY19.

Many factors went into play in pushing up the country's shipments to a record high last year. India benefited from a global economy that was recovering from the pandemic. The resultant pent-up demand and easy money floating around in the developed economies boosted demand for imports from many countries, including India.

Concerted efforts by both Central and State governments and their agencies and by exporters themselves played a vital role in shipments hitting the magic number. Over the years, India has been widening its export basket from low-value primary commodities and raw materials. It has moved up the value chain by shipping out engineering products, other finished products and even high-value farm produce. The growth of exports in FY22 was especially driven by a stellar performance by sectors, like engineering goods, electronics products, gem and jewellery and a wide range of agricultural produce.

Equally encouraging perhaps was a detailed strategy – as claimed by the Central government – of assigning specific targets – country-wise, product-wise and Export Promotion Council-wise. The States too are believed to have been taken into confidence, and this resulted in State governments pushing their respective regions and districts to deliver on the specific shipment targets.

It would not be wrong to point out that surging energy prices and a supercycle in commodities have pushed India's merchandise exports in FY22 above \$400 billion. This point is, of course, not to deny all the sincere efforts put in by all the stakeholders concerned. The impact of rising crude oil prices on processed petroleum – one of India's major exports – and high prices of raw materials, like steel, chemicals and plastics – another leading sector for exports – has certainly pushed up the value of shipments.

Meanwhile, upswing in exports is a consequence of economic recovery across the world. However, that story has become a bit shaky after the uncertainty over Russia's invasion of Ukraine. There are fears that a long-drawn war could push up prices of crude oil further and lead to a surge in the current account deficit (CAD). In the jubilation over the \$400-billion feat, a record \$589-billion of merchandise imports with a whopping \$189-billion trade deficit has been overlooked. Higher energy and commodity prices would further spell doom in terms of trade deficit and CAD. Besides the prolonged war would further disrupt global supply chains and jack up shipping and container tariffs and hurt the economy badly.

A closer look beyond the \$400-billion magic number reveals that India's share in global merchandise exports is still a minuscule 1.7 per cent. Exports can and should become an important driver of the country's economic growth. But that can only happen through a holistic approach of raising the country's export competitiveness by improving general and port-centric infrastructure, boosting manufacturing and making it easy to do business in the country. It is now high time that the holistic approach was taken up wholeheartedly.

**Exports can and should become an important driver of the country's economic growth. But that can only happen through a holistic approach of raising the country's export competitiveness by improving general and port-centric infrastructure, boosting manufacturing and making it easy to do business in the country.**



# Expansion Via Acquisition

**N**SE-listed Globe Textiles (India) Ltd (NSE: GLOBE) – a Star exporter and leading jeans fabric manufacturer to global and domestic markets and brands since the last two decades, has informed NSE that it is in the process of acquiring a garment manufacturing and processing unit under its expansion plans. Globe is taking over the existing manufacturing units of Vivaa Tradecom Pvt Ltd, engaged in manufacturing and job work of garments and processing of fabrics.

Vivaa had total turnover of Rs 145.90 crore for the year ended March 31, 2021. After the acquisition, Globe will enhance its garment capacity and build in-house processing capacity.

The company also recently announced reappointment of its independent directors – Yogesh Kanhiyalal Vaidya and Bharat Shamjibhai Patel.

Earlier in December, the company had launched a denim brand, Orijean, a registered brand of Bhavin Suryakant Parikh, the CEO and CFO of the company. Globe has entered into a licence agreement to widen the portfolio with different brands. The vision of Orijean is to create sustainable denim wear, which is going to inspire, support, promote, explore and implement solutions to the environment crisis, craft, culture and people in every possible way, where everything is original.



Promoters Bhavik Parikh, MD (Centre); Nilay Vora, Director (Left); Bhavin Parikh, CEO (Right): Creating sustainable denim wear

“Great brands make an emotional connection with their buyers and inspire them to take actions. Brand inspiration is the foundation of your brand strategy,” the company had said in a filing to stock exchanges. Apart from jeans, Orijean’s portfolio is made up of jeans, shorts, joggers, cargo pants, T-shirts, jumpsuits and accessories for both men’s and women’s wear.

Globe operates a compliant, sustainable and futuristic manufacturing facility of sheer production brilliance dedicated to fashion garmenting for international customers. Cumulatively, the company will have production capacity spread over 2.5 lakh sq ft and housing various divisions. Together, it manufactures 36 million metres of fabric and 2.5 million bottoms per annum. Cumulatively, it will have strength of over 1,200 and a team of over 150 staff members on board.

Globe offers a fascinating range of textile, apparel and related services through innovation. Due care is taken to nurture itself with a vast product portfolio consisting of man-made and natural fibre yarns, fabrics, accessories and readymade garments.



Globe offers a fascinating range of textile, apparel and related services through innovation.

**China e-commerce sales nears India's GDP** China's e-commerce revenues at \$2.8 trillion have almost become equivalent to the Indian GDP. But India is on a spree of adding new e-commerce users with 150 million new users added in the last one month. "China's e-commerce revenues have raced ahead of the rest of the world, generating \$2.8 trillion sales in a year. It is important for companies to instill confidence in Indians, who were still sceptical to use online mode of payment," Rajiv Kumar, the principal secretary in the West Bengal government's Department of Information Technology and Electronics, said at a CII organised e-commerce conclave last month.

**Path cleared for auction of minor minerals** The Union Cabinet has approved a proposal to amend the Second Schedule to the MMDR Act to specify



**ATF breaches Rs 1 lakh for the first time** Jet fuel or aviation turbine fuel (ATF) price saw its steepest all-time hike last month. The rate was increased by 18.32 per cent to a record Rs 1,10,666.26 per kilolitre (kl) from Rs 93,530.66 per kl, according to a price notification issued by State-owned fuel retailers. The rate surged past the Rs 1-lakh-per-kl mark for the first time. Jet fuel, which makes up for almost 40 per cent of the running cost of an airline, has this year surged to new highs. This is the sixth hike in jet fuel prices in 2022 and the second in March amid a spike in global crude oil rates.

royalty rates of certain minerals, including potash, emerald and platinum group of metals. The approval would ensure auction of mineral blocks in respect of

glaucanite, potash, emerald, platinum group of metals, andalusite and molybdenum, thereby reducing imports of these minerals an official release has said. The

approval will help in generating empowerment opportunity in the mining sector as well as the manufacturing sector, which will further help in ensuring inclusive growth of a large section of society, the release has added.

**Gujarat tops NITI Aayog's export index** Gujarat has retained the top rank even as most of the coastal States have emerged better performers on the NITI Aayog's Export Preparedness Index 2021, data for which was released last month. Among the States and Union Territories, Gujarat has the highest score of 78.86 out of 100 and Lakshadweep the lowest score of 2.12. "Gujarat has topped the index with a strong display in various sub-pillars – such as export promotion policy, business environment and infrastructure," according to the report. Other coastal States, such as Maharashtra and Karnataka, occupy the index's second and third positions respectively. All three States have performed consistently across pillars, thus consolidating solid scores, the report has added.

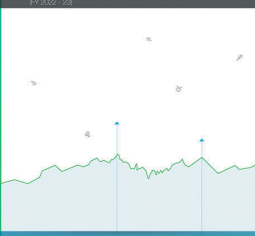
**FinMin keeps tabs on income, spending** The Union Finance Ministry (FinMin) has started daily monitoring of revenue receipts, including tax collections, as well as expenditure. The clowse watch is aimed at keeping the government's deficit within stated targets. The move comes against the backdrop of a deferment of the IPO of LIC – which was expected to fetch over Rs 60,000 crore – to the FY23 in view of the ongoing Russia-Ukraine war and its implication on Indian markets. According to officials, the daily monitoring

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of tax and non-tax revenue collections will help the government in taking timely corrective actions, wherever needed.

### 79 power sector norms eased in 2021

The government in 2021 eased 79 “burdensome” compliances of the power sector under the Ease of Doing Business-Reducing Compliance Burden (EoDB-RCB) programme, which were affecting individual consumers and industry, an official statement has said. The EoDB-RCB is a programme of the government to reduce the regulatory compliance burden on citizens and businesses. It is focused on reducing compliances related to licences, certificates, permissions, renewals, inspections, returns, filings, registers, records, decriminalisation and involves assessment of regulations, including repeal of redundant laws, the Ministry of Power has said in a statement. The ministry has started a fresh exercise this year to ease compliances further.

### Real estate scope expanded under FDI policy

The government has widened the meaning of real estate business under the foreign direct investment (FDI) policy. It now includes dealing in land and immovable property to earn profit. A press note of the Department for Promotion of Industry and Internal Trade (DPIIT) has clarified that FDI is not permitted in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights. It has added that earning of rent or income on lease of a property, not

amounting to transfer, will not amount to real estate business. FDI is prohibited in real estate business and construction of farm houses.

### India second-largest global VC hub

India is the second-largest global venture capital (VC) investment hub for digital shopping companies, growing by a whopping 175 per cent from \$8 billion in 2020 to \$22 billion in 2021, according to an official analysis. On a global scale, India came in second to the US last year, which attracted \$51 billion in investment, followed by China at third with \$14 billion and the UK at fourth with \$7 billion. Within India, Bengaluru comes out on top globally with \$14 billion worth of VC investments in digital shopping in 2021, followed by Gurugram at No 7 with \$4 billion and Mumbai at No 10 with \$3 billion.

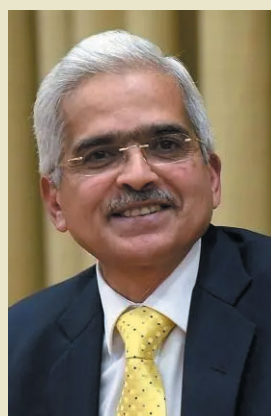
### Hotel bookings cross pre-pandemic levels

Hotel bookings for the March-May period this year has surpassed the pre-pandemic levels of the same period of 2019, led by strong domestic demand, Indian Hotels Co (IHCL) Managing Director and CEO Puneet Chhatwal has said. The head of the Tata Group hospitality company opines that the long-term outlook of the industry is going to be far more positive than it was 5 to 10 years ago, although volatility and geopolitical sentiments around the world have made it difficult to forecast beyond 100 days. He has added that bounce-back in the business is led by domestic demand as “international is very limited for ‘bubble flights’ or overseas citizen of India (OCI)”.

## Verbatim...

**“Paytm makes payments. When did it make profit? Unlike a bank, which books revenues for offering its services and reports profit, Paytm has garnered its millions of customers by offering cashbacks.”**

**Aditya Puri**  
EX-MD, HDFC BANK



**“When you inject liquidity, you are entering into what people describe as a *Chakravyuh*. At RBI, the day we announced that we have entered the *Chakravyuh* (infusion of liquidity), we have planned for an exit route too, and we would come out smoothly.”**

**Shaktikanta Das**  
GOVERNOR, RBI

**“The dizzying pace at which technology is moving and changing, it’s going to upend everything we know. We don’t even know how it’s going to upend us, but it’s going to upend us in massive ways.”**

**Indra Nooyi**  
EX-CEO, PEPSICO



**“If India has to develop, we have to see that Bharat also develops. Bharat can only develop through cooperative way of doing business because only that model takes care of small people.”**

**R S Sodhi**  
MD, GCMF

## Cabinet nod for land monetisation unit

The Union Cabinet has approved creating a new company to hold and monetise surplus land and buildings of government agencies and public sector undertakings (PSUs) that are being privatised or being shut down. The special purpose vehicle (SPV), called the National Land Monetisation Corporation (NLMC), will be set up as a wholly-owned, Government-of-India company with an initial authorised share capital of Rs 5,000 crore and paid-up share capital of Rs 150 crore, according to an official statement. With monetisation of non-core assets, the government will be able to generate substantial revenues by monetising unused and under-used assets, the statement has added. In recent months, the government is looking at asset monetisation as means of revenue generation and also boosting economic activity.

## Govt plans to sell stake in IDBI Bank

The government plans to invite expression of interest (EoI) to sell its stake in LIC-controlled IDBI Bank by the end of April. As a part of the divestment, the government is looking to sell its entire 45.48 per cent stake eventually. The government may initially look to sell around a 26 per cent stake in the bank, along with management control to attract investors. IDBI Bank became a subsidiary of LIC from 2019, following the acquisition of an additional 82,75,90,885 equity shares. In 2020, IDBI Bank was reclassified as an associate company due to reduction of LIC's shareholding to 49.24 per cent following issuance of additional equity shares



**SBI revamping mobile banking app YONO** State Bank of India (SBI) has announced plans to revamp its mobile banking application, YONO. The country's largest State-owned lender has said that the app will be revamped under the new brand ONLY YONO. SBI YONO is one of the most popular banking apps in India with more than 5.4 crore monthly active users (MAUs). The platform has witnessed more than 35 per cent growth in MAUs in 2021. The public lender had launched the 'You Only Need One (YONO)' app in 2017. The bank plans to hire a consultant that will help the lender in laying out the plans while stressing on business goals in coming five years.

by the bank under a Qualified Institutional Placement.

