+ AJAY SINGH'S BATTLE TO KEEP SPICEJET FLYING

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RNI NO. 39847/81 | 15 JUNE 2015

35 YEARS

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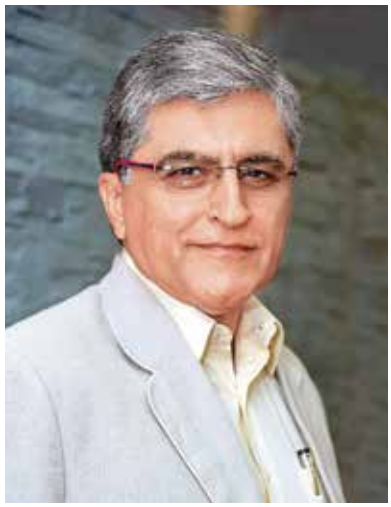
Reliance Industries Chairman MUKESH AMBANI (above) and Bharti Enterprises Chairman SUNIL MITTAL

EDITOR'S NOTE

CONNECTING THE WORLD



THE BUZZ AROUND THE LAUNCH of 4G telecom services by Reliance Jio Infocomm is now reaching crescendo proportions. The Mukesh Ambani company has invested a mind-boggling Rs 70,000 crore in buying spectrum, setting up a seamless wireless network, erecting a maze of customised towers, and is now months away from a soft launch in a few cities. Reliance and Mukesh Ambani don't invest to be me-too players. The object of the telecommunication foray is to be No.1, and to be a game changer in the business. Reliance Jio has the money and the capacity to do it. It has spectrum in all categories — 2,300MHz, 1,800MHz and 800MHz — which gives it a diversified play throughout the 22 telecom zones. Reliance Industries' latest annual report says it will provide services in 800 towns and cities across the country.

While we are all waiting for the big bang Jio rollout, Bharti Airtel has already made a quiet 4G debut to pre-empt Jio. The older, more experienced player has launched 4G services in a clutch of 5-6 cities and is promising coverage of 20 cities by 2016-end.

Part of the excitement building up for 4G is because of the abysmal services being provided today by mobile operators. Call drops have turned into mass frustration, so much so that Union telecom minister Ravi Shankar Prasad was forced to give a public dressing down to the telcos. On the other hand, 3G services have never lived up to their promises of providing 'lightening fast' Internet connectivity. And mobile companies, after spending thousands of crores of rupees for setting up 3G find it has turned out to be a lost generation.

But will 4G deliver? The Ambanis played a disruptive albeit pro-consumer role in 2003, when they launched mobile services promising the moon with the slogan *Karlo Duniya Muthi Mein*. They succeeded in scaling up to No.1 position by providing basic voice services at the cheapest rates. But thereafter, it was downhill for Anil Ambani's Reliance Communications after the family split. Mukesh Ambani's Jio is now hoping to make a splash by providing the widest set of digital services — from Internet to DTH operations for delivery of television channels — at unmatched affordable prices. Will the second shot at *Karlo Duniya Mutthi Mein* work? Read senior journalist K. Yatish Rajawat's cover story on what services are in the offing and how the pricing and technology make them different?

We also offer you a contrarian view by former VSNL chief B. K. Syngal, who says, "4G will make barely a ripple." There is also a timely deep dive into the second innings of entrepreneur Ajay Singh, now engaged in the tough task of saving SpiceJet from going the Kingfisher way, by associate editor Joe C. Mathew and special correspondent Monica Behura. Our focus on the one-year performance of the Modi *Sarkar* also continues from last issue with brickbats and bouquets coming from Kapil Sibal, Ashishkumar Chauhan and others. Read on and have fun!

GURBIR SINGH

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BW | BUSINESSWORLD

VOL. 33, ISSUE 47 ■ FOR THE FORTNIGHT 2 - 15 JUNE 2015
RELEASED ON 26 MAY 2015

BW | Businessworld Media Private Limited

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Subscription rates:
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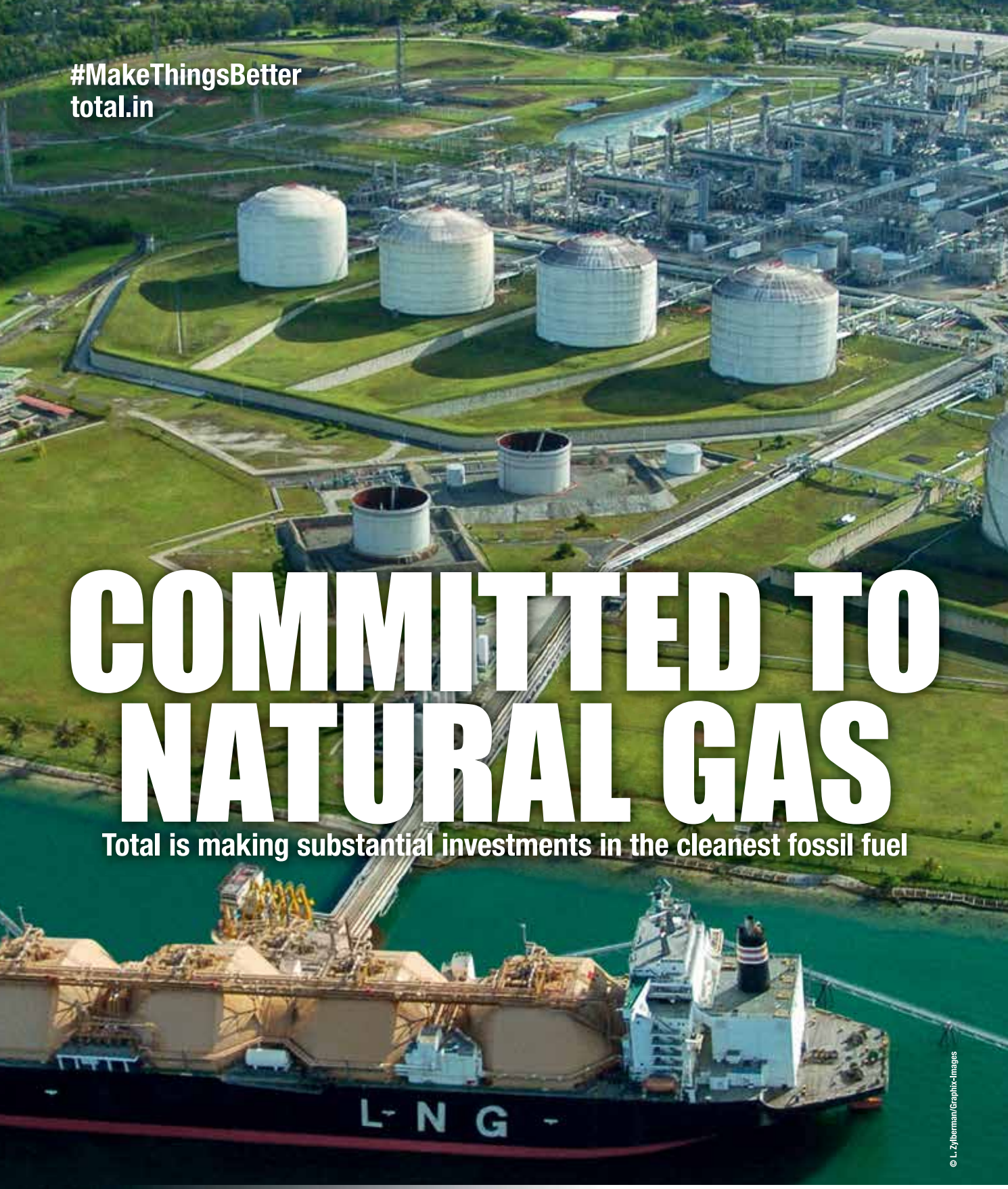
Printed and published by Anurag Batra on behalf of BW|Businessworld Media Private Limited and printed at International Print O Pac Ltd., C-4 to C-11, Hoisery Complex, Phase 2, Noida- 201305, UP and published at New Delhi. Editor: Anurag Batra



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MAILBOX
YOUR COMMENTS

UNDYING HOPE

Thanks for a brilliant issue ("Has He Kept His Words?", *BW*, 1 June). By including articles of eminent leaders from different fields, you have really left it to the readers to find the answer to the question on the cover. Let me start on a jarring note. "Striking a chord" abroad is one thing — in which Narendra Modi has become a grand master now — and "conducting an orchestra" at home is another. And his role becomes more difficult when there are distinctly discordant notes from some players in the group! Pity, he knows those "out-of-tune" guys, but cannot get rid of them!

Now, for some honest analysis. Former NDA minister Arun Shourie has clearly gone overboard. As far as the "wide spectrum" of ideas in various articles, I will take each one with a big pinch of salt. Unfortunately, almost all contributors have a personal agenda! In fact, the opening paragraph in your editorial pretty much sums up "what we could expect" from the very distinguished contributors. Despite what all are saying, I will still put my money on Modi. My "yes" to your question is not so "muted". We have to give the guy time to tune up the new orchestra.

— **KRISHAN KALRA, EMAIL**

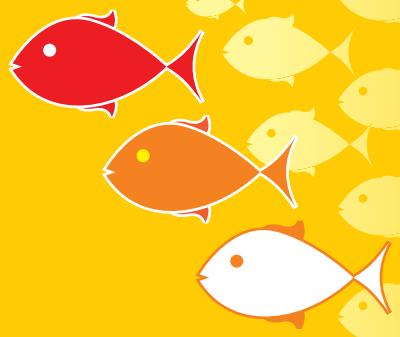
NET NEUTRALITY

The raging debates on Net neutrality have almost reached a tipping point("Leave the Net Free", *BW*, 18 May), so much so that one wonders if he subject is being overhyped to some extent. India, for instance, has been quite vocal in this conversation, and understandably so considering the boom in startups. No wonder they are demanding a level playing field, and a common starting point, without any prejudice towards potential competition.

— **MANISH KUMAR, EMAIL**

TALKBACK

Submissions to *BW | Businessworld* should include the writer's name and address and be sent by email to the editor at editor@businessworld.in or by mail to Express Building, 2nd Floor, Bahadur Shah Zafar Marg, New Delhi - 110002.



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BW|TV

Manish Tiwari, Pavan Varma and Meenakshi Lekhi discuss how they relate to a digitalised India

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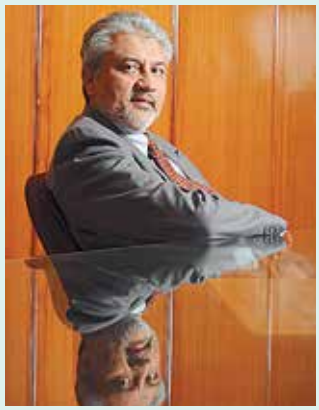
FUTURE NOW: AN ECHO OF THINGS TO COME

Amazon's Echo adds shopping to its list of skills. It makes sense, as Amazon is, after all, a great big shop. It is a bluetooth speaker that needs Internet connection

A FIRST ANNIVERSARY GIFT FROM MODI

The SC nod for setting up a National Company Law Tribunal should help push up India's rank in the global index of "ease of doing business"

BW OPINION



Striking Disservice

For 5,000 years, we have believed that the individual is defined not by his rights, but by his duties. How this has transformed into an environment of entitlement is an untold story, says Ranjeev C. Dubey

Just Your Basic Tablet-notebook

It's a great deal for those who are careful not to let the screen or tablet part fall while moving the device

A Home-Brewed Convertible

Micromax LapTab seems like an attractive alternative to a notebook, but it still needs a lot of improvement

In Conversation

Dave Richards, managing partner of the $23-million Unitus Seed Fund, talks about the endless quest to create social impact

How Fake Products Can Kill The E-commerce Boom

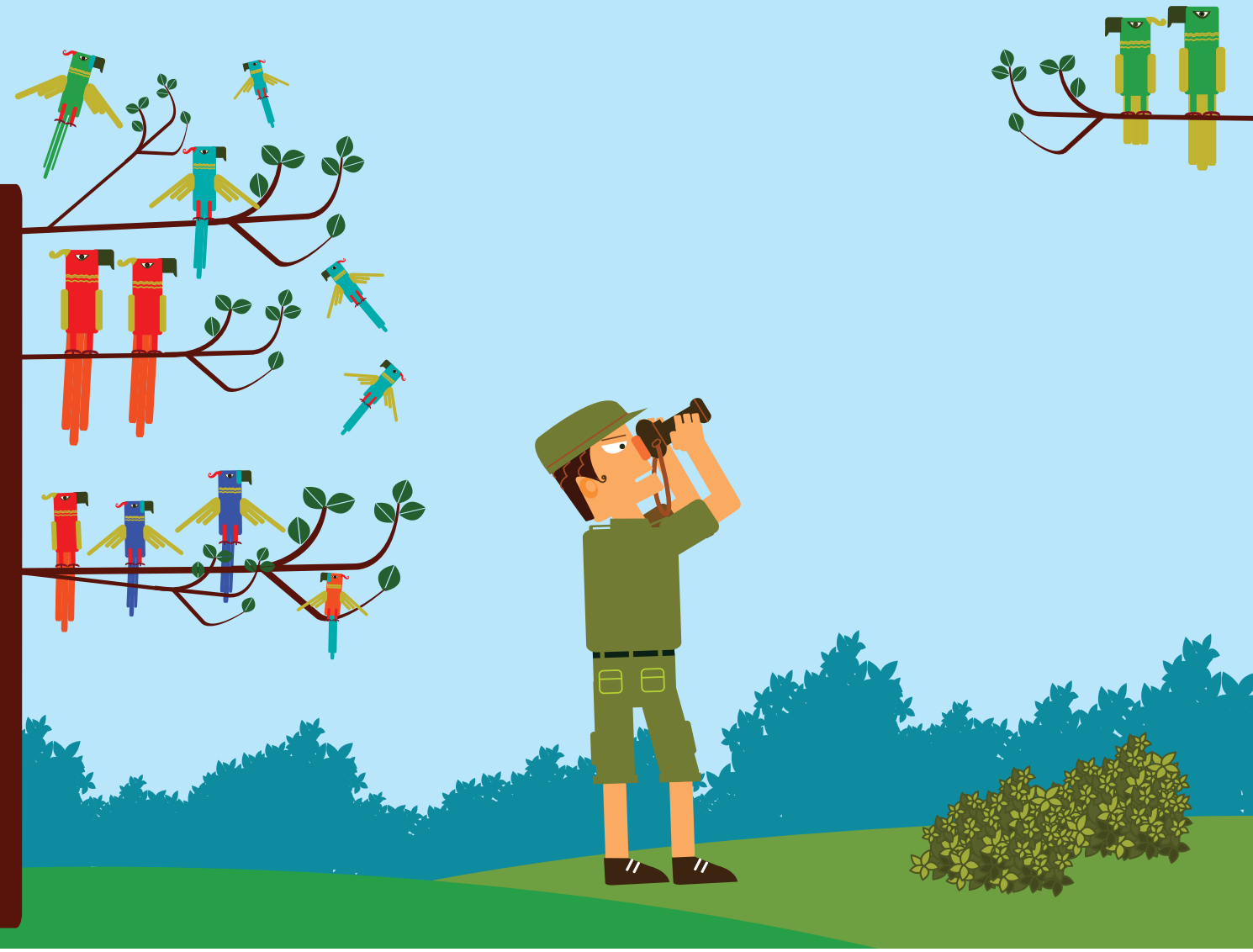
There are hundreds of complaints registered with online retailers all over the world for selling counterfeit products to customers

Nano's GenNext

Being the world's most inexpensive car, Nano offers several features with a basket of upgrade options

The action is elsewhere.

Why fight for metro cities?
The unmetros are full of bigger possibilities.



More durables and automobiles are sold in unmetros.

Durables Purchased in the Past One Year	Car/Jeep/Van		Mobile phone		Fridge-Refrigerator		Personal Computer / Laptop		Television		Washing Machine	
Urban India (000s)	2,619		23,943		8,601		4,830		11,510		4,467	
Metros 50L+	628	**24%**	6,818	**28%**	2,554	**30%**	1,495	**31%**	3,631	**32%**	1,496	**33%**
Unmetro (Tier 2/3/4)	1,991	**76%**	17,125	**72%**	6,047	**70%**	3,335	**69%**	7,879	**68%**	2,971	**67%**

Source: IRS 2013 Figs 000's

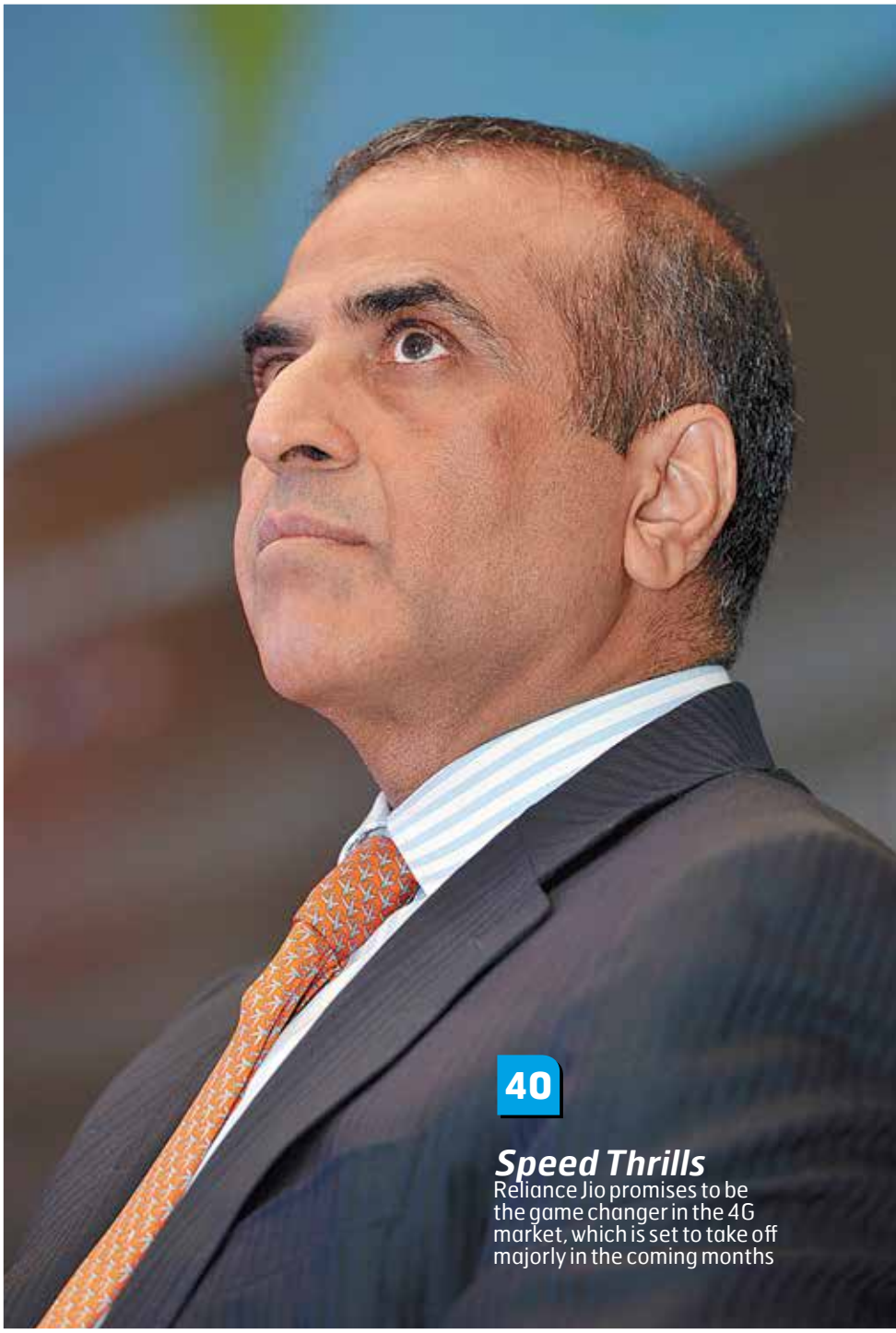
Dainik Bhaskar
It's time to unmetro

CONTENTS

■ VOLUME 33, ISSUE 47 ■ 15 JUNE 2015

JOTTINGS & SNAPSHOTS

Cover design by DINESH S. BANDUNI
Photograph by UMESH GOSWAMI & SANJAY SAKARIA



Photograph by Sanjay Sakaria

CONTENTS

54

■ VOLUME 33, ISSUE 47 ■ 15 JUNE 2015

84

Photograph by Bivash Banerjee

62

112

TOTAL NO. OF PAGES INCLUDING COVER **124**

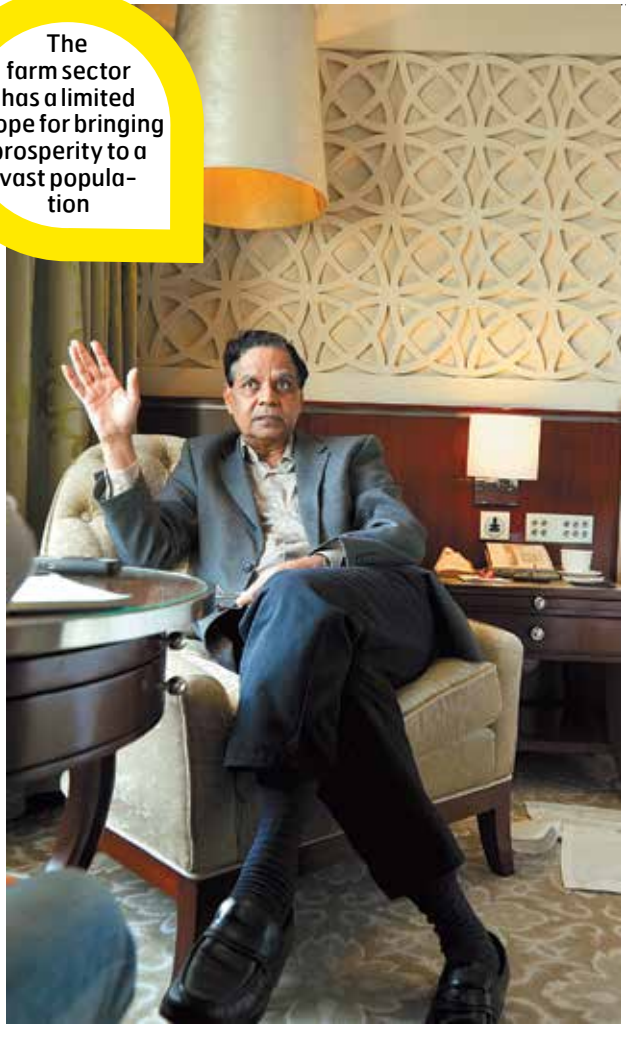
JOTTINGS

NOT A VERY BRIGHT IDEA

THE PROPOSED GOLD monetisation scheme to bring the idle gold lying in Indian homes to the banking system may prove to be a costly affair for banks. In the past, the Gold Deposit and Gold Metal Loan schemes have not been popular because of the low interest rates offered on those schemes. The proposed scheme will allow banks to sell the deposited gold to generate forex. However, the cost of refining the gold along with payment of interest on the deposits may prove costly for banks. Moreover, gold as a commodity has an emotional value for Indians who may not like to part with it. Another area of concern is proof of ownership, which would be required before banks can accept the gold from people. Gold in India has been used to hoard black money in a secured form. Bringing it into the formal system may not be profitable for a majority of the people.

— Neeraj Thakur

The farm sector has a limited scope for bringing prosperity to a vast population



Pull Before Pushing

ARVIND PANAGARIYA, vice chairman of NITI Aayog, stated the obvious when he blogged that most farmers would prefer to quit farming if they could get a job in the city. The world over, people aspire to lead comfortable lives, and the jobs that industry and the services sector offer tend to be more remunerative, less strenuous and hence attractive. Better healthcare, education and transport also sway farmers' choice in favour of urban life. Panagaria is also right when he says that the expansion of industry and services can happen without threatening India's food security. What he did not say, though, was that the recent farmer agitations against the land acquisition Bill were not in conflict with their aspirations for a better life. Such agitations stem from the farmers' belief that there is overplay of real-estate interests in land acquisitions. The farmers could be wrong. But then, it is the duty of a democratic government to dispel their doubts before steamrolling legislations. Prime Minister Narendra Modi has a lesson to learn from the CPM, the Leftist party that lost power in West Bengal only due to its enthusiasm to industrialise Nandigram in a hurry.

— Joe C. Mathew

Photographs by Tribhuwan Sharma, Sanjay Sakaria

Laggards Beware

THE CENTRE'S STANCE that it will finance only the better among state-run banks is set to badly bite laggards in this universe. Given the state of the fisc, there's no way the Centre can infuse nearly Rs 4 lakh crore that is needed under Basel-III norms, which kick in from fiscal 2019. Simply put, it's ration time on the capital infusion front. The tier-1 capital adequacy ratio of many state-run banks stands at 8 per cent (below the regulatory floor of 9 per cent). The five-year average return on assets between 2014 and 2019 is seen at a low 0.6 per cent. Raising capital through dilution of the Centre's stake in some of these banks is a challenge given the low valuations. It's so bad that Crisil forecasts that in the run up to Basel-III, private banks will grow at double the pace of state-run banks; in fact, the former's combined profit will be higher than that of the latter! — *Raghu Mohan*

No Guns For Hire

A SPURT IN ATTACKS on customers at ATMs and vans of cash logistics firms (CLFs) is the direct result of pussy-footing matters security. Industry sources point out that roughly 4,000 licensed guns are needed to run daily operations of banks and CLFs; there is a shortfall, but the Home Ministry is yet to take a call on the matter despite alerts sounded by them. It's only a matter of time before aggrieved customers haul banks to courts for damages. In the case of CLFs, some already have legal issuers with insurers — they need to provide armed guards to get cover for the cash and valuables they move. To get a sense of the cash on roads today: the big four CLFs — CMS, Brinks, SIS-Prosegur and Writers — with an 80 per cent market share, on an average, cart Rs 20,000 crore in cash daily or a whopping Rs 73 lakh crore. It's flash-point time. – *Raghu Mohan*

SHRIRAM AWARD FOR *BW* STAFFER

BUSINESSWORLD deputy editor Raghu Mohan won the prestigious Shriram Sanlam award for excellence in financial journalism for the year 2014. The award winning article was in the category of "financial institutions". This is the second time that Mohan has bagged this award. In 2012, he won the prize for his article in the "macro economy issues" category. The award comprises a cash prize of Rs 1,00,000 and a certificate of merit. *Businessworld*'s associate editor Shailesh Menon was also among the shortlisted candidates for the award.

Life Beyond Mallya

UNITED SPIRITS, the country's largest alcoholic beverages maker, is undergoing a complete transformation and an image makeover. The company is revamping its management structure and creating a well-defined functional centre for corporate relations and communications under former Diageo India head Abanti Shankaranarayanan. The aim is to be seen as a consumer products company rather than continuing with the tag of a traditional liquor maker, to gain the confidence of policy makers, civil society and other stakeholders. The 'Performance Ambition', as the company calls this process, is aimed at

building a more sustainable growth model. But it is obvious that the new entity wants to regain its lost reputation and emerge from chairman Vijay Mallya's shadow. Reason: It wants to develop the business with the aim of capturing the affluent and premium market segment in which Diageo is a strong player globally. United Spirits, which controls more than 60 per cent of the country's Rs 1,00,000 crore Indian made foreign liquor market, also wants to be a leader in the alcohol industry by setting standards both in terms of business and social responsibility, and thereby gaining influence in the policy-making process , which is crucial for the sector. The new image that the company wants to project certainly excludes Mallya. It appears that his likely ouster from the company has a larger context and is not just a mere boardroom battle.
– *C.H. Unnikrishnan*

Photograph by Sanjay Sakaria, Umesh Goswami

A C(h)orus Of Troubles

TATA STEEL, which is currently facing labour unrest in the UK over its decision to discontinue the pension scheme at its European subsidiary, may find its troubles compounding if it fails to strike a deal with the employees union on the proposed divestment of its long products business in the UK.

The long products division of Tata Steel's European business makes plates, sections, wire rods and semi-finished steel used in the energy, construction, ship-building and engineering industries. These are manufactured at the company's plants at Teesside and Scunthorpe, and the division employs around 6,500 people.

Tata Steel is currently reported to be in talks with potentia l buyers to sell this loss-making division. The management, however, has not yet indicated anything on the deal progress. In mid-May, the company decided to write-off this business with a non-cash impairment charge of Rs 4,951 crore, which led the group to post a loss of Rs 5,674 crore in the fourth quarter of financial year 2015.

In October 2014, the group informed stock exchanges that its European business had signed a memorandum of understanding with Switzerland-based industrial company Klesch Group for conducting detailed due diligence and negotiations for a potential sale of its long products business in the UK.

6,500
The total number of employees at Tata Steel's long products business in the UK

Karl-Ulrich Kohler, managing director and chief executive, Tata Steel in Europe, speaking on the sidelines of a press meet on 20 May to announce the group's fourth quarter results, informed that as far as the divestment of the long product business was concerned, the company planned to have a separate set of negotiations with the unions mainly on the transfer of employees and compensation in a structured manner, and it did not anticipate any problems that would trigger trade union trouble.

"It's complicated, but there are systems and structures so that the terms can be negotiated for a positive outcome," he said.

But industry analysts are not so confident and say it is difficult to predict at this juncture how things will pan out as labour laws in the UK are very strict. "In fact, the news of the divestment talks in October last year had prompted concerns in government circles at that time.

The largest trade union in the UK, Unite, on 20 May, said that it was holding a ballot for industrial action over Tata Steel's proposal to close the British Steel Pension Scheme, even as the company said that it had initiated action on de-risking its exposure to the scheme. The majority of Tata Steel Europe's businesses, including the long products, came to it through the Indian company's 2007 acquisition of the Anglo-Dutch steelmaker Corus.

— C.H. Unnikrishnan

Photograph by Umesh Goswami

Serve Schemes With Care

OF ALL the programmes announced by Prime Minister Narendra Modi in the past one year, the three social security schemes — the Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and Atal Pension Yojana (APY) — that were launched on 9 May remain the most promising.

PMSBY offers a renewable one year accidental death-cum-disability cover of Rs 2,00,000 (Rs 1,00,000 for partial permanent disability) to all savings bank account holders in the age group of 18 to 70 years for a premium of Rs 12 per annum per subscriber. PMJJBY assures a renewable one year life cover of Rs 2,00,000 to all savings bank account holders in the age group of 18 to 50 years, covering death due to any reason, for a premium of Rs 330 per annum per subscriber. APY focuses on the unorganised sector and provides subscribers a fixed minimum pension of Rs 1,000, Rs 2,000, Rs 3,000, Rs 4,000 or Rs 5,000 per month starting at the age of 60 years, depending on the contribution option exercised on entering at age between 18 and 40 years. The 150 million no-frills savings bank accounts opened through the Jan Dhan Yojana will be the platform for operating the three schemes.

One third of India's 1.25 billion citizens are officially poor. Many more barely manage to survive without any meaningful social security system. These flagship schemes promise them access to basic social security protection through an auto-debit linkage from their no-frills bank accounts.

150 m
The number of no-frills savings bank accounts opened under the Jan Dhan Yojana

Insurance companies and banks — public, private, cooperative, etc., — will all join together to make this happen.

While there is no doubt about the need for these schemes, their success would depend on how attractive they will be to the private sector. Arm-twisting the public sector entities to roll out the schemes may not be a feasible idea. It will also be unwise to make them too attractive to the private sector, as misuse of the policy — like enrolment of bogus beneficiaries or abandoning of ignorant beneficiaries without assistance for claim processing, which happened in the case of the Rashtriya Swasthya Bima Yojana in some parts of the country some time back — needs to be avoided. One should also realise that the Jan Dhan platform used to roll out these schemes is not perfect.

Since insurance penetration is in single digits in India, high percentage of enrolments is most likely to happen in the case of all three schemes. But initial enrolment means nothing if the policy holders have restricted access to the insurance system for processing claims. Hence, a network of service points that connect every nook and corner of India is a prerequisite. If implemented well, it will provide the constitutionally guaranteed basic social security to every citizen of the country.— *Joe C. Mathew*

Photograph by Sanjay Sakaria

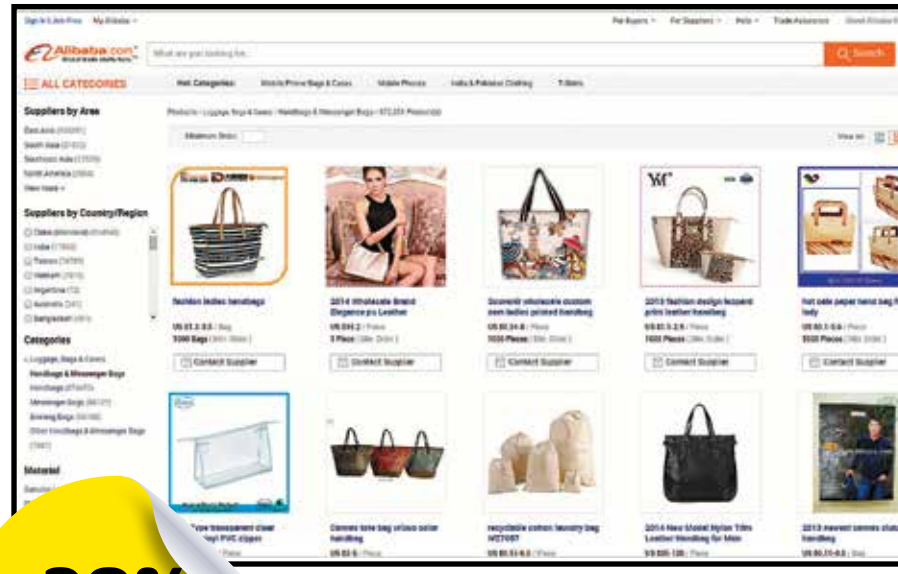
The Other Side Of Online Retail

FRENCH LUXURY brand Gucci's decision to sue Alibaba, the world's largest online retailer, for allegedly selling counterfeit products on its website is a pointer to the real story behind the online retail boom, which sometimes seems unrealistic.

People shop online mostly to get super discounts and it is this very phenomenon that makes them vulnerable to cheating. There are hundreds of complaints registered with online retailers all over the world for selling counterfeit products to customers.

Closer home, things are no different. The Indian market is full of such cases. Companies such as Gizmobaba, Chumbak and Sahil International have registered complaints against big online retailers such as Snapdeal, eBay, Flipkart and Amazon for selling counterfeits of their products.

However, online retailers get away because of the loopholes in the laws dealing with online retailing. Online retailers like Alibaba, Flipkart and Snapdeal are recognised as marketplaces for selling online by manufacturers. This definition gives them immunity from criminal charges most of the times.