## IOCL to raise tank

**capacity at Mundra** Indian Oil Corporation (IOCL) will be expanding its existing crude oil tank farm capacity at Mundra Port in Gujarat. The expansion will enable IOCL – which has tied up with Adani Ports and Special Economic Zone (APSEZ), which operates the Mundra Port – to blend and handle additional 10 million tonnes per annum (mtpa) of crude oil at the port. This expansion

will also help IOCL to raise the capacity of its Panipat refinery in Haryana. IOCL is increasing the capacity at its Panipat Refinery by 66 per cent to 25 mtpa to meet the country's rapidly-growing energy requirement. IOCL, which accounts for nearly half of India's petroleum products market share, has a refining capacity of 80.55 mtpa and over 15,000 km of pipeline network.

## UCO Bank to buy 3%

**stake in IDRCL** UCO Bank has entered into an agreement to acquire a 3 per cent stake in India Debt Resolution Company (IDRCL) for Rs 1.50 crore, the bank has said. The State-owned lender has added that the acquisition will be completed within 10 working days from the date of agreement. IDRCL is a public sector asset rehabilitation agency where the stressed assets of public sector undertakings (PSUs) can be transferred. PSUs can transfer the stressed assets to the agency, hence cleaning up

their books. The intent of setting up of such an agency is to speed up the resolution process and maximise recoveries.

## Railway to open food

**plazas at stations** Indian Railways has decided to open major static commercial units, like food plazas, fast food units and multi-cuisine restaurants to generate non-fare revenue. In an order issued by the Railway Board, the authorities have handed the responsibility to zonal railways. IRCTC, the tourism and catering arm of Indian Railways responsible for providing catering facilities on trains and in its static units, has failed to set up these units in the past. This has caused loss in revenue to Indian Railways. The Railway Board has handed over this task to the zonal railways, which have been permitted to use vacant space at stations for such units.

## BPCL arms merger to improve synergy

Bharat Petroleum Corporation's (BPCL) plan to amalgamate its wholly-owned subsidiaries – Bharat Oman Refineries (BORL) and Bharat Gas Resources (BGRL) – into the company will result in more significant synergies. However, it will have no rating impact, Fitch Ratings has said. "We believe that after the amalgamation, BPCL will be able to optimise its business plan for retailing compressed natural gas at its city gas distribution (CGD) networks further in light of its 24 per cent share of the number of Indian fuel retail outlets and the potential to transform them into holistic energy stations catering to multiple types of fuel needs," Fitch has added.



## APPOINTMENTS

**Rajarshi Gupta**, the executive director of ONGC, has been appointed the managing director of ONGC Videsh, the overseas investment subsidiary of ONGC. Mr Gupta will succeed Alok Kumar Gupta, the current managing director of ONGC Videsh, who is slated to superannuate on June 30.



## LIC's public issue gets SEBI's approval

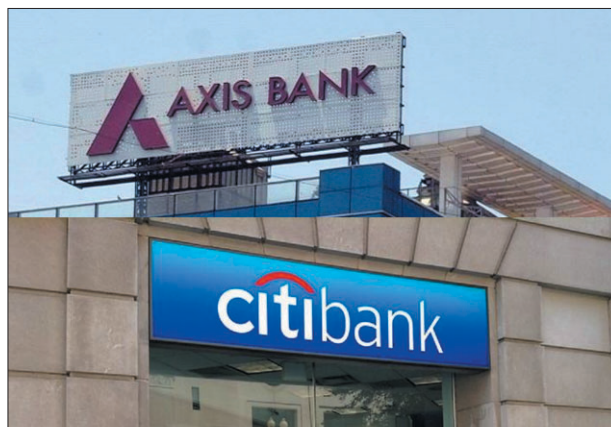
LIC's initial public offer (IPO) has received a nod from market regulator Securities and Exchange Board of India (SEBI). The approval was granted within 22 days of filing the Draft Red Herring Prospectus (DRHP) by the country's largest insurer. IPO approvals are valid for 12 months from the date of final observation by the SEBI. The government plans to sell 5 per cent of LIC's stake, which is expected to garner over Rs 60,000 crore. LIC may not launch its IPO immediately, given the current volatile market conditions. Investment bankers have said that they want to wait until the market stabilises.

## Banks recover Rs 7.34

**lakh crore of NPAs** Banks have recovered over Rs 7.34 lakh crore in the past six years and the first six months of the current financial year, the government has said in Parliament. During the past six financial years and the first six months of the current financial year, banks had effected an aggregate recovery of Rs 7,34,542 crore, in non-performing assets (NPAs) and written-off loan accounts, including those reported as fraud, Minister of State for Finance Bhagwat Karad has said in a written reply to the Rajya Sabha. The minister has added that Rs 55,895 crore had been recovered from loans declared as frauds during the same period.

## Russia-Ukraine war to hit

**Indian banks** Indian banks may face some headwinds from the Russia-Ukraine crisis, which may lead to higher inflation and some stress for borrowers, S&P Global Ratings analyst



**Axis Bank to buy Citi's consumer businesses** Axis Bank will acquire Citi's consumer businesses in India for approximately \$1.6 billion, Citi has announced in a press release. The transaction comprises sale of the consumer banking businesses of Citibank India, which includes credit cards, retail banking, wealth management and consumer loans, the statement has added. It has added that the transaction also includes the sale of the consumer business of Citi's non-banking financial company (NBFC) Citicorp Finance (India), comprising asset-backed financing business, which includes commercial vehicle and construction equipment loans as well as the personal loans portfolio. However, the deal excludes Citi's institutional client businesses in India. Following the completion of the transaction, approximately 3,600 Citi employees working in the consumer businesses in India will be transferred to Axis Bank.

Deepali Seth Chhabria has said. "The outlook on Indian banks continue(s) to remain stable, but pockets of stress may emerge due to the conflict as Indian banks already have a huge pile of weak assets, and progress on their resolution has been slow," Ms Chhabria has added. Indian banks' direct exposure to Russia and Ukraine is limited, and the

direct impact from the conflict is likely to be marginal, she has said.

**NSE begins hunt for new MD & CEO** National Stock Exchange (NSE), which is facing allegations of governance lapses, has started a hunt for a new managing director and chief executive officer as the five-year tenure of incumbent chief Vikram

Limaye is ending in July. The exchange has invited applications from candidates having IPO (initial public offer) experience for the role of the top post, according to a public notice issued recently. Mr Limaye is eligible for another term. However, according to the SEBI's rule, the incumbent needs to compete with other candidates to win the next term. Mr Limaye was appointed the NSE chief in July 2017, following the exit of Chitra Ramkrishna.

**Now, feature phones can also use UPI** RBI Governor Shaktikanta Das last month launched the country's most famous Unified Payments Interface (UPI) service for feature phones. Termed UPI123PAY, the service will allow about 40 crore feature phone users across India to access the payment service. So far, the UPI was available only across all smartphones in India. But with the latest move, feature phone users will also be allowed to send and receive payments. Speaking at the launch, Mr Das said that the UPI had recorded 453 crore transactions worth Rs 8.26 lakh crore in February 2022, which is almost double in comparison to a year ago.

**EPFO rate at 8.10%, lowest in 4 decades** The Central Board of Trustees (CBT) last month cut the interest rate on Employees' Provident Fund (EPF) to a four-decade low of 8.10 per cent for 2021-22. This is the lowest interest rate on deposits since 1977-78 that employees make towards their retirement fund. The EPF rate was 8.50 per cent in 2020-21. EPFO interest rate is still higher than those of some of the other pension organisations.



## APPOINTMENTS

State Bank of India has appointed **Nitin Chugh** as deputy managing director and head of digital banking. Mr Chugh has earlier served as MD and CEO of Ujjivan Small Finance Bank and as head of digital banking at HDFC Bank.

**Debasish Panda** has taken charge as chairman of the Insurance Regulatory and Development Authority of India (IRDAI). Mr Panda, a 1987-batch IAS officer of the Uttar Pradesh cadre, retired this January after completing his term as financial services secretary in the Union Ministry of Finance.

## Dabur's Burmans take charge of Eveready

Eveready Industries Chairman Aditya Khaitan and Managing Director Amritanshu Khaitan quit their posts last month amid an intensifying takeover of the company by the Burmans of Dabur. The Burmans had made the open offer, mandatory under the SEBI's takeover rules, after they had acquired an additional 5.26 per cent in Eveready from the open market. The Burmans were already the largest shareholder in the company with a 19.85 per cent stake, which went up to 25.11 per cent after their additional purchase of shares. Eveready had great potential and only needed direction, said Dabur India Vice-Chairman Mohit Burman.

## Invesco backs off from

**Goenka's removal** Invesco Developing Markets Fund, the largest shareholder of Zee Entertainment Enterprises (ZEEL), last month decided to withdraw its requisition notice for holding an extraordinary general meeting (EGM) of the TV and media entertainment company. The EGM notice had sought removal of ZEEL Managing Director and Chief Executive Officer Punit Goenka from the board of ZEEL. Invesco, which owns 18 per cent stake in ZEEL, has backed Zee's merger with Sony and decided not to pursue litigation against Zee. In September 2021, Invesco had put out a requisition to ZEEL to hold an EGM to address corporate governance issues at ZEE.

**Cairn lines up \$4 bn to triple oil output** Cairn Oil & Gas, a unit of Vedanta, will spend as much as \$4 billion over the next three years to more than triple its produc-



**Now Playing: Blockbuster PVR-INOX merger** Multiplex chains PVR and INOX Leisure have decided to merge to form the largest entertainment company in the country. The combined entity will become the largest film exhibition company in India, operating 1,546 screens across 341 properties in 109 cities. INOX shareholders will receive three shares in PVR for every 10 shares of INOX. After the merger, promoters of both PVR and INOX will run the merged entity with 10.62 and 16.66 per cent stakes respectively in the combined entity. "The combined entity will be named as PVR INOX with branding of existing screens to continue as PVR and INOX respectively," PVR has said in a statement.



## APPOINTMENTS

**Sanjiv Kapoor**, the president of Oberoi Hotels and Resorts, will be taking over as CEO of Jet Airways

Leading textile and apparel company Raymond has appointed **Sunil Kataria** as CEO of its lifestyle business.

**Natarajan Chandrasekaran**, the chairman of Tata Sons, has been appointed the chairman of Air India, the beleaguered airline entity acquired by the Tata Group from the government.

**Frank Torres** has been appointed president of Nissan India and region

divisional vice-president for business transformation in the AMIEO (Africa, Middle East, India, Europe and Oceania) region.

**Prabha Narasimhan** will be assuming the role of MD and CEO of Colgate-Palmolive India from September 1.

**Hisashi Takeuchi** has been named managing director and chief executive officer of Maruti Suzuki for three years with effect from April 1, 2022.

**Raj Subramaniam**, the president and chief operating officer of FedEx Corporation, will be the new president and chief executive officer of the global delivery company from June 1.

tion to 500,000 oil equivalent as high prices make investments attractive. India's biggest non-State producer, controlled by billionaire Anil Agarwal, has planned to drill more wells to explore new oil

and gas reserves across its 51 blocks in the country, Cairn Deputy Chief Executive Officer Prachur Sah has said. Cairn's average production was at 159,000 barrels of oil equivalent during three

months that ended December 31, 2021.

## Anil Ambani quits as RPower, RInfra director

Reliance Group Chairman Anil Ambani has resigned as director of Reliance Power (RPower) and Reliance Infrastructure (RInfra), following markets regulator SEBI's order restraining him from associating with any listed company. In February, the SEBI had barred Reliance Home Finance, industrialist Anil Ambani and three other individuals from the securities market for allegedly siphoning off funds from the company. The regulator had also restrained Mr Ambani and three others from "associating themselves with any intermediary registered with the SEBI, any listed public company or acting directors/ promoters of any public company which intends to raise money from the public till further orders".

## Huawei accused of cooking accounts books

The Income Tax (I-T) Department has found alleged manipulation of accounts books by Chinese telecom company Huawei for reducing taxable income in India. In February, the I-T Department had conducted searches at the main business and residential premises of "key office bearers" of Huawei. The CBDT, the parent body of the I-T Department, has alleged that Huawei "manipulated its books of accounts to reduce its taxable income in India through creation of various provisions for expenses, such as provisions for obsolescence, provisions for warranty, doubtful debts/ loans and advances, etc, which have little or no scientific/financial rationale".



# Eco-Friendly Plans



**G**G Engineering (BSE: 540614) has intimated stock exchange about the outcome of its board meeting held on March 31, 2022. The company has announced various new appointments of directors and has approved a proposal of resignation of previous serving directors of the company.

The company has appointed Om Prakash Aggarwal, Atul and Deepak Gupta as additional directors. It has further approved reconstitution of committees of the board of directors.

The company has also approved resignations of its previous directors and the board has placed their sincere appreciation for the contributions made by them during their respective tenures.

With a view to increase its product portfolio, the company has recently commenced manufacturing of GG ECO, a fully-automated system to manage the Wet/Organic/Food/Garden Waste at site through the most labour-free, energy efficient and space-efficient process.

GG ECO has feed-and-forget system, and it converts food and garden waste to soil within 24 hours. The product is completely manufactured in India.

GG Engineering was established in 2006 to cater to the rising demand for quality sheet metal and heavy steel products. The company's flagship products include smart reverse vending machines (RVMs), sheet metal components for commercial air-conditioners, and industrial diesel generator sets.

Inspired by the Swacchh Bharat Abhiyan, GG Engineering launched India's first fully-automated and smart RVMs for crushing/shredding PET bottles with the objective of enabling environment-friendly disposal of plastic waste.

GG Engineering has in its portfolio multiple products, especially in the RVM category. RVM has massive market drivers due to the fact that there is a 6.3 billion tonnes of plastic waste being accumulated globally and 79 per cent of this waste ends up in landfills. It takes on average 400 years for plastic to biodegrade and this is quite an alarming factor.

India ranks 15th globally in plastic pollution. The RVM, like the ones by GG Engineering, is very important for the country and the world to tackle



these grave problems. G G Engineering has an order from the Western Railways to install RVMs across stations with advertisement rights. These advertisement rights are an alternative revenue stream for the company and may become more prominent once more such installation projects are executed.

Inspired by the idea of making India clean and the Swacchh Bharat Abhiyan, a campaign by the Union government, G G Engineering came up with a solution that engages people to properly dispose of plastic PET bottles, aluminium cans and waste plastic milk pouch and in return get rewards.

"We think it's amazing that recycling pays. That's why we're rolling out cutting-edge recycling technology and building an amazing rewards programme. The more people we get recycling, the better off we'll all be, and both people and planet will prosper. We make it really easy and financially rewarding for people, schools, community groups and businesses to recycle beverage containers using our reverse vending machines," notes the management of GG Engineering.

The company is working towards a vision of creating a clean, waste-free environment in India. The company's mission is to reach each and every city of India and help it have a clean environment. ■

# The \$42-Billion Push

Japan's new investment plan across a range of sectors in India goes a long way in cementing bilateral ties between the two countries.

IBJ BUREAU

**T**he Indo-Japanese business ties got a big boost last month. In his first visit to India, Japanese Prime Minister Fumio Kishida announced that Japan would invest \$42 billion in the next five years across sectors.

Mr Kishida was in India to attend the 14<sup>th</sup> India-Japan Annual Summit, which was held after a gap of three-and-a-half years. Prime Minister Narendra Modi engaged with his Japanese counterpart, and the two leaders discussed a wide range of issues, from trade, commerce and business to geopolitical matters.

Both the prime ministers resolved to advance the India-Japan Special Strategic and Global Partnership further. "The two leaders shared a common vision that the economies of both the countries would be powered by robust bilateral investment and trade flows through diversified, resilient, transparent, open, secure and predictable global supply chains," noted a joint statement issued at the end of

the summit.

Both the leaders acknowledged that Japan had earlier achieved the target of investing \$33.8 billion in India set in 2014. Japan's new investment target of \$42 billion follows and exceeds the earlier target of \$33.8 billion set by then Japanese Prime Minister Shinzo Abe during his visit to India in 2014. Japan's new investment plan will include public and private spending across some major projects in the country during the next five years.

## Indo-Japanese Bilateral Trade

**\$3.170 billion**

INDIAN EXPORTS TO JAPAN

**\$7.049 billion**

JAPANESE EXPORTS TO INDIA

**\$10.219 billion**

BILATERAL TRADE

**\$3.879 billion**

INDIA'S TRADE DEFICIT

At a joint briefing, Mr Modi said: "Deepening India-Japan ties will not only benefit the two countries but will also help in encouraging peace, prosperity and stability in the Indo-Pacific region." In his statement, Mr Kishida pointed out: "The two countries share common values, and both should work towards peace and stability of the Indo-Pacific region."

### Big projects

The template of public and private spending announced at the recent summit is broadly similar to the investment target that was unveiled by Mr Abe in 2014. The 2014 investment plan revolved around building bullet train and smart cities, rejuvenating rivers, like the Ganga, and rolling out many clean energy projects.

The 14<sup>th</sup> India-Japan Annual Summit saw the two countries signing six agreements – one each on cybersecurity, economic partnerships, waste-water management, urban development, clean energy partnership and promotion of bamboo-based products from the north-eastern States as a part of the sustainable development initiative.

The agreements and the memorandums of understanding (MoUs) included loans worth Rs 20,400 crore from the Japan International Cooperation Agency (JICA) for various development projects taking shape in India. The JICA's loans are meant for projects related to connectivity, water supply and sewerage, healthcare, horticulture and conservation of biodiversity across various States.

In fact, JICA is involved in at least 27 recent and ongoing projects in India. These projects stretch across sectors such as health and medical care, transportation, power and energy, urban environment management, and agricultural and rural development, among others. JICA's transportation



PMs Narendra Modi and Fumio Kishida: Moving ahead to strengthen bilateral bonds



projects include phase-II of the Delhi Mass Rapid Transport System Project, Hyderabad Outer Ring Road Project, Visakhapatnam Port Expansion Project and the Dedicated Freight Corridor Projects.

Moreover, the Japanese agency is also financing other big infrastructure projects, such as the Mumbai-Ahmadabad High Speed Rail and the Mumbai Trans Harbour Link project. Both India and Japan contend that the bullet train project is an important symbol of India-Japan collaboration.

### Reality check

Japan's new investment target reaffirms the special strategic partnership between India and Japan. The latest meeting between the prime ministers of the two countries marks another step towards deepening regional co-operation amid an increasingly assertive China.

Interestingly, this year's Indo-Japanese summit coincided with the 70<sup>th</sup> anniversary of establishment of diplomatic relations between the two countries. It also took place during the year that India is celebrating the 75<sup>th</sup> year of independence.

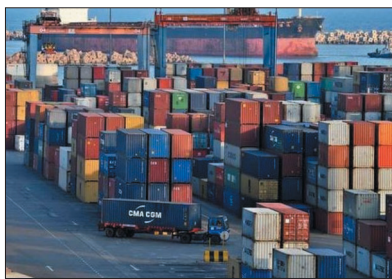
Over the years, India has taken many measures to enhance economic ties with Japan. In fact, there is a Japan-Plus Desk, incorporated in 2014 by an agreement between Mr Abe and Mr Modi, to provide facilitation and hand-holding to Japanese investors in India. This has improved comfort levels for Japan, which has become India's fifth-largest investor.

Cumulative foreign direct investment (FDI) of \$30.270 billion from Japan has flowed into India between 2000 and 2019. With this, Japan has contributed 7.2 per cent to India's total FDI inflows during the period. There are currently over 1,450 Japanese companies operating in India. Besides, Japan is the only country in the world with 12 dedicated, country-focused industrial townships in nine States across India.

However, the robust commercial



**JICA is involved in at least 27 ongoing projects – including Mumbai-Ahmedabad bullet train project – across the country.**



**Despite the CEPA, Japanese market access for Indian goods and services still remains elusive.**

ties between the two countries are not reflected in their bilateral trade numbers. The two-way trade between India and Japan stood at mere \$10.219 billion at the end of calendar year 2020 – the latest-available official data – with India having a trade deficit of \$3.879 billion.

Surprisingly, the poor trade figures are despite the two countries having signed Comprehensive Economic Partnership Agreement (CEPA) in 2011. The CEPA has slashed or abolished Customs Duties on many products. Japan has, incidentally, used this agreement to its advantage and enhanced its trade with India. But India has mostly been at the receiving end, with the Japanese market access for its goods and services still remaining elusive. No wonder, India happens to have a trade deficit with Japan.

Time and again, India has been urging Japan to review some terms of the CEPA to correct the trade imbalance

between the two countries. At the recently-ended summit too, both the prime ministers recognised the need for enhancing bilateral trade and further reviewing the CEPA for mutual benefits.

India has taken many steps to improve the business environment for Japanese investors. It is now time for Japan to reciprocate and facilitate more access to Indian businesses. For all the bullish surveys of Japan External Trade Organisation (JETRO) – a Japanese agency aimed at promoting mutual trade and investment between Japan and the rest of the world – a majority of Japanese companies who have invested in India are not in hurry to invest and expand their businesses in India. On the contrary, Japan's trade and investment in ASEAN countries is about 11 times higher than that in India. This reluctance of Japanese companies appears to suggest that Indian economy needs to further open up.

Japan is a manufacturing powerhouse, while India is an upper hand in IT and services. Japan is short of natural resources, which is in abundance in India. Japan has capital, while India has skilled labour. Japan seeks markets, while India has a flourishing huge domestic market. The two countries need to move ahead swiftly and make mutual gains.

# Hike And After



The US Fed finally raises interest rate after three long years, while emerging markets, including India, shrug off its adverse impact.

IBJ BUREAU

The long-anticipated interest rate hike by the Federal Reserve System (US Fed) finally happened last month. In mid-March, the US central bank raised the Federal Funds Rate (FFR) by 25 basis points (bps) in a range of 0.25-0.50 per cent. This is the first rate increase by the US Fed since it had hiked the rate by 25 bps in December 2018. The FFR or the benchmark interest rate was slashed and anchored near 0 per cent in a range of 0-0.25 per cent since the beginning of COVID-19 to stimulate a flagging economy.

The recent rate hike is aimed at taming a spiralling inflation, which has surged to a four-decade high of over 7.5 per cent at the beginning of 2022 compared to the inflation at the start of 2021. The runaway inflation had wreaked havoc much before the Russian invasion of Ukraine.

Prices of food products, energy sources and other commodities have been shooting through the roof since

mid-2021 as the world economy gradually opened up after the COVID-induced lockdowns. Disrupted supply chains could not keep pace with a spurt in pent-up demand for various products and services, leading to prices moving sky high.

The FFR refers to the target interest rate set by the Federal Open Market Committee (FOMC), the



“Anticipating the global policy tightening, FPIs have already exited the Indian markets, with close to \$19 billion outflows since October 2021.”

**SAUGATA BHATTACHARYA**  
Chief Economist, Axis Bank

policy-making body of the Federal Reserve System. The US Fed only sets this target rate in a range consisting of a lower limit and an upper limit. The rate itself is ultimately determined in the overnight lending market, based on the supply and demand of short-term reserves held by commercial banks. The banks are guided by the range of the FFR set by the US Fed as they go about either borrowing or lending – based on their reserve requirement – in the overnight money market. The reserve requirement is a percentage of the deposits that banks in the US have to maintain with the US Fed, similar to the Cash Reserve Ratio (CRR) maintained by Indian banks with the Reserve Bank of India (RBI).

The rate hike by the US Fed will result in a rise in the lending rate in the overnight money market. This will raise the prime rate – equivalent to the prime lending rate in India that banks charge their blue-chip borrowers. The US central bank’s rate hike will push up the cost of funds and consequently increase various lending rates across the board in the US banking and financial markets. The higher cost of money will ultimately help in reining in inflation.

The recent rate increase apart, the FOMC has set a target to raise the FFR six more times in the six remaining meetings this year. Accordingly, the US central bank is looking to take the upper limit rate of the FFR to 1.90 per cent by the year-end. The 2022 targeted FFR will be 1 per cent more than what was indicated last December. Besides, the FOMC sees three more hikes in 2023, followed by a halt in hikes in 2024.