30%
Etailers give as much discount throughout the year which is impossible for brick and mortar stores

However, cases like Alibaba bring out the fact that products sold online at dirt cheap prices always run the risk of being counterfeit. It is impossible to sell original products at 20-30 per cent discount throughout the year. While it is understandable that e-tailers are spared from the operational cost of running brick and mortar stores, but such savings are not enough to allow a company to hold discount sales throughout the year. There is hardly a week when one does not find a sale on online platforms. In comparison, offline retailers just hold end of season sales.

Today, consumer electronics retailers like Hot and Croma offer competitive discounts at their stores. On the other hand, online retailers in their mega sale offers always find smart ways to offer heavy discounts. The online retail works on two fundamentals. First, online retailers whip up a frenzy to get huge traffic on their websites so that the customer ends up buying something or the other even if he doesn't get exactly what he is looking for. Second, these retailers, due to their large customer base, get companies to customise cheaper versions of expensive models (in mobile handsets) so they can be sold at a heavy discount to the price of the original version.

While the naïve customer may fall for such tricks a few times, in the age of information it will not be long before the customer becomes aware and e-retailers are forced to exchange their good days with the bad days of the brick and mortar players.

— Neeraj Thakur

PHOTOGRAPH: SHUTTERSTOCK

TRANSIT LOUNGE

'Management of talent is key to Indian market

Peter R. Vogt, global HR head, Nestle, talks to *BW*'s **MONICA BEHURA** about hiring policies and India as a resource pool, among other issues

PETER R. VOGT says India has one of the best talent pools among the emerging markets

Q: What brings you to India?

A: It is a market inspection visit. My new role requires me to understand the challenges and issues here. I have visited the factory; the objective is to tell employees that the head office is here to help win the local market. Talent management is key to the Indian market because of the growing young population, and I am here to strengthen that.

Q: What is Nestle's hiring policy globally? Do you consider India as a resource pool?

A: We focus on growing talent and developing leadership skills. For a developing market, it is important to have talent development programmes for the young. For developed markets, it is important to look at culture and change management, as workers are less flexible because of their successful past. People in developing countries like India and Brazil adapt to changes quickly compared to those in mature markets. India has one of the best talent pools among the emerging markets, and we are keen to spur the participation of emerging nations in the global talent pool.

Q: Any learning that Nestle has adopted from India...

A: The concept of placing young talent under mentors has been rolled out in other markets.

Q: Are Nestle's HR policies different for different countries?

A: When we go deep down, we see a certain set of values and culture. We have a number of key values that is important for us. First, the long-term view, which says that any short-term gain should not jeoparadise long-term gains. Second, respect for other culture and tradition is very important, and this is the reason we are successful in many countries. But the global strategy for consumers doesn't work always. So, the connection with the local tradition is very important.

Q: As HR head, what is the uppermost priority of your company?

A: Pooling of talent, developing leadership, strengthening the culture of our firm. HR should be closely linked to the business. The emotional and personal parts play a major role in giving positive results. Employees should not feel that they are being used, rather they should feel they are a part of something good. BW

monica@businessworld.in

Photograph by Ritesh Sharma

VERBATIM

"We need global talent. We will have employees from all over the world that look different from each other. We have to take the time to understand them, their habits, cultural differences and way of thinking. This is how we become truly an international company."

— **DANIEL ZHANG**, CEO, Alibaba, in his first speech since taking charge

"When I see a Range Rover on the street, my blood boils, because we should be able to do a thing like that, and we will."

—**SERGIO MARCHIONNE**, CEO, Fiat Chrysler, pledging that his company will make a stronger entry in the realm of luxury sport utility vehicles

"Apple is poised to enter and, in our view, dominate two new categories (the television next year and the automobile by 2020) with a combined addressable market of $2.2 trillion, a view investors don't appear to factor into their valuation at all."

—**CARL ICAHN**, a billionaire investor, suggesting that Apple should execute a much larger share buyback as its stock was "still dramatically undervalued"

"You are the factory of the world. We are the back office of the world. Together we can bring about progress and prosperity for our people."

—**NARENDRA MODI**, Indian Prime Minister, addressing the India-China Business Forum

"There's no doubt that an agreement must be reached. But those who think that the Greek side's resistance can be tested or that its red lines will fade as time passes, would do well to forget it."

—**ALEXIS TSIPRAS**, Greek Prime Minister, stressing that he won't strike a deal at any cost

"We don't have the right to fail. We must commit ourselves very resolutely because there isn't an alternative solution, for the simple reason that there isn't an alternative planet."

—**LAURENT FABIUS**, France's foreign minister, at a conference

BOUND TOGETHER

3D Printing Comes Of Age

This wonder technology can help the Make in India campaign take off in myriad ways than just on traditional factory floors

By Nayan Chanda

READERS HAVE BECOME BLASÉ about news of 3D printing technology achieving new feats. But the report that a blind, expectant mother from Brazil "met" her yet to be born baby by touching a replica of the fetus has caused a sensation. The life-size replica was made by a 3D printer using the ultrasound image that is routinely taken to examine pregnant women. Already, the additive technology, which puts layers of material like bubble jet printer prints image with ink dots, has been put to use in a variety of ways — from making birthday cakes to producing prosthetic parts and aircraft wings.

The versatility of the 3D printing technology has led some to predict that it would herald a third industrial revolution. So, I was encouraged to read that Indian Institute of Technology, Hyderabad has become the first academic institution in India to introduce a course on 3D printing technology. It is about time.

The potential of this technology in unleashing creativity has created a buzz not unlike one generated by the PC. Some 5,000 US schools have bought 3D printers to introduce this technology. This summer, many public libraries in the US are going to open interactive spaces to introduce 3D printing technology to the public. Areas are being set up with computers and 3D printers, where volunteer specialists demonstrate how a design — of a cup, or a smartphone case — you can draw on the computer screen or borrow from the existing list of designs can become a real thing. Children are encouraged to bring their own dream design to turn it into reality. Hoping to expand market demand, the manufacturers of 3D printers have joined hands with libraries and philanthropists to create mini fabrication laboratories — fab labs. Some 250 libraries in the US have already created such interactive spaces.

Additive printing technology has been around for years, but the falling price and spread of digital literacy have created conditions for taking it to a different level. Ever since personal 3D printers costing around $1,000 went on sale, close to 100,000 have been sold. However, the narrow range of materials that an inexpensive 3D printer could use has limited its sales. However, businesses already see the opportunity the technology has opened up for decentralised and customised production. A courier company, UPS, now offers 3D printing services for its customers in 100 locations near large cities in the US. Customers electronically send their design specifications of a prototype to be "printed" into real objects before delivering to the recipients.

The US Postal Service, which has been struggling to survive the onslaught of competition like email and PDF files for delivery of printed material is looking at 3D printing as a possible saviour. A recent internal report of the postal service recommended that since customised production is a strong feature of 3D printing, businesses planning to deliver quickly to their customers may even partner with the postal service to set up printing on-site at postal facilities. Such distribution mechanisms would be even more attractive to makers of products living far away from where the consumers are.

> Given India's proven digital skill and millennia of expertise in creating beautiful objects, 3D printing provides a tremendous opening

Given India's proven digital skill and millennia of expertise in creating beautiful objects, 3D printing technology provides a tremendous opening. With the launch of an IIT course teaching this technology, the first step has been taken to tap into this opportunity. Indian businesses hoping to take advantage of this new technology may take a leaf from their American counterparts and promote fab labs in order to spark the innovative spirit among the youth. The Modi government's Make in India campaign can take off in myriad more ways than just on traditional factory floors. BW

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For other columns by Nayan Chanda, visit www.businessworld.in

IN SUPPORT OF FAIR ACCESS

AMIDST intense Net neutrality debate in India, social media player Facebook unveiled its Internet.org app to aid small businesses in India and challenge Airtel Zero in an indirect fashion. Recently, Mark Zuckerberg, CEO of Facebook, shared his concern over free and fair access of the Internet to all classes across the society.

Internet.org was launched in view of people's disagreement with Airtel's marketing tool for marketers as the platform allowed consumers to browse only those websites for free that had exclusive partnership with its marketing platform – Airtel Zero.

"Our goal with Internet.org is to work with as many developers and entrepreneurs as possible to extend the benefits of connectivity to diverse, local communities. To do this, we're going to offer services through Internet.org in a way that's more transparent and inclusive," Zuckerberg wrote in a blog post.

In order to qualify as an entity of Internet.org, businesses ought to meet three criteria in terms of offerings, efficiency and technical specifications.

Internet.org is positioned to play host to a large number of websites and application and advocate non-exclusive partnership with mobile operators in its quest to offer free basic Internet services to people. However, Net neautrality activits feel that it is against the principles of Net neutrality as it allows users to access only those websites that have signed up for the platform, while blocking access to those that did not join the Facebook initiative.

VIRTUAL REALITY

Brand Buzz

Saving Memories

Flickr, Yahoo's image and video hosting website, added several attributes to enhance user experience. The platform seeks to make search, access and uploading easier with 'Uploadrs' across devices. Further, the 'Magic View' feature allows users to organise images and its advanced search technology optimises search.

"These tools will give our community the power to not only access special moments, but uncover the ones they thought were lost," said Tim Miller, head of Engineering at Flickr.

Dig The Data

Binge Watching

A recent report by IAB Mobile Marketing Center of Excellence shows that digital video consumption is up 13 per cent since last year. According to it, reality and music-based TV generates 91 million social signals a month, and as many as 16 per cent people share on social media about the shows they watch.

Twitter Bug Bites

Rahul Gandhi, vice-president of the Indian National Congress party and chairperson of the Indian Youth Congress, gained a staggering 27,300 followers after setting up and making live his Twitter account. His twitter handle @officeofRG was trending with 75,000 followers at the time of writing this post.

#LEADER

Kaushik Basu
@kaushikcbasu
Chief economist, World Bank
"To have a minimum food buffer stock norm that is never violated is foolish policy. You may as well not hold any buffer."

Shashi Tharoor
@anandmahindra
MP, Thiruvananthapuram
"I'd love to see an India where anyone with a good idea and some startup money could take a risk, open a business and succeed without government hassles."

PHOTOGRAPH: BLOOMBERG

"The unique ability of radio to deliver local coverage means that we would be able to tie-in a lot of the marketing activities for our brands"

Arpita Menon

Executive Vice President & Head Media Planning and Buying, STAR India deliberates on how radio is set to gain in the year ahead, even though it would require marketing professionals to better understand the medium, and follow a made-for-radio approach…

What are your expectations from marketing spends this year as the conversation of optimism continues in the Indian economy?

Marketing spends in India will grow in the year ahead – everything points in that direction. At the same time, there will be increased focus on return on investment for most players.

What are some of the challenges, and opportunities, that you foresee in the year ahead?

The changes in the measurement system and its implication on our business would be the most significant factor right now. Also consolidation of the digital content platform and therefore closer tabs on what's driving growth in the digital world, especially mobile, is going to be an important area to watch out and plan for.

For media such as radio, and Phase III finally round the corner do you see radio gaining potential and marketing budgets shifting in that direction?

I definitely see radio benefiting from this change. Especially with an increased focus beyond key metros, and with the change in measurement, radio will be able to attract more marketing monies in the year.

How are you viewing radio as a medium, given newer kinds of ad formats, creative solutions and content integration that it is allowing?

Despite some of these benefits, radio is facing certain issues. The biggest of these is that few agencies understand the medium. The extension of mainline television creatives to radio is killing it even more! Radio needs an approach that can leverage the nuances of the medium and benefit the brand in the process. Also, digital is supplanting radio as the medium to reach out to youth. That's where the biggest threat would be from for the radio industry

What are some other plans you may have to utilise radio this year as a marketing medium?

The unique ability of radio to deliver local coverage means that we would be able to tie-in a lot of the marketing activities for our brands. In fact most radio stations have backward integrated and have activation teams and can therefore offer an end-to-end solution. From a marketer standpoint, this is essential right now.

The year 2015 has the promises of a landmark year in many ways for media – as a marketer, what are your expectations from your partners in achieving your objectives?

The delivery on brand goals and meaningful shifts in brand metrics, whether it's reach or engagement – for me, that is the most important area where I look forward to more from our partners.

IMPROMPTU

Susana Tsui

THERE ARE BIG OPPORTUNITIES IN SOUTHEAST ASIA AND INDIA THIS YEAR

Besides continuing to build the brand, PHD APAC's big focus in 2015 will be to drive growth. The year, which also marks the 25th anniversary of the agency globally, is critical for the agency in the APAC region — during the year it aims to monetise the reputation it earned in 2014. **Susana Tsui**, CEO of PHD APAC, talks to **Shubhi Tandon** about the plans for 2015:

IN ASIA, it is only eight years now that PHD has been a brand of some traction. But the 25-year milestone that the agency recently reached has its own implications for the region too.

"It is a major milestone for the network, but for us, it is also important, because we have seen the agency really take off in the last few years. We cannot call ourselves a start-up any more. When I first started, it was about building the product and re-ogranising ourselves for future proofing, which for us has a whole different meaning than it would for an older agency," observes Susana Tsui, chief executive, PHD APAC.

According to Tsui, PHD's young age also means it is the agency of the future. "Because we don't have the size or the legacy, which has its upside, we could jump right in and become the agency of the future. One of the key things is to infuse digital inside the agency. We do not have digital teams, which is typical of agencies that are catching up and still living by old set-ups. Our teams are built with digital components across, which is in line with new client demand for true integration," she explains.

PHD Asia's digital focus can also be seen in its hiring pattern in the last 18 months. The agency is putting together a team of people with sound digital experience, finally connecting it all in its communication planning offer. "PHD in Asia today is a very different animal from what it was when we first started, and 2015 will build on this momentum," says Tsui.

Keeping Up With The Changing Market

The year ahead will see PHD's APAC office celebrate the agency's heritage. In the works is a new book that will take a closer look at consumer behavioural sciences. Much of this would connect back to Asia.

What Tsui is more excited about is the evolution in the marketers' mindset, which is now asking for a new age of thinkers. "We have been speaking the language, but the biggest change is that with clients ready, there is now a demand for this. That is where the magic happens," she stated.

One change that she foresees benefitting the agency in its growth plans is the decentralisation, thereby putting more power in the hands

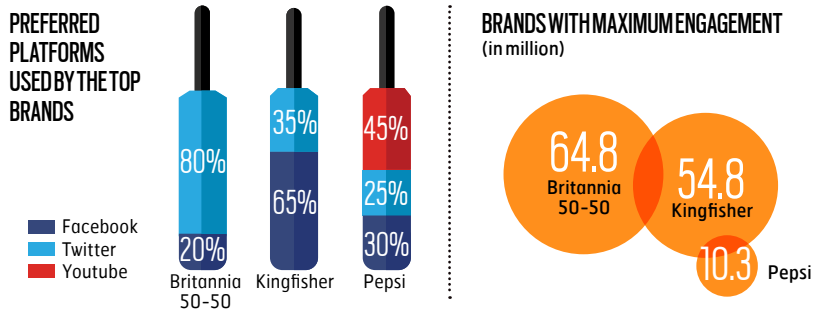
of sub-regions. "It took 15-20 years for digital to take off in some markets. But markets today don't have to wait. A lot of the power shifts are already taking place bringing decentralisation back. This will help PHD in Asia because the focus now is to sell the strategic part across markets. Clients who are now asking agencies to challenge thinking, which will then automatically result into creativity, are looking for these solutions," points out Tsui.

In 2014, PHD APAC's focus was to build the brand. This year it is looking to build new business. "We are building on our momentum in sectors such as luxury, FMCG, pharma and hitting these categories harder. We are new in most of the mass markets. We have spent time building in Australia, New Zealand, China, Hong Kong. This year will be all about Southeast Asia and India, which are the big opportunities. Across the region, we will also focus on partnerships, working closer with creative sister agencies and bringing in a lot more integrated approach. Where we have affiliates, we are aggressively looking to put a stronger foothold," explains Tsui. BW

shubhi@businessworld.in

BRANDS SPIKE UP IPL FEVER

This IPL (Indian Premier League) season saw Indian brands making their way through the noise into the minds of the cricket fans with their disruptive and innovative marketing strategies. Here is an overview to the top three brands for IPL's Season 8 until May 1, 2015



SOURCE: WORLDIGITAL AND POWERED BY IGNITE

AD iNFiNiTUM

A ROYAL TOUCH

FOR THE BRAVE Huawei's latest TV commercial for its Honor 4X phone is packed with thrill, fun and adventure

HUAWEI'S smartphone brand Honor launched its first television commercial for Honor 4X in India. The campaign, conceptualised by L&K Saatchi & Saatchi, features players from the India Premier League (IPL) team of Royal Challengers Bangalore.

The target consumers of Honor are the digital natives, people who spend more than one third of their time online shopping, studying or simply staying connected.

"Our recently launched brand Honor resonates the philosophy of 'For the Brave', for the ones who dare to dream and follow their passion, much like the team and players of Royal Challengers Bangalore. With this ad campaign, we want to reach out to the youth of India who are our real ambassadors," says Allen Wang, president of Consumer Business Group at Huawei India and Honor.

The partnership between Huawei and Royal Challengers Bangalore is a continuation of last year's collaboration that resulted in creating mass awareness for Huawei and achieving excellent sales for Huawei's devices' business. This partnership testifies Huawei's commitment towards India and market localisation.

Russell Adams, vice-president for Commercial, Operations and Cricket Academy of Royal Challengers Bangalore, says, "We are excited about our renewed partnership with Huawei for the next three years." BW

GLOBESCAN

IN NEGATIVE ZONE: Britain's inflation rate unexpectedly fell below zero for the first time in more than half a century, as the drop in the food and energy prices depressed the cost of living. Consumer prices declined 0.1 per cent in April from a year earlier, the Office for National Statistics said. Economists had forecast the rate to be zero, according to the median of 35 estimates in a news survey. Core inflation slowed to 0.8 per cent, the lowest since 2001. With inflation so far below the Bank of England's 2 per cent target, policy makers are under pressure to raise the key interest rate from a record-low of 0.5 per cent for now. Governor Mark Carney said any period of falling prices will be temporary and an expected pickup in inflation at the end of the year means the next move in borrowing costs is likely to be an increase.

Deutsche Bank may leave Britain in the event of 'Brexit'

EXIT EVENTUALITY: Deutsche Bank has set up a "working group" to review whether to move bulk of its UK divisions to Germany, if Britain were to exit the EU, following a referendum that Prime Minister David Cameron has pledged to hold by 2017. "It is early days and no decisions have been made," said a spokesperson for the German lender. Cameron has promised a referendum on the UK's EU membership by the end of 2017, and prospects of an exit have become commonly referred to as "Brexit". Deutsche Bank's UK business is based out of the financial district in London, known as the City. It employs 9,000 people in the UK, where it has its operations since 1873.

LEGAL TROUBLE: Alibaba has been sued by Kering, a luxury brands group that includes Gucci and Yves Saint Laurent, over counterfeits on its popular e-commerce platforms. The lawsuit, filed in New York, alleges that Alibaba and its related companies "knowingly encourage, assist, and profit from the sale of counterfeits on their online platforms...(and) make it possible for an army of counterfeiters to sell their illegal wares throughout the world". Counterfeits have long been a headache for Alibaba, which operates China's most popular e-commerce shopping platforms Taobao and Tmall. Co-founder Jack Ma has even called fakes a "cancer" to the company.

OS ENVY: The global smartphone race is largely a two-horse race between two US firms, Apple and Google — and the Russian government isn't happy. The Russian minister of communications has announced plans to develop a new, Russian-built mobile operating system (OS). Currently, Android and iOS collectively take up more than 95 per cent of the Russian smartphone market, but minister Nikolai Nikifori wants to get that figure below 50 per cent within 10 years. The new OS will be based on Sailfish.

SALES SURGE: Britain's Vodafone posted a rise in its quarterly sales measurement for the first time in nearly three years, helped by improving trends in its key European markets and demand for 4G mobile services. The world's second-largest mobile operator said the rise in fourth-quarter organic service revenue of 0.1 per cent, which followed 10 quarters of declines, meant that its overall earnings could also stabilise in 2016. The group, which has been hit hard by the constraints on consumer spending in its big European markets and by regulator-imposed price cuts, forecast a range for 2015-16 core earnings of £11.5-12 billion.

Vodafone returns to quarterly sales growth after three years

QUID PRO QUO: Greece is near a cash-for-reforms deal with its euro zone partners and the International Monetary Fund that would help it meet debt repayments next month, the country's finance minister said, as worries persist over a possible bankruptcy. Athens has been defending its "red lines" in talks with lenders, refusing to yield on further pension cuts and more labour market liberalisation to clinch a deal that would release remaining bailout aid, despite a pressing cash crunch. "I think, we are very close (to a deal) ... let's say in a week," Greece finance minister Yanis Varoufakis said. "Another currency is not on our radar, not in our thoughts."

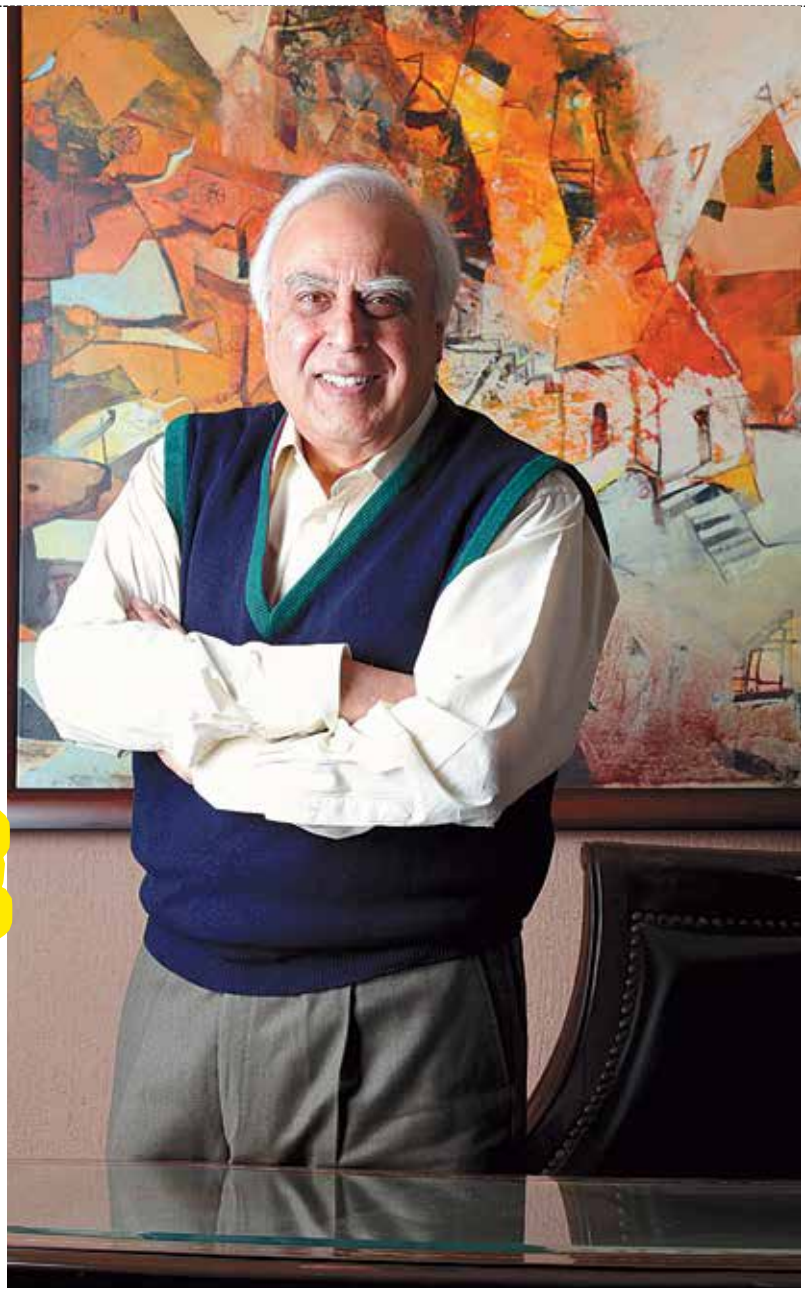
TOTAL RECALL: Takata is nearly doubling the size of its massive recall for faulty airbags, making it the largest auto recall in history. It recalled airbags used in about 18 million vehicles. This move will bring that number up to 34 million autos. That is nearly one out of every seven cars on US roads. The recall is one of the largest consumer product recalls ever. At least five deaths have been tied to the faulty airbags. But Takata has previously resisted demands by regulators to get all the affected airbags off the road. The airbags have been known to explode and send shrapnel into the face and body of both the driver and front seat passenger.

SMART BATTLE: Apple was handed a mixed ruling by a US appeals court in the latest twist in a blockbuster intellectual property battle with Samsung Electronics, as a prior patent infringement verdict was upheld but a trademark finding that the iPhone's appearance could be protected was thrown out. That means up to 40 per cent of a $930-million verdict, which had been won by Apple, must be reconsidered. In the ruling stemming from the global smartphone wars, the Federal Circuit in Washington upheld patent infringement violations including one which protects the shape and colour of its iPhone as well as the damages awarded for those violations.

TECH THEFT: Federal prosecutors charged six Chinese nationals with stealing trade secrets from US tech companies Avago and Skyworks. The US Department of Justice charged the suspects with economic espionage and theft of trade secrets in a 32-count indictment. Prosecutors allege this was part of a long-running scheme to provide an edge to universities and companies controlled by the People's Republic of China. The indictment "reveals a methodical and relentless effort by foreign interests to obtain and exploit sensitive and valuable US technology through the use of individuals operating within the US", according to David Johnson, Special Agent in Charge of the FBI's San Francisco division.

DoJ charges six Chinese nationals with stealing 'sensitive' US technology

PHOTOGRAPHS:BLOOMBERG



Kapil Sibal

JUSTICE FOR NONE

AT THE END OF ONE YEAR of the Modi dispensation, justice for all is still a distant dream. The measure of the gap between promise and delivery is the index of non-performance. 'Justice for all' was yet another Modi slogan before the elections and 'justice for none' is the outcome after one year.

The Modi government has not even begun to address issues relating to the justice delivery system. The 3 crore pendency of cases, the alleged increase in levels of corruption within the judiciary, the inability of the common man to get an effective judicial redressal system, delays of court procedures, the inability to set up 'commercial courts', increasing costs involved in the justice delivery system and other related issues are not on

Photograph by Ritesh Sharma

the government's radar.

The uppermost priority of this government is to exercise control over appointments in the higher judiciary. It has proposed changes to ensure that the executive holds the trump card in matters of appointment.

Article 124 (A) has been inserted in the Constitution by setting up a National Judicial Appointments Commission (NJAC) consisting of the Chief Justice of India, two senior judges of the Supreme Court next to him in hierarchy, the Union minister of law and justice and two eminent persons to be nominated by a high-powered committee.

Article 124 (B) provides for the NJAC making recommendations for the appointment and transfer of judges of the higher judiciary. These constitutional amendments suggest that neither the judiciary nor the executive will have primacy in the appointment of judges to the higher judiciary.

However, the National Judicial Appointments Commission Act (the Act of 2015), which too has been passed and notified, gives a veto power to any two members of the commission if they do not agree with the recommendations of the NJAC. This suggests that if the law minister along with an eminent person objects to a particular nomination by the NJAC, it cannot go through. This veto power of the executive will be a lethal weapon in its hands to block any appointment which the government of the hour perceives to be 'inconvenient'. Also, the fact that the judiciary does not have primacy in matters of appointment strikes at the root of the independence of the judiciary. Instead of addressing the issues that affect millions of people in this country who are crying for justice in a system which is tardy, slothful and inefficient, the government has chosen to spar with the judiciary. Its intent and priorities are clear. It is least concerned with the travails of the *Aam Aadmi* in accessing justice and more concerned with its own primacy in the appointment process. This is not just reflective of its priorities but exposes its desire to change the system to its advantage so that in the remaining period of its term, it can hope to fill the judicial corridors of power with incumbents who are perceived to be closer to this dispensation. This augurs ill for our judicial system.

Some might argue that the same veto can be exercised by the judiciary if the government of the day wishes to push particular individuals to man the higher judiciary. The logic of that argument is weak. It breaks down at the altar of our experience. We have instances from the past where those responsible for appointment to the higher judiciary have succumbed to executive pressure. The results stare us in the face. Together the executive and the judiciary will make compromises to accommodate favourites at both ends and the justice delivery system will be the casualty.

While we can be critical of the intent of this government in pushing its agenda in the manner suggested above, we must be mindful of the tardy manner in which the collegium system has worked. Far from passing the test of scrutiny with flying colours, its working has disappointed one and all.

Its fundamental flaw is that it has destroyed the independence of judges in the high courts, especially those who aspire to be elevated to the Supreme Court. They look up to the judges of the Supreme Court and seek their approbation. They lobby with judges as well as ministers in the hope that they be elevated. Sitting judges have in the past been successful in appointing those whose proximity with them is a matter of public knowledge. The collegium system has not done justice in discharging its responsibilities.

So what is the answer? If we are unhappy with the collegium system, we need to substitute it with a more effective mechanism. The NJAC provides a remedy, which, perhaps, is worse than the ailment. The fact is that the judiciary is loathe to give up its power to appoint members of the higher judiciary. This is why they have resisted the attempt to refer the matter to 11 distinguished judges to have a relook at the 1993 judgment in which the judiciary arrogated to itself the power to appoint members of the higher judiciary. If the judges uphold the NJAC, it will destroy the substratum of the 1993 judgment. If they strike down the NJAC, it will be difficult to revive the collegium system.

IF THE JUDGES UPHOLD THE NJAC, IT WILL DESTROY THE SUBSTRATUM OF THE 1993 VERDICT. IF THEY STRIKE DOWN THE NJAC, IT WILL BE DIFFICULT TO REVIVE THE COLLEGIUM SYSTEM

The road ahead is difficult. Solutions will be hard to find but executive interference in the appointment process must be rejected.

I wonder why the Modi government took up this issue as its primary concern when millions in India are waiting for justice. Yet another instance in which Modi has not been able to usher in the *Achche Din* he promised. BW

The author is an eminent lawyer and former Union law minister

Ashishkumar Chauhan

BETTING ON A CLEAN INDIA

THE ELECTION WHICH BROUGHT Prime Minister Narendra Modi to power a year ago was fought in the backdrop of high inflation, unemployment, fiscal and trade deficits as well as allegations of corruption and anger against the administrative and political elites.

Almost all these issues were structural in nature, and hence, were not expected to be solved within a short period of 12 months. Viewed from this angle, the BJP government's singular achievement has been to bring down the inflation rate from 11.16 per cent in November 2013 to 4.87 per cent in April this year.

True, many experts have attributed the reduction in the inflation rate to external forces such as the fall in prices of crude oil, agricultural commodi-

ties and gold worldwide. However, in the past, despite a favourable external scenario, the country had witnessed high inflation.

The government was successful in containing fiscal deficit substantially, despite the huge reduction in revenue on account of the cut in 'ad valorem' duty on petroleum products. If one thinks that low and stable inflation rate is a pre-condition for a stable and growing society, then India is coming closer to that objective today. Fiscal, revenue and trade deficits were managed with the highest-ever foreign exchange reserves of $352 billion.

The government is also taking several steps to augment infrastructure. In all his foreign trips, Modi has focused primarily on attracting foreign investment for the manufacturing sector. It is also to the credit of the government that norms for investments in defence, insurance and several other sectors have been relaxed to make India more attractive for foreign companies. The defence production strategy, which makes military procurement conditional upon making the equipment in India, will not only create a large number of jobs but also make the country a hub for hi-tech defence manufacturing in the future.

The single-window framework and project management portal is creating an enabling environment for the Prime Minister's Office to track progress of important projects on a real-time basis. Projects worth more than Rs 6,00,000 crore — in both private and public sectors — are being monitored. Mechanisms have been devised to coordinate with states and cities to expedite projects with periodic reviews taking place and hindrances to project implementation removed in real time.

The concept of 'Team India' — consisting of Prime Minister, other ministers and chief ministers of various states — has also been well received. Giving a larger percentage of taxes and other revenues to states are well-intentioned and allows for a more flexible approach to implementation on the ground.

Although initiated by the previous government, the new government has built on the direct transfer scheme based on the unique identification number platform and launched a massive drive to open more than 150 million bank accounts with the express aim of bringing a large number of unbanked people into the financial mainstream.

Creating social security schemes such as the accident cover linked to bank accounts, providing micro loans to account holders, launching a pension scheme with more than 80 million registered users and giving them life insurance have been achievements unparalleled in India's history. But these were not highlighted much in the 'middle-class media'. Giving small loans to entrepreneurs through the Mudra (Micro Units Development and Refinance Agency) bank is a brilliant initiative. The *Swacch Bharat* initiative has also been well received and created awareness about much-needed cleanliness in India.

India is the largest consumer of gold, and gold imports account for nearly a third of the current account deficit. The gold monitisation scheme, which was announced in the Union Budget for 2015-16, will help meet India's gold demand substantially, and will also improve its current account balance.

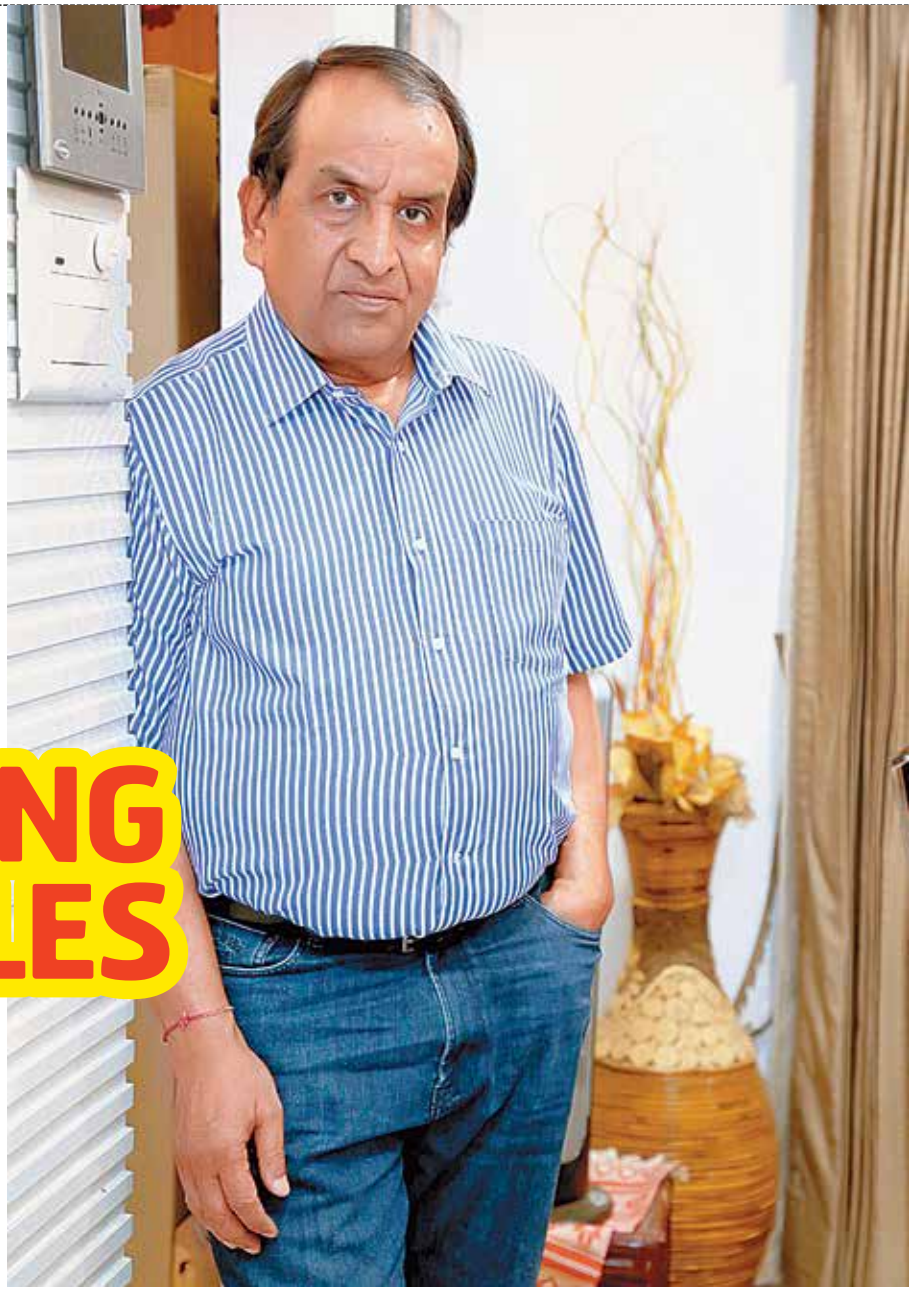
The prime minister's vision to create 100 smart cities, with modern infrastructure to support the large-scale urbanisation without compromising the quality of life, is a necessity, if India wants to become a global leader in the next 20 years. The International Finance Centre (IFC) in Gujarat is one such welcome initiative. The setting up of IFC was part of Modi's vision, which was supported by the Bombay Stock Exchange (the first stock exchange in the world to sign a memorandum of understanding with Gujarat International Finance Tec-City).

IN ALL HIS FOREIGN TRIPS, NARENDRA MODI HAS FOCUSED PRIMARILY ON ATTRACTING FOREIGN INVESTMENT FOR THE MANUFACTURING SECTOR

Moreover, infrastructure needs to be created for ports, airports, roads, factories, power, mining, etc. This will not only kick-off employment generation instantaneously, but will also create conditions for job creation in the medium to long term, which will help India in achieving its goal of Make in India.

The first year of the Modi government has seen tremendous energy and initiatives. Some of them have yielded results and others will do so over a period of time. If the prime minister continues with the same zeal for the next four years of his first term, I am sure India will progress much further and fulfil our dreams of a clean, equal and poverty-free India. BW

The author is managing director and chief executive officer of BSE



Shravan Garg

CHANGING THE RULES OF THE GAME

HOW DO WE DESCRIBE the story of Narendra Modi's one year in office as the Prime Minister seeking to address the aspirations of 1.22 billion people? Should we analyse the contributions of the former Gujarat chief minister in improving the lives of millions of Indians or should we try to describe how India will look like when the NDA completes its term of five years? Also, what are the chances of Modi still continuing as the unchallenged leader?

While we may not dwell on the successes or failures of Modi's rule, one thing is certain: Modi has successfully changed the dynamics of politics that was in play over the past six decades or so. Modi cannot be expected to return to Gujarat now, to indulge in state politics. He has successfully shed his 2002

image. Although he was an RSS *pracharak* in the past, he would not want to return to the Sangh's organisational fold.

There was no opposition in Gujarat during the Modi Raj. While the Bharatiya Janata Party was the ruling party in the state, one cannot recall who the state president of the party was during Modi's regime in Gandhinagar. Pravin Togadia's VHP was almost non-existent or invisible during Modi's chief ministership. Modi decided how the Sangh would function in Gujarat. Had Modi decided not to try his luck in Delhi, he would have continued for as long as Jyoti Basu's unchallenged rule in West Bengal. But neither Modi was Basu nor the BJP CPM.

Narendrabhai is now repeating his Gujarat experiment and experience in a 'Modified' and customised manner which could well suit both the health and fears of Delhi. Modi knows well how the nation's capital behaved when Emergency was imposed in June 1975 by Indira Gandhi. He had also seen how people started crawling when they were asked to merely bend. Mrs Gandhi was both the prime minister and the 'Congress party'. There was no space for any kind of dissent in the party. She was a firm believer in the country needing a strong Centre. As a result, the Congress did not have any strong chief ministers in the states. Mrs Gandhi had every other advantage except one that Narendra Modi has. While Mrs Gandhi may have been leading a weak party, she was faced with a determined Opposition which ultimately ensured her ouster from power in 1977.

Modi has potential to establish himself as another Mrs Gandhi, Mrs Margaret Thatcher or Golda Meir of Israel, but for that the country will have to wait till the Bihar elections are over. This election will decide whether Nitish Kumar can prove to be another Arvind Kejriwal or if Patliputra will give way to Modi to fulfil his global ambitions. The revolt of Jitanram Manjhi against Nitish was not engineered in Patna and must have been part of a grand Amit Shah strategy. If Manjhi succeeds in dividing the vote bank of Nitish and Lalu, nothing will stop Modi from taking over an important state.

Uttar Pradesh would then pose no problems for Modi. Polarisation of voters is already deep rooted in the state. Therefore, there is no reason for Modi to get perturbed by what Arun Shourie or Deepak Parekh may have publicly pronounced about his government's performance.

In fact, Modi may still be judging the mood of the country, his own party, the Sangh, opposition parties, captains of industry and world leaders in general and our neighbours in particular, before he actually starts working on his hitherto undisclosed agenda. On would not be surprised if Modi is doing his own assessment of his government's performance, caring two hoots for people like Rahul Gandhi. The Congress vice-president gave zero out of ten to the prime minister as far as farmers and labourers were concerned and ten out of ten to the government for dolling out benefits to corporates. Contrary to what Rahul Gandhi has alleged, HDFC chairman Deepak Parekh only said that impatience had begun to show among businessmen as nothing had changed in the first nine months of the Modi government.

How does one know whether a government is performing or not. When asked, a senior person close to the ruling party shared his personal thoughts thus: Modiji wants to do hundreds of things but an atmosphere has been created, deliberately or otherwise, of caution, apprehension and fear, among ministers and bureaucrats in Delhi. There are ministers who were in the race for prime ministership with Modi. While some states are being ruled by the BJP, there are others that are being ruled by parties opposed to the BJP in general and Modi in particular. There are some BJP chief ministers who were being publicly equated with Modi in terms of competence and projected for the top post. All these factors are not being taken into account while assessing the performance of Modi.

BIHAR ELECTIONS WILL DECIDE WHETHER NITISH KUMAR WILL PROVE TO BE ANOTHER ARVIND KEJRIWAL OR IF PATLIPUTRA WILL GIVE WAY TO MODI TO FULFIL HIS GLOBAL AMBITIONS

Judging Modi's performance on the strength of figures would be misleading. The loyalists would generate reams of paper to list out achievements. The detractors, on the other hand, will also play their part as stakes are high for both sides. But one thing is certain, whether one likes it or not, Modi is going to stay. The question is whether he is going to change himself and accommodate others. The result of the Delhi assembly elections had answered this question partly. Bihar will provide the full answer. Modi's actual performance will start from the day Bihar results will be out. Let us wait and watch. BW

The author is a senior journalist and former editor of Dainik Bhaskar and Nai Duniya

OPINION

Chinese Checkers

All the bonhomie and bytes of the Modi visit notwithstanding, the China challenge remains

By Kanwal Sibal

MODI IS WOOING CHINA ECONOMICALLY for his development agenda for India. In his calculations, China has the financial resources, expertise in infrastructure building and need for external markets and project opportunities for its sectoral over-capacities to want to reciprocate. To smoothen conditions, Modi wants to improve the political atmosphere. He exhibited unprecedented boldness in speaking publicly in China about the need to resolve issues relating to the border and Chinese policies in our neighbourhood. By bringing issues hitherto evaded publicly to the forefront of the bilateral agenda he has created pressure for an early resolution, which is an advantage. But the disadvantage could be that if no progress is made, the policy of delinking political differences from economic engagement might become more difficult to sustain.

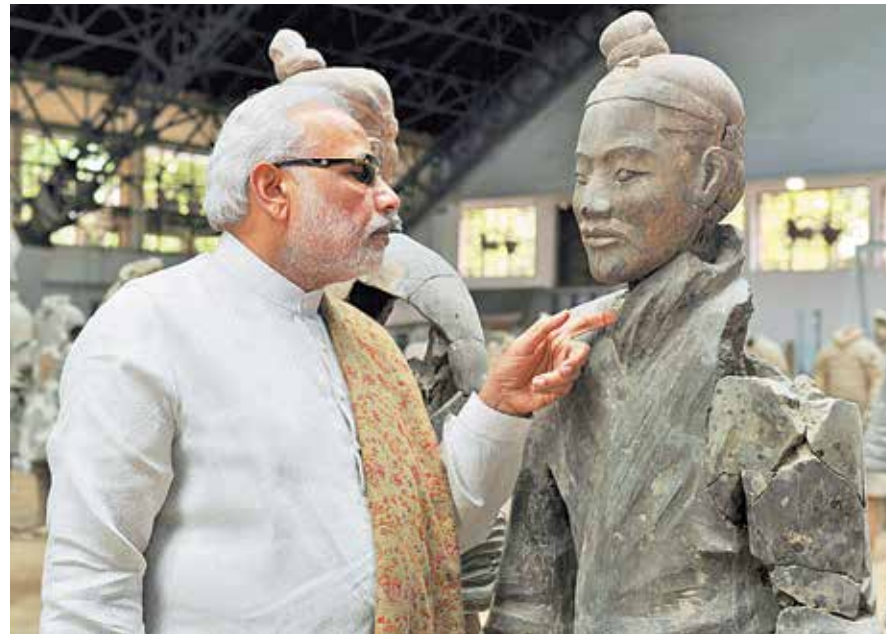
As against the joint statement in Beijing which says that outstanding differences, including on the boundary question, should not be allowed to come in the way of continued development of bilateral relations, Modi stressed in his joint press conference with premier Le Keqiang that China needed to "reconsider its approach on some of the issues that hold us back from realising the full potential of our partnership" and "take a strategic and long-term view of our relations". He reiterated the importance of clarifying the Line of Actual Control and achieving tangible progress on issues relating to visa policy and trans-border rivers.

In his address at the Tsinghua University, Modi was more feisty in pointing out that if the two countries "have to realise the extraordinary potential of our relationship, we must also address the issues that lead to hesitation and doubts, even distrust, in our relationship". He called for "deeper strategic communication to build mutual trust and confidence" so as to "ensure that our relationships with other countries do not become a source of concern to each other". Unusually at his level, he frontally sought China's support for India's permanent membership of the UN Security Council and membership of the Nuclear Suppliers Group. He has now outlined his political expectations from China in the years ahead. If progress in meeting them is not achieved in a reasonable time-frame, his economic agenda with China could become more vulnerable.

Modi has now outlined his political expectations from China in the years ahead. If progress in meeting them is not achieved in a reasonable time-frame, his economic agenda with China could become more vulnerable

The joint statement repeats the cliched language on the boundary question, with emphasis still on improved border management. The much touted One Belt One Road (OBOR) initiative finds no mention in the joint statement, despite the importance president Xi attaches to it. Indeed, Modi noted pointedly in his address at Tsinghua University that "there are projects we will pursue individually", which cold-shoulders

Of the 24 agreements signed during the visit, only the ones relating to the opening of our respective consulates in Chengdu and Chennai and space cooperation are significant



China's proposal to link the Mausam and Spice Route projects to OBOR. Why Modi mentioned progress in the BCIM (Bangladesh, China, India, Myanmar) Economic Corridor in his Tsinghua speech, in addition to its mention in the joint statement, is baffling as the danger of allowing our northeast to drift into China's economic orbit is self-evident. Significantly, the joint statement this time contains no reference to maritime cooperation and security in the Asia-Pacific region.

We have again thanked China's foreign ministry and the government of "the Tibetan Autonomous Region of the People's Republic of China" for facilitating the Kailash Manasarover Yatra, despite China's continued stridency on Arunachal Pradesh. Perhaps this was a quid pro quo for the stronger formulation on terrorism in the joint statement and the separate joint statement on climate change that fully meets India's needs before the December climate change summit in Paris where attempts to isolate India would be made. The reference in the joint statement to the "commonalities" in the approach of the two countries to global arms control and nonproliferation whitewashes China's historical and current proliferation activities in Pakistan for the dubious recompense of China "noting" our aspirations to join the NSG. That Modi himself announced at the last minute the grant of e-visas to the Chinese, without obtaining satisfaction on the stapled visa issue, raises questions about policy making. Of the 24 agreements signed during the visit, only the ones relating to the opening of our respective consulates in Chengdu and Chennai and space cooperation are significant.

The driving force behind Modi's wooing of China being economics, the outcome there was of most interest. However, the joint statement largely repeats what was said in September 2014 during Xi's visit about the scope of cooperation and addressing India's concerns about market access, except that a high-level working group would now look into the latter. Railways sector cooperation and the establishment of two industrial parks have featured prominently during this visit also. The $20 billion figure of Chinese investments in India in the next five years or more — for optical effect — was not mentioned this time. The 26 "agreements" signed at Shanghai were mostly MOUs with the private sector with no binding value in renewable energy, power, steel and so on. Even financing of private Indian companies by Chinese banks has been put on the positive ledger. That these MOUs, if and when implemented, are potentially worth $22 billion, is an excusable PR exercise that all countries resort to in order to embellish the economic "success" of visits by their leaders abroad. Will China's unfettered entry into key areas such as renewable energy give them eventually a grip over such sectors at the cost of local industry is a point to consider.

All in all, the China challenge for India remains. BW

The author is a former foreign secretary of India and former envoy to the US and Russia

PHOTOGRAPH: PIB

THE FOURTH GAMBIT

The promise of a faster Internet has been held back from a nation of young users eager to select 4G on their mobiles. Jio promises to change all that

By K. Yatish Rajawat, Illustration by Dinesh S. Banduni

LIGHTNING FAST'! 'Reliable and High Speed'! These are some of the epithets mobile service providers use to describe themselves. Self-praise is no praise, as most of us have learnt the hard way. Mumbaikars on Vodafone, despite thousands of complaints flooding the company, lose contact with the world on the famous J.J. Flyover. Who has not felt like smashing his or her cell phone on the head of the marketing chief of these companies when they have experienced call drops dozens of times in a week, sometimes at a crucial point in the conversation? Or, the frustration of your email page vanishing just before you touched the screen to send an important message?

It's the fourth attempt. It's taken over 20 years, but 4G (fourth generation) broadband is finally poised to take off on telecom networks in India later this year. 3G (third generation) networks have been an abject disappointment, both in coverage and speed.

The much-anticipated and oft-delayed launch of Reliance's 4G offering, Jio, is

CHARTING NEW TERRITORY
The Mukesh Ambani-owned RelianceJio promises to provide seamless 4G services

now slated to happen over the next two months. A statement in April this year by Reliance Jio Infocomm (RJIL) said it "plans to provide seamless 4G services using LTE (long-term evolution) in 800 MHz, 1,800 MHz and 2,300 MHz bands through an integrated ecosystem". The company holds the pan-India Unified Licence and is the only private player with broadband wireless access (BWA) spectrum in all 22 telecom circles of India. Reliance Jio, like the others, in its statement promises "reliable (fourth generation) high-speed Internet connectivity, rich communication services and various digital services in key domains such as education, healthcare, security, financial services, government-citizen interfaces and entertainment".

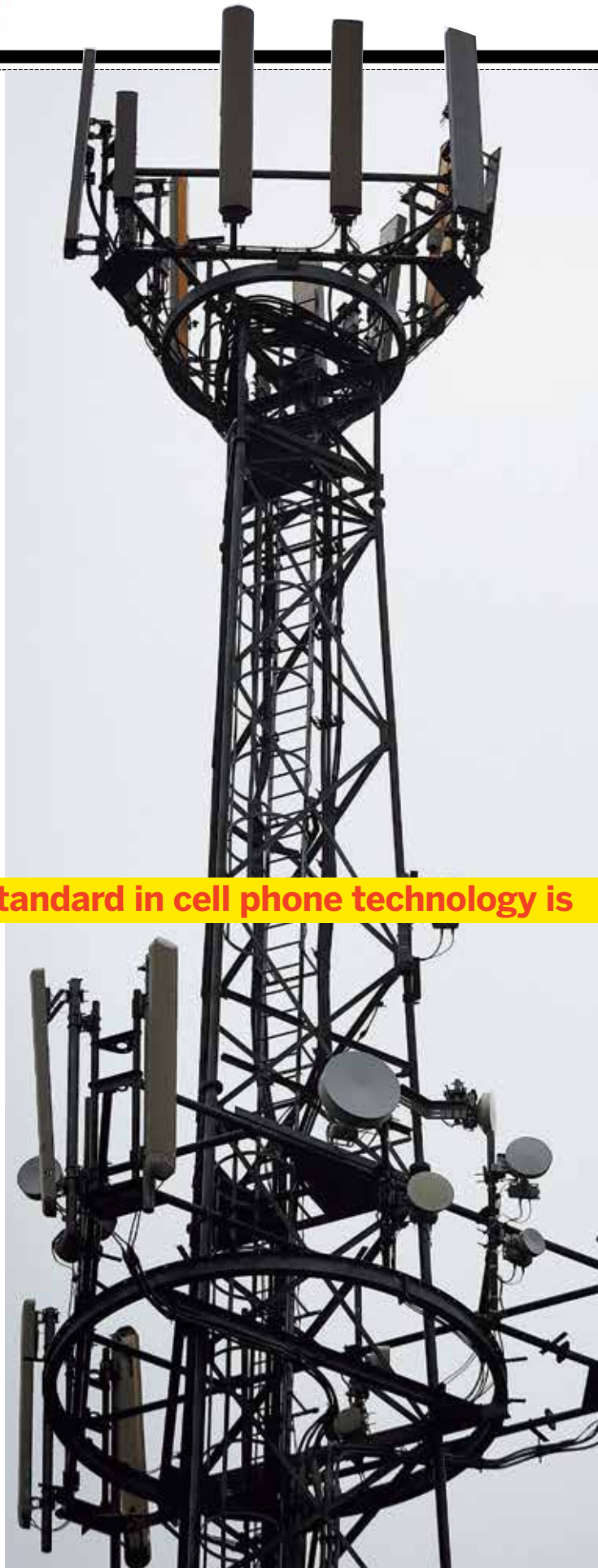
Credit Suisse, which closely tracks large listed companies, predicted a soft launch by mid-July this year, earlier than market expectations, and said retailing agreements would only be signed a couple of weeks in advance. The initial launch is expected to cover five cities. Reliance Industries' annual report for 2014-15, however, puts Jio's sights on ramping up to more than 800 cities over time.

India's dominant telecom player, Bharti Airtel, has been quieter but quicker. It has been in the game longer. Airtel kicked off 4G in Chennai, Hyderabad and Mumbai. According to an Airtel press release, existing Airtel customers with 4G-ready mobile devices can walk into

Third generation networking standard in cell phone technology is

any of Airtel's retail touch-points and upgrade to a 4G SIM and experience mobile Internet speeds like never before. Airtel has also announced go-to-market partnerships with Samsung and Flipkart to proliferate 4G devices and transition more and more customers to experience the fastest browsing experience.

With 20 more cities on Airtel's agenda, a price war is in the offing. Services like wi-fi, IP-TV and new digital content that call for high speed, will become a reality. The industry that has just emerged scathed from a gruelling round of spectrum auctions is waiting with mixed feelings for the slugfest. What does the immediate future of 4G look like? Airtel shared some details, but attempts to speak to Reliance on Jio hit a wall. Other telecom operators were also tight-lipped. However, such a massive rollout is difficult to keep under wraps, and conversations with equipment vendors and service providers in other countries provide a window to an interesting scenario.



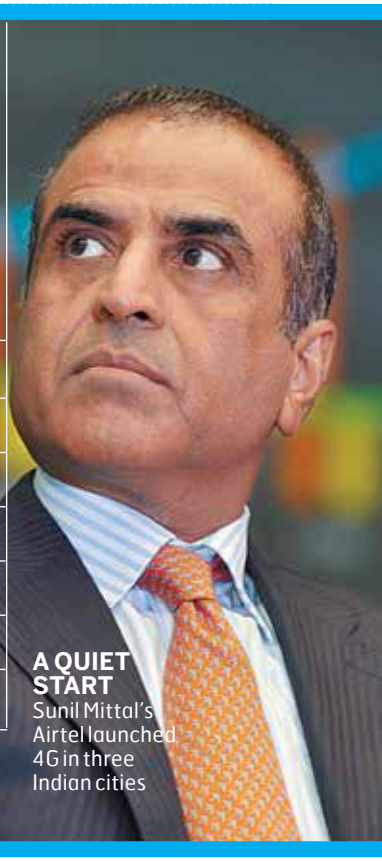
MAXIMUM NETWORK

Reliance Jio has put in place an elaborate network of towers through pacts with several companies

COMPANY	NO. OF TOWERS	CIRCLES
INDUS TOWERS	1,13,490	15
GTL INFRA	27,800	ALL INDIA
ASCEND TELECOM	4,500	ALL INDIA
TOWER VISION	8,400	ALL INDIA
ATC INDIA	11,000	ALL INDIA
RELIANCE COMM*	45,000	ALL INDIA

*In addition, Reliance Jio has agreement with Reliance Communications for sharing its optical fibre infrastructure of nearly 1,20,000 fibre-pair km within cities and 5,00,000 fibre-pair km between cities

Source: Trai and companies



A QUIET START
Sunil Mittal's Airtel launched 4G in three Indian cities

3G, the fourth generation is 4G

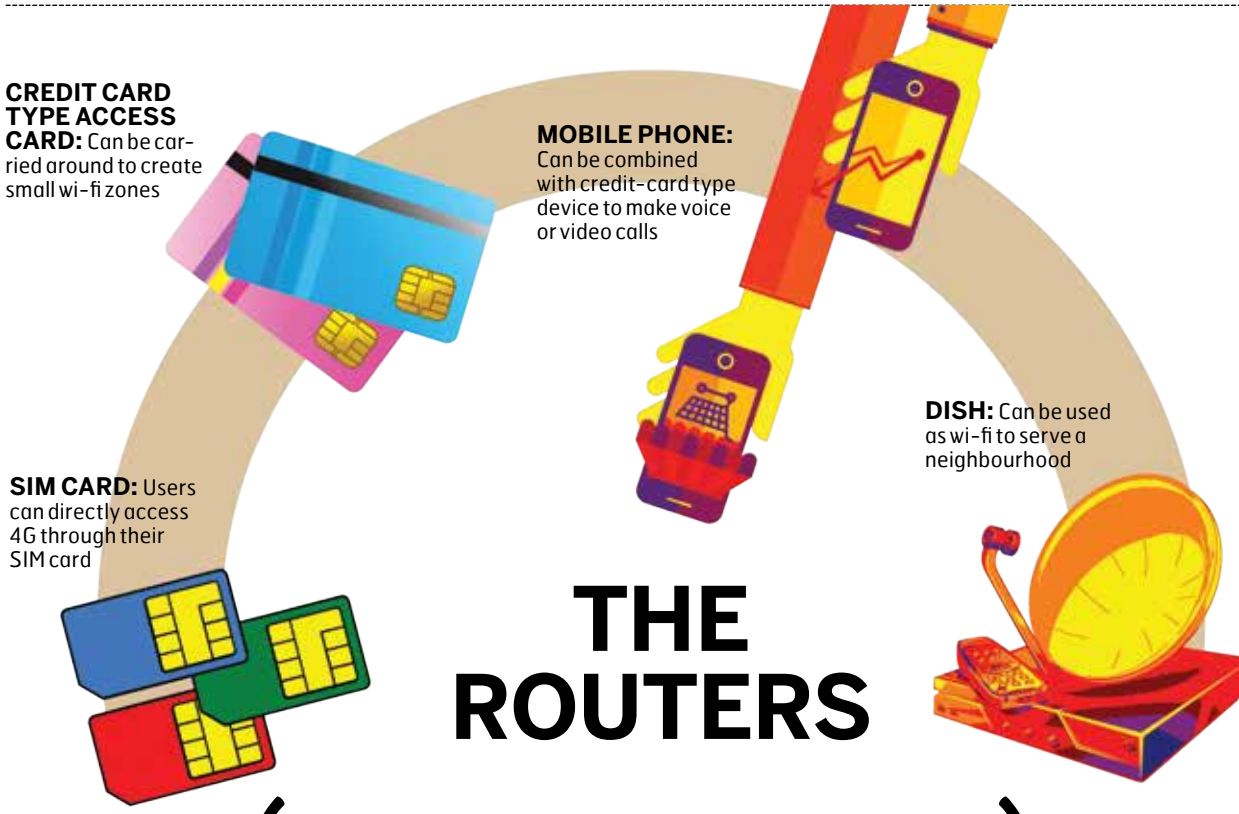
Disruptive Pricing

It was the second attempt at '*Karlo Duniya Mutthi Mein*' — the clarion call with which the Ambanis entered telecommunications in 2003 and promised to revolutionise voice, data and Internet communication by providing services to the nook and corner of the country at affordable prices. The result was a mixed bag and Reliance Communications under Anil Ambani was limping along. But by June 2010, Mukesh Ambani, within months of negotiating the end to the non-compete agreement with his brother Anil, bought through Reliance Industries (RIL) a 95 per cent controlling share in Himachal Futuristic's Infotel Broadband Services for Rs 4,800 crore.

Infotel Broadband was the only player to win the broadband spectrum auction for all 22 zones in India, and within hours after the auction ended, RIL agreed to pick up the tab of Rs 12,848 crore ($2.7 billion) for the spectrum. On the bandwidth side, RIL, therefore, acquired 20 MHz of contiguous spectrum across the country, twice that of the 10 MHz that its rivals, the other 3G telecom auction winners, had.

It has been an excruciating wait for things to happen since. Five years have elapsed. Reliance Jio as a first-time entrant has struggled with setting up its wireless connectivity, erecting standalone towers, and fighting right-of-way issues. Along the way RJIL picked up additional spectrum in 1,800 MHz in 14 circles across India, and in March 2015 further acquired 800 MHz and 1,800 MHz in 13 key circles in another spectrum auction. This gave RJIL spectrum in either 800 MHz or 1,800 MHz or both in 20 out of the total of 22 circles in the country.

Both US-based investment research firm Alliance Bernstein and a report in the newspaper, *Mint*, dated 12 May 2015 claim that Reliance Jio has invested $13 billion in five years. In comparison, Bharti Airtel has invested $15.78 billion over the past 23 years. Reliance Communications has invested $11.4 billion in its lifetime. These investments include payment for spectrum and infrastructure. These figures have not been refuted by these companies, though none are willing to confirm them. Obviously, the cost of building a network has risen. Optical fibre for 4G networks is costly. The investment of other operators like Idea, Aircel, MTS and Vodafone is unknown.



THE ROUTERS

4G is up to 10 times faster than 3G

It is obvious these heavy investments have been made to reap a rich harvest. Reliance Jio is clear. It wants to be a game changer; and it wants to be No. 1. Besides the technology and super offering of services, the strategy is to get there by a hugely disruptive pricing strategy. The first step will be to enter two-SIM handsets of existing subscribers. The scare going around among rival operators is that Jio will launch data packs at throwaway prices as an entry strategy. As it has to woo away existing subscribers it may go as low as Rs 10 for a 100 MB or even Rs 1 for a 1 GB pack. Such low rates would shake up the market. Data revenue is the fastest growing piece in the overall revenue segment, and a digital generation that is wallet sensitive as well as data conscious will love this pricing. Young subscribers, who watch movies and spend time on social media uploading and downloading stuff, will be the first movers for any service that offers cheap data. Packaging of data with handsets, wi-fi and access to a set-top box will also be a game changer for the sheer spectrum of digital services being provided. The writing is clear on the wall: Jio has applied for a nation-wide multi-system operator (MS) licence to provide cable services. Most of the cable and DTH services cannot provide proper broadband connectivity, except Bharti Airtel.

High stakes are involved and competitive telecom operators view the coming 4G wave with fear and caution. Data delivery on 3G is just taking off. Its potential has nowhere near been realised, so those who have opted for it cannot debunk it. Over the past few years, capital investment has drained these players both for the acquisition of new spectrum as well as for converting to 3G. Investment in network infrastructure has not kept pace with growth in subscribers. In a hyper-competitive market, operators are spending big on customer retention. These costs are draining their balance sheets. Analysts are revising profit estimates downward due to the coming price war on data and higher payments for spectrum. In such an environment, will the quality of telecom service improve or deteriorate?

Call Drops Spur 4G

A report by industry regulator Telecom Regulatory Authority of India (Trai) shows quality of service deteriorat-

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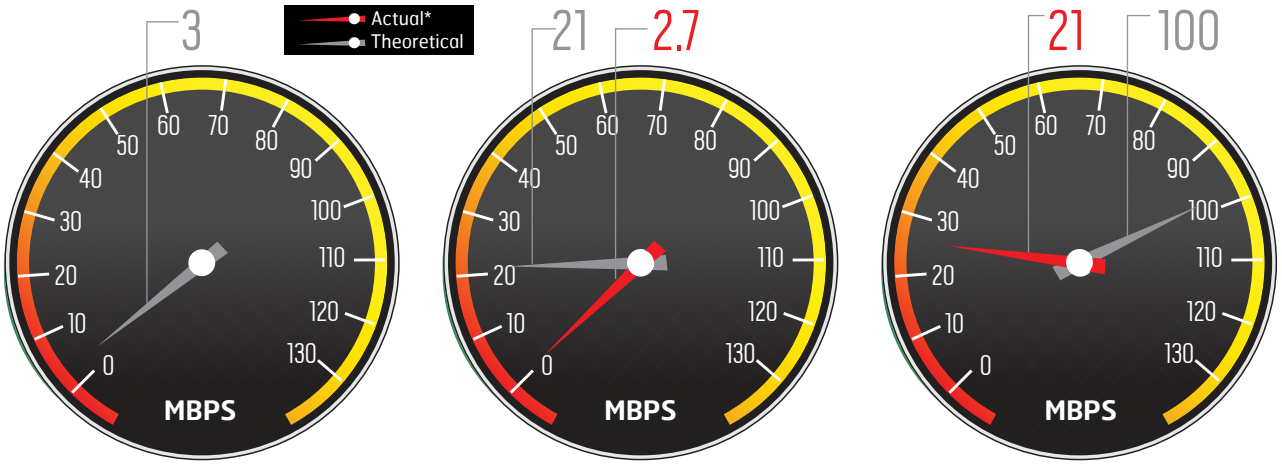
4G LTE (long-term evolution) is faster than 4G.

THE THRILLS OF SPEED

Reliance Jio plans to launch services with LTE, a much faster technology than 3G networks



3G EV-DO
(Tata, Reliance Communications)

3G HSPA+ (Bharti Airtel, Vodafone, Idea)

4G LTE
(Reliance Jio Default)

SOURCE: BERNSTEIN ANALYSIS

ing dramatically. The plague of dropped calls from key service providers is so rampant that Union telecom minister Ravi Shankar Prasad went public on 3 April with this warning to operators: "As a minister, I am equally accountable to consumers. If the consumers of India are complaining there are a lot of call drops in case of private operators, they must take this as a caveat for consideration."

On 23 April, Prasad told *Hindu Business Line* newspaper: "I have got a lot of letters from MPs and customers about call drops in the last few days, and to address such grievances, I have asked my secretary to call all telecom players to discuss the issue." In a written note to the Rajya Sabha, the minister noted that several private operators including Vodafone and Aircel were not meeting the benchmarks set by the government on quality of service.

Quality of service is poor for any operator, which has not invested adequately in infrastructure. Setting up new towers in cities is becoming costlier and residents oppose them for fear of radio wave emissions. A minefield of corrupt local authorities makes it virtually impossible to lay fibre in cities. There is civil resistance as well, as seen in Mumbai and several other cities, where activists have protested against Reliance Jio erecting towers in precious open spaces and gardens. It is against this backdrop that Jio is setting up its network with a delay of four years stemming from difficulties in building and setting up the infrastructure required.

Laying The Ground

A 4G network requires a backhaul infrastructure of fibre optics so that every base station is connected to the backbone. Ashwani Khillan, former chief technology officer at Shyam Sistema Teleservices and now with American Towers, says: "Every network is difficult. The 4G network is much more complex than existing networks as it takes time to configure and roll out." In India, telecom operators, don't have fibre optic backbones connecting all their towers, but they do not need to as a majority of the towers are still on second generation networks. Jio officials claim that they have laid more than 1 lakh kilometres of fibre.

Initially, Jio was supposed to adopt an asset-light model and lease towers from infrastructure providers and quickly roll out its services. But, now Jio has opted for a hybrid model in which, besides leasing towers, it has built its own network of towers (*Maximum Network*). To do this, it has developed a unique tower built for Indian con-

It gives the fastest mobile Internet experience so far

ditions: a ground-based mast (GBM) tower design without back-up diesel generators. Incidentally, telecom is the third largest consumer of diesel in the country, thanks to a patchy power scenario.

Jio's GBM design integrates a lithium-ion battery as a back-up inside the towers itself. The design was presented at the Indian Institute of Technology, Bombay. It also takes much less space and offers better coverage. The tower can be set up on 4 square metres and connected by fibre. According to Jio officials, the competition did not make it easy for them to get access to towers, which had fibre connectivity. "Even in places that had towers with fibre connectivity, there were more than six operators on it. So we had to install our own towers in key high-density traffic areas," says a Jio official.