Moreover, the FOMC has announced that it will begin reducing its holding of Treasury securities and mortgage-backed securities worth nearly \$9 trillion in a gradual manner as a part of its liquidity-tightening measures. These securities have been purchased by the US central bank



from the market over the past few years in the massive bond-buying programme or quantitative easing (QE) after the 2008 global financial crisis. The QE was specifically designed to infuse money into the market and push up economic growth. With inflation raising its head now, the US Fed is all set to reverse the QE gradually and suck out excess money in the system.

At a news conference after the last month's FOMC meet, US Fed Chairman Jerome Powell hinted at starting to slash the central bank's balance sheet from May onwards. He also added: "We are attentive to the risks of further upward pressure on inflation and inflation expectations," Powell said at the news conference. "The committee (FOMC) is determined to take the measures necessary to restore price stability. The US economy is very strong and well positioned to handle tighter monetary policy." The FOMC has raised its inflation estimate at 4.1 per cent by the end of 2022 compared with the earlier projection of 2.7 per cent in December 2021.

#### A reassuring RBI

With inflation surging, central banks across the world are gearing up to raise policy rates and tighten liquidity. Unlike the developed countries, India is also hit by slowing economic growth, along with spurring inflation. This makes the task of the RBI rather challenging. Reassuring the markets, RBI Governor Shaktikanta Das recently said that the central bank would ensure abundant liquidity in the market for the credit system to function normally.

Mr Das added that the RBI was pulling out liquidity that was provided over the last two years to support various sectors. However, he stressed that there would be enough money to meet the productive requirements of the economy.

The RBI chief disclosed that most of the liquidity that the RBI had injected had a sunset date, and a lot of



**Sustained buying from DIIs and retail investors has cushioned the Indian market from the FPIs' blow.**

it had, in fact, come back. Mr Das disclosed that the central bank had injected a total liquidity support of about Rs 17 lakh crore. Of that, banks and other finance companies had utilised about Rs 12 lakh crore. "As I speak today, Rs 5 lakh crore has already come back, and the rest will mature at the end of the third year, and some of it will also come back in



"We are attentive to the risks of further upward pressure on inflation and inflation expectations."

**JEROME POWELL**  
Chairman, US Fed

the intervening period," he added.

#### Muted impact

A hike in the US interest rate has an impact on the debt and equity markets all over the world. After the US Fed's signalling, stock prices went up across the Western markets as the higher interest rates would fetch bond investors higher returns.

However, unlike during the past US Fed rate hikes, stock markets in

emerging economies, including India, continued to rise. They shrugged off the impact of the move, resulting in huge outflow of funds by foreign portfolio investors (FPI).

As investors were expecting a rate hike for the past few months, the decision of the US central bank did not come as a surprise. Economists opine that the US rate hike will have only a limited spillover effect on India as the markets have mostly priced in the impact. Besides, monetary policy in India will continue to be anchored by domestic macroeconomic conditions rather than global factors.

"Anticipating the global policy tightening, FPIs have already exited the Indian equity and debt markets over the past couple of months, with close to \$19 billion outflows since October 2021," notes Axis Bank Chief Economist Saugata Bhattacharya. What has cushioned the blow from the FPIs is sustained buying from domestic institutional investors (DIIs), especially mutual funds and retail investors. Mutual funds alone shopped for \$9 billion of shares during this period, point out market analysts.

Unlike in the past, India's macroeconomic fundamentals are relatively robust this time around. Besides, record-high foreign exchange (forex) reserves of over \$619 billion and market-savvy DIIs and retail investors make India well prepared to absorb any external shock. ■

# Spurring Rural Growth

Many States are keen on adopting Chhattisgarh's innovative programmes that focus on promoting social progress and rural empowerment.

MUKESH SINGH

**C**hhattisgarh Chief Minister Bhupesh Baghel has redefined the concept of development. Going beyond industries and investments, the central Indian State is laying stress on social development and rural progress. With innovative programmes, it is scripting a new chapter in inclusive development.

The Chhattisgarh chief minister recently said that his government was committed to empower villages and cities financially, bring justice to the underprivileged, make people of the State prosperous, capable and self-reliant and help them develop entrepreneurial skills. Mr Baghel was addressing a programme in State capital Raipur after implementing a number of government initiatives. All across

Chhattisgarh, such programmes have ceased to be mere photo-ops and instead become platforms for implementing various government initiatives.

The chief minister added that every sector in the State was rapidly progressing. New avenues of employment had been opened and innovations had taken place. Unemployment rate in Chhattisgarh had shrunk to 1.7 per cent, way less than the national average of 7.4 per cent.

At the programme, Mr Baghel transferred a total of Rs 1,124.92 crore to bank accounts of farmers, rural landless agricultural labourers, tendupatta-collecting families, cattle-rearing villagers, women's groups directly. He also launched a web portal to review the redress of revenue-related complaints. Mr Baghel dedicated 60 new medical mobile units for

expansion of the Chief Minister's Urban Slum Health Scheme in municipal councils and nagar panchayats of the State.

The chief minister also transferred Rs 1,029.31 crore to accounts of 20.58 lakh farmers as the fourth instalment under the Rajiv Gandhi Kisan Nyay Yojana. It is noteworthy that a total of Rs 11,180.97 crore has been paid under this scheme into the accounts of farmers in the last two years.

In order to provide financial support and justice to rural landless families, the chief minister deposited an amount of Rs 71.8 crore in the bank accounts of 3.55 lakh landless families under the Rajiv Gandhi Grameen Bhumiheen Krishi Mazdoor Nyay Yojana. The chief minister added that Suraji Gaon Yojana, Rajiv Gandhi Kisan Nyay Yojana, Rajiv Gandhi Grameen Bhumiheen Krishi Mazdoor Nyay Yojana and Godhan Nyay Yojana were proving to be helpful in financially strengthening the rural economy. Under the guidance of MP and Congress leader Rahul Gandhi, a provision has been made to provide an annual assistance of Rs 7,000 to the rural landless agricultural labourer families in the State.

During the programme, Mr Baghel made a payment of Rs 13.62 crore to the cow dung vendors, Gauthan committees and women's groups under the Godhan Nyay Yojana. Under this scheme, Rs 226.18 crore has been paid by the State to cattle rearers, self-help groups and Gauthan committees. Under Shaheed Mahendra Karma Tendupatta Collectors Social Security Scheme, an insurance amount of Rs 10.91 crore has been paid to 728 tendupatta collector families.

The chief minister also expanded the scope of the Chief Minister's Urban Slum Health Scheme in the State. After the municipal corporations, this scheme has now been implemented



The State government's programmes and schemes have collectively been recognised as Chhattisgarh model of development.



in municipalities and nagar panchayats as well. In a bid to provide home access health facilities to people, Mr. Baghel flagged off 60 new mobile medical units for urban bodies.

### **Strengthening administration**

The Chhattisgarh government has rightly been empowering local administration down to the last level across the State for effective execution of social development programmes at the grassroots level. During the same programme, Mr Baghel inaugurated four new sub-divisions and 23 new tehsils in the State and gave a fillip for further decentralisation of power.

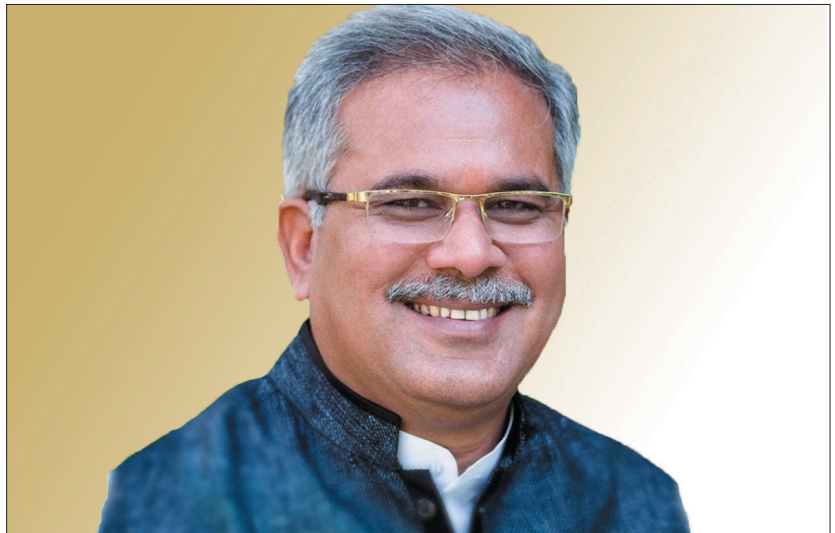
During the programme, the chief minister announced that the honorarium and financial powers of chairman, vice-chairman and speakers of all municipal corporations and councillors, of all municipalities would be doubled. Likewise, the amount of funds for mayors, chairmen and councillors would also be increased by one-and-a-half times.

Mr Baghel announced a sanction of Rs 579 crore to all urban bodies of the State for infrastructure development and public utility works. This includes sanction of Rs 10 crore each to municipal corporations, Rs 5 crore each to municipalities and Rs 3 crores each to nagar panchayats for development works.

### **Chhattisgarh model**

Speaker of Chhattisgarh Legislative Assembly Dr Charan Das Mahant presided over the programme. Speaking on the occasion, Dr Mahant said that by following the path shown by Mahatma Gandhi, the Chhattisgarh government had brought justice to every section of society. MPPL Punia said that revolutionary schemes were being run by the Chhattisgarh government to provide direct financial help to the general public. This would improve the economy and reduce unemployment.

Agriculture Minister Ravindra Choubey added that the Jharkhand



**Chhattisgarh Chief Minister Bhupesh Baghel is scripting a new chapter in inclusive development.**

## **A Leg-Up For Local Administration**

**U**nder the leadership of Chief Minister Bhupesh Baghel, the State government is continuously working to bridge the gap between people and the administration through administrative decentralisation. Accordingly, the chief minister recently inaugurated four new revenue sub-divisions and 23 new tehsils in the State.

With this addition, Chhattisgarh will now have 100 sub-divisions and 202 tehsils. The creation of new administrative units is expected to facilitate smooth implementation of government schemes and strengthen administration at the grassroots level.

government had decided to implement the Godhan Nyay Yojana of Chhattisgarh. Forest Minister Mohammad Akbar pointed out that Shaheed Mahendra Karma Tendupatta Sangraha Samajik Suraksha Yojana had been started by the Chhattisgarh government under the guidance of Mr Baghel to provide

social security to families of people engaged in collection of tendu leaves.

Urban Administration Minister Shiv Kumar Dahriya said that keeping in view the success of Chief Minister's Urban Slum Health Scheme in municipal corporation areas, the scheme had now been expanded to municipalities and nagar panchayat areas. Revenue Minister Jai Singh Agrawal noted that under the leadership of Mr Baghel, 85 new Tehsils had been announced as a part of administrative decentralisation in the State.

The Chhattisgarh government's many innovative initiatives, such as Godhan Nyay Yojana, Suraji Gaon Yojana and collection and processing of minor forest produce, among others, have positively helped in transforming the rural economy and villages in the State. In fact, the State's Godhan Nyay Yojana has found appreciation across the country and many State governments are looking forward to adopt this scheme in their respective States. Moreover, the State government's programmes and schemes are being widely discussed across the country and have collectively come to be recognised as the Chhattisgarh model of development. ■

# PAPER IN TATTERS

A highly-potential paper industry struggles its way out of multiple challenges to stay afloat.



## Paper Industry At A Glance

DEEPA MENON

**T**he Indian paper industry is in tatters. Crushed by COVID-19, the industry is looking for respite and revival, with economic activities returning to normal.

Before the pandemic struck two years ago, the domestic paper industry was one of the fastest-growing markets in the world, expanding at about 7 per cent annually. The viral pandemic hit the paper industry very badly with schools, colleges and offices closed during many rounds of lockdowns.

The lockdowns battered the sales of writing and printing paper – a major segment, making up around 35 per cent of the industry's sales and used in textbooks, notebooks, office stationery and copier paper, among oth-

**600+**  
NO. OF PAPER MILLS

**17 mt**  
TOTAL PRODUCTION

**Rs 69,000+ crore**  
TOTAL REVENUE

**7%**  
AVERAGE ANNUAL GROWTH RATE

**Rs 4,500 crore**  
ANNUAL EXCHEQUER  
CONTRIBUTION

**5,00,000 people**  
DIRECT EMPLOYMENT

**15,00,000 people**  
INDIRECT EMPLOYMENT

**4%**  
SHARE OF GLOBAL MARKET

**2 mt**  
PAPER IMPORTS

*All figures as of March 31, 2021*

ers. "Lockdowns during the second wave lingered on longer than expected, and with schools and colleges shut, the writing and printing paper segment – a major contributor to the paper industry's revenues – was the worst affected," reveals Deepak Mittal, the president of the Federation of Paper Traders' Association of India (FPTA).