"LTE operators have to deploy VoLTE as voice will remain ubiquitous and help save costs"
SANDEEP GIROTRA
India head, Nokia Networks

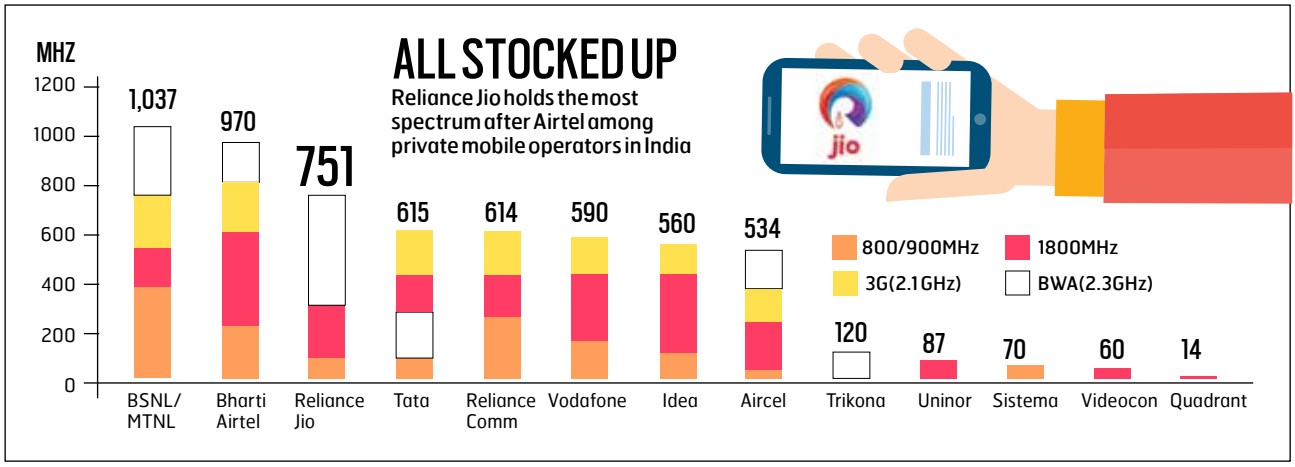
Airtel is the only operator among the incumbents serious about 4G implementation. It has already started rolling out services to pre-empt the Jio launch. Airtel's strategy is to upgrade its existing 3G network to 4G, and it has 47,000 out of 1,75,000 towers 3G-enabled. Srini Gopalan, head of consumer business at Airtel, says, "We will have 4G in 20 cities by 2016, and as we already have a 3G network we will use it as a fallback for voice for our 4G networks."

The fallback for voice is another issue that has delayed the rollout of the Jio network. It's really designed for data, not voice. 4G networks use a technology known as voice over LTE (VoLTE) for carrying voice. Sandeep Girotra, head of India, Nokia Networks, says LTE operators will have to deploy VoLTE as voice will remain ubiquitous and it will help save operating costs. Moreover, the voice and video experience is possible. So for voice, Jio has to add both infrastructure and data centres.

4G Handsets At Hand

For many years, 4G handsets haven't been available in India. It's been a chicken-or-egg situation, with handset manufacturers waiting for some sign of life before launching them in the country and cellular operators waiting for enough users to warrant moving up to faster connectivity. 4G handsets need to be configured for VoLTE and the ecosystem for this is still evolving, but LTE-capable handsets are now being launched in almost every price segment, except the absolute bottom tier. Samsung and LG's flagship phones, for example, are 4G-ready. These are, of course, expensive handsets. But down in the Rs 5,000 to Rs 10,000 segment, phones like the Redmi 2 are also similarly 4G-ready. All that is now needed is 4G networks, such as the one set in motion by Airtel.

Airtel is able to roll out services faster as it has the advantage of working in the 1,800 MHz space, which is far



SOURCE: COMPANY REPORT, BERNSTEIN ANALYSIS

more evolved for 4G, while Jio initially took on 2,300 MHz. Only later did Jio apply and secure1,800 MHz in the auction of February 2014 by paying Rs 11,100 crore as spectrum fees. In the auction this year in March, Jio secured spectrum in the 800 MHz band for another Rs 10,100 crore. The spectrum auction fees are not paid in one go, but is spread over the licence period. And yet, it is still a substantial cost to operators and the reason why their investment in infrastructure is low.

Jio employees say they have been able to integrate the 1,800 MHz and 2,300 MHz bands for rolling out their services. Industry sources say this integration is not easy and is a technology challenge. Industry observers say the company is still working on the integration of 800 MHz, while the 1,800 MHz and 2,300 MHz integration is complete. This means the rollout will not be a big one of both voice and data across the country. The first phase will be in those 13 circles in which Jio has both 1,800 MHz and 2,300 MHz. This will be followed later with a rollout in circles where Jio has just 800 MHz.

RISING RETURNS
Data revenues are growing fast for all operators

Data Is King

Jio may roll out over the coming years and cover 800 cities, but it is not seen as a challenge for voice services. Its biggest advantage is that it is a data network and offers far superior speed than anything else (*The Thrills of Speed*).

Data revenues are growing fast for all the operators. In fact, the smaller operators with limited circles sell more data packages than voice. For instance, if you notice the advertising of Sistema Shyam Teleservices, which sells telecom services under the brand name MTS, you would think it is an Internet service provider, selling dongles. Similarly, Tata-DoCoMo also positioned itself as a data service provider. Airtel's data revenue as a percentage of total mobile revenue is in the range of 16 per cent to 17 per cent and growing much faster than its voice revenues. Every operator is witnessing a similar growth in data volumes and revenues. This is the low hanging fruit that Jio is expected to capture by becoming the second SIM in existing handsets. Consumers may continue to use voice with their existing providers, but for heavy data usage they will shift to a Jio SIM.

Which is why one of the first apps that Jio launched is a WhatsApp clone called, uninspiringly, Jio Chat. The app allows users to video chat, besides a few other bells and whistles. It may not have caught popular attention but it did trigger an action from operators, who first began favouring some apps and choking bandwidth for others. While the issue was labelled as a Net Neutrality battle, it was really more of a peremptory strike by incumbents against Jio's app-based strategy.

Jio's strategy is not just about apps; it includes a combi-

nation of products and services. Jio Chat is an example of one such product, which can be downloaded on any phone and can work with any operator, though to realise its true potential you might need a second SIM card from Jio.

Breaking Out In Hotspots

A similar product is offering broadband wi-fi services in select locations. Jio has been studying user behaviour patterns in Ahmedabad by offering broadband wi-fi services in six-eight locations. These services are in malls and open public spaces. The company may offer more such hotspots to let people experience Jio services.

Wi-fi is an important area for all telecom operators. Vodafone, Airtel and even Idea seem to be developing hotspots or working with wi-fi operators. Jio is using a blend of LTE and wi-fi networks to provide connectivity in select spots, but this will only proliferate. It is working with state governments and city authorities to provide wi-fi services, according to the Reliance Industries annual report for 2014-15.

RAMPING UP APPS
Jio's WhatsApp clone, Jio Chat, triggered action from rival operators

Another product that Jio is planning to launch is My-fi, a small credit card-sized device that one can carry to create small wi-fi zones. This is a product for today's digital connected-everywhere generation. Jio officials confirm the device exists and there are pictures of it floating online. The pricing for My-Fi is said to be Rs 1,800-2,000 but this is conjecture. Technically, people could use their existing phones combined with My-Fi to make voice or video calls, provided the data charges are low; so low that users won't think about their consumption patterns while using it.

High-speed broadband connectivity over fibre and wireless-to-home is another product that the company is developing, according to its annual report and other sources. One of its breakthrough products uses a micro base station installed outside the home. This will provide a number of services. Technically, this base station can provide video content for IP-enabled TVs and of course, broadband into the house. This is expected to disrupt DTH service providers, who are the only HD quality TV services providers.

Jio has also developed a bigger version of its micro base station to service a whole colony. This unnamed station can also function as a wi-fi hub like the GBM towers. It is small enough to be placed on an electric pole and has been developed by Cisco under its small cell network. It covers a radius of 50-60 metres.

Within its content services, Jio is also planning to launch a set-top box that can replace existing DTH boxes. With these, one can watch the past seven days of programming from the cloud. It also allows people to buy and download movies and keep them in the cloud to watch later. To make this possible the company has invested in a data centre to host these services. While the size and capacity of the centres is not known, its existence gives Jio a big edge and pitches them against not just telecom operators, but also digital services providers like Google's YouTube or even Facebook's WhatsApp Messenger. Both these Internet companies are not able to offer high quality HD content as their data centres are outside the country.

The data centre is also important as Jio is offering VoLTE that perforce requires a telecom cloud. Sandeep Girotra of Nokia says, "For VoLTE to successfully take off in India, an underlying IMS (IP multimedia systems) network is a must. This also requires a gradual shift towards Telco Cloud, where many of the IMS infrastructure can be on a cloud platform, making it faster and easier for new applications like VoLTE to be deployed."

As for Airtel's plans to bundle content along with its 4G service, Srini Gopalan says: "Differentiating telecom services using content is old school. There are obvious limitation of both content and bandwidth here. There is a shortage of spectrum and till it is resolved it is not possible to realise the potential of mobile broadband."

Airtel is not the only sceptic. Other companies like Vodafone and Idea are also not following a strategy to seed the market with both content and devices. Jio, as a pioneer, has to create the market and has no choice but to shoot the arrows and scare away competition. It is also hoping that the seeds it has been sowing for so long, will give it a rich harvest soon. BW

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PHOTOGRAPH: BLOOMBERG

JIO SET TO DISTURB THE WATERS?

THE ROLLOUT OF RELIANCE JIO'S 4G SERVICE this time may cause ripples, but not waves or a tsunami as the entry of Reliance Infocomm had caused in 2001, supported by distortions in policy framework then. There have been massive expectations in the telecom sector ever since Reliance Industries (RIL) acquired a majority stake in Infotel Broadband, which won pan-India broadband wireless access (BWA) licenses in the 2010 auction. The expectations have hinged on Mukesh Ambani-led Reliance's re-entry into the telecom space through Reliance Jio Infocomm. The Reliance group's foray into the mobile segment in 2001 via Reliance Infocomm had challenged and practically transformed the country's telecom landscape through its market-disruptive strategies through blatant policy manipulations and large-scale operations. Back then, Reliance was instrumental in introducing various offerings at dirt-cheap prices, which went on to revolutionise wireless growth in India. The industry, experts and users are now expecting a very similar wave to sweep the broadband segment.

Coming to the positive side, Reliance Jio does have several inherent strengths as a company. It always had the financial backing of RIL, one of the largest business entities in the country. Due to this, the company always had sizeable resources and in the past, it has been a market changer with disruptive marketing strategies. That is no longer a plus point, when incumbents too are well entrenched, technologically and financially. In the past three to four years, Reliance has managed to build up significant capacity. It has a fairly large and geographically well-spread network and Reliance has always seemed to maintain cordial relations with top government officials. Somehow, whenever someone decides to analyse its history, they realise that various policies were tweaked to favour them from time to time.

Reliance Jio aims to become India's largest telecom player within three years of its service launch and to break even by the end of the third year of operations, many believe that Reliance Jio can change the pecking order in the world's second-largest telecom market. But personally, we feel there are some major obstacles that Reliance Jio might be facing at the entry level. The potential challenges are very basic in nature, i.e. a weak device ecosystem, lack of backhaul network support and issues related to the low density of 4G networks. The already saturated urban voice market and the incumbents' underutilised 3G networks will definitely pose challenges. Passive infrastructure sharing with existing incumbents will help Reliance Jio in the short-term only, but pan-India service strategy will require the establishment of new towers and cables, leading to huge capital expenditures.

We believe that while the company may want to adopt the strategy of disruptive pricing again, the scenario has changed significantly over the past decade or so. Customers are more educated and spoilt now. They would need a strong reason to switch from one operator to another. Either the quality of service being offered by Reliance Jio has to be the key differentiator or the price strategy of the service has to be extremely attractive for majority Indians. However, this doesn't seem to be an easy task in the ruthless telecom market that currently

exists in India.

Back in 2001, when Reliance Infocomm had entered the Indian telecom market to provide 2G services and caused massive disruption, mobile technology was a proven technology worldwide. In comparison, Long Term Evolution (LTE) services are still in the nascent stages globally. The entire 4G ecosystem has not yet developed in terms of devices. 3G itself has not taken off the way it should have. There is a lot of potential for 3G services, which is slowly getting tapped. 4G ecosystems has not yet developed in terms of devices, deployment of towers. 4G maturity will take time, which puts aside any apprehensions that Jio's aggressive plans will shake the industry.

The incumbents are ready to fight harder for a larger share of pie. It is not that easy for a new operator to add value customers by just giving discounts and freebies. Jio undoubtedly will get customers initially, but it might not be the case that will help them in the long-term. They, too, need to have quality and loyal customers instead of getting unnecessarily aggressive they are expected to be calculative. It's always dangerous to be a rookie in this sector. Reliance has to play really well. They are launching a very new technology that has yet to evolve. Every time they make a mistake, a competitor will learn from it.

Reliance Jio has to play really well. Every time it makes a mistake, a competitor will learn from it

We feel that every time Reliance will try to make the right moves, the incumbents will try to ensure that they do not compromise their leadership position. After gaining a first-mover advantage, Bharti Airtel has been steadily rolling out its 4G services across its licensed circles. Spectrum liberalisation has encouraged non-BWA spectrum holders to foray into the space-using spectrum in the 1800MHz band. Idea Cellular and Vodafone India have picked up large amounts of spectrum in this band in the recent auction and can become potential challengers for Reliance in the 4G space over the long-term. Airtel and Idea are established players in the field with millions of users. It is difficult for another player to just enter and impact the market instantly.

The competition is cut throat, and intense and thriving in this segment are difficult. The BWA rollout deadline will also see other players holding spectrum in the 2300MHz band launching services and competing with Reliance in some circles. As per the government rules, all the companies that won BWA spectrum in 2010 are required to roll out services in at least 90 per cent of their service areas by August 2015. However, we believe at present Reliance, is better prepared than its competitors for a service launch in the BWA space. Therefore, the company will have to build a highly-effective business model around a differential pricing strategy and innovative applications. To make an impact, Reliance Jio will need to offer applications that attract the mass market.

Reliance has spent close to four years strengthening its infrastructure muscle, bringing in more investments, devising fresh strategies, signing partnerships (Samsung handsets), and acquiring spectrum. However, the gestation period has been a long one, and the company has failed to convert all the hype into a commercial or mainstream service launch. Going ahead, the long-awaited launch of Jio is expected to usher in some much needed dynamism into the data segment. Its potentially reasonably priced 4G services could give a shot in the arm to the 4G markets if the business model is shaped properly. As for its impact on the incumbents' business, the entry of a new player like Reliance Jio will stir the waters, and put pressure on revenue growth, margins and capex over a long time, but in the short-run, the impact might not be what they caused in 2001. At the same, it will result in the creation of huge capacity across the telecom value chain. For the consumers, the main beneficiaries, they can look forward to some exciting times and superior speeds. After all, the Jio's 4G launch is expected to usher in a new broadband era in the Indian telecom sector.

This time market place is different, scope for policy manipulation is limited or has already been consumed, customer is not gullible, and most importantly, the competitors, too have deep pockets, are smart street fighters and are no novices. Whatever happens the ultimate winner would be the consumer and the biggest adjudicator as to who succeeds in today's world of choices. Incumbents are advised to prepare for tsunami and Reliance Jio to be prepared for a long haul pitted as they are against formidable entrenched players. Let us see who is startled, incumbents by tsunami or Reliance by resilience and resistance of the enemy? BW

The author is former CMD of VSNL and currently serves as a director at Sonata Information Technology. His views are personal

Mr. Govind Uttamchandani
CMD – SSK Group

SYSKA LED : A Trendsetter in LED Lighting in India

SYSKA LED is the flagship company of the modern, futuristic and diversified conglomerate Shree Sant Kripa(SSK) Group. Within a short span of just two years, the SYSKA brand has succeeded in creating a strong brand recall through aggressive marketing campaigns along with smart sales strategy. SYSKA has been recognized as the "Most Trusted Brand in Household Lighting" by Brand Trust Report.

At SYSKA LED the mission is: To relentlessly strive to innovate and create LED Lighting Solutions which will be efficient, reliable, safe, future-ready and environment friendly. In keeping with this mission, the organization has developed a vast range of specialized eco-friendly LED lighting solutions. These lights consume upto 70% less power than conventional lights like CFLs. They provide excellent luminous efficacy, versatility and uniform light distribution. They are designed to last exceedingly long, give quick payback periods and are completely free of toxic components like mercury, lead, etc., they are extremely durable and come with a 2-year warranty.

SYSKA LED's expertise covers the entire gamut of LED solutions – including design, manufacturing, supply & installation of fixtures and strong after-sales service. A dedicated team of engineers with over 15 years of experience work round-the-clock with the aim of creating customer delight.

Demand for SYSKA LED lighting products is growing at a fast pace. " We are aiming to take LED lighting to masses by offering retrofit solutions and emerge as the leader in this LED-based lighting segment, which is the future of lighting", asserts Mr. Govind Uttamchandani, the dynamic and far-sighted CMD of the SSK group.

SYSKA LED has the most extensive array of LED lighting solutions of international quality for residential, commercial, industrial and outdoor usage.

The residential range has functional lights like bulbs, tubes, panels to high-end products like chandeliers. This range of products is RoHS compliant. The Commercial range is also vast and has a wide range of retrofit solutions, downlights, 2 by 2 fixtures and sleek panels (with dimmable option).

The Industrial and Outdoor portfolio cater to a wide range of applications and encompasses street lights, high-bays, tunnel lights, beam lights, garden lights and landscape lights.

SYSKA LED is now focused towards rapidly expanding its distribution network across India. They are making their mark through exclusive brand outlets called SYSKA LED Lounges and have robust plans of setting up 200 lounges within next one year. Says Mr. Rajesh Uttamchandani, Director, SSK Group,"In continuation with our commitment to provide the best in-class products, SYSKA looks forward to opening such Lounges across major cities in India. These will also enable us to strengthen our partnership with interior designers, architects, consultants and lighting professionals."

In addition to its manufacturing plant in Korea, SYSKA LED has started their manufacturing operations at Rabale, Maharashtra and is planning to create a Manufacturing Zone spread across 25 acres in Madhya Pradesh. This will help them cater to the huge demand of LED lighting across emerging markets.

A strong manufacturing backbone, world-class R&D infrastructure, a robust distribution network and a superior sales & service team are the key drivers towards making SYSKA LED the leading player in the Indian LED lighting landscape.

"I did not want the brand to go down. I also thought it was a national service"

AJAY SINGH Chairman and managing director, SpiceJet

IN DEPTH | AVIATION

PUTTING THE SPICE BACK INTO HIS JETS

Ajay Singh is gradually rebuilding the brand and the shift is clear. But is the airline out of the woods?

By Joe C. Mathew & Monica Behura

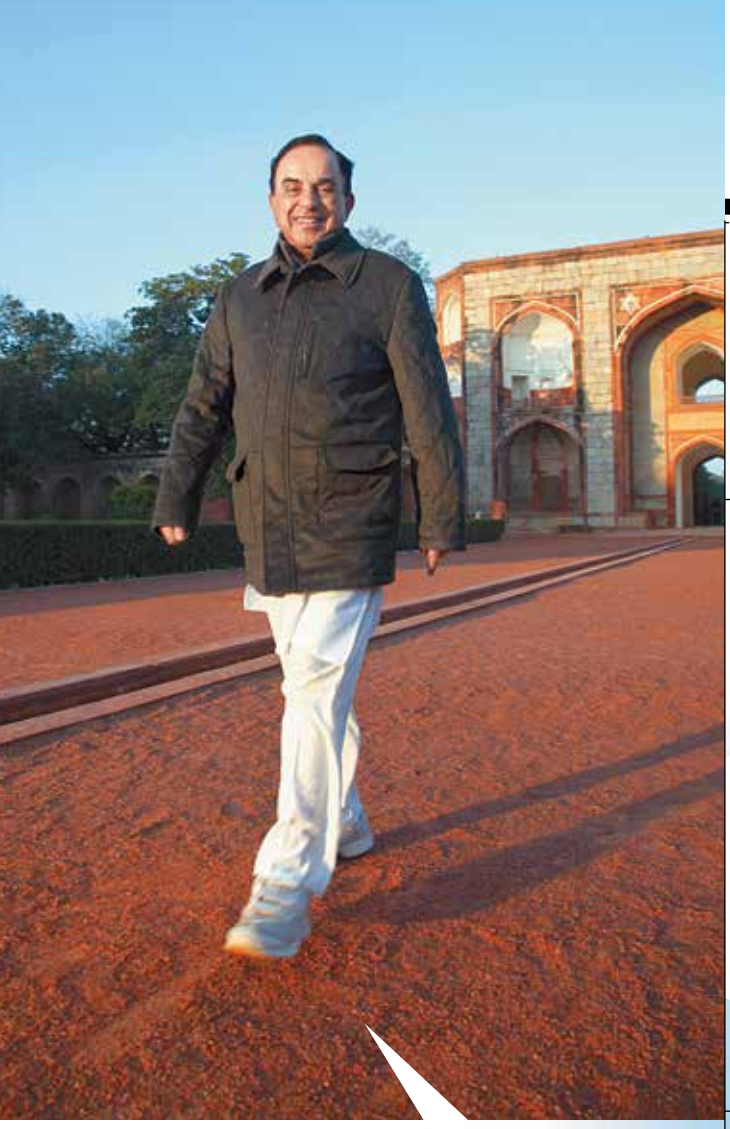
Photographs by Ritesh Sharma

IT WAS WITH an unusual proposal that Kalanithi Maran, the promoter of SpiceJet, approached the airline's minority stakeholder Ajay Singh in September 2014.

"Are you interested in taking over?" Maran asked Singh.

As one of the founder promoters of SpiceJet, Singh had been closely associated with its day-to-day affairs, including heading its operations until 2010, the year when Maran acquired the airline's majority stake from US investor Wilbur Ross, UK-based Bhupendra Kansagra, and their investment companies. After the change in management, Singh, who had a mere 4.5 per cent stake in the company, resigned from its board, while retaining a minimal shareholding.

In the next four years, while Maran, the owner of Chennai-based media conglomerate Sun Network, struggled to manage an unwieldy airline, Singh stayed busy buying out Daewoo Motors (India) out of liquidation and playing the role of an angel investor in a nanotechnology company in Bangalore and an IT company in Mumbai.



A BUMPY RIDE

The fortunes of SpiceJet, in its current and previous avatars, have swung wildly in its 20 years of existence

1992 Industrialist S.K. Modi launches Modiluft in technical partnership with Lufthansa

2005 Re-launched as SpiceJet, with three leased aircraft by Ajay Singh who raised funds

1996 The airline ceases operations; Lufthansa exits; company renamed as Royal Airlines

2008 US private equity investor Wilbur Ross and the UK-based Kansagra family acquire a controlling stake

"Maran offloaded 58 per cent of SpiceJet shares to Ajay Singh. But at what price?"

SUBRAMANIAN SWAMY, BJP leader

He was also part of BJP's key campaign team in the last general elections and is credited with coining the winning phrase, *"Ab ki baar Modi sarkaar"*.

Almost five years later, Singh was told that the airline he helped build will either have to be taken over by him, or be left to die. "My sense initially was that the problems (that led to mounting losses and a desperate stake sale plan) were pretty severe. I said I am willing to look at it, but I need to understand what the problems are," he says.

The Maran-Singh dialogue did not get anywhere at that time. Three months later, Maran approached Singh again. This time, he was very clear, says Singh: "They said I should take a call, otherwise they will shut it down."

Goldman Sachs had given "dud" value to SpiceJet. According to industry experts, the enterprise value of the company at that time was Rs 3,000 crore in accumulated losses that it had made, and Rs 1,400 crore of liabilities it had. Singh was virtually offered the airline "free", though it was his responsibility to raise enough funds to steer the company away from its liabilities and turn it around.

The call Singh eventually took is evident from the fact that he today owns over 60 per cent stake in SpiceJet.

Jun 2010 Kalanidhi Maran acquires a 37.7% stake for Rs 750 crore, gradually increasing it to 53%

Dec 2010 Maran decides to purchase 15 Bombardier Q400 aircraft

2012 Expat CEO Neil Mills quits, Q4 losses mount to Rs 249 crore

2014 Sees fleet reduction, flight cancellations with shutdown rumours

Jan 2015 SpiceJet board approves Rs 1,500 crore share sale

Feb 2015 Maran sells 58.46% stake to Ajay Singh, who now holds 60.31% stake as promoter

Though the takeover was not without controversies, it is very clear that Singh means business. He claims to have cleared all debts of the ailing company in just three months since the takeover in December last year. The company is talking about fleet expansion and fresh hiring. His revival strategy for SpiceJet is to get the basics right.

Experts are not ruling out the revival possibilities either. "They have to recoup a lot of things. Overall, it looks positive," says Amber Dubey, partner and head, aerospace and defence, KPMG India. "They are back in business. Competition is always good for the entire aviation industry. Not only does it keep us on our toes, it also pushes us to keep improving our products and services," says Phee Teik Yeoh, CEO, Vistara.

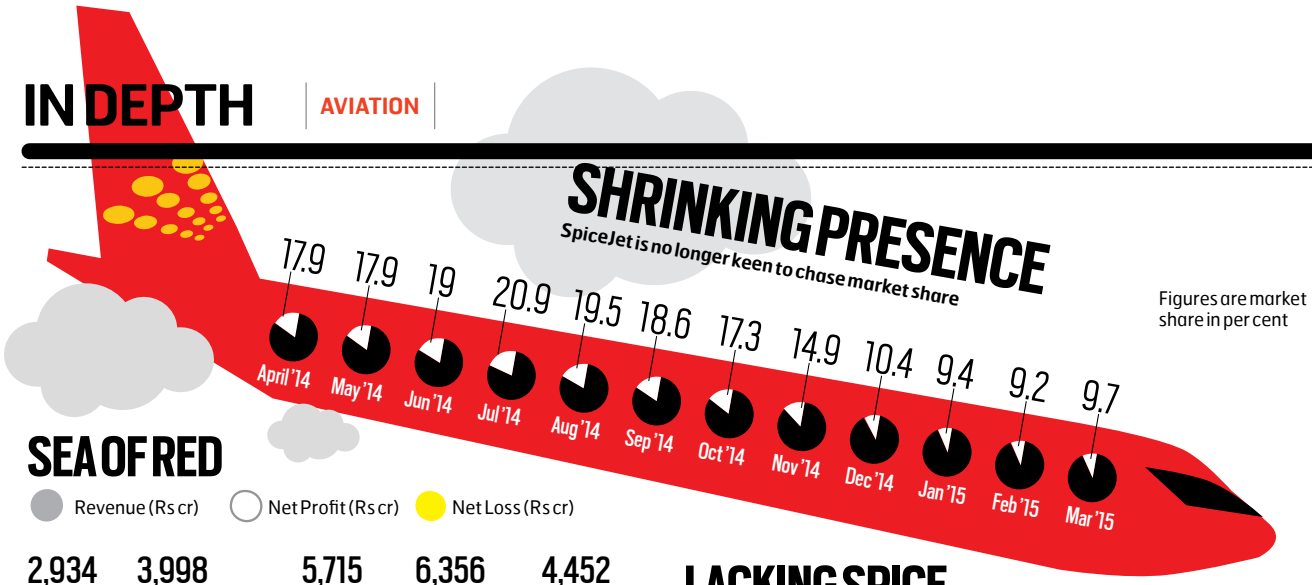
Second Coming

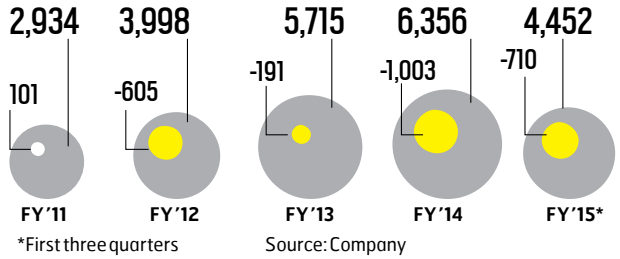
As promoter of the airline, it was a second coming for Singh. His entry as SpiceJet promoter for the first time happened in December 2004 when he, along with his investor friends re-named and re-launched Royal Airways (originally known as Modiluft) — an airline company that had suspended its operations in October 1996 — as SpiceJet. The following years saw the company pursue a low-cost model to increase its fleet size, network of operations and revenues to culminate into some profit in 2010, the year when Maran took control.

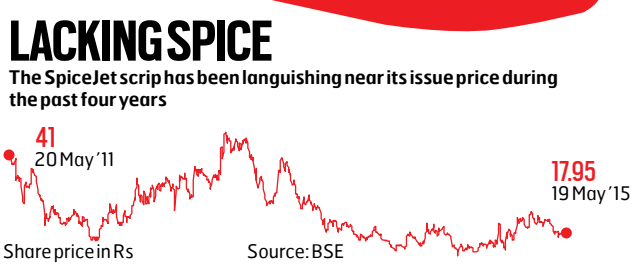
Several things changed after SpiceJet became part of the Sun Network. And some of which proved too costly for Maran. "I think the airline deviated from its principles of trying to reduce cost on a regular basis. You have to keep knocking down costs which I didn't think was the focus under Maran's leadership," says Singh. He also points out that there was a lot of dilution of revenues due to faulty design of promotional schemes. "They went more for spread, in terms of opening up of large number of operations as opposed to having higher frequency. Also, the airline was functioning under an absentee leadership because Maran was not physically present here (in Delhi, its operational head quarters). It's a very competitive space, you can't afford a hands-off deal," says Singh.

An investor note from ICICI Securities, which announced the suspension of SpiceJet coverage on 17 December 2014, explains the dire situation that compelled Maran to take the airline company to Singh a second time: "SpiceJet has reduced flights across its network from 332 daily to 239 from 1 September till date. It has cancelled 1,861 flights till this month end, which has also affected its brand image. With three consecutive years of net losses and mounting outstanding dues of over Rs 2,000 crore, it needs at least Rs 1,000 crore immediately to keep it off the ground. Given this backdrop, amid high uncertainty over funding, we suspend our coverage on the company and recommend that investors exit the stock." If SpiceJet was in such a bad shape and seemingly at point of no-return, how did Singh became interested in it?

"The fuel prices were low, the economy was picking up, the brand was good, and it was a brand that I intimately knew," says Singh. "I also thought it was a national service. But it couldn't have been done if there wasn't a rational reason. I knew there was an honourable way to do it and I had the ability to do it," he says.







The Deal And After

As part of share sale and purchase agreement, Maran transferred his 58.46 per cent of SpiceJet stake to Singh in February 2015. The deal also received requisite statutory clearances, though not everyone agrees with the level of transparency. The most vocal among those who criticise the deal is senior BJP leader Subramanian Swamy. He has already written a letter to PM Modi seeking an inquiry into the manner in which the deal was made. In Mid-May, Swamy also filed a petition in the Supreme Court seeking an inquiry into the matter. "Maran offloaded 58 per cent of SpiceJet shares to Ajay Singh. But, at what price? How can you keep that a secret? It is against company law, it is against the Sebi regulations," says Swamy.

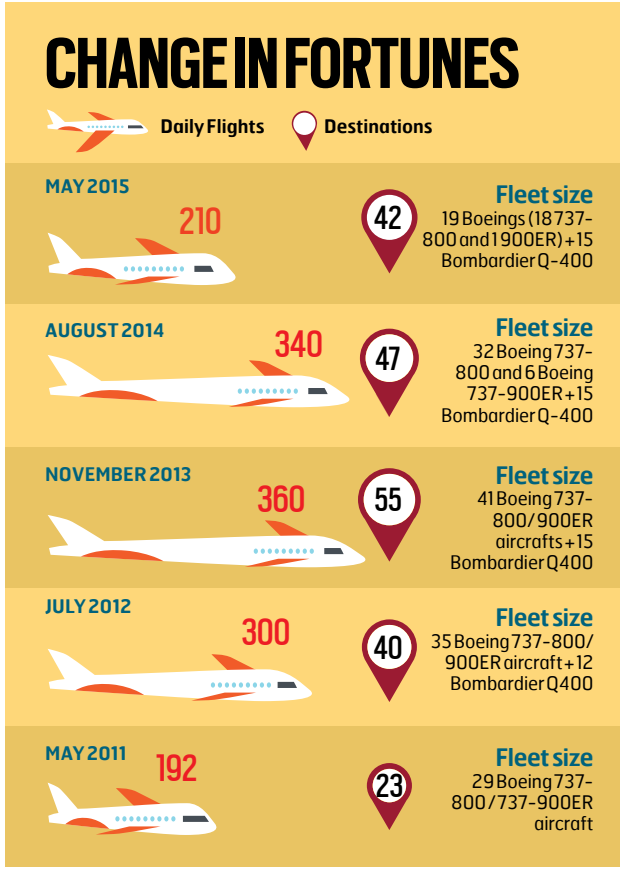
Swamy also complained that the deal occured without a mandatory open offer, which is against company law. "Sebi claims that it made an exception. How can it do that? What is his (Singh's) net worth? How is he running the airline? Where does the money come from? Did it come from some offshore bank in Britain?" he asks. In his petition in the Supreme Court, Swamy illustrates the SpiceJet deal in the context of black money. "I have sought an inquiry. The court has on 13 May asked the government to respond," he says. Singh refutes all the allegations raised against him. "We acted completely as per Sebi's rules and regulations. There were provisions in the Sebi law that permitted an exception under certain conditions. And we used those provisions," he clarifies.

On the larger ground of equity and fair play, Singh says that Sebi has only done its job of protecting investor interest. "If this acquisition had not happened, the value of the shares held by small investors would have gone to zero. So, by doing what we did, we protected the small investors. They would have been zero. They are at 20 bucks now. I followed the law, I acted in the interest of SpiceJet, and its small investors."

Singh says that the money (Rs 550 crore) that he has infused since acquisition has come from a mix of investors and banks. "We are getting a lot of funding offers from various players such as private equity, debt providers, hybrid products and even foreign airlines. We will choose the mode of investment that comes at the lowest cost. If any further dilution of stake is needed, that will be done at better valuation. Our im-

"They are back in business. Competition is always good"

PHEE TEIK YEOH
CEO, Vistara



Source: Company

proved performance will reflect in our stock price. We would need another Rs 500 crore for complete revival of the company." So how much time to reach the 2010 level?

Singh says that he is still planning. "The first order of business was to stabilise. To make sure that flights start on time, as we were down to almost 40 per cent on time performance. In March and April, we have crossed the 80 per cent margin," he claims. The company has stabilised that. It has brought some of the most outlier costs under control. "We shut down some airports and curtailed the network to get back to low-cost model — which is fewer stations and higher frequency to these stations," he adds.Singh is also renegotiating debt-restructuring plans. "We have amended the contracts. We are re-negotiating a large number of contracts to bring the costs back in line."

A new SpiceJet board is also in the making. "We have applied for four members in the board. Security clearances have come for three. Harsha Vardhan Singh, former deputy director general of World Trade Organisation, is one of them. As we expand, we look to get aviation professionals, finance professionals on board," he adds.

He also refutes the charges of nonpayment of dues. "Ever since I joined I have cleared all the statutory debts and every single rupee of bad debt, all employee salaries are up to date and oil companies are paid," says Singh. The company's cash flow has become much stronger than anticipated, according to Singh who so far has pumped in Rs 550 crore and has a larger funding plan to infuse capital as and when required. They were reports that the Lessors aircraft owners had sought the return of their Boeing aircraft and a payment of millions of dollars from SpiceJet to cover several months of unpaid rent and maintenance costs. "We have cleared debts of Lessors and are in the process of paying large creditors, in some cases, vendors have agreed to be paid in instalments, things are under control at the moment," says Singh.

The crisis had also resulted in an exodus of top-level management, pilots, cabin crew etc., says Kiran Koteshwar, chief financial officer and acting human resource head of SpiceJet. "Since Maran was not physically present in a day-to-day business, there was an environment of gloom among employees especially during the crisis time that the airline went through in the last few months. But Singh's presence in the office exudes confidence and motivation among employees that things will go right because he is a very hands-on executive," says Koteshwar.

According to him, the company is still looking for a full-time HR Head. "We will hire about 100 pilots, 50 commanders and as many co-pilots. We will also hire 200-odd cabin crew and flight engineers," adds Koteshwar. At present, SpiceJet has a fleet of 17 leased Boeing 737s and 15 Bombardier Q400s that it owns.

Singh believes in a flat and leaner organisational set up. He is hiring old hands who left the place during Maran's time. With Singh back in SpiceJet, many who had quit are returning now. Singh had made it clear that he would give first opportunity of joining to those who had either quit or had been laid off during the airline's difficult days. Some have already returned. As part of his cost-reduction strategy, Singh has trimmed his expensive top management. "I want a leaner management with responsibilities dispersed equally at the mid-level," says Singh, who fired the top load that were drawing salary of Rs 2 crore per annum.

With all the revamping and restructuring, Singh has no more time to spin off his mantra: "Fly our flights on time, make sure they are safe, clean, and the people who are flying are happy. The fares are reasonable. Just stick to the basics." BW

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OPINION

On The Mat Over MAT

The controversy over retrospective tax is a pointer to how India functions, or to be specific, how it chooses not to function

By Sandeep Bamzai

IT IS CALLED THE HALLOWEEN INDICATOR — sell in May and go away. This theory points to the fact that November to April are the best months in terms of stock market fund flows. This has been empirically proven across the world markets. It holds good for India too.

Saw some numbers crunched by a newspaper the other day. For the last eight years, it shows that average monthly foreign institutional investor (FII) flows into India dry up in May and are at the lowest for the year — 1 per cent of total FII inflows for the year. The best month for inflows, according to the deep dive is September when as much as 16.55 per cent of the flows have come on an average over the last eight years. That is why sometimes the adage is completed by saying 'sell in May and come back in September'.

Thanks to the retrospective tax overhang, April was a lousy month this year, with FII inflows strangled. The BSE Sensex, which was going along swimmingly was down close to 3.5 per cent in April. But there is a bigger story that needs attention. Something material to the controversial retro tax and once again throwing into stark relief how India functions or, should I say chooses not to function.

Symptomatic of this dysfunctionality is as always a case pending in the courts. The government and Castleton Investment have agreed to expeditious hearings in the Supreme Court on a tax dispute, which is at the kernel of the current problem. The dispute pending since 2013 could settle the Minimum Alternate Tax (MAT) issue one way or the other.

Castleton approached the Supreme Court against a 2012 ruling by the Authority for Advanced Rulings, which said that it would have to pay MAT on capital gains arising from the sale of shares. With a similar announcement in the Budget, it allowed the income-tax (I-T) authorities to swoop down again. Since I-T authorities can reopen tax assessments going back six years, panic gripped foreign portfolio investors (FPI). Then news came that 68 notices amounting to unrealised gains of Rs 602 crore had been sent out. Statements like as much as Rs 40,000 crore could be garnered through this route didn't help; neither did talk that portfolio investment routed through countries with double taxation avoidance treaties would not be taxed. The seed of doubt had been planted. This led to widespread consternation once again, convincing foreign investors that India will allow retrospective taxation through the backdoor. Markets had slumped nearly 3,000 points from their top. The pervading mood was that FPIs had been dry-gulched.

> The issue at the kernel of the FII inflows cutback is a tax dispute between the government and Castleton Investment pending in the Supreme Court since 2013

BMR Advisors tried to provide some clarity on this highly contentious issue, which has led to a flight of capital from Indian stock markets. Here is a quick gander at what BMR said after finance minister Arun Jaitley's clarification on the Finance Bill in Parliament:

The original Bill proposed an explicit exemption to foreign institutional investors or foreign portfolio investors from

applicability of MAT on income in the form of capital gains from transactions in securities (other than short-term capital gains on transactions on which securities transaction tax does not apply).

While the proposal addressed the controversy on applicability of MAT to FIIs/FPIs for the future, it raised concerns over MAT becoming applicable, by inference, to foreign companies, especially given the conflicting judicial rulings on the matter.

The revised Bill proposes to extend the explicit exemption to any foreign company that earns income in the form of capital gains on securities or earns income in the nature of interest, royalties and fees for technical services, which are taxable on a gross basis, provided tax payable on such income is at a rate less than the rate of MAT, i.e. 18.5 per cent.

The amendment only reasserts the government's position that provisions of MAT apply to all foreign companies as well. This controversy on applicability of MAT to all foreign companies is likely to get addressed through a ruling of the Supreme Court, which is currently examining this issue in a particular case that also forms the basis for the government's view and the controversial notices to FIIs/FPIs to collect MAT on capital gains transactions.

The amendment also does not align with the industry's demand that explicit exemption be made to apply with retrospective effect. The finance minister excluded this aspect while addressing the Lok Sabha. Several FPIs have filed a writ in the Bombay High Court against the notices issued by the government. The fate of these notices rests materially on the view the court takes in the weeks ahead. The FPI writ, which wants this lethal tax withdrawn, revoked and cancelled states: "because provision of Section 115JB is in plain language applicable only to domestic companies and given the fact that the petitioner is a foreign company, which has no place of business in India, the imposition of MAT on the petitioner is an illegal extension of a law meant to apply to domestic assesses to book profits that are in financial statements outside India — thereby imparting extra territorial application to domestic tax law — and that too in a manner contrary to its plain language". The petition further argues, because holding that the provision of Section 115JB applies to the petitioner, defeats the obvious objective of the law to exempt FIIs from regular tax on such income, thereby to promote investments in Indian capital markets by FIIs".

Under the current regime, foreign institutions are not required to pay any tax on long-term capital gains (gains from investments exceeding one year). Institutions are liable to pay short-term capital gains tax (tax on investment less than one year) at 15 per cent. Given the sensitivities and sentiment involved and the fact that the matter is pending before the Supreme Court for a couple of years now, and the fact that we are going into a summer recess, an expeditious response from India's judicial system is vital. The only way out is a vacation bench hearing the matter and giving a decision.

While the original Bill addressed the controversy on applicability of MAT to FIIs/FPIs for the future, it raised concerns regarding the tax becoming applicable, by inference, to foreign firms

What does all this tell you? That babudom continues to call the shots, tax terrorism is an integral part of the Indian administration, that even reformist politicos succumb to rabid populism and most importantly, we remain one of the most litigious nations in the world. The matter is pending before the apex court for three years and we continue to wait for relief.

Meanwhile, we go ahead and do what we always do: set up a committee. On May 20, the finance ministry constituted a three-member committee to look into the applicability of MAT on FIIs before April 2015. The committee is headed by A.P. Shah, chairman of the Law Commission of India. The other members are former chief economic advisor Ashok Lahiri and Girish Ahuja, former associate professor of commerce at Shri Ram College of Commerce, University of Delhi. More damagingly, Reuters put out a story recently, which said the finance ministry ignored warnings on notices sent out September 2014 onwards on this issue, allowing the sore to fester. Typically, doing business Indian ishstyle. BW

The author is a senior journalist

PHOTOGRAPH: SHUTTERSTOCK

MAKING PARTNERS
Amazon has partnered with over 1,000 mom and pop stores across 47 cities to reach their customers

LUCRATIVE LIAISONS

Neighbourhood kirana stores know their customers like none. Giant retailers have leant that now and that partnering with them is their best bet

By Vishal Krishna
Photographs by Bivash Banerjee

MADAN MOHAN Reddy of Bangalore is hard at work in his 500 sq. ft shop. Bhuvaneshwari Rice Shop is his livelihood. The 21-year-old puts in 17 hours a day to earn Rs 50,000 a month. He is savvy, ambitious and uses a strappingly large smartphone. He is a digital literate, knows about products such as the mobile wallet and is open to cash-on-delivery to win new customers.

He's the kind of guy Amazon has been looking for. Eighteen months ago the $89-billion e-tailing giant began its 'I Have Space' (IHS) programme using the street corner mom and pop kirana network to deliver products to their consumers. Reddy saw his future, made a phone call and registered as a 'delivery partner'. All he had to do was provide his PAN card details and he was good to go.

Amazon gave him a Samsung tablet and a palm-sized credit card payment device to connect the payments to Amazon's seller app and the cloud server on the backend. Reddy hasn't looked back since.

"I got in to this program because Amazon gave me extra reach and more

customers," he says. His sales increased by Rs 20,000 a month and he made an additional Rs 15,000 by delivering products ordered on Amazon at his store. "Customers would come to my store to pick up their orders and ended up buying soups or juices too. When I began delivering Amazon products to the door step of my loyal customers on my bike, some of them would ask me to deliver groceries too."

Prashant N. from Bangalore has a similar story to tell about his store called Wave Telecom. The story of Reddy and Prashant has been replicated by around a 1,000 kirana stores that have joined Amazon India across 47 cities.

The Power Of Unorganised Retail

In 2006, when large conglomerates such as Reliance Industries, Future Group, the Aditya Birla Group and others, committed $10 billion (Rs 40,000 crore) to expand their retail footprint, there was plenty of chatter about the death of the kiranas. Nine years later *BW | Businessworld* finds that kiranas have not just survived, they have blossomed.

Historically, the Indian consumer has always been hyper local, preferring his neighborhood *baniya*. On the other hand, malls and independent stores found the capital cost of investing in land and filling the godowns a losing proposition. High rentals, between 15 and 20 percent of sales and low footfalls, have killed many a mall. Consumer behavior also revealed that most Indians do not have the appetite to spend on premium retail prices, and their mall spends are mainly at the food courts and the multiplexes.

Further, most retailing outlets do not buy in to the ethos of a brand and in turn affect a brand's value by not communicating the value proposition. "One of the reasons why kiranas thrive is because retailers, barring a few, have not made modern

RIDING WITH AMAZON

Shop: Bhuvaneshwari Rice
Owner: Madan Mohan Reddy
Founded: 2012
Earnings: Rs 85,000 a month
Service: Sells food and grocery, loose and branded rice. Mobile and passport services. Also an Amazon delivery associate
Education: Graduate

retailing a career option," said B .S. Nagesh, vice-chairman of Shoppers Stop, one of the largest retailers in the country, in an earlier interview with *BW*.

The big retailers underestimated the underlying strength of the kiranas and their importance in the unorganised job market. In a country with high levels of unemployment, they provide sustenance to millions. According to Kronos, the global human resource technology firm, of the 450 million workers in this country, only 30 million are in the organised sector, while the rest continue in 'informal' employment. A lot of the 'informal' work seekers therefore dabble with entrepreneurship and the kirana store offers the lowest-entry barrier. You can start with small finance from friends and family. It is the same 'kirana' spirit which Uber and Ola have hooked on to and made the taxi driver their partners. It is no coincidence that some of these drivers actually also own small shops and drive taxis for that extra income.

The growing fast moving consumer goods (FMCG) industry feeds the kirana network that has become an endless river. One shuts shop and another opens up with new services. "Indian cities, with their culture of shopping, including the psychology of consumers, are tuned to being hyper local. Our goal has always been to bring that experience of a neighbourhood shop in a large store, which is convenience and great service," said Kishore Biyani, chairman of the Future Group, in an earlier interview. He says people will still go to their kirana for their daily shopping and visit larger stores for their monthly needs.

If You Can't Beat Them, Join Them

It is no wonder then Jeff Bezos, founder of Amazon, wants to use the Kirana network, earlier seen as competition, to grow retail sales. His target is to bring 5,000 kiranas under Amazon umbrella within two years. The business model for the kirana owner is simple and profitable: he earns Rs 20 for every package delivered to the customer's doorstep, and Rs 15 for every packet picked up by the customer from his store.

Similarly, Biyani wants to link 10,000 kiranas to Future Group's food parks ,which make squashes and short eats, located in Karnataka and Madhya Pradesh. "The food park in Tumkur can serve all the small stores in South India and our plan is to increase our private label (branded merchandise exclusive to the retailer) reach across the country," says Praveen Dwivedi, president of Future Consumer Enterprise.

The rush to connect kiranas does not stop there. Technology companies such as SAP, Mahindra Comviva and Infosys are working on boxing "payment and assortment" software for kiranas. They will link data generated from kiranas to FMCG distribution centres on a real-time basis. HUL has connected

CALLING THE SHOTS

Shop: Wave Telecom
Owner: Prashant N.
Founded: 2012
Earnings: Rs 35,000 a month
Service: Sell mobile accessories and services Android Phones. Also, provides passport and PAN card services along with delivering Amazon products

"Our goal has always been to bring the experience of a neighbourhood shop in a large store, which is convenience and great service"

KISHORE BIYANI
Chairman, Future Group

its distributors on tablets and they collect information from kiranas to avoid running out of stocks at the distribution level. However, because this system only captures stock depletion at the distribution level, and not at the kirana level, it nullifies the purpose of the retail supply chain, which is to increase the 'fill' or restocking rates by understanding consumer buying habits. To make matters worse, large scale mobile deployments, focusing on kirana fill rates, are not yet piloted. So, one may wonder why is kirana the centre of attention.

"It is because the kiranas know the customer better than anybody and their services add more value to our customer service experience," says Amit Agarwal, managing director of Amazon India. Kiranas know their customer, but do not capture that information, which Amazon can. Kiranas are hubs for booking rail, air and bus tickets along with filling up passport/tax forms and mobile recharge vouchers to supplement their revenue. Over the years they have extended services to selling apparel, mobile repairs, and ironing clothes. Reports by CRISIL and Ernst & Young put the total number of kiranas in India at 12 million (approx.) outlets and they clearly continue to dominate the $550-billion retail market. The organised retail market accounts for less than 8 per cent of sales and, in the last 10 years, the share has only crept up by 3 per cent. If you can't beat them, join them: is what the Amazon strategy dictates.

Flipkart and Snapdeal said that the 'kirana strategy' is not on their immediate agenda, but Biyani's $3 billion Future Group is committed to learning from and linking up with the Kiranas.

Kirana Now

"The data is a gold mine. If e-commerce businesses get this data from kiranas, it is going to change the way they run promotions and campaigns," says Devangshu Dutta, CEO of Third Eyesight, a consulting firm. "Can they provide customer

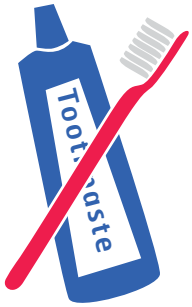
satisfaction? That is the crucial test which will decide if kiranas can migrate to serving the mobile customer," adds Dutta. Sources say that today kiranas deliver close to 3 lakh packages a month for Amazon, which means just through the kirana network it makes more than 3 million deliveries a year.

The company did manage to give *BW* a sneak peek into what it is doing for the food and grocery business and how it plans to use the kirana network to deliver to customers. A similar model is followed by Aaramshop.com. Vjay Singh, the founder of aaramshop.com, is aggregating 6,000 kiranas in 28 cities for food and grocery delivery, and is helping them find customers through his platform. However, this startup is yet to raise the kind of funding required to scale up the business. Meanwhile ,Amazon is going to push all its cash resources to create technology that can make the customer connect with kiranas a simple matter.

Fazal Mohammed and Abdul Basit, two brothers, run their 800-square-feet shop called Care Fresh, in Mathikere, in Bangalore, with a continuous watch on the expenses. Being new in the area, they were not getting any traction from their store. Their catchment had let them down and they had no marketing budget to connect with customers. When they heard about Amazon's "KiranaNow" pilot program, which is a platform for kiranas to sell grocery through a mobile platform, the brothers jumped in.

"Kiranas know the customer better than anybody and hence, their services add more value to our customer service experience"

AMIT AGARWAL
MANAGING DIRECTOR, AMAZON INDIA



AMAZON INDIA HAS ALREADY CRACKED THE KIRANA DELIVERY MODEL AND IS IN A POSITION TO SCALE UP THIS SEGMENT RAPIDLY

Amazon's team took pictures of 15 to 20 items of the inventory of Care Fresh, and placed them on the mobile website and started an online store front for the brothers. Basit and Fazal have access to a browser-based system that connected with the Amazon network and the boys know, in real time, what their customers order. All they have to do is pack the items and generate an invoice. The Amazon delivery boy will take the package from Care Fresh and deliver it to the customer in 90 minutes. Amazon is trying to reduce this to 30 minutes and eventually will train the kirana to handle delivery. The cash will be paid back to the kirana in four days and Amazon will take 1 per cent of the total value delivered to the customer.

The 'Kirana Now' program is available only in a few urban centres of Bangalore, but in six months it would be scaled into other cities. That said, Amazon India has already cracked the kirana delivery model with its IHS program and is in a position to scale up this segment rapidly. Kirana stores in Delhi such as Manchanda Enterprises and Lakshmi Stationaries have scaled up their businesses with Amazon's IHS. "I hardly made Rs15,000 a month. But with people picking up Amazon items, on a daily basis, it has upped my shop's business too," says Shankar Singh, owner of Lakshmi Stationaries at Janak Puri in Delhi. Today he makes close to Rs 40,000 a month.

The company had started with less than 10,000 packages with the kirana network 18 months ago; today, it is doing a million packages a month. Clearly, one does not need a crystal ball to see that kiranas will survive and thrive. Retail in India will continue with its hyper local system with no one brand or group dominating the consumer's wallet.

We say let the Kiranas drive the Indian story ahead. BW

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For more on retailing, visit www.businessworld.in

MARCHING AHEAD: During 2014-15, TPSCL set up 4,029 ATMs across the country. By end March 2016, it will reach 15,000, says Sanjeev Patel, CEO - TPSCL

IN DEPTH | BANKING

RAISING WHITE ELEPHANTS

Tata is ahead of rivals in white-label ATMs by a mile, but the industry is in turmoil and the rollout is not in line with expectations By Raghu Mohan, Photograph by Subhabrata Das

PLUGGING GAPS

Non-bank players set up white-label ATMs under the following schemes

Scheme A

Year 1 — Minimum of 1,000 WLATMs

Year 2 — Twice the number of WLATMs (minimum) set up in Year 1

Year 3 — Thrice the number of WLATMs (minimum) in Year 2

A ratio of 3:1 will be applicable. For every three WLATMs set up in tier-3 to tier-6 centres, one can be installed in tier-1 to tier-2 centres. Of the three WLATMs in tier-3 to tier-6 centres, a minimum of 10 per cent must be instaled in tier-5 and tier-6 centres

Scheme B

Year 1

Year 2

Year 3

A minimum of 5,000 WLATMs is to be set up every year for three years

A ratio of 2:1 will be applicable. For every two WLATMs set up in tier-3 to tier-6 centres, one WLATM can be set up in tier-1 to tier-2 centres. Out of the WLATMs in tier-3 to tier-4 centres, a minimum of 10 per cent should be in tier-5 and tier-6 centres

Scheme C

Year 1 — A minimum of 25,000 WLATMs is to be set up in the first year

Year 2

Year 3 — At least another 25,000 in the next two years

The ratio of 1:1 will be applied. Of the WLATMs installed in tier-3 to tier-6 centres, a minimum of 10 per cent should be in tier-5 and tier-6 centres

No prior RBI permission is needed for rollout once a WLATM player picks up a scheme, but no switchover of schemes is permissible. WLATM operators cannot take over ATMs operated by banks

GRAPHIC BY PRASHANT

T'S A FIRST. The The lead deployer of automated teller machines (ATMs) is not a bank; it's a new-kid-on-the-block: Tata Communications Payment Solutions' (TCPSL) white-label ATM network 'Indicash'. It set up 4,029 ATMs last fiscal (it now stands a tad over 5,000), compared to 3,968 ATMs opened by the State Bank of India (1,934), ICICI Bank (1,136), HDFC Bank (510) and Axis Bank (388). TCPSL has a 66 per cent market share in WLATMs; and of the 30,855 ATMs set up by all and sundry, the contribution of 'Indicash' is 13 per cent. Sanjeev Patel, CEO-TPSCL, is hopeful: "We will hit 15,000 ATMs come end March 2016".

On the face of it, this success is a big thumbs up for Mint Road's June 2012 WLATM policy to allow non-banks to not just service, but set up ATMs. As the Reserve Bank of India (RBI) noted, "while there had been a nearly 23-25 per cent year-on-year growth in ATMs, deployment has been predominantly in the tier-1 and -2 centres. There is a need to expand in tier-3 and -4 centres" as it sought to fold in financial inclusion into the game.

The WLATM policy was the first major ATM thrust after the mid-2000s, when 'brown-label ATMs' got the nod that allowed non-banks to operate and manage ATMs for banks (whose signage appear on kiosks and terminals).

The WLATM world is, however, on a shaky turf; the script has gone awry. The business model is premised on the fact that you and I will walk in and swipe at WLTAMs which will help them pocket the inter-change of Rs 15 (it's what your bank pays when you swipe at ATMs other than their

own). But what you have is poor footfall at WLATMs and high operating costs; the cap on free transactions has added to the woes. And the din for a higher inter-change fee is reflective of all this. Net effect: ATM deployment has gone down contrary to forecasts of a fillip with the entry of WLATMs. To put it bluntly, WLATMs may soon turn out to be white elephants.

So when Patel says "the bulk of our ATMs are in low-tier towns to drive financial inclusion", it stumps rivals (see *A Tellers' Tale*) who struggle to put up runs on board; and worse, don't want to go out and bat at all. "I see no reason to deploy so many WLATMs. It makes no sense," says K.R. Bijumon, chief general manager of Muthoot Finance, which has put up just 200 WLATMs. Last May, he had told *BW*, "We have been a bit slow off the blocks, but the rollout will gather pace in the months ahead. At 100 ATMs a month, we will reach 1,000 by March 2015." He's off the target by 80 per cent!

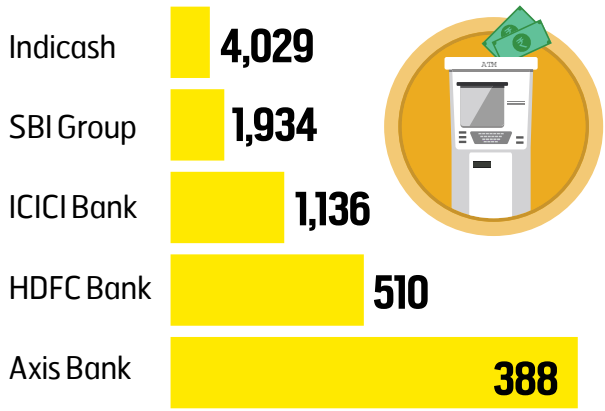
Echoing Bijumon's thoughts, Loney Antony, managing director at Prizm Payment Services, says: "If I don't earn money, what can I do?" Antony is candid that losses continue to mount on account of WLATMs. So he has pulled out nearly 200; it now stands at 1,200 ATMs thereabouts. Financials are hard to get as these entities are privately held. Now you may quibble it's a case of sour grapes for Bijumon and Antony -- the truth is the tellers' tale hangs in balance.

Beyond Numbers, Betwixt Lines...

At the heart of the mess is the inter-change fee — at Rs 15 (down from Rs 18). It's WLATMs only way to earn bread and butter; their bellies fill up only when more and more plastic is swiped on their networks. For issuers, it's an expense they have to bear on behalf of customers. It's a different matter that after three free transactions in a metro (it's five in the non-metros), the plastic-issuer charges you anything between Rs 20 and Rs 30 and to that extent, covers up for the inter-change pay out.

EXPANDING COVERAGE

Indicash added more ATMs in FY15 than the top four banks put together



SOURCE: RBI, NPCI, ANALYST REPORTS AND ANNUAL PRESENTATION BY BANKS

NOT MANY USE WLATMS. IF 100 PEOPLE QUEUE UP AT A BANK'S PROPRIETARY OR BROWN-LABEL ATM, ONLY 40 GO TO WLATMS

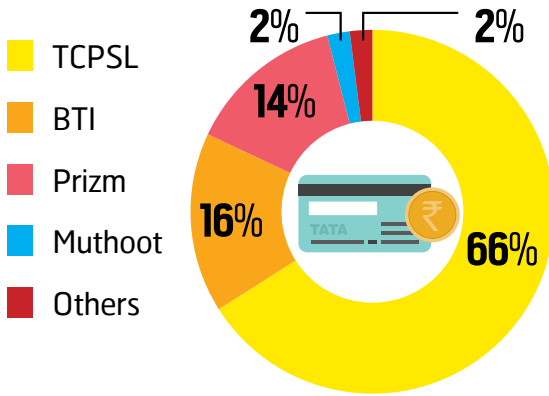
What's important here is that it holds good only for your bank that pockets this fee; not for WLTAMs that issue no plastic.

Not many swipe cards at WLATMs. If 100 people queue up at a bank's proprietary or brown-label ATM, only 40 go to WLATMs. "It's very hard to get folks in the low-tier towns to go to WLATMs as they associate banks with ATMs," says Suneel Aiyer, chief executive at Writer's Safegaurd, a cash-management firm that loads currency in ATMs and is also into brown-label ATMs. And you have empirical evidence to prove this lack of traffic at WLATMs from the way brown-label ATM deployers bid for the rate per transaction (RPT) — the fee they get for every swipe — to be charged to banks for a tender of 63,000 ATMs floated by North Block in 2012.

AGS Transact Technologies' RPT bid was Rs 12.10. We don't know how Prizm, FIS, Mphasis, Electronic Payment Systems and TCPSL bid, but it's been gathered that one brown-label

POLE POSITION

Tata Communications Payment Solutions remains the largest white label ATM network in the country



SOURCE: RBI, NPCI, ANALYST REPORTS AND ANNUAL PRESENTATION BY BANKS

contender's bid was as low as Rs 7 and that the bid-range by this lot was between Rs 7 and Rs 12.10. Now if inter-change fee at Rs 15 is a sore point for WLATMs, how come some in their brown-label avatars bid low on the RPT (technically it's not inter-change, but that's what you earn at the end of the day)?

Explains Bijumon at Muthoot (not a brown-label entity though): "That business model is different. People come into brown-label ATMs as the signage is that of banks; they are deemed as banks' outlets. Typically, 60 per cent of all swipes are at banks' own ATMs; the rest is at ATMs of other deployers. Again, you get to earn an RPT on 100 per cent of the transactions. You can't extrapolate RPT bids into WLATMs and say we are now being unfair to clamour for a higher inter-change". There's another matter of detail: the inter-change for WLTAMs is not Rs 15 — it's Rs 13 as Rs 2 goes to the sponsor bank. That's because only banks can be part of the Mint Road settlement system.

Also note how the lower traffic at WLATMs that Aiyer alludes to and the high number of swipes at banks' proprietary or brown-label ATMs that Bijumon refers to mirror each other. You now have a ridiculous situation: banks now monitor ATMs, other than their own, with higher traction and then plonk their own ATMs next to them to save on the inter-change payout. This has led to a slug-fest between banks and WLTAMs, when ideally, they should have played complementary roles. Oh and by the way, North Block's brown-label tender of 2012 for 63,000 ATMs has seen only a 50 per cent strike rate despite an RPT on 100 per cent of the transactions; and some mandate winners, sources say, have opted to pay a penalty rather than deploy ATMs.

Antony feels what has clouded the view (for WLATMs) is "this business of three free ATM transactions in the metros and five in non-metros, which has added to the confusion. It's very hard to say if you are in a metro or a non-metro as some places are on the borderline." Besides, free swipes now cover not just cash withdrawals but balance-enquiries and mini-statements too. Adds Bijumon: "Some banks have put a limit on free transactions on their own machines as well. It has confounded the problem. It is hard to remember where you swiped and what for."

Brace For An Even Bigger Jam

It's no surprise that ATM deployment numbers have fallen. The installed ATM base at 1,93,000 is lower than London-based Retail Banking Research's (RBR) projection of 2,25,000 for 2014 up to 2017. RBR — a strategic research and consulting firm in retail banking, automation and payment systems — reports are the gold standard in this line of business.

67%
Of TPSCL's network is in tier-3 towns and lower markets

"I have never seen RBR's numbers like this. It's unlikely that deployment forecasts at 2,80,000 ATMs (2015), 3,40,000 (2016) and 4,00,000 (2017) will be met," notes Antony. The latest RBR (2014 up to 2019) forecast paints a gloomy picture: ATMs will be at 2,90,000 in 2016, 3,40,000 (in 2017), 3,90,000 (in 2018) and 4,40,000 (in 2019) — that is, we may cross 4,00,000 two years later than what was forecast in 2013.

It's not good enough to just open millions of bank accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) or gloat that the numbers have made it to the Guinness Book of World Records — it only makes for a good start. To be truly effective, growth in the card-acceptance infrastructure has to be in line with the spurt in accounts.

And here's the irony: at the other end, you have 575 million pieces of plastic (553 million debit cards and 21 million credit cards); it's been a northward sojourn all through the years. Most of the bank accounts opened under PMJDY (all issued with a debit-card, which is nothing but a deposit-access facility) are

"People come into brown-label ATM outlets as the signage is that of banks. Typically, 60 per cent of all swipes are at banks' own ATMs"

K.R. BIJUMON
Chief general manager, Muthoot Finance

in the back-of-the-beyond. In that case, where does it leave the card holders if the ATM network build-up slows down?

"The ATM network needs to be ramped up to 3,00,000 over the next three years so the masses can benefit from ease of accessing their accounts, cash and remittances," says Patel of TPSCL. Now given Mint Road's insistence that WLATM rollout be 67 per cent in the semi-urban and rural with 23 per cent in urban catchments, it's anybody's guess how this math will be squared, especially for the many who already feel the pinch.

Here's another set of numbers and you know what a quicksand we are in. In 2013, Axis Bank, HDFC Bank and ICICI Bank added 4,133 ATMs. The SBI Group (SBI and its associate banks) put up 15,000. Punjab National Bank, Union Bank of India, and Bank of Baroda (BoB) together put up 5,000 ATMs. BoB alone added 2,800 to double its ATM network. So a total of 24,133 ATMs from these banks alone. In 2014, the system as a whole added only 30,855, and the lion's share is that of by non-WLATMs (banks).

It goes to prove that the WLATM policy has been turned on its head. If you go by the strike rate set by the RBI (see *The Asking Rate*), WLATMs were to sprout all over the place. In the very first year of operations (based on schemes that operators opted for), at least 1,000-25,000 ATMs were to be added. So if there were five operators, there would have been between 5,000 and 125,000 ATMs in the debut year alone. Now, not all WLATMs opted for the same scheme, in which case, the cumulative WLATM deployment at just over 6,000 would have been fine. But that was not the case. And we now have a situation wherein TPSCL alone has 66 per cent share of this base!

Patel is of the view that the inter-change has to be a viable one. "Why were WLATMs licences issued? To bolster financial inclusion. We then have to be remunerated." It will not happen soon. The National Payment Corporation of India (NPCI) that decides on inter-change is split between net-issuers and net-acquirers.

What's gone below the radar is the fall in inter-change fee over time and a cap on the number of free transactions has come to bite banks. The average ticket-size of ATM cash withdrawals has inched up to Rs 4,200 (from Rs 4,000) as customers pull-out bigger amounts due to the cap on the number of free-transactions per month. Again this average ticket-size is misleading; it is much higher in the metros. The result of all this: it now affects banks' current and savings account deposits — the higher it is, the lower the cost of funds — as it fluctuates more due to higher withdrawals. In turn, it means that ATM's have to be "fed" more cash (and at shorter intervals), which pushes up operating costs.

Rs 9K
The cost of moving cash to an ATM every month

That's another issue. The cost of funds for banks to feed their ATMs is at best at the prime-lending rate (it's their own money in any case) and this holds true for brown-label ATMs too. In the case of WLATMs, it is at PLR plus margin as it is in form of working capital. As for moving the cash to an ATM, it costs Rs 9,000 a month (24X6; Sundays off). "In this, there is not much difference between banks and WLATMs," says Aiyer of Writer's Safegaurd. Just that for WLATMs, since the bulk of deployments is in the hinterland, costs don't justify the rollouts.

Bottomline: there's no money in ATMs (for those in the business that is)! BW

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BATTLE OF THE BOX OFFICE

Will d-cinema and e-cinema — the two digital forms of film exhibition in India — end up dividing patrons and exhibitors? By Ashish Sinha

HOLLYWOOD MIGHT
Stills from Avengers: Age of Ultron *and* Furious 7 *(facing page)*

Hollywood studios are refusing to release the dubbed versions of their films in e-cinema theatres in India

MANY CINEMA LOVERS in India made a beeline to see the much-awaited *Avengers: Age of Ultron*. But how many of them know that it was a pleasure that most of their country cousins were deprived of? For, the second-highest grossing Hollywood movie in India this year so far — the top spot goes to *Furious 7* — was released only in multiplexes and select theatres in major cities and big centres; to be specific, only those running on digital-cinema (d-cinema) technology.

Avengers is not an isolated case; for Hollywood films releasing in India now, it has become the norm to show exclusively in d-cinema-equipped theatres and this applies to their dubbed versions as well. D-cinema technology was created by Digital Cinema Initiatives (DCI), a joint venture of the major Hollywood studios — Disney, 20th Century Fox, Paramount Pictures, Sony Pictures, Universal Pictures and Warner Brothers. And all these big muscle studios release their films only in DCI-approved or d-cinema-equipped theatres.

A homegrown solution to d-cinema, electronic cinema technology, or e-cinema, has been adopted by many developing countries as it is two to three times cheaper than its sleeker, albeit costlier option. While d-cinema and e-cinema are both part of the digital (as opposed to analogue) universe, the former is far more expensive as it is a proprietary technology of the DCI.

For those who have just logged in, the old, celluloid prints that where physically ferried to cinema halls have disappeared from India's 12,000 screens in recent years. Instead, the digital file of the film is downloaded by satellite or other means to those cinema theatres that have paid for it. "As d-cinema is a superior technology we don't mind paying a premium for it," says Devang Sampat, business head (strategy) of multiplex

MADE IN INDIA
Stills from Bollywood's latest release **Bombay Velvet**

chain Cinepolis. "We plan to scale up from 193 screens to 400 by 2017, with all of them on d-cinema systems."