Paper manufacturers were fortunately saved by a robust demand for packaging paper, including kraft paper, which contributes around 55 per cent of the total sales. Packaging paper – used in packing all types of products, including food, pharmaceutical and consumer goods – has been in huge demand with a spurt in e-commerce driving up the need for packaging goods.

Despite brisk sales of packaging paper, overall plunge in demand for



other segments pulled down profits of many big paper companies. Moreover, around 200 small and medium paper mills have shut down in the past few years, with a majority of them shutting shop in the last two years. The remaining over 600 big and small paper manufacturers are struggling to stay afloat amid many problems.

As demand slid, many paper mills slashed production, bringing down the average capacity utilisation of the industry to around 50 per cent. The Indian paper market, which had churned out about 20 million tonnes per annum (mtpa) of paper in 2019-20, saw the volumes contract by about 15 per cent to 17 mtpa in 2020-21. According to rating agency CRISIL, the viral pandemic resulted in shaving off about 8 per cent or around Rs 6,000 crore of the industry's overall revenue of over Rs 75,000 crore last year.

#### Post-COVID chaos

If Coronavirus spelt doom for the domestic paper industry, a post-COVID world has turned out to be equally devastating. The global economy – having opened up since the latter part of 2021 – has been confronted with a unique set of problems. A worldwide explosion of demand; a severe lag in supply, along with supply chain disruptions; runaway inflation of energy sources, commodities and other goods; severe shortage of ships and containers; and surging prices of chemicals and various vital raw materials have thrown various industries, including paper, out of gear. Besides, Russian invasion of Ukraine has only made matters worse.

Industry veterans admit that the Indian paper industry is going through a crisis that has not been seen in a long time now. Imports make up about 70 per cent of waste paper – an important raw material used to make paper – requirement. The cost of the already-costly raw material is further pushed up with severe shortage of ships and containers jacking up freight and container rates. “Total shipping costs



“Beyond the economic benefits to industry and country, the paper industry adds enormous value in creating farmers’ livelihoods and generating farm income in remote and backward areas.”

**VADIRAJ KULKARNI**  
CEO, ITC-Paperboards

have increased from around \$1,500 to \$5,000 and above. On top of this, if we ask for 20 containers, we get barely five or six. This has led to huge short-

age and high prices of waste paper imports,” rues Mumbai-based Laxmi Board and Paper Mills Director Rajesh Modi.

High cost of energy is, in the meanwhile, upsetting the calculations of paper-makers. Deficit of coal has led to the Centre according priority for coal to power plants over all other industries, thereby badly hitting paper mills. Apart from high costs, adequate and timely unavailability of coal has forced paper mills to curtail their operation and thus eroded their profit margins.

#### Raw deal

Incidentally, COVID has not been the only bane for Indian paper industry, which has had its fair share of problems for a long time. A major problem

## India's Paper Consumption Spread

### SPECIALITY PAPER

Printing cheques, bond papers, certificates, etc

All figures as of  
March 31, 2021

### WRITING AND PRINTING PAPER

Textbooks, notebooks, books, office stationery, etc

### TISSUE PAPER

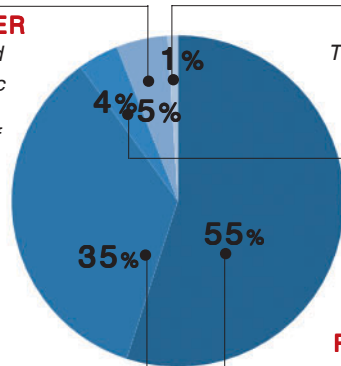
Toilet paper, handkerchief, kitchen tissue rolls, etc

### NEWSPRINT

Newspapers and magazines publishing

### PACKAGING PAPER

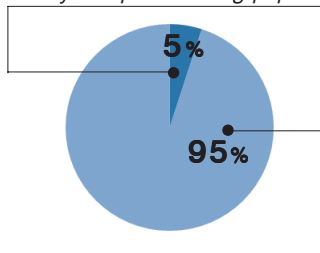
Packaging for food, pharmaceutical, consumer goods, etc



## Paper Mills

### Organised Sector

Mostly comprised of big paper mills

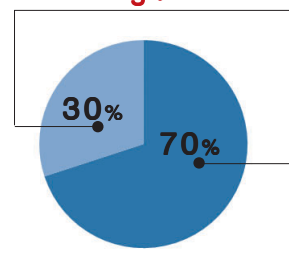


### Unorganised Sector

Mainly made up of small and medium paper mills

## Share of Total Production

### Organised Sector



### Unorganised Sector

## Tonnes Of Problems

- Severe shortage of ships, containers, coal and other inputs leading to a spurt in their rates and prices
- Flood of paper imports from ASEAN and other Asian countries, mainly triggered by preferential treatment accorded by FTAs
- Industry hammered down by huge dependence on import of waste paper, a major raw material
- Waste paper prices almost tripled to Rs 28 per kg in past two years
- Domestic sources of pulpwood scattered across small areas and pushing up cost of collection and transportation
- Imports of pulpwood steadily rising, adding to cost of paper production
- Indian paper companies uncompetitive in comparison to their global peers because of high raw material, logistical and energy costs
- Rising export of kraft paper, a major raw material in making packaging paper, to China – which hit over 2 mt in FY21 – leading to domestic shortage and hurting packaging paper-makers and packaging industry

is India's free trade agreements (FTAs), especially with the Association of South East Asian Nations (ASEAN), which have been impacting the paper industry. These FTAs have provided preferential treatment of tariffs for import of paper, leading to cheaper imported paper flooding the Indian market, which touched around 2 mt in FY21.

The Indian Paper Manufacturers'

Association (IPMA) has time and again asked the government to intervene and change the import policy of paper from free to restricted category. This would permit paper imports only on the basis of actual user licence and halt indiscriminate imports from China, ASEAN and other Asian countries.

"We have asked the government to take steps – such as imposing Safeguard Duty – to stop dumping of pa-

per from southern Asian countries, like Japan, Korea and China, as it has an impact on the domestic paper industry," notes A S Mehta, the president and director of JK Paper, who is also the president of IPMA.

The biggest challenge for the industry is, of course, availability of raw materials at affordable prices. Interestingly, the types of raw materials used by the Indian paper industry are closely linked to its structure. Like most of the industries, the domestic paper sector too is largely fragmented and in the unorganised segment. In fact, about a whopping 95 per cent of the country's paper mills – most of them medium and small units – are in the unorganised segment. These mills roll out around 70 per cent of the domestic paper production, and they often use a combination of waste paper and agricultural waste as their main raw materials.

On the other hand, big paper mills are a part of the organised sector, which constitutes a microscopic minority of a mere 5 per cent of the Indian paper industry. These big mills produce about 30 per cent of the country's total paper production, using a combination of wood pulp and other waste products – which may be waste paper or agro waste – as their chief raw materials.

Waste paper – which is recycled and used as a main raw material to churn out about 70 per cent of the paper manufactured in the country – has always been a scarce resource in India. Only 30 per cent of this raw material is domestically sourced, and the rest of it is imported. This huge dependence on imports has left a majority of Indian paper manufacturers at the mercy of unsteady availability and high prices of waste paper.

In recent years, consistent efforts have been made by the industry and the local administration to step up and streamline collection of waste paper in the country. However, these efforts have not yielded much result in en-



Quality of domestic recycled fibre is inferior as it contains very little amount of long fibre raw materials.



hancing the quantum of waste paper for the industry. Moreover, the quality of domestic recycled fibre is not up to the mark. It contains very little percentage of long-fibre raw materials, like soft wood, which imparts strength to paper. So, inadequate quantity and insufficient quality of domestic waste paper force paper manufacturers to rely on imports for most part of their raw material needs, thus adding to their cost of operation.

Interestingly, the Western world generates a lot of waste paper at about 350 kg per capita per year as against a mere 30 kg in India. This has facilitated waste paper imports into India. However, in recent years, imports have been falling, especially because of COVID's impact on supply chains. Industry players also opine that the drop in imports could also be because some European countries have begun recycling waste paper.

Domestic waste paper prices have almost tripled in the past two years from about Rs 10 to around Rs 28 per kg, thanks to its severe shortage both in India and abroad. "The situation is getting worse by the day with regard to waste paper. This has resulted in paper mills cutting their operations to two to three days a week," points out Rajesh Sundrani, the executive director of Chennai-based SBS Paper Recycling.

Agro waste, another raw material used in small quantity in making paper, presents its own set of problems. There are significant competing uses of this fibre which generally takes priority over paper industry. For example, wheat straw is often prioritised as cattle feed, whereas sugar mills prefer to use bagasse as fuel for power generation. Only the excess of these agro waste products are sold to the paper industry, leaving it perpetually short of vital inputs.

Luckily, the situation on the pulpwood front is not as gloomy as that of waste paper. However, this fibre is employed in a mere around 30 per cent



**COVID shaved off about Rs 6,000 crore of the industry's revenue of Rs 75,000 crore last year.**

of paper produced in the country. Paper mills could access about 8 mt, or around 73 per cent, of pulpwood of its total requirement of 11 mt domestically in FY21. The industry had to import only 3 mt or 27 per cent of its needs during the last financial year.

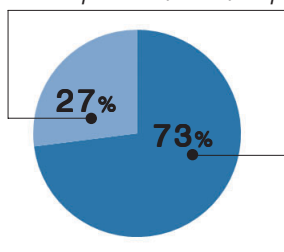


"Lockdowns during the second wave lingered on longer than expected, and with schools and colleges shut, the writing and printing paper segment was the worst affected."

**DEEPAK MITTAL**  
President, FPTA

## **Organised Sector**

**Share of imported raw materials**  
*Pulpwood and waste paper*



**Share of domestic raw materials**  
*Pulpwood and waste paper or agro waste*

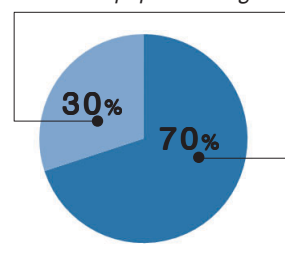
But the cause for concern is that import of pulpwood is steadily rising over the years even as domestic availability is shrinking. This segment of the industry, which comprises big paper companies, has been able to source pulpwood from within the country through social forestry – plantation on barren land – and farm forestry – plantation on farmlands.

In both social forestry and farm forestry, paper industry has been engaging with farmers and other people to grow trees suitable for paper mills and has been remunerating them. These initiatives have been providing livelihood to a large number of farmers and other sections of society even as the industry gets a steady source of raw material.

However, with domestic supply of pulpwood waning, the industry has been requesting the government to

## **Unorganised Sector**

**Share of domestic raw materials**  
*Waste paper and agro waste*



**Share of imported raw materials**  
*Waste paper*



**Big paper mills source pulpwood through social and farm forestry, providing livelihood to farmers in rural areas.**

allot degraded revenue and forest lands for expanding its social forestry programme. This will provide sufficient pulpwood to industry, cut down imports and, at the same time, result in generation of employment for unskilled people in rural areas. But the government is yet to respond favourably to this request.

In fact, major paper-producing countries of Latin America, Europe and Asia, including China, Indonesia and Malaysia, among others, have adopted a policy of granting forest concessions to large paper mills to plant, protect and harvest pulpwood in a cost-effective manner. With the government yet to allow such a prac-



**“We have asked the government to take steps – such as imposing Safeguard Duty – to stop dumping of paper from southern Asian countries as it has an impact on the domestic paper industry.”**

**A S MEHTA**  
President, IPMA

## Opportunities Ahead

- Return of demand for writing and printing paper with resumption of schools, colleges and offices
- Rosy outlook for newsprint amid rising sales of newspapers and magazines
- Packaging paper on a roll, buoyed by surge in e-commerce driving up packaging activities
- A variety of paper products in big demand to replace banned single-use plastic
- A spurt in sales of upstream paper products, like tissue paper, tea bags, filter paper, medical-grade coated paper, etc
- Peak demand still far away, with Indian per capita paper consumption around 13 kg, much lower than global average of 57 kg

tice in India, the industry is carrying on social and farm forestry. But these initiatives, carried on mostly in small and scattered areas, increase the cost for paper mills to collect and transport wood to their mills.

All in all, cost of raw materials – be they waste paper, agro waste or pulpwood – for paper manufacturers in India has been continuously rising. This has made Indian paper companies uncompetitive in comparison to their global peers.

As if the current troubles were not enough, the booming packaging paper manufacturers and the packaging industry find themselves in hot water today. The reason for their distress is the severe deficit of kraft paper – one of the widely-used types of paper for making packaging paper – and there is a China connection to this problem.

Since January 1, 2021, China has banned import of solid waste, including waste paper, into the country to tackle rising pollution. This has created a peculiar situation, with Chinese packaging paper companies importing recycled kraft pulp rolls instead of waste paper to produce packaging paper. The Chinese ban has created a window of opportunity for some Indian kraft paper-makers and traders. India, which never used to export kraft paper to China, has shipped out over 2 mt of the vital packaging material input to China in FY21.

The kraft paper exports are rising rapidly and badly hurting domestic packaging paper manufacturers and the packaging industry. The shortage of kraft paper has come at a time when there is a surging demand for packaging materials, like corrugated boxes or cartons, amid the e-commerce boom.

“India was never exporting paper to anyone in the world because the paper quality and technology were not on a par with the rest of the world. But because of this ban, China has become so hungry that it is ready to import anything. We are now struggling because there is a severe short-



age of kraft paper,” reveals Kirit Modi, the president emeritus of the Indian Corrugated Case Manufacturing Association (ICCMA).

### Big opportunities

Undoubtedly, the Indian paper industry is going through one of its worst crises. Yet, contrastingly, the current phase also happens to present an array of opportunities that could catapult the domestic paper industry to higher levels of growth.

Economic activities have resumed and are nearing pre-COVID levels across many sectors. Besides, resumption of schools, colleges and offices has scaled up consumption of writing and printing paper. Return to normal activities has boosted sales of newspapers and magazines and breathed life back into the newsprint segment.

A spurt in e-commerce, which took off during the viral pandemic, has maintained the growth momentum. This is set to provide a huge leg-up for the packaging paper segment. “Stronger-than-anticipated growth in e-commerce sales due to increasing safety and hygiene consciousness, healthy double-digit growth in domestic pharmaceutical sales and revival in consumer durable sales are driving demand for packaging paper,” points out Anuj Sethi, a senior director of Crisil Ratings.

Meanwhile, ban on single-use plastic bags and a narrative built on harmful effects of plastic have led to paper regaining favour as one of the preferred, eco-friendly packaging material. Paper bags, cups and other paper-based products gained prominence in food and beverage and other industries. Rising demand for upstream paper products – such as tissue paper, tea bags, filter paper, lightweight online coated paper and medical-grade coated paper – has announced the elevation of humble paper into a higher realm.

The Indian Paper Manufacturers’ Association (IPMA) reveals that per



Around 200 small and medium paper mills have shut down in the past few years amid growing challenges.

## Redeeming Paper Industry

- Correcting preferential treatment for paper imports into India in FTAs
- Changing paper import policy from free to restricted category
- Clamping Safeguard Duty and other levies to discourage flooding of imports into India
- Streamlining waste paper collection by government to provide livelihoods to people and raw material to paper industry
- Government allotting degraded revenue and forest lands to industry to help secure pulpwood and also provide livelihoods to people in rural areas

capita paper consumption in India is around 13 kg, much lower than the global average of 57 kg. The data speaks volumes about the huge growth potential of the domestic paper industry.

From the country’s first paper mill, set up in Serampore in West Bengal way back in 1832, the Indian paper industry has advanced in unimaginable ways. The Indian paper industry – accounting for about 4 per cent of the global market – contributes around Rs 4,500 crore annually to the exchequer through taxes and other levies. The industry provides direct employment to about 5,00,000 people, while supporting the livelihood of around 15,00,000 people indirectly.

“Beyond the economic benefits to industry and country, the paper in-

dustry, adds enormous value in creating farmers’ livelihoods and generating farm income in remote and backward areas. It also aids in sequestering of carbon through the plantation programmes,” points out Vadiraj Kulkarni, the CEO of ITC-Paperboards & Specialty Papers.

The future of Indian paper industry looks extremely positive seen from these perspectives. However, it is trapped in some mid- and short-term challenges – such as FTAs-triggered imports of paper into the country and a lack of adequate domestic sources of raw materials. The industry has been trying beyond its control to address these issues and hope that the government should step in and ease these hurdles.

# “Make Course Corrections Based On Facts”

“In business and in life, there will always be people ahead of you. Never feel dejected by their superior success. What matters is did you put your best foot forward as outcome is a function of many factors.”

**K**rishna Kumar Karwa considers himself as one of the fortunate few whose passion and profession are on the same track. A rank-holder chartered accountant, who has always been passionate about stock market, the managing director of Emkay Global Financial Services, has built a strong reputation for himself and his company in the market circles.

Mr Karwa co-founded Emkay Global Financial Services – a public listed company based in Mumbai – along with his friend Prakash Kacholia at the age of 30. The leading financial services company – spanning a wide range of clientele, including foreign institutional investors, mutual funds, hedge funds, banks, insurance companies, private equity firms and corporate houses, among others – has more than 500 employees and presence in over 100 cities across the country. With specialisation in research-focused equity investing, corporate advisory and wealth management services, Emkay has emerged as one of the sought-after financial services companies in the country.

Mr Karwa is a frequent guest on business television networks, such as the *CNBC* and the *ET NOW*, where he discusses the current developments and the outlook of the financial markets. He has rich and varied experience of over 28 years in all aspects of the capital markets and leads the research, portfolio management services and corporate advisory divisions of Emkay Global Financial Services.

A fitness enthusiast, Mr Karwa devotes a good amount of time in building and sustaining robust health. For him, an early morning workout with his fitness instructor is a necessity. He is also involved in a number of charity and social projects. Mr Karwa is a trustee of Rajasthani Sammelan, a Mumbai-based educational organisation. He is also a director of West Coast Paper Mills. Mr Karwa strongly believes that keeping an open mind for new thoughts, ideas and experiences is the key to sustained success in personal and

business lives.

In an interesting and wide-ranging conversation with **Sharmila Chand**, Mr Karwa reveals his management thoughts and practices that have helped him in building a successful business.

## What are your five management mantras?

- **Client first:** Always strive to provide better for the client.
- **Empower your team:** Be ready to accept failures as long as the effort was genuine.
- **Learning is a continuous process:** Keep upgrading your skills, learning, especially from your younger team members.
- **Communicate, communicate & communicate:** Communicate with all stakeholders, irrespective of good or bad news.
- **Negotiation is a fine art:** Negotiate hard, but don't stretch things beyond a point. Look at the long-term implications.

## Would you share with us the turning point in your life related to your career?

The biggest turning point was to venture out on our own and start Emkay Global Financial Services rather than working for others. After that, there has been no looking back.

## What is the secret of your success?

At Emkay, we never cut corners or compromise on quality. We always think and act long term, and we are never transactional in our relationships.

## What is your philosophy of work?

You win some, and you lose some. Savour your victories, and learn from your losses.

## Is there any particular person that you admire who has inspired you?

It is very difficult to name one as different personalities impress you for different things at different points in time. However, one enduring inspiration is from one of our clients who, at the age of 75, was enthusiastically adapting to changing technology and managing his pan-India business empire. One is never too old to learn, and one who stops



learning is bound to be left behind.

**What is the best advice that you have got?**

In business and in life, there will always be people ahead of you. Never feel dejected by their superior success. What matters is did you put your best foot forward as outcome is a function of many factors.

**Who is your sounding board?**

My wife and children bring a different perspective and don't hesitate in pointing out my shortcomings or faults.

**What are your favourite books, and why?**

*Factfulness* by Hans Rosling changed the perception of the world and helped understand the progress made by mankind over the years.

*Fooled By Randomness* by Nassim Nicholas Taleb shows how and why everyone should understand the survivorship and hindsight biases as well as the difference between conditional and unconditional probability.

*Outliers* by Malcolm Gladwell teaches you to pay more attention to the background of successful people. You will get many insights from the book, and the trends will be similar across many such successful people.

**What is your fitness regime, and how do you keep yourself fit?**

Physical fitness is a function of right food intake with proper gym training with some cardio and Yoga. For mental fitness, proper sleep and regular introspection on whatever interests you on a particular day are important.

**What are your five mantras for success in business?**

- **Clarity of vision:** What are the objectives of the firm? They must be properly communicated to all stakeholders.
- **Ability to build and sustain a team:** One cannot build a business without a stable team that believes in the vision of the leader.
- **Ability to understand one's own capability:** A leader should know his capacity and play the game to one's strength than be taken in by what the world or competition is doing.
- **Willingness and ability to course-correct:** A leader should be able to make course corrections based on emerging facts rather than being rigid or unwilling to accept the changing business environment.



**KRISHNA KUMAR KARWA**  
*Managing Director,*  
**Emkay Global Financial Services**

- **Stay focussed on your goals:** Focus on goals is a very important ingredient for a successful business. Don't spread yourself too thin with no scope for leadership in any business segment.

**What message on management would you like to convey to youngsters?**

My advice to the younger generation would be not to take yourself too seriously. As in real life, EQ (emotional quotient) is more important than IQ (intelligence quotient).

**Lastly, how would you define yourself in one sentence?**

I am an optimist, always looking for a silver lining in the worst of scenarios. ■

*Write to us at [chand.sharmila@gmail.com](mailto:chand.sharmila@gmail.com)*

“Focus on goals is a very important ingredient for a successful business. Don't spread yourself too thin with no scope for leadership in any business segment.”

## Warren Buffett snaps up

**Alleghany** Warren Buffett's Berkshire Hathaway has struck an agreement to buy insurance company Alleghany Corp for \$11.6 billion. The acquisition comes only weeks after the 91-year-old billionaire had bemoaned a lack of good investment opportunities. Alleghany, the owner of reinsurer Transatlantic Holdings, would expand Berkshire's large portfolio of insurers, which includes auto insurer Geico, reinsurer General Re and a unit that insures against major catastrophes and unusual risks. "Berkshire will be the perfect permanent home for Alleghany, a company that I have closely observed for 60 years," Buffett – who has run Berkshire since 1965 – has said.

## US consumers to spend \$1

**trn online** US consumers' spending on e-commerce is expected to hit a record \$1 trillion this year, thanks to the pandemic-driven shift to online shopping, a report from Adobe Analytics has showed. The forecast represents a jump of 13 per cent from 2021 and follows a total spend of \$1.7 trillion over the course of two years of the COVID-19 crisis, starting March 2020. For 2022, the National Retail Federation (NRF) has forecast non-store and online sales to grow between 11 and 13 per cent to a range of \$1.17 trillion to \$1.19 trillion.

## M&S CEO Rowe to step

**down** Steve Rowe will step down as chief executive of Marks & Spencer (M&S) in May after six years in the job. The British retailer has opted for continuity by choosing two of his senior



**Amazon buys MGM for \$8.5 bn** Amazon has closed its \$8.5-billion acquisition of movie and TV studio MGM. The deal gives Amazon control of one of Hollywood's most storied brands, with a catalogue of more than 4,000 film titles, including the James Bond and *Rocky* franchises and classics such as *The Silence of the Lambs*. Amazon's purchase of MGM was first announced last May. The transaction was thought to be in the crosshairs of the Federal Trade Commission, led by Amazon critic Lina Khan. The Biden administration has signalled its opposition to tech giants growing too big and powerful. But the deadline for the FTC to intervene has now passed.

lieutenants as his successor. Current joint chief operating officers Stuart Machin and Katie Bickerstaffe will take over Mr Rowe's responsibilities as the company's CEO and Co-CEO respectively. Mr Rowe, who had joined M&S at the age of 15 before rising through the ranks, will step down after the food and clothing retailer reports annual results on May 25.

## EU's tough law curbs tech

**giants** The EU has agreed to a new law that would allow for multi-billion euros in fines and a ban on acquisitions for the worst offenders. The new digital market law, approved by negotiators in Brussels late last month, targets so-called gatekeeper companies – platforms like Facebook and Google – with the power to regulate distribution in their markets. The main rules legislated for gatekeepers include: making their messaging apps

interoperable to prevent users from being connected to a network and allowing users to choose the default search engine, web browser and virtual assistant when purchasing a new smartphone.

## Asia gets Russian oil

**despite sanctions** Millions of barrels of Russian oil are still finding a way to buyers more than a month after the country first invaded Ukraine. This has tempered concerns that a sanctions backlash will all but choke off supply and cause the market for physical cargoes to overheat. India's oil refiners have grabbed multiple cargoes of Russia's flagship Urals crude oil last month, potentially supplanting the Middle Eastern varieties they normally purchase from Abu Dhabi and Iraq. Meanwhile China's private processors are still thought to be targeting their favoured cargoes from the

east of Russia, likely at knock-down prices.