Gautam Dutta, CEO of PVR, the country's largest multiplex chain with 471 screens across 106 properties in 44 cities, concurs with this view. "All PVR cinemas run on d-cinema technology as we believe in providing a quality and premium movie-watching experience to our patrons," he says. "Also, distribution of d- cinema is simpler, faster, cheaper and piracy can be better controlled."

However, not everyone buys the latter argument. "Both d-cinema and e-cinema technologies are encrypted, so there is no question of piracy in e-cinema," says Vineeta Dwivedi, CEO of KSS Digital Cinema, which has a network of 300 e-cinema screens in India.

Tussle For Access

But the debate is not limited to discussing the superiority of one format over the other — it is a very real tussle, and can turn ugly too. In March, Mumbai-based KSS accused DCI-member studios of cartelisation, and demanded access to the dubbed versions of Hollywood films to cater to audiences in smaller centres. Through legal recourse and, later, by business arrangement, KSS secured the digital distribution rights of *Furious 7,* but failed to make a similar case for *Avengers*, for which the legal process is still on.

"The dubbed version of *Furious 7* was, perhaps, the first Hollywood film distributed by a DCI member that went on our network of around 300 e-cinemas," says KSS's Dwivedi. "When *Avengers* was released in April, Disney declined us the rights for its dubbed version. It becomes difficult for us to explain to theatre owners and exhibitors why we can provide them one film and not the other." Emails to DCI-member studios remained unanswered.

"As d-cinema is a superior technology we don't mind paying a premium for it. We plan to scale up from 193 to 400 screens by 2017 — all of them on d-cinema"

DEVANG SAMPAT, business head (strategy), Cinepolis

Who Will Prevail?

Will d-cinema surpass e-cinema one day? No, say cinema distribution companies UFO Moviez and Real Media Network, among the bigger players which operate in both formats. "India is a diverse market," says Kapil Agarwal, joint MD of UFO Moviez, India's largest digital film distribution company. "Back in 2005 when we started, the objective was to convert all analogue film theatres to digital screens. Now more than 7,200 digital screens are running on e-cinema. We are perhaps the only country that does not depend on Hollywood films for survival."

Harsh Rohatgi, president (digital cinema) at Real Media puts a different slant on the matter. "DCI-imposed standards are benchmarks adopted by big Hollywood studios for exhibition of their films," he says. "There is nothing wrong with that. The decision of a theatre or exhibitor to install a DCI-certified projection system is a business decision and one driven purely by returns on that investment." Real Media has about 650 d-cinema theatres.

However, KSS and other smaller digital players are demanding access to at least dubbed Hollywood films till investments in d-cinema technology are made. What they cannot ignore is five years ago, d-cinema theatres commanded less than 5 per cent of the digital cinema universe; today, they have a 23 per cent share, and this is ex-

pected to jump to 30-35 per cent in the next 2-3 years.

The Digital Challenge

In India, around 23 per cent of about 9,400 digital cinema theatres run on the d-cinema format; the rest are all on e-cinema. But d-cinema's share is expected to rise to 30 per cent and beyond as there are no more analogue theatres left for digital makeover. "With more investments, we prefer to install either a mix of d-cinema and e-cinema systems or get only d-cinema equipment," says a theatre operator in Bhopal. Compounding the problem is the fact that about 3,000 theatres — mostly single-screen ones — have closed down in the past decade or so. Of the 12,000 single-screen theatres that existed before the multiplex revolution of the late 1990s, around 9,500 are in business, of which barring 100 or so, all have adopted digital cinema. These screens are either new, or ones that have been converted by their owners to accommodate new technologies. The rest are either shut or are in the process of converting their single screens to digital cinema, say film distributors.

What's roiling up the waters further is the steady rise in the number of Hollywood releases in India. Compared to 20-25 films that hit the theatres here in 2009-10, now more than 60 play in cinema houses in a year. The number is expected to climb to 100 in two-three years. Also, revenues from Hollywood films in multiplexes have soared from 5 per cent in 2006 to 21 per cent now and may cross 30 per cent in the next couple of years.

So which format will prevail? Or will they co-exist? Experts are divided on the question. "Growth will come from new screens in smaller towns," says Agarwal of UFO Moviez. "These won't be the multiplexes but two-screen theatres because we have four to five models within e-cinema and five-six models within d-cinema. Not everyone wants bigger investments. The share of d-cinema may marginally rise to 27-28 per cent while e-cinema will continue to dominate."

Cinepolis's Sampat believes that if you invest in a superior technology, the returns will be more. "We will be on d-cinema in all our current and future screens," he says. "While there may be more e-cinema screens, a majority of our collections come from d-cinema screens."

Taking into account the current dominance of e-cinema theatres and, buoyed by the commercial success of Furious 7 due to wider distribution, sources say the next big summer release Jurassic World might open in both e-cinema and d-cinema formats.

This points to the snooty Hollywood distribution companies falling in line with small-town Indian reality. BW

"Hollywood studios know that wider release of their films means better business. So, e-cinema and d-cinema can co-exist in India"

KAPIL AGARWAL, joint managing director of UFO Moviez

DECODING THE DIVIDE

Digital Cinema: Resolutions in digital cinema is represented by horizontal pixel count of 2K or 4 K (2.2 megapixels or 8.8 megapixels). It reaches theatres as digital files or digital cinema package (DCP), usually 90 GB to 300 GB of data delivered via satellite/fibre-optic broadband. DCP, an encrypted file, gets copied to internal hard-drives of the server. Decryption keys are separate and time-limited.

D-cinema: Adopted in North America. DCI standard requires 2K or 4K resolution projectors; defined minimum contrast ratio, precise brightness level, calibrated minimum colour gamut. Projectors, servers conform to DCI specification. Anti-piracy devices protect copyright. Multiplex chains run mostly on d-cinema. Theatres pay Rs 8,000-40,000 per month on investments of Rs 15-50 lakh.

Criticism: Expensive, long recovery horizon, consumes more electricity, not fit for smaller centres.

E-cinema: Adopted in India, Brazil, China. It typically uses 3-chip DLP projectors that produce better quality than 35mm film. Servers are either DCI compliant or MPEG MXF Interop format in order to adopt both standards. Projection systems utilise 1080p resolution (rather than d-cinema's 2K requirement). Colour points also are not as per DCI specifications. Most Indian theatres run on e-cinema.

Criticism: Low in quality, fit only for smaller centres (Rs 8-15 lakh investments per theatre; 4-5 years recovery period), long-term, fixed fee deals where theatre pay Rs 3,000-17,000 per month.

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IN A SWEET SPOT

Abbott Laboratories looks to capture a big slice of India's diabetes market, the world's second largest, with its wearable sugar monitoring device

By C. H. Unnikrishnan, Photograph by Subhabrata Das

US DRUG MAKER Abbott Laboratories has been formulating ever new strategies to boost its presence in the large Indian market. First, in 2010, it acquired Piramal Healthcare's India drug formulation business for $3.72 billion, then billed as the largest acquisition in the pharmaceuticals sector in the country, to clinch the top spot in the Rs 90,000-crore Indian pharma market. Then, in 2014, the drugs and nutrition major made its next big move in the country's fast-growing nutrition market by making India its manufacturing hub. It has now set its eyes on gaining leadership in the country's diabetes care market, currently estimated at around Rs 5,000 crore — including medicines and diagnostics — and growing at a compound annual growth rate of 20 per cent.

As part of its latest strategy, Abbott is seeking to steal a march over its competitors in the diabetes care market with the launch of its wearable glucose monitoring device — a revolutionary technology tailor-made for India. The Flash Glucose Monitoring System, as the device is called, addresses one of the biggest challenges in the country's diabetes care — patients' fear and hassles of routine blood tests — by taking pain and pathology labs out of the equation.

Hassle-free Tests

The device consists of a small, round, water-resistant and disposable sensor (about the size of a Rs 10 coin), which is stuck on the back of a patient's upper arm. The sensor has an adhesive pad that helps it keep in place for 14 days; it requires no adjustment or finger-prick calibration.

The sensor continuously measures glucose in interstitial fluid through a small (5mm long, 0.4 mm wide) filament inserted just under the skin. It records glucose levels every 15 minutes, capturing up to 1,340 glucose readings over two weeks, giving the doctor a complete glucose profile of the patient. The data can be read by doctors on readers.

While the sensor costs Rs 1,999, which has to be borne by patients,

MATTHEW BATES
Director, Research & Development, Abbott Diabetes Care

the reader, priced at around Rs 5,000, is a one-time investment for doctors. "The device provides doctors with the glucose profile (of patients), which, in turn, is used to manage diabetes more accurately," says Shashank Joshi, a senior endocrinologist.

"Once the data is downloaded from the sensor to a reader, doctors can further transfer it to a computer. A specific software helps generate an Ambulatory Glucose Profile graph, a visual snapshot that helps doctors see when sugar levels shoot up and down over a 24-hour period," explains Matthew Bates, director, Research and Development, Abbott Diabetes Care. The data helps doctors in making informed treatment decisions and modifying treatment to suit patients' individual lifestyles. These reports can also be used as an information tool by patients to evaluate the impact of food, medication, health and exercise on their blood sugar levels, thus empowering them, says Bates.

Attractive Market

India, with its 65.1 million diabetes patients, has always been an attractive market for innovators looking to make life easy for patients. It is, therefore, hardly surprising that Abbott has chosen the country as the first market to roll out the professional version of the blood glucose monitoring system.

"Diabetes is closely associated with your lifestyle and you need to have a disease management strategy attuned to your culture so as to make it really effective," says Bates, who was in India recently to launch the glucose monitoring system. The device helps in a more focused approach to diabetes management by putting the doctor in charge, explains Bates.

For Abbott, which aims for market leadership in all the segments it is present in India, this new technology is a step in the right direction for realising its ambitious growth plan in the country's diabetes screening market. The company is currently present in three market segments — drugs, nutrition and medical devices. While it is the second largest player with a 6 per cent share in the domestic medicine market (after the combined entity of Ranbaxy and Sun Pharma that together command a 9

WORLD'S DIABETES CAPITAL

65.1 million
The number of diabetics in India

Rs 5,000 cr
The size of India's diabetes care market

20% The annual growth rate of the Indian diabetes market

77.2 million
The number of pre-diabetics in the country

Rs 18,000 cr
The annual cost of diabetes care in the country

Rs 10,000
The average annual spend per patient in urban areas

Rs 6,260
The average annual spend per patient in rural areas

101 million
The projected diabetic population in India by 2030

per cent market share), Abbott has the largest share in the country's adult nutrition market.

The new glucose monitoring system is ideal for patients in India, say specialists. "In developed countries, blood sugar tests are done once or twice daily for diabetes patients, but in India it is done once or twice a week, which is a matter of concern since regular monitoring is key to managing the disease, says Abhilash K. Chandran, a diabetologist based in Kerala.

Besides, regular monitoring of diabetes in patients in India is necessary because of the alarmingly short time it takes to transition from a borderline case to a full-fledged diabetic. While this transition time is at least 10 years in developed countries, it's just two years here, says Chandran.

"Our two-year-long market survey helped us customise the system (professional or 'doctor-read') and its price," says Dilip Rajan, general manager, Abbott Diabetes Care India.

But the cost of the device would be a challenge for the company in semi-urban and rural markets. "I would still prefer the cost of this wearable glucose monitor to be lower to make it accessible to the masses, as patients who need it more frequently will find it unaffordable," says Chandran.

Trailing Competition

Abbott Diabetes Care has been present in India since 2006. The company, which sells a range of glucose monitoring and diabetes care products in the country, has a 15 per cent share in the $100-million local market and wants to double it in the next few years.

Global rivals Johnson & Johnson's and Roche Diagnostics are currently ahead of Abbott in terms of market share in this segment. Their easy-to-use glucose monitors, Onetouch and Accu-Chek, respectively, have had reasonable success in the Indian market. Although these products helped patients in tracking their glucose levels on their own, the need for frequent intervention and the finger prick remained key constraints.

Abbott Diabetes Care, the global diabetes care technology division of Abbott Lab, currently contributes nearly $1.2 billion to the group's $21 billion worldwide revenues. According to Bates, the aim is to develop India as a key market for Abbott.

"The country has the second largest diabetic population in the world after China, but the blood sugar test devices market is still tiny. So, there is a tremendous scope for growth," says Rajan of Abbott Diabetes Care India.

Industry research reports estimate that the diabetes care devices market in India, which is growing at a compound annual rate of 10 per cent, will soon touch $290 million by 2018. While in China, it is already over $800 million and predicted to cross $1.16 billion in the next three years.

As a report by the International Diabetes Federation cautions, "The country's diabetes burden is expected to cross the 100 million mark as against the earlier estimated 87 million by 2030 if action is not taken to manage the disease more efficiently." Well, that's the bitter truth. BW

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THE BUG BUSTERS

Avekshaa checks for bugs in the client's software code and ensures that all its components run smoothly

By Vishal Krishna

THEY SAY the strength of the chain is in the weakest link. This adage can be applied to, say, data flow management in a connected car ecosystem. The data generated by the car's telematics system and the mobile device is transmitted through a network and stored in a server. On top of this "pipe" is middleware and a firewall protecting the data shared between corporates, consumers, telecom operators and dealerships. If this ecosystem does not maintain a continuous flow and, if any latency in the software sets in, it may be catastrophic for the company — a system failure can send its fortunes reeling. Hence, the need for experts to avert a situation of this sort. Such an expert is the Bangalore-based startup, Avekshaa.

The company checks IT systems of big companies for bugs in the code and gets the pieces ready for integration. Once the pieces are placed together, Avekshaa's engineers make doubly sure that all components of the software work in unison. "Failure in information tech-

Photograph by Bivash Banerjee

FLOW FIXERS: Avekshaa founders Ashutosh Shinde, Arun Ramu, Rajinder Gandotra, Ramnik Singh

nology (IT) systems impacts customer service and eventually damages corporate reputation," says Rajinder Gandotra, one of Avekshaa's founding partners.

The assurance space in which Avekshaa operates is a lucrative one. Research firm Butler Group says companies lose $73 billion each year due to bugs and scalability issues in their software. The market size for firms in this space is $8.5 billion and it is growing at 20 per cent year-on-year.

"Traditional IT business services are commoditised and no longer hold the edge in serving complex business practices," says V. Balakrishnan, former Infosys chief financial officer and now, founder of Xfinity Ventures. Considering that IT services firms are grappling with automation and also with employing more people to test complex IT practices, he believes the platform offered by Avekshaa could change the way assurance businesses operate.

Avekshaa was started in 2010 by Ashutosh Shinde, Arun Ramu, Gandotra — all former employees of Infosys — and Ramnik Singh, with a novel business pitch. They went to the big banks and convinced them that Avekshaa could provide assurance, security and scalability of IT infrastructure on an automated platform and also give them (banks) a second opinion of the work already executed by the bank's IT vendor.

Modus Operandi

Of course, the fact that the four partners were former executives in large technology companies, where they had won and managed business lines worth $1.5 billion, helped, when they started Avekshaa. "We build computational techniques that automate the migration of core applications and this sets us apart from other companies," says Shinde.

In a particular case, when IndusInd Bank changed its core banking solution across its 461 branches and 852 ATMs, Avekshaa made sure the system did not suffer on the performance front. The system went live in a single day and issues across the technology stack were identified and mitigated well in advance. "With the transformation, the technology allowed significant growth in terms of client base and physical branch network," says Paul Abraham, chief operating officer of IndusInd Bank.

"They (Avekshaa) helped us improve response time, which will ultimately improve customer experience with the bank," says Sanjay Jaiswal, vice-president, IT, of IndusInd Bank.

Axis Bank too, has employed Avekshaa's services. "They delivered results by improving efficiency and reliability of critical applications," says R.V.S. Sridhar, president, IT and retail banking operations, at Axis Bank.

On The Money

Avekshaa is testimony to the fact that highly-paid successful executives can move out and make their ideas work. They seem to have read the story right because according to analysts, 50 per cent of Indian corporates will go digital by 2020 and would need assurance companies to help scale their IT systems.

To Avekshaa's credit, it is vendor-agnostic and can ease the pain points of a firm's products by testing them in a multi-vendor scenario. "Indian entrepreneurs have been successful in building business-to-business services. Startups that provide flexibility, with automation, will be the ones to work with large companies," says Sanchit Vir Gogia, CEO of consulting firm Greyhound Research.

Balakrishnan has invested Rs 25 lakh in Avekshaa as a pre-seed fund. It also raised $500,000 from KITVEN, the venture fund started by the Karnataka government. "We invested in this company because it had big banks as its customers and was solving a critical aspect of the client's business," says Manish Kumar of Karnataka Information Technology Venture Capital Fund.

While IT businesses across the world are getting commoditised, profit margins are getting thinner. To survive and maintain margins, companies must innovate. Analysts say automation can contribute to 33 per cent of net margins. "Software integrators are only looking at their end and not at the whole technology sphere in a corporation," says Shinde. "In an ever converging world of IT systems, and the cloud, you cannot ignore the working of the entire pipe."

Avekshaa has executed 250 projects for 18 clients — 16 in India and two overseas. Of course, a corporate firm is bound to work well with a team whose combined work experience is 75 years, and hence can do good business in India. But Avekshaa with its four partners hopes to build a global business in a short time and become a corporate itself. BW

AVEKSHAA

FOUNDED: 2010

USP: Automates testing of the entire IT infrastructure onto a single platform

TEAM: 40 members

FOUNDERS: Ashutosh Shinde, Arun Ramu, Rajinder Gandotra and Ramnik Singh

INVESTMENT: $500,000

COMPETITION: Top IT vendors such as Infosys, Accenture, Capgemini and Wipro

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ITCHY FEET, AGAIN?

You don't have to be moneyed to travel the world. There are several schemes to meet your expenses. So just pack your bags and hit the road

By Shailesh Menon

Illustration by Champak Bhattacharjee

TAKE A DIP IN THE BLUE BEACHES of Pattaya, walk along 'Waterfront Promenade' in Singapore, go spotting orangutans in the Malaysian Borneo and hit the cool spice trail in Sri Lanka — there's a lot you could do this summer. But if an empty wallet is stopping you from hitting the fair winds, at hand are some really cool deals to fund your dream holiday.

Before we smack the road analysing various travel financing options, one needs to be amply clear, it is best to dig into your savings to finance your holiday. 'Beg, borrow or steal' is only good if you don't have enough money to buy tickets, food and accommodation. Options that involve borrowing money to fund holidays could increase your travel costs by about 30 per cent. The other option — to steal — could land you in jail.

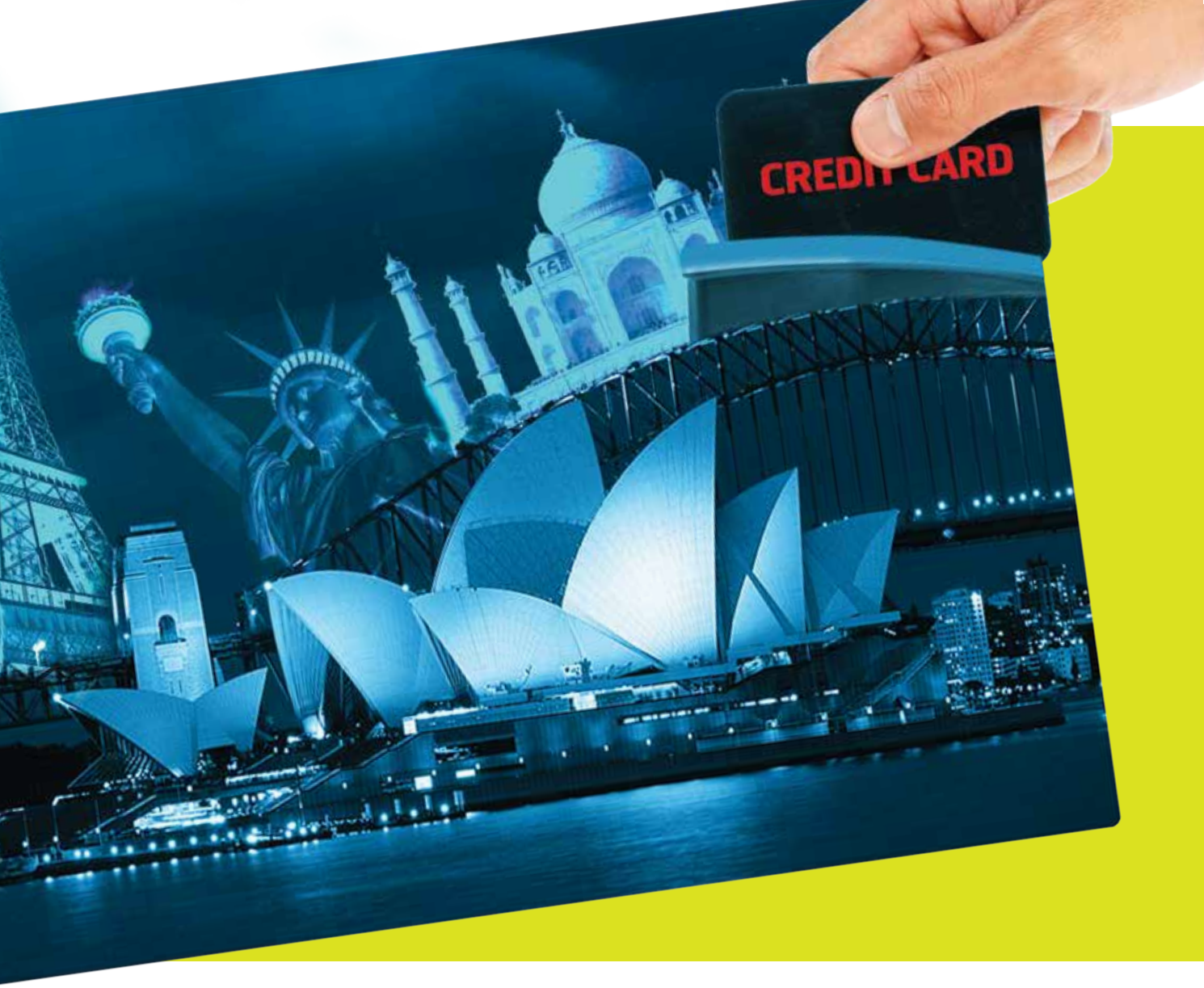
"Borrowing money to travel is not the best way to have a holiday... Not many people would opt for credit to travel. But if you don't want to borrow, you should have enough savings to dig in. If you don't, your only option is to travel on credit," says Ravi Menon, head, Foreign Exchange & Risk Management, Cox & Kings.

The Macros

For Indians, cost of travel has been moving in two directions. While billings for domestic travel have gone up 10 to 15 per cent over the past two years, international travel has become cheaper due to weakening of most foreign currencies. The drop in travel costs is more pronounced in the case of European destinations, with airfare to marquee cities such as Zurich, Rome and Paris crashing 15-20 per cent since last year.

Much of this (drop in air fare) has been attributed to a weak Euro, which declined from Rs 83 a year ago to about Rs 70.9 currently. Consequently, most travel operators are seeing 50-60 per cent more bookings to popular European hotspots this summer. According to tour operators, India logs 15-20 million tourist departure every year.

Despite higher costs, domestic travel has been witnessing an uptrend over the past few years. Domes-



tic travel (to all states combined) has been growing at 14 per cent every year since 1991. As per data from the tourism department, year 2012 witnessed a 19.9 per cent growth in domestic tourist visits over the previous year.

Encouraged by robust growth in the tourism sector, tour operators and lenders (mostly banks) have begun offering funding options to prospective travelers. Credit card payment modes, personal loans, travel loans and dedicated travel (savings) accounts are pushed to customers in large numbers. And much to the delight of lenders and tour planners, middle class Indians are warming up to such novel ideas.

Personal Loans & Credit Card Payment

Consumers can avail personal loans for meeting their holiday expenses, but that is not a very lucrative option as such loans are given out at rates as high as 16-18 per cent per annum. Therefore, most tour operators / travel portals have tie-ups with banks to facilitate travel loans.

"These (personal loans) are unsecured loans, making them very expensive for customers. Also, disbursals take a lot of time," explains Sreeram Siripuram, founder of Fly-4credit, a loan facilitator.

If you do not want to undergo the painful process of getting a personal loan approved, you can simply swipe your credit card and purchase a holiday package. But this option could turn out to be more expensive (than personal loans) if you default on card repayments; you could be charged as high as 36 per cent penal interest on the defaulted sum.

That said, credit card purchases give you great flexibility to plan your holiday. The payment for your holiday happens instantly (without the approval of the bank, as is the case with personal loans), if you have sufficient credit limit. The repayment is done through equated monthly installments (EMIs) over 12 months.

The flip side is, credit cards cannot buy you expensive holidays as most middle-class card holders have credit limits in the range of Rs 1-2 lakh. At best, cards can be used to

THE WORLD IN YOUR POCKET

A trip to most parts of Asia comes at a cost of less than Rs 50,000 nowadays

Destination	*Places / Package*	*Per Person Cost* (Rs)*
Thailand	Pattaya, Bankok 4N/5D — Flight, stay, sightseeing	30,100
Dubai	Dubai 4N/5D — Visa, flight, stay, sighseeing	35,175
Mauritius	North/South/Ile Aux Cerf Islands 6N/7D — Flight, stay, sightseeing	51,150
Malaysia	Kuala Lumpur, Putrajaya 4N/5D — Flight, stay, sightseeing	30,445
Singapore	Singapore 4N/5D — Flight, stay, sightseeing	42,750
Turkey	Cappadocia, Pamukkale, Kusadasi, Istanbul 6N/7D — Flight, stay, sightseeing	100,000
Switzerland	Lucerne, Titlis, Interlaken, Bern, Geneva 6N/7D — Flight, stay, sightseeing	152,650
Europe	UK, France, Belgium, Netherlands, Germany, Austria, Italy, Spain 14N/15D — Flight & food	240,650
Paris	Paris 5N/6D — Stay & sightseeing	44,530
US	LA, LV, San Francisco, Washington DC, Chicago, Toronto, Montreal 12N/13D — Flight, stay, sightseeing	3,20,500
Australia	Gold Coast, Cairns, Sydney 7N/8D — Flight, stay, sightseeing, insurance	1,18,000+AUD 1,400
New Zealand	Auckland, Rotorua, Queenstown & Christchurch 9N/10D — Flight, visa, stay & sightseeing	1,21,158+NZD 2,175
Amazon to Andes	Lima, Inca trail, Cusco, Amazon Jungle, Ollyatay tambo 11N/12D — Flight, stay & sightseeing	1,34,117
South Africa	Cape Town, Jo'burg, Gondwana, Knysna, Oudtshoorn 8N/9D — Stay, local transportation, sightseeing	58,000
Antarctica	Ushuaia, Drake Passage, Shetland Islands 10N/11D — Flight, visa, stay, select means, parka & boots	6,75,000

*INDICATIVE BASE PRICE. PRICE / PACKAGE MAY VARY

SOURCE: TRAVEL AGENTS

bridge shortfalls in your travel budget.

Travel Loans

There are several banks that offer travel loans at competitive rates — often in the range of 11-14 per cent per annum. Take for instance, the travel loan (titled 'Bon Voyage') by Karur Vysya Bank: the bank offers up to Rs 5 lakh for overseas travel, repayable in 36 months.

Bank of India's Star Holiday loan scheme allows loans between Rs 10,000 and Rs 2 lakh without any collateral and up to Rs 5 lakh against collateral security. Federal Bank also has a scheme that pays up to Rs 5 lakh. The loan amount can be used to buy tickets and meet other expenses.

"Most banks only pay up to 80 per cent of the total cost. The remaining 20 per cent has to be paid by the customer as down payment. Rates are negotiable in the case of travel loans; if you are a good customer, you may get travel loans at cheaper rates," says Siripuram.

Savings Account

Tour operators such as Thomas Cook, Cox & Kings and Kuoni have tied up with banks to offer 'travel savings accounts' to customers. With these options, customers can save enough money before they get on the plane to their favourite destination.

The basic idea here is to prompt people to invest a fixed sum of money every month in recurring deposit (RD) accounts. The tenure of such accounts could be around a year.

"Indians like to save for their holidays. Our 'holiday investment plan' helps customers to save for their future holiday," says Vishal Suri, chief executive, Tour Operating, Kuoni India.

"At the beginning of the year, we tell our customers how much (approximately) will they need to travel to a destination of their choice. We break the cost into monthly installments and advise them to invest in RD accounts. At the end of tenure (after a year), the customer would have enough to meet his travel cost. The 8.5 per cent interest that RD accounts give at the end of term would match any

"A FUTURE HOLIDAY AT TODAY'S PRICES ENSURES AN INFLATION-PROOF HOLIDAY"

ABRAHAM ALAPATT
Head, Marketing, Thomas Cook India

"OUR 'HOLIDAY INVESTMENT PLAN' HELPS CUSTOMERS TO SAVE FOR THEIR FUTURE HOLIDAY"

VISHAL SURI
CEO,Tour Operating, Kuoni India

cost overlay," adds Suri.

Thomas Cook India offers a more definitive plan, on similar lines as Kuoni India. The travel company locks in package rate one year before the actual travel. So if you are eager to travel to Thailand next year, you can lock the cost of trip at today's rate. Once the travel company works out future cost (of your travel package), you will be asked to open an RD account with one of Thomas Cook's empanelled banks.

"The attractive interest of 9.1 per cent (tenure of 12 months) earned by customer promotes the habit of saving, as also early planning of holidays," says Abraham Alapatt, chief innovation officer and head, Marketing, Thomas Cook India.

"The added advantage of a top up from Thomas Cook on the 13th installment makes the entire plan even more viable for the consumer. The USP of paying for a future holiday at today's prices ensure consumers a powerful proposition of an inflation-proof holiday," adds Alapatt.

Per chance if you are not able to travel a year later, you can get almost the entire sum of money you deposited in the RD account. However, short notice cancellation (two-three months before travel) may incur penal charges.

Essentially, the tour companies negotiate (prefix) rates with airlines and hotels at the time of drawing your package cost. They may also keep sufficient buffer to cushion forex volatility. Tour companies suffer losses only when they get their forex calculations wrong.

"Travel savings account is very popular among travelers in the 35-45 years age bracket. This is a very simple product; all they have to do is to pick the right holiday package and invest in an RD account regularly," says Menon of Cox & Kings.

Bottom Line

Undoubtedly, it is always better to save money in advance to finance your holiday. Customers must avoid loans for unplanned travel (future travel) as inability to travel at a later stage would incur ticket / hotel booking cancellation charges, apart from regular interest payments.

An EMI option should be your last alternative when it comes to travel for pleasure. Before opting for travel loans, check ticket cancellation policy of both bank and the travel agency. Some operators do not allow cancellation or modification of travel dates.

There are several ways to finance your dream holiday, the idea is choose the best one that suits your income profile. BW

Credit card purchases give you great flexibility to plan your holiday. The payment for your holiday happens instantly, if you have sufficient credit limit

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Brand Vision India 2020 Summit & Awards

1. Keynote address by Niranjan Hiranandani, Co-Founder & MD, Hiranandani Group
2. Anurag Batra, Chairman, Exchange 4 Media & Editor-in-Chief, Businessworld
3. Chandrika Maheshwari , JMD, NexBrands Inc with Saurav Dasgupta, JMD, NexBrands Inc
4. Panel Discussion - Importance of Branding Brand India
5. Madam Grace Pinto, Managing Director, Ryan International Group of Institutions
6. Marzin Shroff, CEO - Direct Sales, Eureka Forbes Limited; Tarun Katial, CEO, Reliance Broadcast Network
7. Surabhi Pant. Senior Assistant Director, FICCI
8. Panel Discussion - Building world - class Indian brands
9. Anirudh Dhoot, Director, Videocon Group
10. Ashmit Patel, Actor & Entrepreneur
11. Mahesh Thakkar; Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance; Tarun Katial
12. Shilpa Shetty; Ishu Datwani, Partner Anmol Jewellers; Mahesh Thakkar, Director General, FIDC
13. Panel Discussion - If you were the brand manager for India : Your blueprint for 2020
14. Venkatesh Srinivasan, CEO on behalf of Arun Jain, Chairman, Intellect Design Arena Limited; Ashmit Patel; Pankaj Advani; Yogesh Lakhani

15. Sandeep Saxena, CEO on behalf of Dr Mukesh Batra, Chairman, Dr Batra's Healthcare; Ashmit Pate
16. Ashmit Patel; Sudarshan Gangrade, VP, OLA on behalf of Bhavish Aggarwal, Co-founder, OLA; Pankaj Advani; Yogesh Lakhani
17. Sakshi Vij, ED, Carzonrent; Subhash Ghai; Mahesh Thakkar
18. Ashmit Patel; Pankaj Advani; Yogesh Lakhani; Manish Jain, Chairman, Indus Business Academy
19. Malaika Arora Khan, Actor
20. Chandrika Maheshwari, JMD, NexBrands Inc
21. Shilpa Shetty, Actor & Entrepreneur
22. Pankaj Advani - Padma Shri Indian Snooker & Billiards Player; Subhash Ghai, Education Evangelist & Film Director; Mahesh Thakkar
23. Yogesh Lakhani; Chandrika Maheshwari; Shaina NC, BJP Politician; Saurav Dasgupta; Manvi Sethi
24. Mahesh Thakkar; Tarun Katial; Amish Tripathi, Author
25. Manvi Sethi, VP, Strategy & Communications, NexBrands Inc
26. Aditi Dandekar, Kokuyo Camlin; Mahesh Thakkar; Tarun Katial
27. Narinder Singh, Chairman, Numero Uno, Subhash Ghai; Mahesh Thakkar
28. P.C. Mehta, VP on behalf of Mahesh Gupta, Chairman Kent RO Systems; Ashmit Patel; Pankaj Advani; Yogesh Lakhani


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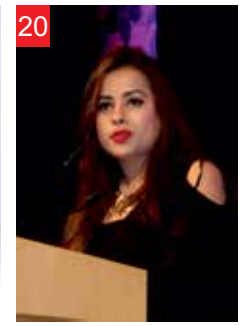
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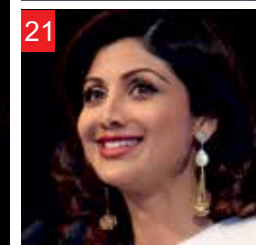
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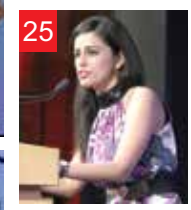
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'India Can Shape The Future Of Internet'

The CEO of ICANN is gung-ho about India taking on a more central role in the governance of a digital economy and realising its true potential

Photograph by Ritesh Sharma

FADI Chehade, CEO of Internet Corporation for Assigned Names and Numbers (ICANN), sees India playing a critical role in shaping the future of the Internet; it is already among the fastest growing Internet economies. Backing India as one of the global contenders for Internet regulation rights, he believes that it is time for the country to make its presence felt on the world platform and ensure it has a greater say in regulating the flow of online information. He also feels that India is central to the growth of the Internet, as the next billion users will emerge from this country. Speaking to *BW | Businessworld*, Chehade says that ICANN wants to create the world's first Domain Name System security centre of excellence in India. Excerpts from the interview:

What transpired in your meeting with the Ministry of Communications and Information Technology and other stakeholders?