## Richest Russians lose

**over \$45 bn** The impact of Russia's invasion of Ukraine is now reflecting in the net worth of the country's elite businesspeople known to control vast fortunes. The economic sanctions imposed by the West have seen Russia's wealthy individuals incur significant losses in 2022. Data acquired and calculated by Finbold indicates that Russia's top-ten wealthiest people have cumulatively lost \$45 billion from their net worth in 2022 as of March 22. The group currently controls a combined fortune of \$179.70 billion. Russia's third-richest person and main shareholder in gas company Novatek, Leonid Mikhelson, has suffered the most losses at 33.3 per cent.

## Investors told to review

**portfolios** With global recession looking increasingly likely this year, investors should review their portfolios sooner rather than later to mitigate avoidable risks, warns the CEO of one of the world's largest independent financial advisory organisations. The warning from deVere Group's Nigel Green comes as major economies around the world experience slower growth in 2022. "International supplies are now at breaking point, and this, in turn, negatively impacts global production and, therefore, output, investment and jobs," Mr Green has said. The head of the IMF had recently said that the organisation was set to downgrade its global economic growth forecast due to the impact of Russia's invasion of Ukraine. ■



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# An Inspiring Journey

This book is the story of Arundhati Bhattacharya's life as a banker and the challenges she faced in a male-dominated bastion.

**G**rowing up in the sleepy towns of Bhilai and Bokaro, Arundhati Bhattacharya never imagined that one day she would go on to chair India's largest bank. It was sheer chance that she came to know of the bank probationary officers' entrance examination through a friend. She applied, was selected and went on to have a glorious banking career spanning four decades.

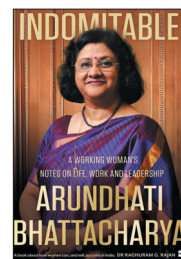
This book is the story of Ms Bhattacharya's life as a banker and the challenges she faced in a male-dominated bastion. She takes the reader through her childhood and early education in the 1960s, getting to Kolkata for her college education and then into State Bank of India (SBI), where she started her career.

*Indomitable*, the title of the book is the English equivalent of the Sanskrit word Arundhati – the wife of sage Vasishtha, one of the seven sages (*saptarshis*) and also identified with the morning star –and it admirably fits Ms Bhattacharya's struggle to balance her personal and

professional lives. Moreover, what is even more striking here is the constant effort to excel at work and leave SBI stronger at the end of her career.

The life of a woman banker with a family in a frequently-transferrable job is not easy. In Ms Bhattacharya's life too there were breaking points when she almost thought of quitting her career to balance her personal aspirations with her family's needs. But she did not give up. Instead, she faced her challenges with humour and positivity and took up every assignment as a new chapter in learning

INDOMITABLE



**Author**  
ARUNDHATI  
BHATTACHARYA

**Publisher**  
HARPERBUSINESS

**Pages:** 312

**Price:** Rs 699

# A Good Investment Manual

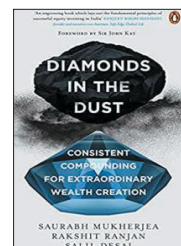
**O**ver the last few years, there has been a growing realisation among Indians that their life's savings, the bulk of which are parked in physical assets, like real estate and gold, are unlikely to help them generate sufficient returns to fund their financial goals, including retirement. At the same time, many have lost their hard-earned money trying to invest in financial assets, including debt and equities. Such losses have occurred due to many reasons, such as corporate frauds, weak business models and misallocation of capital by the companies in whose shares unsuspecting investors parked their savings. What options do Indian savers then have to invest in and build their wealth?

This book offers Indian savers a simple, yet highly-effective, investment technique to identify clean, well-

managed Indian companies that have consistently generated outsized returns for investors. The book uses case studies and charts to help readers learn the art and science of investing in the \$3-trillion Indian stock market.

The book also debunks many notions of investing that have emerged from the misguided application of Western investment theories in the Indian context. Vital and indispensable, this book will serve as the ultimate manual on investing and provide practical counsel to readers to achieve their financial goals.

DIAMONDS IN THE  
DUST



**Authors**  
SAURABH MUKHERJEA,  
RAKSHIT RANJAN  
& SALIL DESAI

**Publisher**  
PENGUIN RANDOM  
HOUSE INDIA

**Pages:** 337

**Price:** Rs 478

## About the authors

**Saurabh Mukherjea**, an alumnus of the London School of Economics, manages Marcellus Investment Managers. He was earlier CEO of Ambit Capital and co-founder of Clear Capital (UK). **Rakshit Ranjan** manages Marcellus' flagship Consistent Compounders fund. A BTEch from IIT (Delhi) and CFA charter holder, he has over 16 years of experience in equity investing. **Salil Desai**, a chartered accountant and MBA graduate, has spent over 16 years covering diverse sectors in the Indian equity markets. He manages some of the large advisory portfolios at Marcellus.

and adapting.

The book is definitely more than just a woman's struggle. It is an excellent insider's account of the struggle of many public sector bankers, tossed as they are from department to department and transferred from State to State several times in their career. Ms Bhattacharya recounts how she fought snakes in some rural branches, repaired fuse boxes and was on the road in the badlands of Uttar Pradesh, sometimes from 4:00 am in the morning to visit far-flung branches and returning at 2:00 am.

And then before she and her family could adjust to a new city, along would come another transfer to usually a diametrically-different universe, like say to the foreign exchange department of a busy branch in Kolkata. And even as she settled in and found a nanny for her daughter, along came another transfer order, this time to New York!

After New York, when Ms Bhattacharya got posted in Lucknow as general manager of eastern UP, she writes that she struggled to find a school for her differently-abled daughter. Her request to be posted in another city

was turned down, and she wondered if resigning was her only option. When she posted her dilemma to M S Verma, one of her earliest mentors who had then recently retired from chairmanship, he told her: "Giving up takes a few seconds. Why should you give up without even trying once?" His words helped Ms Bhattacharya make up her mind. She stayed in Lucknow and successfully managed to find a good school for her daughter.

In her role as the chairperson of SBI, she steered the bank through some of its worst phases. She inspired confidence in the banking sector when the NPA crisis led to a significant public-trust deficit. Under her leadership, SBI metamorphosed into a customer-centric and digitally-advanced bank while playing a pivotal role in national development. Some of her human resources initiatives included industry-first practices that were appreciated and later adopted by other banks.

Candid, lucid and humble, this book is a story that will galvanise readers to embrace challenges, break barriers, push forward and achieve greater heights.

#### About the author

**Arundhati Bhattacharya** was the first woman to chair SBI, a 210-year-old institution, India's largest bank and Fortune-500 company. Currently, she is the chairperson and CEO of Salesforce India, a cloud-based SaaS (software as a service) company, listed in the USA and headquartered in San Francisco.

## Empire Builder

The year was 1932, and a young man had just been banished from the State of Patiala. His crime? He had refused a glass of wine in the celebratory party at the Patiala Palace.

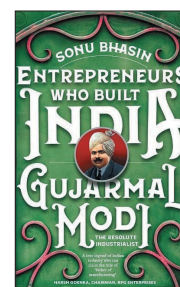
The ban proved to be a boon as the 32-year-old left Patiala and created one of the largest business empires in India. Looking for a new location to set up his factory, Gujarmal Modi zeroed in on a sleepy village, Begumabad, on the outskirts of Delhi. It is here that the seeds of the Modi Group were sown. Starting with a sugar mill, he es-

tablished a conglomerate with businesses, including tyres, textiles, copy machines, cigarettes, pharmaceuticals, oil and steel, to name a few.

This is the story of a resolute, ambitious young man who saw adversity as an opportunity and went on

to create history. In the process, he set up some of the finest factories, created an industrial town that was way ahead of its time, generated large-scale employment and gave Indian manufacturing new wings. Mr Modi allocated 10 per cent from earnings towards social responsibility, long before it became a corporate buzzword. A treasure trove of learning for modern-day entrepreneurs, this book celebrates the man and his vision, grit, determination and spirit of entrepreneurship.

**GUJARMAL MODI**



**Author**

**SONU BHASIN**

**Publisher**

**HARPERBUSINESS**

**Pages: 280**

**Price: Rs 399**



#### About the author

**Sonu Bhasin** is one of the early women professionals in the corporate world. She has led various businesses in senior leadership positions during her career, including when she was a part of the TAS (Tata Administrative Service), ING Barings, Axis Bank, Yes Bank and Tata Capital.





## ARIES

Mar 21-Apr 20



In terms of finances, you are likely to save money, if you are planning it properly. Some unplanned expenditure may be coming your way this month. There is also a possibility of spending on a legal matter. For businesspeople, previous marketing plans are likely to fetch some favourable returns. Business trips may also lighten your pockets a bit. In general, travelling and vehicle-related expenses are seen. Changes in the interiors and electronic gadgets may also incur some expenses. This may not be the time to get into stock market.

## TAURUS

Apr 21-May 21



It is a month of resolutions, in which you vow not to spend money on things that are likely to be secondary. This is likely to make it easier for you to save money for the future. However, avoid lending money to anyone undeserving of your credit. They would take your money and possibly not put it to good use. This can have a significant impact on your earnings. So, the first idea is to avoid spending money on anything that is unimportant. Those in business may expect a new line of credit and a start of new business.

## GEMINI

May 22-Jun 21



You are likely to purchase a home or make a significant investment in land. You must seek legal advice, and do a thorough verification of documentation. Some of you may receive an unexpected property gain from a family member. Overall, your financial situation is probably mediocre this month. With your prior planning, you may be able to keep track of your savings and expenditure. Family businesses must be handled with care and politeness, advises Ganesha.

## CANCER

Jun 22-Jul 22



You may have a good month for accumulating wealth. You may invest in speculative enterprises or even further your education. Both of these investments might pay off handsomely in the future. According to the finance horoscope for the month, the native might witness an increase in income due to their luck. Those hoping for a promotion at work may get some good news or earn a pay boost. It is a good month for people in business to invest more money to improve their business. Unexpected circumstances may cause your investing goals to change.

## LEO

Jul 23-Aug 23



This is a fantastic month for entrepreneurs because they are reaping the rewards of their previous efforts. You may now be reimbursed for earlier work travel expenses, which may help you better your financial situation. Save this money for the future, and you can use it to purchase a house. With a firm economic foundation, you may be able to do all of your tasks efficiently. However, consider the future, and accumulate wealth for the days ahead, cautions Ganesha.

## VIRGO

Aug 24-Sep 23



You may be eager to expand as the month begins, but you may not be able to generate significant financial gains. Plan ahead of time, and, if necessary, get the assistance of an expert in this field. It may gradually bring clarity, and your attention may be on your future development. Finances may be sorted out, and you can make significant progress around the middle of the month. Any speculative activity aimed at achieving rapid growth may be detrimental to your cause. Progressive forces may gain strength in the second half of this month. You may be given optimistic opportunities.

## LIBRA

Sep 24-Oct 23



This month is most likely to provide financial stability, a favourable climate for new enterprises and strong investment returns. However, you may experience some little instability in your financial planning at first. You may want to expand as the month progresses, but you won't be able to make much progress in terms of financial gains. Organise yourself, make sure your priorities are in order, and make a plan to achieve your goal in a systematic manner. The middle of this month could provide clarity, and you'll be in a better frame of mind to make important financial or investment decisions.

## SCORPIO

Oct 24-Nov 22



Your finances may be in good shape. This month's horoscope may be an ordinary month in terms of money and finance. Planetary placements may boost your financial position and provide you with wealth-related opportunities. Avoid taking a loan for the entire month because it would be tough to return. This is a fantastic time to invest in the stock market as long as you're mindful of the markets' changing tendencies. There's a big chance that your expenses may exceed your income this month, and you won't be able to control them. If you're in business, you're bound to get fresh offers.

## The Rupee May Hold Forth Amid Volatility in FY23

The rupee has weakened considerably since the Russian invasion of Ukraine over a month ago. With foreign fund outflow, there is huge demand for the dollar, which is exerting pressure on the currency. With Vedic Astrology, an attempt is made to know about the future of the Rupee.

A closer look at the horoscope of the rupee shows how the Lagna sign Gemini, and the ruler of that sign, Mercury, is sitting right beside it in the second house. Ketu is situated with the Sun in the first house. Moon is the ruler of economy and finances, and it is situated in the third house in the Nakshatra of Magha.