We've come a long way since my visit here one-and-a-half years ago. At that time I was met with a fair degree of suspicion because ICANN is an American organisation, controlled by the US government. This time, the dialogues were positive with the Indian community. Earlier, they had questions about their positioning in the transitional process (of India getting a greater say in controlling the flow of online information). Now, they are eager to know how they can play an important role

FADI CHEHADE
SAYS THERE ARE MANY FRICTIONS THAT ARE TAKING AWAY INTERNET VALUE AND HINDERING THE DIGITAL ECONOMY

in the decision-making processes at ICANN.

What are the factors that India should consider while charting its global Internet governance?

First, India needs to build a national consensus involving the private sector, government and civil society. Then, the country should have a national platform that can be institutionalised for a longer term to frame its global plan and engagement with Internet governance, which will be congruent with regional and global policies. However, if these policies become 'unsynchronised', businesses will end up suffering.

What should India do to develop a robust Internet economy?

There are many frictions that are taking away Internet value and hindering the digital economy. According to a study by Boston Consulting Group, around the world, 55 factors, including content, policies, individuals and skills, create frictions in the digital economy and deter it from advancing. India ranked 58 out of the 67 countries covered, which is not a very good score for a country that drives much of the digital economy. India will have to improve a lot and the government will have to keep its commitment to developing infrastructure.

However, India adds 10 million Internet users every month. It has the skills, knowledge, content and languages to score and grow its share in the digital economy. Among all economies, digital economy has the fastest growth rate. The $4.2-trillion Internet sector is no longer a business sector; it has moved into a horizontal one that affects all other sectors. As Internet goes horizontal, we will move into a place what I call the 'uberisation' of all industries — we have seen what Uber did to the taxi sector. How will Internet capabilities help educa-

tion, supply chain management, retail and others? As Internet starts permeating and imbuing the basic functions of all the sectors, there will be change and disruption. Is India ready for uberisation of these sectors? Also, is India ready to leap globally in the creation of new technology? This is where its great opportunity lies.

Do you think India is ready?...

I think India is ready, with the new administration creating an environment of innovation, technology and understanding of its transformative potential. India has the minds, education system, the means and all the key factors in place. The Modi government is enabling, not hindering; rather, it is bringing values to the process. All of this bodes well for India. It is India's time and moment.

But India has security concerns in the Internet space. How can ICANN help in tackling these issues?

ICANN manages the Domain Name System (DNS), which helps organise the Internet with the allotment of domain names such as .com, .org and .net. We are involved in discussions with India to set up the first DNS security centre of excellence here. This is very important because it will mark India's entry into the domain name space, thereby focusing on securing that space for not just India but people from around the world. The entire world will be benefited from this joint effort. This will transfer control of Internet governance from the US government to a multi-stakeholder model. We are hoping that the project will take off shortly.

There are reports of security holes in ICANN...

We are under severe attacks, needless to say. Although, our core critical systems are untouched and free of intrusion, our non-core systems have had security issues. We are continuously working to strengthen these systems.

'The Modi government is enabling, not hindering the process of uberisation of sectors; it is bringing values to the process

How will India benefit by endorsing globalisation and multi-stakeholder governance through ICANN?

If the ICANN layer is not structured and strengthened, the risk is there will be a further fragmentation of the Internet — this means the delivery of products and services will become more complex and hindered. India will be benefited by ensuring that the logical layer, which is managed by ICANN, remains open, neutral and independent. Since Nehru's time, India has been a country that aptly helped people find the middle ground. Now is the time for India to play that role in the digital economy, to show the world that not everything is 0 or 1, or black or white. I think India is now shaping up to take that leap to that middle ground and to the G7 countries for that leadership. This is the moment when India needs to coalesce a good position in concert with other stakeholders and come up with a model the world can look at as a middle ground model to solve problems in a nuanced way, rather than with labels.

How serious is the new government with this liaison with ICANN? Are they ensuring full consensus?

The new government of India is in the process of formulating the role it will play at the global and national levels. In the next few months, we will see a more coalesced view from India on how it wishes to play in the realm of Internet governance. We hope that the views will be aligned with the rest of the world.

What is the future of the Internet? What changes do you envisage in the Internet space in the next decade or so?

The Internet will become principle-based; at present all the technology that permeates our life is not principle-based. With Google, Facebook and others, we are in the process of developing common universal principles because the Internet will not be governed centrally, but through a highly distributed polycentric model. Therefore, what will bind the system together are common principles for the benefit of the global public interest. BW

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LAST DITCH EFFORT

"Some people want it to happen, some wish it would happen, others make it happen." — Michael Jordan

By Meera Seth

ANDRE RAMDAS WAS DELIGHTED WITH HIS NEW APPOINTMENT. US- based foods company Kloop had just confirmed his appointment as their India head of business.

Andre who had 18 years in senior sales management in three different MNCs in the foods business, including three years in the UK was seen as a good fit for Kloop, which was finalising its entry into India. Andre had been looking for change only because Teffer, where he was heading the growing foods business, was considering hiving off its ready-to-eat business owing to a recessionary trend in the company. Andre did not want to be caught on the wrong foot, besides which he was tired of not being able to grow the business at Teffer as month after month budgets were slashed.

Last month, Kloop showed interest in buying Teffer's foods business as a part of its entry into India. Andre had been making all the presentations for the strategy meetings and one thing led to another. Kloop dropped the Teffer plan, but picked up Andre to strategise its entry into India and run their breakfast cereals business for them.

Andre was delighted. Kloop's director sales then discussed their plan for India — that initially they would not buy office but rent, would not invest in an owned distribution system but appoint a distributor....

Now as he came down the lift in New Delhi's Leela Hotel, he felt com-

Illustrations by Dinesh S. Banduni

plete and great— he would be running a business and taking charge, This was what he had been aching for, to give expression to his business skills.

Kloop had drawn up its entry strategy along with Madhur Bawa, Kloop's Asia Pacific director, and Raghuveer Singh of Bright & Thakur, a consulting firm they had engaged to partner their processes in the first few years. Kloop Chairman Ben Haney had been firm about not investing in own distribution. The next best option was to hire a distributor. Which is what they did. Shyamchand Belani was a hardy distributor for a number of FMCG products , belonging to a family that had been in distribution since the 1940s.

Andre Ramdas had all the classic sales experience that MNCs provide. He was used to developing his own sales and market plans. A distributor-led sales approach intrigued him. This was slightly different from the American and European companies he had worked with.

Of course, he had worked with distributors earlier too but they were directed by the company and depended on the company.

Distribution, he assessed was the first biggest stumbling block for any manufacturer and for a start-up or new venture, it could pose a bottleneck. Could Kloop afford this? Distributors like Belani were also bureaucratic and dogmatic, with multiple layers of authority responsibility so that the race to the market would be riddled with many, many stops. Andre already felt trapped.

Distribution was a stumbling block for any new venture

In fact, he had seen exactly this play out at Teffer when it launched its milk drink. None of the company's distributors wanted to handle a small brand or let it piggy back ride their soaps and toothpastes... and nor was Teffer allowing Andre to develop his own network for such a small product centre and yet they had been assessing him for failure to deliver.

Now at Kloop India, the entire thing was like a *deja vous* with the difference that Kloop's product categories were more vibrant — breakfast cereals and between-meal niblets

What made it worse was that Belani's fragmented distribution would cause a bumpy ride and would not deliver a robust delivery plan for a product like cereal. "In short," he said to Madhur Bawa (Asia Pacific chief), "you will not be maximising your market reach. Your advertising will make enthusiastic claims of health and taste, but you will not go beyond cities."

Bawa had no anxiety. He trusted Belani to do his job.

Meanwhile, Andre found it tough to work with Belani. There was a lot about Belani that was alien and difficult. Add to that, Belani did not speak English, his essential edifice was Hindi and this challenged Andre's mental environment. As he reasoned with Annie George, his ex-secretary, "I have nothing against Hindi, but in the work context, it tends to develops a certain casual nature. Or maybe I associate it with Bollywood..."

Annie had agreed. Reality for Andre, was facing Shyamchand and often finding him growling at his people and calling them names. That was, of course, small; but Belani had the attitude of the old world when it came to business. "There is a certain modernity of thought that one expects to see in him but he seems to belong to the old world *kirana* mentality of blaming staff for poor performance," Andre told the global sales head. "He is not marking up well for a brand like Kloop which has a great need for market suaveness and aggression."

By and by, Andre was not even calling to talk to Belani. In short, Belani was not inspiring. To be fair, Andre himself wished there was something professional in Belani, which could mask the language disaster. If Belani sold better and faster Andre would have coped with his colloquial Hindi to please him. For his part, Belani was happy. His work carried on and he had 14 other agencies to fret over.

Soon, Andre was not getting daily reports or weekly updates regularly. He had now begun to call Belani's assistant, one Jignesh who gave him

the inside stories often. But Andre was unable to moot change, for then Jignesh asked him to talk to Belani — the dead end street.

At the end of two months of the market launch, the products had not moved much. Every target had failed. Belani had an all India team of territory managers, ASMs, field support and so on. Many of these had worked at slightly lower levels in the MNCs and had gained great finesse in sales and distribution. Belani hired them at the same remuneration with a decent designation thrown in. His menu of MNC FMCG brands was the best experience these boys and girls could get.

Belani knew, as did Kloop, that if he lost three brands, he would lose his people. For Kloop this was a big risk but a risk they could hedge on because they had Bawa from Singapore keeping a close watch on Belani's business. If Bawa thought he was soon handing that charge to Andre, he had another think coming. For the distance between Andre and Belani was growing. And he said to Bawa and Haney, "This guy is a *lala*-type (leaving it to Bawa to interpet for Haney in the US); he is high risk... !"

But when Andre had said this several times, Haney grew anxious and asked him to hire four regional sales managers (RSMs), so that he could oversee the four regions better. Besides, this was the best insurance Kloop could buy against Belani's nebulous team. The new four RSMs were good back up.

End of the fourth month, growth was far from inspiring. Andre was having a bad time with Belani. "He is simply lax on targets," he said. Belani for his part blamed efforts behind building new markets and the competition. He even said that breakfast habits were changing because people were not really in favour of milk. Bawa in Singapore turned upon Andre, "But we hired you. What are you doing? You are accountable for managing the risk!"

Six months passed and the market barely opened up to Kloop's cereal — a range of 9 different variants. Kloop USA was now getting restive and turned the heat on Bawa in Singapore. He, in turn, called B&T's Raghuveer Singh who said Kloop needed to look at five years and not just the first year. "Let us do a plan for three, then five years and examine."

Haney in the US, meanwhile, was wringing his hands. His stance did not change: if India did not achieve targets this year, they would close down India, hence a three- or five-year plan was just academic. But Singapore was disheartened. For them, India business was key to their happiness. The numbers came from India!

Belani and Andre were often at each other's throats. If Haney and Bawa demanded performance, Andre threw it back at them saying they have hired a lame duck (in Belani), and "he was hired before I came on board!"

Funnily Bawa in Singapore did not even know that the distributor and business head were not meeting each other! It happened thus that when Bawa called Belani, he complained, "Your CEO does not even know the way to my office!" And then, all hell broke loose. Andre claimed Belani was never there when he called, and thus they served their anger back and forth.

Raghuveer Singh watched all this with great disconcertment. "Do I like Andre or not, is not even an issue," he told an anxious Bawa. "Finally they are all bodies who get paid to work. Belani gets commission, Andre gets a fat remuneration and both have very clear job descriptions

and delivery parameters. They had both jolly well work!" He realised the problem of slow growth lay in the widening chasm between Andre and Belani. "Capability is not at all in question. Neither Andre's nor Belani's. Both are seasoned players but both have missed the road to each other. Belani is a hardened market man. He does not need English or an MBA to play the market successfully. He is seeking support and endorsement of his moves. Same for Andre. He is excellent a sales manager. Somewhere he does not understand that his plan and Belani's plans are near identical. Andre needs encouragement. Don't shove him into the dog house."

One day, Raghuveer walked into Andre's office and said, "Andre, let us address current issues. There is no one magic solution. It has to come from discussing. The way forward is fixing responsibility, accountability and if Belani has to take a rap on his knuckles, then rap his knuckles we shall."

Bawa was happy rapping anyone's knuckles. Meanwhile Raghuveer sat and drummed up 30 ideas that Kloop India could work on to accelerate growth, excite the market, play with consumer joy. He sent this document to Andre. But Andre who had likely turned hopeless, wrote back to Bawa and Haney to say none of these were tenable or workable. A furious Bawa shot back a reply, "This is your responsibility, show some action! Take ownership and set the agenda for the meeting. If these 30 are bloomers, then come up with your ten?!"

The distributor and business head were not meeting each other!

Raghuveer did not like the tone that was taking over. He understood everyone's compunctions but he also desired equanimity. Without that business could not happen. "We can bicker all we want," he told Bawa. "But finally work can come only from a centre of peace." But his shock new no bounds when a frustrated Andre did a Reply All: "This is a meeting designed to prove me wrong and ineffective. I did not hire Belani, and he is a huge part of the problem. You solve him and I will solve your market. Maybe Raghuveer holds the key?"

Bawa thought he was being tongue-in-cheek; Raghuveer felt maybe Andre was actually asking for help. Haney shook his head and chanted his mantra: he was shutting down India. This did not augur well for anyone: not for Singapore, not for India. Andre did a sequel to his last mail to everyone and said in particular to Bawa, "My responsibility depends a lot on Belani fulfilling his. Those who are responsible for appointing him need to crack the whip on him to deliver his end of the bargain."

Raghuveer sat making furious notes, late one evening when his partner asked him, "Any joy with Kloop? What's the story?"

Raghuveer: If I narrate a story, there will be a villain and a hero and a victim. They all look bad, sad and mad. We need to wait for the story to play out. In any new organisation, even the best guys will throttle each other if we do not have a mentor/coach. It is a moment of great churn. No villains in my story....

BUT everyone put their heads together to see what could be done to improve the sales performance as everyone was concerned about Haney's ultimatum. Shutting down India would mean many things, chiefly everyone at Kloop India would lose their jobs; Belani's ROI would be smashed and he would have to sack 20 people to stay afloat. That was not a very nice situation to look forward to.

Would cooperation work? Would bitter anger work? Where lay the solution when egos were like daggers drawn?

Raghuveer met Belani. He was doing the bare minimum; in short he just sold, but did not push the product. "You people have to ideate all that, what can I do?" was his response. But he could have acted on a tip that Arpita, one of Raghuveer's consultants had worked on. Two large hotel chains, clients of Bright and Thakur agreed to use Kloop Breakfast cereal for six months. But Belani was unable to act on it nor was Andre able to

close the deal. He had found several 'difficulties' with the arrangement and had left the transaction hanging in mid air. Andre was busy chasing the market and retail, no doubt, but in the hotel chain sale prospect, there was opportunity for strengthening the brand presence. So felt Bawa and Arpita, but the Dubai office felt Andre was tacitly sabotaging any success so that he could prove that Belani was a stunningly bad idea.

Andre had also launched his ad campaign much before the products arrived from the US. Belani had fought that saying the consumer will demand the product once the ad appears hence it would be better to wait. But Andre had his marketing reasons, which also sounded reasonable. So, the classic marketing-sales tussle had begun. Raghuveer felt they needed to work together and not as separate beings, for Kloop needed both their skills and cooperation.

Come December, and sales were abysmal. Bawa in Singapore refused to talk to Andre and Andre refused to talk to Belani and Belani refused to waste his time talking at all. He said, "I am a seasoned distributor, I will work alone, what sells, sells; what does not is because your CEO was not cooperating."

Haney was now on the warpath. Nothing was improving. He prepared to pull the Indian shutters down.

Belani refused to be bullied into performance by Andre, "It is your brand you should be concerned. You cannot sit in *your* office and dictate to *me* how to run *my* business!" he said.

Andre, beginning to feel the heat as March approached, met Belani's sales team and pushed them. They identified with Andre as they too were from MNCs, so some small bonhomie prevailed but somewhere they resented the fact that their boss was not in with them on this. When Reghuveer met

'I am a seasoned distributor, I will work alone, what sells, sells'

Andre for an overview, he cribbed , "Belani does not have time for me!"

Even so, Raghuveer was keen to make it work, probably also because Kloop was his client and he had a sense of commitment. "Why don't you go over the various ideas I had sent you?" he said to Andre. "It will create positive motivation among your team of RSMs and that of Belani's."

But Andre was by now frustrated, fed up and also beginning to lose hope. He had enough to do, he barely slept, and now he did not want untested ideas. Andre was losing his composure slowly as his four RSMs began to fret too. "Maybe we are expecting results too soon?" he suggested. " It is not even a year! All MNC brands have taken more than eight years to break-eve"

Eight years? Haney's global team even wanted Andre to make up for the six months he had lost. Andre realised that blaming Belani would land him in deeper mess.

That was also when Raghuveer had the onerous task of meeting Belani and Andre together for a very bad lunch session where he spoke in no uncertain terms how the two had failed, even as both of them yelled over his head at each other. Raghuveer read out from a message from Haney and Bawa: "If targets are not delivered by mid May, India operations will be closed on 1 June."

In a last ditch bid, the next day, Raghuveer called both men to a new location right next to Belani's office. It was a small business centre. He showed them both into a room that was fitted with phones printers, fax machines and whatnot. "This is your new office," he said to both of them as they looked at him, stunned. "Now, work together... sitting here. You need anything from your offices? Ask your fellows to fetch it to you!"

If Andre tried to protest, Raghuveer shrugged his shoulders very helplessly. "I wish I was not the one making you guys do this, this is a *farmaan* from Haney in the US," he lied helplessly. But Belani laughed and said, "*Theek hai, bhai*, if this is the Boss' order, we will sit here and work!'

By evening that day, Andre's Hindi was suitably diluted to be engaging enough so that Belani enjoyed. Raghuveer was disbelieving. How did the situation change so dramatically? Andre was discussing SWOTs, understanding Belani's difficulties, offering solutions and before long even thumping him on the back with a cheer.

...it began to work.

At the end of it, there were nine executives from large MNCs who stood to lose their jobs and the pressure got them to work to make it work!

That month they achieved the monthly target and in three months the third quarter targets were exceeded! Clearly the initial push itself had been missing, and once they came under pressure, they crossed even the targets.

Bawa was dumbfounded. No one was able to say anything. The only one who spoke was Andre, to Raghuveer, "Let us discuss your ideas soon and see what we can implement?" BW

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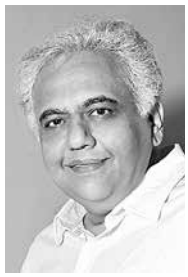
ROHIT DAS



WAG THE DOG BY ITS TAIL

Expectations, responsibilities and capability of resources should be revisited at regular intervals

SUCCESSFUL PEOPLE MOTIVATE, INSPIRE and push their team to succeed. They thrive on building positive relationships. Unsuccessful people just fret, blame and complain.

This is a case of three human dysfunctionalities prevalent in different measure across the globe in all spheres of life:

1. 'I' versus 'You', and never 'we together'
2. 'I want control, but don't question me on results'
3. I want change, but I don't want to change

The above three lead people to waste their energies in analysing why things cannot be done rather than how to get the best possible result from the given circumstances with the given resources.

Problem

Andre appears to have carried forward his insecurities of his previous job into his new role. These insecurities were making him see the devil in everything – Kloop's planning, their decision to outsource distribution, Belani's *lala* style of work culture and even his English. Andre found it difficult to adjust to the fact that in the new setup, the distributor was not under him as was the case in his previous organisation. His apparent sulking exposed his vulnerability to his bosses and refrained him from communicating with his 'partner' Belani.

Belani is a successful entrepreneur, in his own right. Having enough experience of dealing with different companies, he would have sensed the hostility of Andre towards him. His team would have given him the feeler that Andre is critical about Belani's way of working and is bypassing him by dealing directly with his team. To this, Belani reacted by ignoring Andre. But by doing so, he ignored Kloop and therefore his own business.

Genesis:

1. Was Andre the best choice for heading the India operations? To be fair to Andre, his core strength was sales and distribution. He had been groomed in his career in MNCs to create the best distribution network. It was natural for him to find gaps in Belani's system. If Kloop was clear that Belani will be handling sales and distribution, they should have recruited somebody with more diverse strengths to complement that of Belani's.
2. Had Kloop and Bawa created the right expectations for both Belani and Andre? It is very important to properly induct a new country manager especially for a start-up business. Expectations, responsibilities, defined boundaries and availability and capability of resources, should be revisited at regular intervals.
3. India is a vast, diverse and complex market. First year's performance should never lead to a 'Continue or Exit' decision which Haney was pushing for. Such pressure can lead to detrimental decision in the long run.
4. Normally the team which initially gets involved in the formulation of strategic tie ups (JV, acquisition, merger or even appointment of an all India distributor) moves out once the tie up is done. And a new operational team takes over. In such cases, people like Belani feel unsettled because the bonhomie he had created with the first team doesn't automatically get extended to the new team, and he has to restart afresh in building new relationships. With Bawa sitting abroad, it didn't help Belani's cause. It is therefore desirable to have one senior resource (mentor?) from the original team to be around for the first few months to a year. This resource would have tackled the conflict which arose between Belani who was heading an established organisation and Andre who was setting up a new organisation for the first time. He could have played the right balancing role.

Stimuli

Raghuveer realised that more than six months had passed but there was no progress made. He realised that the solution providers were themselves the issue. And unless Belani and Andre communicate directly and work together, the problem will never be resolved. He had to wag the dogs by their tails. And that's what he did, he used their insecurities (shutting the business) as a tool to initiate direct communication. Luckily it worked and hopefully Kloop will do well in India.

Whatever happens, happens for the good. It is for us to keep the good alive. BW

The writer is Director, Intrim Business Associates. He has 27 years of work experience of which he has been working as a corporate consultant for the last 7 years. He is also a start up and turnaround specialist and actively participates as a life coach and mentor

MATANGI GOWRISHANKAR

READY, YET RELUCTANT

There are deep seated beliefs about the staying power of women that make senior managers wonder, "Is this a dependable asset?"

DESPITE COMMITMENT BY CORPORATES TO THE ADVANCEMENT of women's careers, these initiatives are at best described as slow if not stalled. This is evident in the discussions at Morro Vulcan Steel (MVS), and in their desperate hunt for 'board ready' women.

Clearly, it is not just an issue of gender diversity. While many organisations have had management commitment to women's development programmes, results unfortunately do not reflect adequate numbers at senior to top management levels. On Chairman Morro's insistence MVS had done its bit too, however, as Gauri points out, social conditioning via gender roles (alluding to the 'hot *phulka*') keeps the talent pipeline leaky. Additionally, there are deep seated beliefs in organisations about the staying power of women that make senior managers wonder, "Is this a dependable asset?" thereby surfacing the reality that organisations are indeed reflections of the societies they are embedded in.

Again, it is not about just providing women friendly infrastructure and policies. Shirish throws up an interesting perspective – that of self-limiting behaviours of women where she presents herself first in a relation to someone else, and only next as a professional. I tend to agree here, for women do want to perform all their different roles well. Most often, conflicts within arise when their sub-identities of being a wife, a mother, a daughter, and a career woman operate simultaneously clamouring for her time and attention. Organisational policy makers must take cognizance of this: by giving her latitude to choose her place of work, her work timings, and her ramp-off time so that she can orchestrate her myriad role playing to satisfaction. And yet, seamlessly integrate her aspirations into mainstream career paths so that she does not have to trade one role for the other. This is well articulated by Shirish when he says, "…allow our women to grow in the direction of their choice, give them opportunities to grow into strong individuals".

What ensues in the all-women meeting is another reality: board memberships are in actuality buddy clubs where favours are traded by men to join each other's boards. Women are outsiders, aren't they? Men get mentors and coaches far easily than women do, and while ethics and governance are central elements of board roles, it is the camaraderie that counts. These positions are fraught with danger (Do women want to go to jail?), and the buddy club members have each other's back. That is why the few women on boards are entrusted with CSR initiatives. Will women be happy with just that or want to be on boards where they can influence decisions?

On the other hand, do women think of board positions as a necessity? Unfortunately many do not. As seen in the discussion, women tend to reject anything that has no personal meaning for them or that which is likely to upset their delicate work-life balance such as need for long hours to surmount the learning curve as board member of an unfamiliar industry. It is true that bystanders cannot change the system; hence, women must accept board positions as a logical sequence in their career trajectory. If not, initiatives to get women on boards will reduce to merely meeting a reservation target. This is not healthy, for the true need to get women on boards is to take advantage of the diverse perspective they can bring to board deliberations, different approaches to problem solving, and risk management. While this is indeed the diversity argument, the positive correlation found between boards with women and economic outcomes of companies compels action.

Nevertheless, the issue remains – there are not enough board ready women. Fewer exist in executive management, and even fewer are able to make the transition from management to governance. Two questions then arise: Is there a lack of investment in women by organisations? And, what do women need to do to get board-ready portfolios?

Women must consciously design their careers by reaching out to mentors, evaluate relevance of their contributions and develop a honed awareness of all aspects of business and its governance. This will work best when women make efforts early on in their careers ably supplemented by organisational initiatives that can make them board-ready. BW

The writer has over 30 years of varied industry experience in technology and leadership roles. Most recently she was the Head of HR at Tech Mahindra

A MOMENTOUS FRIDAY

The inaugural edition of a pioneering initiative titled The Fridays was held at a gala event at the ITC Grand Central, Mumbai on 15 May that was attended by the who's who of the cinema exhibition industry. The afternoon started with a power-packed conference that debated pertinent issues such as rejuvenation of the single screen, emergence of cinema advertising as a new way to drive revenues and the multiplex economy. Amidst much fanfare, the evening ended with the award winners being felicitated by the chief guest, Subhash Ghai of Whistling Woods, Manmohan Shetty of Adlabs Entertainment, Yusuf Galabhaiwala of Galalite Screens along with Annurag Batra of *BW | Businessworld*.

1. Panel discussion titled, "And How Have We Been Doing So Far? — In Conversation" **L TO R :** Rafeeq Ellias, Emmy Award winning film maker & photographer: Manmohan Shetty, Chairman, Adlabs Entertainment; Nazir Hoosein, Owner, Liberty Cinema and Rafiquee Baghdadi, noted Mumbai historian **2.** Shetty of Adlabs Entertainment; Amit Khanna, former chairman, Reliance Entertainment and Annurag Batra, Editor-in-Chief & Chairman, *BW | Businessworld* lighting the lamp **3.** Panel Discussion titled, "Old Game New Moves - Thoughts on rejuvenating the Single Screen." **FROM LEFT:** Pranav Ashar, Founder, Matterden Centre; Rahul Puri, Managing Director, Mukta Arts; Amit Khanna, Former Chairman, Reliance Entertainment; Ramesh Nair, International Director & COO, Jones Lang LaSalle; Bharti Dubey, Veteran Film Journalist **4.** Panel discussion titled, "A Great Medium — Advertisers & Marketers on Cinema Advertising as a new frontier" **FROM LEFT:** Vishnu Telang, Director,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Khushi Advertising; Gautam Dutta, CEO, PVR Cinemas; Amitabh Tapadar, Vice President, Tata AIA; Girish Menon, Director, Transactions & Restructuring, KPMG; Ajay Mehta, Founder, Interactive Television; M S Rajagopalan, President, Qube Cinema Network **5.** Ajay Bijli, Chairman & Managing Director, PVR Ltd., the Guest of Honour for the evening, being congratulated by Annurag Batra **6.** Panel Discussion titled, "Popcorn, the Saviour? — Discussion on the mechanisms of the multiplex economy
FROM LEFT: Komal Nahta, film trade analyst, Host, ETC Bollywood Business & Editor, Film Information; P V Sunil, CEO, Carnival Cinemas; Vijay Kapoor, Senior Vice President, PVR Ltd.; Devang Sampat, Business Head, Strategic Initiatives, Cinepolis; Bharathan Kandaswamy, Course Director, Business of Films, IIM Ahmedabad **7.** Subhobroto Chakroborty ,Head, Marketing, Netcore in the audience **8.** Ram Vidhani of New Excelsior Theatre, Mumbai **9.** Ajay Bijli, Chairman & Managing director, PVR Ltd., the Guest of Honour, delivering the Closing Remarks of the Conference **10.** The Chief Guest, Subhash Ghai, Founder & Chairman, Whistling Woods International, delivering the Opening Talk for the awards **11.** Subhash Ghai being felicitated by Annurag Batra for his Pioneering Contribution in the Field of Cinema Education for setting up Whistling Woods

Photographs by Umesh Goswami & Subhabrata Das

1. Akshaye Rathi from Smruti Cinemas Nagpur, receiving the award for the Best Theatre –Central |Single Screens **2.** Arijit Dutta of Priya Entertainment receiving the award for Best Theatre Chain – East | Multiplexes below 20 screens **3.** Rajesh Makhija of Carnival Cinemas receiving the award for Big Cinemas in the category of Best Theatre Chain – Central | Multiplexes above 20 screens **4.** Hasmukh Shah and Himani Shah of Gold Digital Cinemas receiving the award for Business Innovation in the Friday Plus category | Multiplexes above 20 screens **5.** Pranav Ashar and Ronak Dixit of Matterden Centre receiving the Jury Mention award for Programming Innovation in the Friday Plus category | Single Screens **6.** S V K Vasan of Abirami Theatres receiving the award for Best Theatre - South | Single Screens **7.** Devang Sampat & team of Cinepolis India receiving the award in the category of Best New Property Developed for Cinepolis, Viviana Mall, Thane **8.** Bhavesh Shah of SPI Cinemas receiving the award for Best Theatre Chain - South | Multiplexes above 20 screens **9.** Ajay Bijli of PVR Cinemas receiving the award for Best Theatre Chain - National | Multiplexes above 20 screens **10.** Amit Sharma and Bhuvanesh Mehndiratta of Miraj Entertainment receiving the award for Best Theatre Chain - National | Multiplexes below 20 screens **11.** Padam Sacheti of Jaipur Gems receiving the award for Raj Mandir, Jaipur in the category of Best Theatre - National | Single Screens **12.** Mayank Shroff of Cinepolis India receiving the award for Fun Cinemas in the category of Best Theatre Chain – Central | Multiplexes below 20 screens **13.** Subhash Ghai clicking a moment on stage from the audience

Other awards categories and winners were

Multiplexes above 20 Screens:

1. Best Marketing Initiatives | PVR Cinemas for Moviecation **2.** Fastest Growing Chain | PVR Cinemas **3.** Fastest Growing Chain - Jury Mention| Cinepolis India **4.** Best New Property Developed - Jury Mention | SPI cinemas for Luxe Cinema **5.** Best Theatre Chain - West |

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Cinepolis India **6.** Best Theatre Chain - North | DT Cinemas **7.** Best Theatre Chain - South | Asian Cinemas

Multiplexes below 20 screens:
8. Best Marketing Initiatives - Jury Mention | Miraj Cinemas
9. Fastest Growing Chain | Miraj Cinemas
10. Best Theatre Chain - West | City Pride

Single Screens:
11. Heritage Award | Sheila Cinema, New Delhi
12. Best Theatre - West | Maratha Mandir
13. Best Theatre - North | Delite Cinemas

BLINDSIDE

What Kerala Needs To Learn

The state is called God's Own Country, but it can do with tips on how to retain its populace and attract long-term capital

By Ramesh Jude Thomas

LAST WEEK MY COLLEAGUE, Siddharth and I landed in Kochi's Nedumbaserry airport on our way to a town called Valapad. Believe if you will, but it was for a client meeting. The only thing in that town was the client. Not unlike Bentonville and Walmart.

I've been travelling to Kerala since I was a toddler and I had never heard of the place. We land at 9.15 and we have an 11 am session with the CMD and all those who directly report to him. We can't be late. Sid asks very confidently at the prepaid counter for a car to Valapad, just to check for familiarity. He isn't sure from the transaction, so he asks whether the driver knows Valapad? "Ohh, yes, yes. Driver knows very well," came the answer, without skipping a beat. Then he asks if he would know the client's office. "Ohh, yes yes... very well." So we were on our way.

We get into the car. Sid is still not very convinced, so he asks the driver in his inimitable style, "How long does it take to Valapad?" Anywhere between three and four hours, we are told. (We know it's not more than 90 minutes.)

Finally it turns out that Sid had to navigate him all the way to Valapad on his GPS and keep him on a tight leash — with my broken Malayalam — within the boundaries of safe and legal driving.

The incident from that morning left us definitely irritated but got us to introspect as well. We were chatting on the way back and concluded that it must have been socialism at work. What did it take to shift us to a driver who knew Valapad? No, that wouldn't work. That driver had to book that fare. Damn whether he knew the place, or even to drive.

So, I have forever wondered, for an Indian state that boasts some of the world's best social and human indicators, why Kerala has remained an economic laggard. Why has it not attracted serious capital since Independence? It has always produced some seriously talented folk. Why did they all leave? Why has it been unable to create jobs to provide its very bright and educated young people?

Maybe we need to look beyond the social and human indices. I've said this before and I will say it again for good measure: Kerala may be God's Own Country but when the Creator wants to chill, he probably goes to Goa. I wonder whether He would consider, "His own country" to put in long-term capital?

God's Own Country was a clever reference to the landscape. It is breathtaking and it was indeed God's gift.

I wonder what instructions God gave to the people running "His country". Did He tell them that customers do matter? That engagement is a key element in building an economy? That chemistry is important to people who bring in long-term capital to the state?

I keep hearing from the locals about how the state provides people who are intelligent, highly-skilled and of high integrity. I cannot disagree from experience. But these are only 'hygiene' factors to creating an attractive economic ecosystem.

> I wonder what instructions God gave to the people running "His country". Did He tell them that customers matter?

Bangalore became the Mecca of the job-seeker and the international investor in the 90s. This was not only because of its climate, but also because it had a welcoming, hospitable core and an engaging style. I still carry fond memories of how RTO officials put me at ease when I first went there in October 1991. I was pleasantly surprised and grateful that an Indian city held out hope for the future.

It wasn't as though Karnataka had economically evolved to the level where it could afford to be less socialistic. It was still finding its feet. Bangalore was the new kid on the block. It didn't stop them from offering engagement and empathy.