Since the Magha Nakshatra is ruled by Ketu, the luminary plan-



**A combination of Moon, Mercury and Mars will affect the fate of the rupee the most.**

ets, Sun and Moon, would come under the malefic influence of the shadow planet, Ketu.

Beginning from the new financial year from April 2022, the combination of Moon, Mercury and Mars will affect the fate of the rupee the most. The currency may hold its position strongly, but it would be a time to be

extremely cautious. The currency will try to move around the surface, and it would be a time of being careful about the proceedings.

From April 25 to July 12, the rupee will be under the influence of Moon, Mercury, and Rahu. Now, this period looks turbulent for the Indian currency. Some government policies can bring big changes to the economy. Those changes can make the rupee weak during this period compared to other currencies.

From July 12 to September 19, Moon, Mercury and Jupiter are likely to affect the rupee. This time around, the currency is likely to hold its place among the big players. However, some volatility can be foreseen too.

### SAGITTARIUS

Nov 23-Dec 21



For the most part, this month may require careful planning and analysis in terms of money and finances. You may need financial advice because planetary factors plainly imply disruption in your money influx. Your payments may be delayed, but you may eventually receive them. This could be a good time to invest in new ventures because you may most likely reap long-term advantages. This is the time to think about getting the correct financial mix through investing and borrowing money. This is not the time to be experimenting with your investing options.

### CAPRICORN

Dec 22-Jan 20



You may have to deal with unexpected expenses, which may generate anxiety. But these may pass as the month progresses. If you're in business, especially in commerce or textile industries, your monthly horoscope predicts that you may have harder time keeping money on hand. This month may be particularly prosperous for private-sector workers in terms of their financial well-being. Around the conclusion of the month, your efforts may result in some unexpected profits. If you want to invest in the stock market or bonds, wait a while because it may not be a profitable deal, according to your monthly predictions.

### AQUARIUS

Jan 21-Feb 18



You will enjoy a steady stream of money this month. There is a good revenue flow. Examine your spending to determine where the major problems with your financial stability are. However, if a raise is due, there is a probability of getting one. According to your monthly horoscope, you may be able to pay off past debts or repay any loans you have taken. The last week of the month could result in a significant financial gain from the paternal property. You may have an excellent source of money that does not come from traditional sources. Take advantage of this unique chance.

### PISCES

Feb 19-Mar 20



This month may bring you both gains and losses. As a result, long-term investment may be beneficial. Property issues may be resolved, and financial gain from family members may be realised, but you must be careful with documents because Rahu can cause misinterpretation. The transit of Jupiter and Venus may bring expenses associated with religious work and a small celebration at home. The transit of Saturn and Venus may result in predicted financial gains in foreign countries as well as financial gains from arts and decoration-related businesses. This month, religion, spirituality and occult-related careers are projected to bring in profit.

**M**adhavi Puri Buch's recent appointment as chairperson of the Securities and Exchange Board of India (SEBI) is quite refreshing. It is certainly heartening that Ms Buch happens to be the first woman to head the country's capital and commodities markets regulator. But more importantly, her taking charge of the SEBI marks a much-needed break from the bureaucratic stranglehold over the markets regulator's office. In the three decades of its existence, the SEBI has mostly been headed by an IAS officer.

Interestingly, the 56-year-old financial sector executive is the youngest chairperson to occupy the top post of the SEBI. Moreover, she is also the first person from the private sector to lead the markets watchdog.

Despite coming from a private sector background, the new SEBI chief knows the markets regulator inside out. She was a whole-time member of the SEBI for more than four-and-a-half years from April 2017 to October 2021.



In her earlier stint at the SEBI, Ms Buch was in charge of the funds divisions and surveillance, and this experience is set to serve her well in her new responsibility.

An investment banker with impec-

cable academic pedigree, Ms Buch graduated in Mathematics from New Delhi's St Stephen's College. She went on to complete her MBA from the prestigious IIM Ahmedabad. She joined ICICI Bank as a project finance analyst in 1989. Ms Buch is one of the handful of executives who were groomed by veteran banker K V Kamath – the founder and former CEO of ICICI Bank. At ICICI, she rose through the ranks to become an executive director of the leading private sector bank. She then moved to ICICI Securities – the broking and investment banking arm of the ICICI Group – and served as its CEO.

The new SEBI chief had also headed business development division of private equity firm Greater Pacific Capital in Singapore and was also a consultant for New Development Bank in Shanghai. She had also set up Agora Advisory, a consulting and incubation firm, apart from being non-executive director in several organisations, including Max

## FACTS FOR YOU

### SWISS CHALLENGE

**T**he Swiss Challenge here is not an open challenge to scale the Alps in record time. Nor is it a daring contest to accept and endure the biting cold of Switzerland with bare minimum clothing.

The Swiss Challenge or the Swiss Challenge Method is a term that is widely prevalent in infrastructure project bidding. It is also now being heard in bidding of bankrupt companies in insolvency process.

A Swiss Challenge is a method of bidding, in which an interested private party initiates a proposal for a contract or a bid for a project. The government then puts the details of the project out in the public and in-

vites proposals from others interested in executing it. On receipt of these bids, the original contractor gets an opportunity to match the best bid.

In its original form, a Swiss Challenge allows an infrastructure developer to come up with a proposal for a



**Applying Swiss Challenge for bidding in infrastructure projects can lead to innovative proposals and quicker execution.**

new project all by himself without waiting for the government to call for bids. This can foster innovation as contractors or developers may initiate projects that the powers-that-be did not even think of.

Though there is no authoritative source of information, it is opined that this model is named Swiss Challenge, perhaps because "neutrality" was the central piece of Swiss national policy during the two world wars. This model relies on neutrality or absence of bias between the project proponent (the original project proposer) and the challenging bidders (the counter-proposers of the project) and the government.

This model has been used with varying levels of success in many countries, including South Korea, the Philippines, Chile, Argentina and Indonesia, among others. The Union government and many States in India



Healthcare, Zensar Technologies and Innoven Capital.

Known to be a tough taskmaster, industry veterans reveal that Ms Buch is progressive and not always sticking to the required regulatory processes. Many of her former colleagues at ICICI as well as the SEBI add that Ms Buch has always been known for adopting a consultative approach and taking along the entire team towards the set goals.

In her new role as the SEBI chief, Ms Buch will have to hit the ground running to restore the confidence of all the stakeholders in the markets regulator. The SEBI has unfortunately been in the limelight for all the wrong reasons recently, be it with regard to the scandal involving a “Himalayan Yogi” and former NSE chief Chitra Ramakrishna or NSE co-location scam. With so many years of rich and diverse experience, Ms Buch is most likely to restore the SEBI’s credibility and reputation.

have allowed Swiss Challenge to be used for public-private partnership projects.

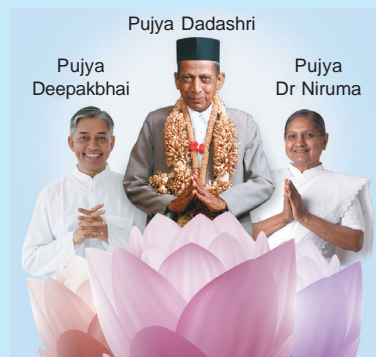
If Swiss Challenge is applied to bankruptcy cases, banks may get to squeeze out more from the auction of stressed assets. If applied to public projects, it may lead to more innovative project proposals and quicker execution as a bidder with a good idea need not wait for the government to set the ball rolling.

But on the flip side, the Swiss Challenge can promote favouritism in award of public projects and open the doors to corruption. Legal experts suggest that an open list of public projects that allow Swiss Challenge and full public disclosure of bid details should be put out by the government in a very transparent manner. Only this can guard against possibilities of corruption and favouritism.

## SPIRITUAL CORNER

### The True Understanding of Religion

*Traditional worldly (laukik) religions give worldly happiness, and the real (alaukik; beyond the world) religion gives eternal bliss. Religion that is beyond the world is not found in renunciation (tyaag) nor is it found in pleasure (bhoga). ‘That which is renounced will be met with ahead.’ One can accumulate as much burden as one can carry! True renunciation is that which helps get rid of artadhyan (adverse internal meditation that hurts the Self), and raudradhyan (adverse internal meditation that hurts the Self and others)!*



*That which protects you in your troubled times is religion (dharma)! At the time of artadhyan and raudradhyan, true religion will be ever present for our protection! For endless lifetimes, people have followed religion, but if they did not receive any protection in their time of need, how can one call this following a religion? If one experiences worries, then it can be said that one has not understood religion at all.*

*Whatever becomes religion and yields results is called religion. Whenever someone shouts abuse or curses, religion is there to help us! Religion yields results; whereas non-religion does not. One who maintains equanimity in times of trouble receives the stamp of approval to attain liberation (moksha).*

*One does not have to ‘follow’ (ritualised activity) religion; one has to remain sincere to religion (dharma). While doing the Lord’s darshan in a temple, if at the time the person ‘sees’ (thinks about) his shoes that he left at the entrance or thinks about his shop, how can he be considered sincere? True religion is one that gives one freedom from all types of pain.*

#### **Dharma in One’s Conduct**

*The Lord does not look at the conduct (activity of mind, speech and body), but He does give significance to the intent (bhaav). Conduct (aacharan) is “discharge” karma, and the “charge” (of new karma) happens according to the intent behind the action.*

*The constant contemplation of ‘Life as a human should not go in vain’ will someday bear fruit. To be free from conflict is the greatest religion. There is no religion where there are clashes, and there are no clashes where there is religion.*

*Show kindness (daya), remain peaceful (shanti), remain in equanimity (samata). These dictates of religions are futile in these current times. What can be done when they cannot be observed even after millions of attempts? That is why the Gnani Purush shows us a new path in a new form; one that is attainable even by the common person.*

*When anger, pride, deceit and greed (kashays) happen, it is not a problem, but one should do repentance (pratikraman) for them. If you commit a theft, it is not a problem, but you must do pratikraman for it. If you just abide this one Agna (special directive) of the Gnani, you will attain the essence of all religions. There is no other higher religion than to please the Gnani. Nothing else pleases the Gnani more than if you follow his Agnas! Only the Gnani’s Agnas can take one to the ultimate moksha!*

For more information on Dadashri’s spiritual science, visit [dadabhagwan.org](http://dadabhagwan.org)

**How do you define yourself?**

A work-in-progress boss lady, avid traveller and reader and seeker of new thrills and experiences in life

**What is your philosophy of life?**

Be kind, be open to (almost) everything life has to offer, and make an impact – however small or big.

**What is your passion in life?**

To learn, to grow and to build something tangible

**What is your management mantra?**

Motivate your team mates to give every task and opportunity their very best shot.

**A business leader you admire the most...**

I grew up admiring Indra Nyooi. More recently, I have huge respect for Sheryl Sandberg for her visionary work with Facebook and Melinda Gates for her unrelenting philanthropic efforts.

**You are a tough, serious boss or...**

I'm a demanding yet an understanding boss.

**What do you enjoy the most in life generally?**

Travelling, seeing and experiencing new, different things and chasing the high which comes with accomplishment

**How do you de-stress?**

Taking 30 minutes to centre myself and think everything through helps

**What is your fitness regime in life?**

At least four days a week, I try to fit in a workout. Besides, I try to meet my target of 10,000 steps every day.

# Designed To Lead

**P**assionate, persistent, calm and action-oriented, Pritika Singh has been a perfect team leader. The young and dynamic founder of Mohh – a Gurugram, Haryana-based design and furnishing company – has been striving to make Mohh a preferred brand for furniture and furnishing needs. A commerce graduate from Delhi University with master's degree from King's College London, Ms Singh began her career in the corporate world. But she was soon bitten by the entrepreneurial bug and went on to establish Mohh. **Sharmila Chand** meets up with Ms Singh to know the person behind Mohh's success.

**Your mantra for success...**

Try, and try until you succeed. Expect everything that can go wrong will go wrong. So, be two steps ahead, and have your back-up plans ready.

**Your dream...**

To put my resources to a worthy cause and build something which is long lasting, wanted or convenient.

**Ten years from now, where do we see you?**

Taking Mohh to the world and introducing greener products to the market

**What lessons have you learnt in life as an entrepreneur?**

- You don't work in silos. So, win over the people you work with.
- Patience and having your eye on the larger vision are a well-known but underrated skill.
- Embrace your mistakes, instead of beating yourself up.

**PRITIKA  
SINGH**

Founder, Mohh

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