I think God's Own Country can do with a few neighbourly tips. What say? BW

The author is president and CKO, EQUiTOR Value Advisory

AFTER HOURS

GADGETS, GIZMOS, APPS / HEALTH & FITNESS / BOOKS / AND OTHER FUN STUFF

Photograph by Ritesh Sharma

Where Chefs Eat

MUMBAI MASALA

Masterchef India judge Chef Ranveer Brar believes food is about feeling and connect as he digs into Marathi food at Aaswad

By Smita Tripathi

Photograph by Umesh Goswami

AS WE WALK TOWARDS AASWAD, a small restaurant right opposite the Shiv Sena headquarters in Dadar, Mumbai, the first thing that strikes me is the long queue of hungry Mumbaikars waiting outside for a table. "If you serve good, honest food, people will come back for more," says Ranveer Brar, host of various TV shows such as *Snack Attack* and *The Great Indian Rasoi* on Zee TV and judge on *Masterchef India*. It's on his recommendation that we are dining at Aaswad, a restaurant that he loves for its traditional Marathi cuisine and homely flavours. "They don't overdo the flavours here. It's like eating at a Maharashtrian home," he explains as we are served a kothimbir vadi — crispy fritters made of besan, steamed dal and coriander — along with a traditional peanut chutney. There has always been a direct correlation between the climate of a place and its cuisine. Maharashtra's hot and humid climate has resulted in most chutneys being peanut or dry-garlic based, explains Brar.

Brar started his love affair with food at the age of 17 in the narrow streets of old Lucknow. "In Lucknow food is served with stories — one plate of food with

"Food travel and TV has allowed me to refine my expression and mature as a chef"

one *pateela* of *quissas* (pot full of stories)," he laughs. Brar volunteered to work for free at a small eatery serving mouth-watering kebabs. "I used to trick the cook-owner, to divulge his recipes and methodology. If you asked him directly, he never said anything. But if you said, how come your kebabs are tastier than the other fellows, he would glow with pride and tell you," Brar reminisces fondly. It was there, while doing odd jobs such as drying coal, grinding spices or 'stirring nihari in his sleep' that Brar learnt his biggest lesson — there is more to food than just tingling your taste buds. It is about connecting with people.

And that's just how I feel as the waiter serves me a plate of pola usal, with great pride. It is the typical food of the Maratha Kshatriya community, he explains. I bite into the dosa-looking rice cheela (pola) and take a spoonful of usal (made of beans and black peas). It's delicious. I smile appreciatively and he beams at me. I immediately feel the connect — his Marathi pride and my taste buds are on the same plane.

Brar's first job was with the Taj group. He set up the newly renovated restaurants at Fort Aguada, Goa. "Goa gave me a chance to develop a style of my own," says the IIHM Lucknow alumnus. His experience in Goa came in handy when he was hired by Radisson Blu, Noida. As the executive chef he set up four restaurants, including Made in India, which reflected his Lucknawi roots.

In 2005 Brar joined The Claridges, New Delhi. Seville, the Spanish restaurant set up in place of the erstwhile Corbett, was one of Brar's great success stories. As he tells me all about it, we are served thalipith, a crisp multi-grain chapatti. Two dollops of white butter enticingly melt over the hot chapatti. "It's popular in Ratnagiri, Raigarh and the Malwan area. In the arid areas of Maharashtra where due to water shortage rice is not grown, they use various multi-grains such as jowar, bajra etc," explains Brar as I lick butter off my fingers.

Next we try amba dal. It's seasonal and I'm just in time to try it, informs my waiter. Amba dal is made of raw mango, chana dal and aambe halad, a particular kind of raw turmeric that smells like mango and is available only towards the end of winters. It's cooked particularly during the month of Chaitra (generally March-April as per the Hindu calendar) when Marathis celebrate New Year. While it is a standalone dish, during New Year celebrations it is generally served with kairy panhe — a drink made of raw mango and jaggery.

Brar spent six years in Boston running several Indian restaurants before returning to India, and joining Novotel, in Juhu, Mumbai. While he was there, TV happened. "When you see food in different forms and how different people connect to it, you evolve as a chef. And your evolution reflects in the way you cook. That's what food travel and TV has done for me," says Brar as he asks me to try the rice bhakri, a chapatti made of rice. Rice powder is cooked with boiling water and then kneaded and made into chapattis. "This has been my big learning from this place, how to make good *chawal ki roti*. See, I'm still evolving and learning," he smiles. BW

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For more lifestyle stories, visit www.businessworld.in

TOP 5 favourite restaurants of Chef Brar in Mumbai

MASALA LIBRARY
Bandra Kurla Complex
Must try: Khandvi spheres

SOAM
Opp Babulnath Temple
Must try: Turiya paatra nu shaak

ASHMICK'S SNACK SHACK
Bandra
Must try: Salli boti

MALWANI KATTA
Dadar
Must try: Fish curry rice

CHINA HOUSE
Grand Hyatt, Santacruz
Must try: Pepper crab

Tests In Time Can Save Your Life

If you are 35 or above, look out for symptoms and get blood tests done to avert a health crisis

By Rachna Chhachhi

WE'RE LIVING IN TIMES where every week, I hear of at least one sudden death under the age of 40 in the corporate sector. It's usually an undiagnosed heart risk factor, like hypertension or stress aggravated by less sleep, bad eating habits and obesity. However, this can all be avoided. In fact, diagnosing an emerging health crisis is easier done than assumed.

If you're above 30, follow the signs listed below — they all indicate accelerated ageing due to internal inflammation, which are triggers for lifestyle diseases like type 2 diabetes, high cholesterol, hypertension, unexplained pains etc.

1. Premature greying (even if it's genetic; it can be delayed with good nutrition)
2. Overall slim but small paunch
3. Being overweight
4. Forgetfulness
5. Brittle nails
6. Tiredness and fatigue even after eight hours of sleep/rest
7. Irritability/short temper that's uncharacteristic (a big indicator)
8. Skin eruptions
9. Frequent indigestion
10. Frequent constipation
11. Development of asthma, allergies without any earlier history
12. Persistent mouth ulcers
13. Persistent dental problems
14. Stress and crankiness
15. Discoloured/ pigmented skin
16. Hair fall
17. Sudden blurred vision
18. Skin/eye twitches

If you have five or more of the above symptoms, you're ageing really fast, looking older than you are and may be prone to lifestyle diseases. Ignoring it means that it will only be diagnosed once you get the disease, and then you will no longer be able to prevent it. Instead, you will first need emergency care; then management of the disease. In rare cases (read some of my patients' journeys in the last part of the book), people with grit and courage reverse these diseases and live medication-free.

But the first step is diagnosis. A 40-year-old friend was scared to get a check-up done because he was so sure there would be something wrong with him as he was (and still is) overweight and loves his whisky. This ostrich-in-the-sand attitude can only take you only so far if you're lucky. A small warning sign via a symptom or a blood test is much better than you collapsing dead and your family wishing you could have seen the kids grow up if only you'd done some preventive check-ups. So, if you're 35 or above, working in urban India, you need to get a check-up now.

Listed below are essential blood tests (some are not available in the "executive health" packages of many labs, so do a comparison checklist). Get these done. Most reports indicate out-of-range markers. If you have any, take your report to your doctor, and get the right advice soon, before it's too late.

Age	You need it if you are:	Tests Required
35 years +	**Scenario 1:** In a high-stress job, eat red meat and consume alcohol thrice a week, have family history of lifestyle diseases **Scenario 2:** In a high-stress job, vegetarian, have packet *namkeens*, and are a smoker **Scenario 3:** In a high-stress job, non-smoker, vegetarian with thrice a week intake of packet *namkeens*, biscuits or fried snacks like samosa, pakora, chaat, chana bhatura, etc. **Scenario 4:** In a high-stress job with a family history of heart, blood pressure and cancer	**For men:** Blood pressure, CBC, ESR, uric acid, kidney function test (KFT), liver function test (LFT), C-reactive protein, ECG, lipid profile, PSA **For women:** All the above tests plus pap smear, mammogram and ultrasound to check for fibroids, cysts

The author is a certified nutritional therapist and WHO certified in nutrition. She is the writer of Restore, *a book on how to fight diseases for working professionals. Order your copy from amazon.in*

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WITH AN I ON INDIA

Not only does Ratan Tata own a stake in it, the Chinese Xiaomi is aggressively focused on its second largest market

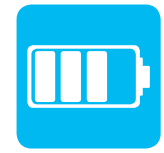
By Mala Bhargava

XIAOMI'S INDIA AMBITIONS are no secret. In a short period of time, the Chinese phone maker has become a bit of a household name and no doubt given dominant players a whole lot to worry about. The company couldn't have made a bolder India statement than they did with the launch of their Mi 4i, with the i standing for India and the global launch being held in New Delhi and not Xiaomi's home turf. Xiaomi is interested in manufacturing in India.

The phone itself, available through the usual flash sales online, has caused quite a stir, helped by a gathering of several thousand "fans" invited to the launch. But make no mistake, it's also a sensation because of the design

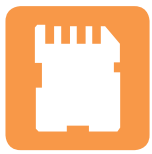
1080x1920 Full HD display, 441ppi density

13MP main camera, 5MP front camera

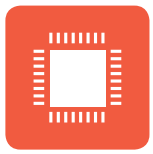


3120mAh battery

MiUi 6 interface



2GB RAM, 16GB storage on board



Octa-core 1.1GHz Qualcomm Snapdragon 615

Rs 12,999

and specs offered at just Rs 12,999.

Well, of course it's a good looking phone. Everything from Xiaomi so far has been. The Mi 4i is probably like a lot of other phones including the iPhone 5C with which it also shares a single piece form factor with no openable back panel and no memory card slot. It's smooth polycarbonate, rather egg-shell-like and clean. In fact, Xiaomi demonstrates how you can mark it with a perma marker and still clean it up. Fingerprints, etc., then obviously aren't a problem. You can pick up a large number of back and smart flip cases for this phone to get some added colour —though the available colours are really irresistible other than being made of very good material.

Xiaomi has chosen a nice size for the Mi 4i. It's got a 5-inch display and it's in that not-too-big and not-too-small zone. You can definitely use it one-handed and holding the phone is very comfortable because it's got rounded edges. The screen is very pleasant to use. The brightness can go down low as well as high and it adapts to sunlight.

On top of the newest version of Android, the Mi 4i has its own interface, MiUi 6. Many users like Xiaomi phones for the interface, which is also actually available as launchers for other Android phones. MiUi is a clean and minimalistic interface with bells and whistles added at your choice. It's got no app drawer and you'll find apps on your home screens. Themes and icon packs etc., are a big thing with MiUi. Once you set up your Mi account you can pick up different looks for your phone. Theme collections are updated often with some centring around festivals and other events. The interface has lots of features not found elsewhere easily. For one, you get a menu when you're on a call which includes a call record ability. And it works quite well too. Going through the settings, you'll find lots of other features that are particular to a Mi phone. There are also a sprinkling of annoyances such as the swipe to unlock, which called for a specific movement. Also the battery is disappointing.

The Mi 4i cameras are 13 and 5MPs and quite good with low light conditions, ideal for fun photography. The camera app is filled with options including self beautification for use with the front camera. The sound on this phone isn't great and the speaker at the back tends to get muffled if you put the phone down. I also encountered a problem with the sound on phone calls and had the review unit replaced. The second was just fine.

For those who are impatient with flash sales, units will be available eventually in stores. BW

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CHECK OUT

XIAOMI'S MI BAND

Fitness bands are now getting to be a dime a dozen, but with their Mi Band, Xiaomi has again thrown in a monkey wrench for other players by offering a basic tracker at just Rs 999. The rest cost many times more.

The Mi Band is a little dongle-like capsule which fits into a rubber strap and on to your wrist. There's nothing much to it on the surface except a metal piece with three LED dot-lights. You don't see any readings or interact much with the device itself. It's just a repository for what it records using its sensors — again, just basic ones really.

The Mi Band works with any Lollipop Android phone and the iPhone. All you need is the companion Mi Fit app. The device connects to the phone via Bluetooth and all controls are in the app. What it does primarily is to count your steps, and this it does pretty well. It does measure some exercise, but of course, I found that things like slow steady dumbbell intervals and Pilates didn't add to my workout, making it seem like I'd just done a whole lot less exercise than I really had. That takes away half the fun as you want to feel self-righteous about working out each day.

The other thing the Mi Band does well is to work as an alarm. It vibrates in short bursts, getting more insistent after a gap until you swipe the surface of the device and silence it. This is about the only interaction you have with the Mi Band itself. The band also lets you know how much you've slept. Unfortunately the app doesn't give proper long-term stats.

What particularly has users delighted is the fact that the battery lasts a whole month or more.

BRAINY WHEELS

The Mercedes Benz CLS 250 has technology built into every component. And this beautiful beast parks itself

By Kunal Khullar & Mala Bhargava

THE AGE OF THE CONNECTED CAR IS here. And you know it's truly arrived when a legendary hunk of Stuttgart engineering comes with intelligence baked into it. From the frameless door that rolls up its windows when you shut it, to the screen that sits on the dashboard to give you everything from navigation to movies, Mercedes Benz CLS 250 is filled with sensors and cameras to make for a high-tech ride.

The recently announced 4-door coupe is, above all, lavishness packed into an exquisite design. The front grill is iconic thanks to the diamond-patterned mesh, and the headlights have a story of their own. Each headlight consists of 36 LEDs which automatically twist and turn to give the widest area of illumination on the road; this is a useful especially when the car is about to make a turn.

There are also a lot of cameras fitted on the front, back and around the ORVMs to provide a full 360-degree view around the car on the in-dash display. Along with the cameras, the range of sensors all around the car send in alerts almost every single minute of your drive. That can get annoying if you're not ready for a lot of information, but it doesn't take long to get used to.

The interiors are swanky, though low-roofed, and comfortable to the extreme. Mercedes has crafted the inside with wood and soft fabric around the large and spacious cabin. The leather seats are comfortable especially the front ones which can be adjusted easily via a knob system to adjust the height and placement of the base, back and the headrest. The dashboard console is something out of a sci-fi movie including a number of controls and a large display sitting on top for the infotainment system, which is now a standard for all new Mercedes cars. The display shows you maps and navigation, a top 360-degree view of the car while it's moving, audio controls, connectivity features and more. A clever feature allows the system to be paired to your smartphone via Bluetooth and then use the mobile data to access the Internet, quite handy when you want to look for the closest gas station, but it also means you would require a fast Internet connection with ample amount of data. You can also read and send email and have your SMS read out, call people, play your music and so on. Apart from Bluetooth there are two full-sized USB ports to charge your devices and also to connect to the music

BEAUTY & BRAINS ON WHEELS: Mercedes Benz CLS 250 makes for a high-tech ride

The display shows you maps and navigation, a 360-degree view of the car while it's moving and more

system. Speaking of which, the CLS 250 comes with a standard set of 14 high quality Harman Kardon speakers throwing out 610 watts of audio power that transforms the car into a live music concert. Some of this means you need to be sitting in front, of course.

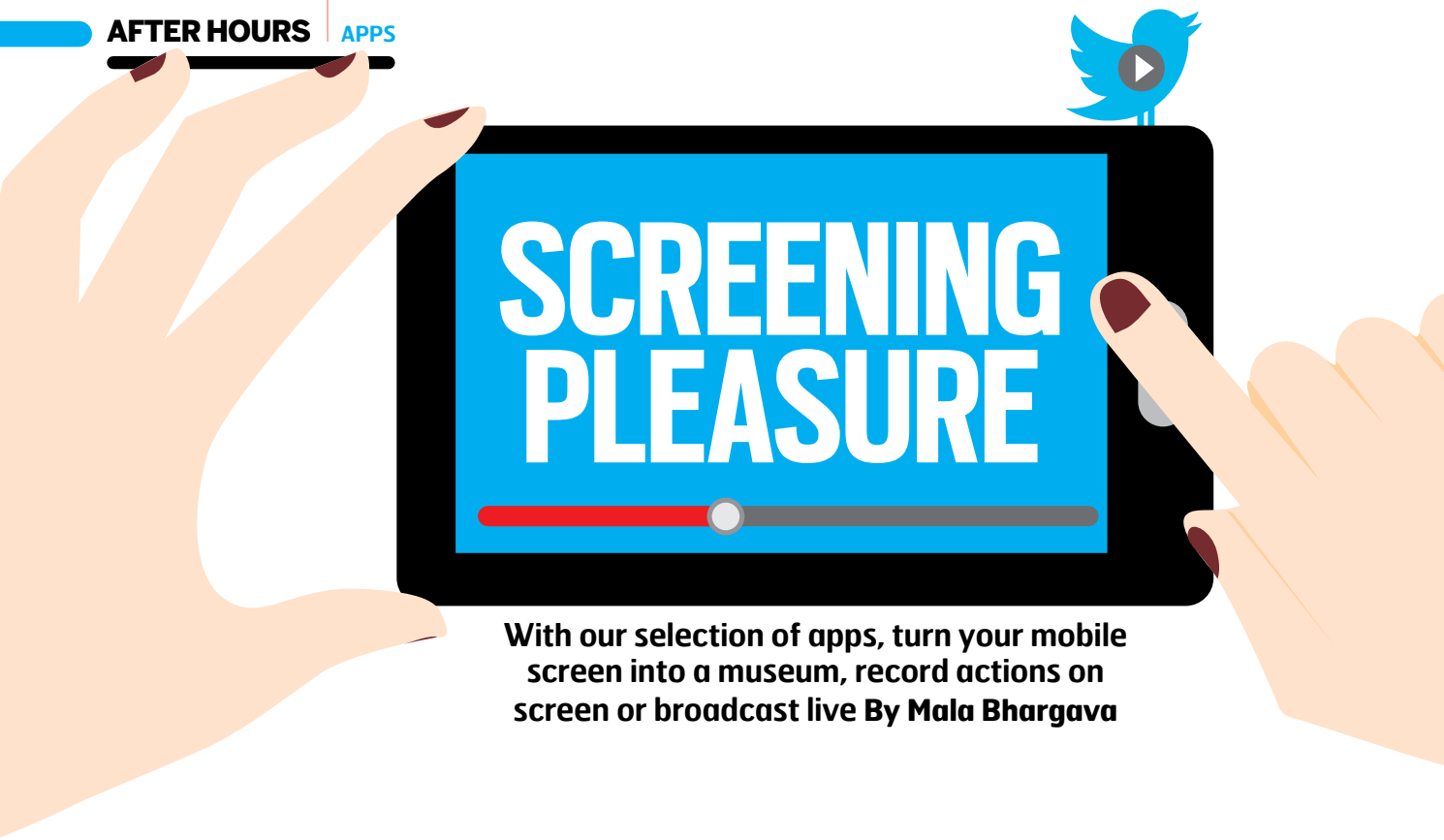
Apart from the entertainment and comfort, the CLS 250 comes with a lot of other clever tech to make your ride safer and more intuitive. Firstly there is the 'Attention Assist' system that sends in vibrations to the steering and sets off an alarm to make the driver more alert in case he is feeling drowsy. Then there is the 'Adaptive Brake' system which along with the ABS (Anti-lock brake system) senses the drivers reactions and automatically applies a certain amount of brake to avoid accidents and collisions. The most exciting feature of all though, is the Active Parking Assist with PARKTRONIC. This smart feature allows you to park the car automatically, without the driver having to steer or accelerate, and yes it is accurate. The car, through its sensors and cameras, detects if there is enough parking space. Once it does, you only need to push a lever to tell the car to start parking, and with amazing accuracy the car automatically steers and accelerates to park itself.

The CLS 250 comes with a lot of clever tech to make your ride safer and more intuitive

Coming to the raw details of the car, the CLS 250 comes only in a 4-cylinder, 2143cc diesel variant. The engine comes with an automatic seven-front speed and two-rear speed gearbox which is very nimble. For those who want all the control in their hands, the car comes with paddle gear shifters on either sides of the steering, giving you that F1 experience. The engine is surprisingly quite and you don't feel the grunt when you are sitting inside, but with a power output of 204bhp, it is not a slow car at all, in fact it can go 0-100km/h in just 7.5 seconds.

The CLS 250 is an extraordinary experience that puts together comfort, luxury, power and safety thanks to all the engineering and advanced technology used by Mercedes. If money is no bar, this could be your car. BW

Photographs by Kunal Khullar



With our selection of apps, turn your mobile screen into a museum, record actions on screen or broadcast live By Mala Bhargava

GOING TO THE MUZEI

YOU CAN TURN your Android home screen into a museum of sorts with little more than an app. Muzei offers up a painting from a well-known artist every day. We're going through a spell of Vincent Van Gogh these days.

All you have to do is click to enable Muzei wallpapers and a painting will replace what you currently have. You can see an archive of past paintings but sadly can't pull those in at will. You can modify the painting a little by blurring it, but that's it.

This is a great way of getting acquainted with more art. With a swipe you can go to the WikiArt entry and check out the information on it. Another thing the Muzei app allows you to do is add more sources so you don't just have paintings. Try National Geographic, for instance.

MEERKAT IS WATCHING

A SHORT WHILE ago, two video streaming apps, Periscope and Meerkat, caused quite a stir as they allowed anyone with an iPhone to become a broadcaster. Just fire up, aim, fire, and the video stream goes live. Periscope belongs to Twitter and Meerkat too was dependent on Twitter until Twitter sort of edged it out. Now, Meerkat has beaten Periscope to the Android platform and can be had for free from the Play Store.

Before you dismiss it as a frivolous pastime, consider that it could be put to very interesting use in business scenarios, from beaming live presentations to branding experiences such as a store tour, for instance. Young viewers will likely love it and engagement is almost guaranteed as curious viewers tune in to watch this addictive format.

RECORDING ON THE SCREEN

THERE ARE ALL sorts of situations when a screen recorder can be useful. There are quite a few on iOS, but here's one for Android devices. AZ Screen Recorder is free to try but if you want all its features you "donate" Rs 186. With that, you get a clever invisible button to start and pause/resume and stop recording. You just use the top right of the screen in different patterns. Once the recording gets started, it obviously picks up everything you do on your screen. But most useful, it records your voice at the same time (unless you disable that). Now you could easily do something on your phone and explain to someone else at the same time — later sharing the video by email or cloud. The full version gives you many more controls including the invisible button, video size and quality settings and other options.

Illustration by Champak Bhattacharjee

THAT'S IT

It's Facebook In Charge

You'll soon see articles in a compelling new format on your favourite social network. But guess who calls the shots?

By Mala Bhargava

AS YOU LEAN BACK IN A FREE MOMENT and scroll through your Facebook stream, perhaps stopping to Like or comment on an amusing video here and a beautiful photo there, you probably don't give a thought to the red-hot dynamite property that News Feed happens to be. Behind the scenes, what's going on is all sorts of research, all manner of tinkering and tweaking, no end of information-gathering, and a greater and greater reach into users' lives.

It's unnerving. Especially when you find you can't really outrun the changes that are made to the social networking platform that is bigger than the population of many countries now. Only recently, critics were up in arms over the idea that the news stories users see on their feed are filtered by Facebook's algorithms. A research study to this effect appeared in *Science* magazine in which the particular focus was exposure to others' political views. Does the News Feed in fact steer users towards others who share the same political views? Or does it leave an open playing field for users to encounter varied views? Facebook says users get to see what they seek. But even that is a little worrying as more of what you sought is pushed on you than you bargained for. Whatever is happening in the innards of the News Feed's workings, it's pretty obvious that users don't see updates from some of their "friends" for ages, even without having tampered with preferences. Just how much control does Facebook have over our lives?

Whatever the control, it's about to go up many notches as Facebook launches Instant Articles, a programme that lets publishers put stories into the News Feed. Not only does content look good, articles are supposed to load instantly: something much needed with readers' attention spans being much shorter. Instant Articles interaction will include being able to comment online on parts of articles, play video by tilting the phone, and more. Users will get everything in one place — at least for the publishers who signed up, and that includes *The New York Times*, BuzzFeed, NBC, *The Guardian*, BBC News, *The Atlantic* and a few others. More will join up in the coming weeks, for sure.

For publishers, there's an experience to offer readers beyond what they've managed. They get a wider reach than they could have achieved, given Facebook's massive user base. And they even get to keep their ad revenue, from ads that feature with their content. Publishers also get to retain their branding by using easy tools that create a cover for the content. On top of that, they provide detailed analytics to the publishing companies on how stories are being viewed.

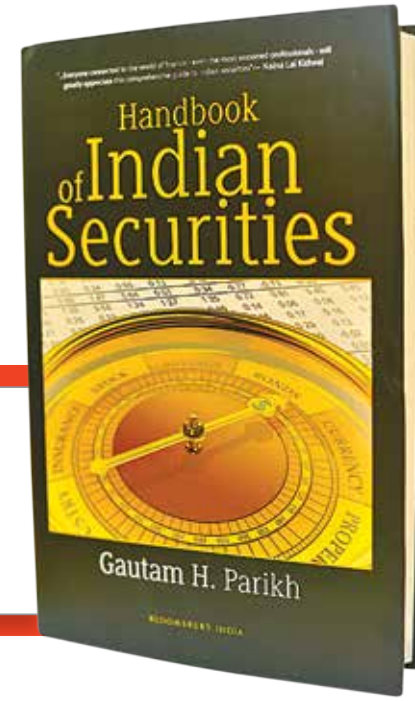
> Facebook's control over our lives is about to go up many notches as it launches Instant Articles, a programme that lets publishers put stories into the News Feed

But the worrying part is obvious. Facebook is changing things around practically all the time. Publishers could so easily find they have the tables turned on them with some change that Facebook has made. Already, it's being thought that they would be slaves to what Facebook wants to do, with all control for what goes into Instant Articles having been vested with the social giant. With the quality of content within Facebook invariably going up (an assumption many are making), will the News Feed cannibalise publishers' own websites and apps? With more to do on Facebook, just how much more time will users spend on the social networking site? It's a win for Facebook as it locks its users in some more. And takes charge. BW

mala@pobox.com, @malabhargava
For other columns by Mala Bhargava, visit www.businessworld.in

LEAD REVIEW

DEFINING THE MARKETS



HANDBOOK OF INDIAN SECURITIES
Gautam H. Parikh
BLOOMSBURY INDIA
Pages 375; Rs 799

BY AMBAREESH BALIGA

THE EVOLUTION OF CAPITAL MARKETS in the past two decades has been unparalleled in the last 100 years. A plethora of new instruments has hit the markets, making the environment more complex than ever. Gautam H. Parikh's *Handbook of Indian Securities* captures this complexity with a unique compilation of various equity and quasi-equity instruments that are available today for raising funds from investors.

Parikh has a management degree from London Business School as well as a law degree from the London School of Economics. In his book, Parikh has explored the history of Indian capital markets with an emphasis on the post-liberalisation era. The author has explained in detail each of the instruments with the help of case studies to make them interesting. The case studies explaining Tata Motors' DVR and Catholic Syrian Bank's rights issue are particularly noteworthy.

Parikh's book is a handy reference tool for CFOs who are not market-savvy as well as for students. It is also an useful guide for market participants who are not so well-versed with all the instruments and find it awkward to turn to their colleagues for help.

However, the book would have been more useful if the author had clarity about the target audience, instead of assuming that one size fits all. The narrative frequently switches from "layman" terms — which to some would be waste of space — to highly technical and legal terminologies that may possibly require repeated reading by a layman to make sense. In subsequent editions, the author must correct a number of facts and figures that seem to have been misrepresented. Rajiv Gandhi, for instance, wasn't the prime minister when he was assassinated. Also, he was killed in 1991 and not 1989. The *badla* system was abolished in 2001 and not 1994. The lot size of shares of SMEs is wrongly given as 100,000. A broker is never liable for the application money for an IPO investment made by individual investors. There are many such gaffes.

In his eagerness to cover all the angles, the author keeps digressing into unrelated areas such as corporate governance instead of focusing on the main subject matter.

Parikh could have made the book more interesting by throwing light on some of the instruments that have been misused and manipulated by market participants and subsequently resulted in scams. He should have also covered extensively the new kids on the block — the BSE SME and NSE Emerge platforms for small scale enterprises. These are interesting opportunities that many are not aware of. The Emerge ITP platform allows start-ups to list without an IPO. Preferential Issue (not preference shares) and issue of warrants, a route blatantly misused by midcap companies, has not been covered either.

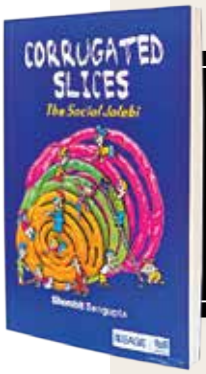
Nonetheless, the book is a great effort by a first-time author as it covers such a vast subject and succeeds in bringing some clarity. Being a reference book on a current topic, it will need to be revised at regular intervals and this will give Parikh an opportunity to rectify the shortcomings of the launch edition. BW

Baliga is an independent market analyst

Sugar-coated Lessons

BY VENKATRAMAN S.

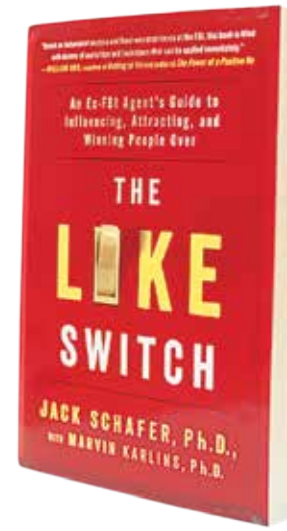
THE JALEBI TRILOGY GETS ITS THIRD AND FINAL book, *Corrugated Slices*. Taking the *jalebi* — a popular Indian sweetmeat — as an anecdotal reference, author Shombit Sengupta tries to juxtapose the jalebi's contortions and tortuosity with an European eye, that is, looking at Indian scheme of things and behaviour patterns with an European style of looking and observing. Sengupta bean his career with sweeping floors for a few years and went on to run his own company for many decades. The trilogy



Corrugated Slices: The Social Jalebi
by Shombit Sengupta
Sage Publications
Pages: 332
Price: Rs 545

encapsulates these experiences. The unpredictability of the jalebi's contours is cross-referenced in every possible way with each and everything that the author has experienced. With the author meandering from Shah Rukh Khan to civets, the reader sometimes gets confused with his message. Though the book appears to be an easy read, the lack of a linear storytelling makes this otherwise scrumptious sugary delicacy unappealing. BW

The Hidden Agenda



I AVOID BOOKS THAT GIVE A 'HOW TO' GUIDE ON LIFE. BUT MY CURIOSITY was aroused when I read the title, *The Like Switch: An ex FBI Agent's Guide to Influencing, Attracting and Winning People Over* (Bloomsbury). With lessons on how to influence people by shaping your personality as well as how to improve communication skills by reading verbal and non-verbal cues, it is also a reflection of the struggle consultants like Jack Shafer and psychologists like Marvin Karlins face in the real world. Their need for breaking down layers and manipulative investigation sees every human as a case to be solved.

BY CHARULATA RAVIKUMAR

In its approach to Friendship By Investigation, its starting point is a planned purpose that only YOU benefit from rather than being driven by hearts and minds that connect without agendas. It leads you to fake it all the way to ensnare the unsuspecting 'friend' into submission rather than handholding and inspiring each other in the journey of life.

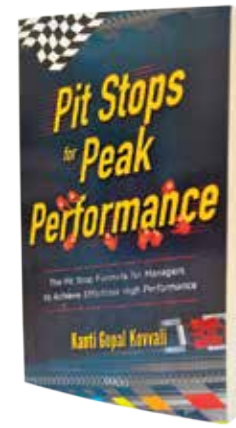
The authors' guide on Proximity, Frequency, Duration and Intensity cannot be denied as very effective means of creating relationships but it is the application of the 'motive' filter that creates dissonance: whether friendship is meant to last only until the mission is accomplished. The book provides learnings on ways to connect with people by drawing upon your own experiences that can resonate with others'. For example, the Temporal, Contemporaneous and Vicarious experiences. But again, it undermines its power by goading you to become the manipulator and using curiosity about the other to merely pin the guilt.

Some pages propagate instilling immediate discomfort in your child's choice of friends by scanning them and putting them on the defensive from the very first meeting. In contrast to today's more accepted parenting philosophy of guiding your child constantly, trusting them and embracing their choice. Be their friend, not their bodyguard. In another disjointed piece, there are objectionable moments that set poor examples such as lessons on how good looks and sexual innuendos could be used to extract higher tips. The author also seems to believe that real smiles can be practiced. Well, your heart must practice real living and real smiles will naturally flow. In today's world, the need for sensitivity is crucial. It makes devious means for an insensitive friendship or highly manipulative living outrageous.

It's confusing whether this book is a guide for making friends or striking Machiavellian deals. It leaves you with the question: How do you wish to lead your life — by exploitation or by inspiration? BW

Charulata is CEO, Razorfish

THE FINISH LINE RULES



PIT STOPS FOR PEAK PERFORMANCE IS A PRACTICAL BOOK for business leaders in today's volatile world where business environment and market dynamics are frequently changing. In such a scenario, one has to continuously take stock and review not only current business strategies but also re-calibrate them based on external and internal changes.

The book provides a tool on how during timely breaks one can relook one's business strategies and either fine tune them or make corrections, based on early warnings. The analogy of business review breaks or reflections to the Formula 1 pit stop break is brilliant. It brings a fresh perspective on how one should look at these business reflections. Normally, most organisations are obsessed with their original idea, goal or what they want to achieve in market. However, not everything goes as one had originally envisioned.

BY RAFIQ SOMANI

The mistake most organisations make during these reflection breaks or review meetings is to not read the early warning signs and revisit the strategy. However, in F1 racing pit stop, one is actually looking into all the parameters -- the condition of the car, tyres, fuel, the track condition, weather, the driver etc. In business too, one should look at all parameters such as leader (driver), product (car) leveraging organisation/eco system (pit stop team), external environment (track), investment (fuel), engine and tyres (people), competition (other racers) and so on.

This concept is easy to explain and communicate to the team. For our recent quarterly review meeting (QBR) in Mumbai, we used the theme "Pit Stop Break". We not only revisited all the key tenets of business goals for 2015 and took stock of all that was going right, that is, good business growth indicators, go-to-market strategy and people, but also looked at three potential red flags that had cropped up silently, and needed immediate attention and correction to ensure long-term stable growth. This fresh approach of "Pit Stop Break" helped me pass a clear message to my frontline leadership, who then came with executable actions to address the red flags. BW

Somani is Country Manager, India, ASEAN & ANZ at ANSYS

BOOKMARK

SANGRAM SAWANT, *CEO & Founder, Pescafresh*

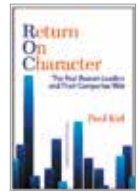
Recent reads: *The Difficulty of Being Good* by Gurcharan Das; *When Genius Failed* by Roger Lowenstein

I recommend: *Enchantment* by Guy Kawasaki, *McDonald's Behind the Arches* by John Love

On my shelf: Biographies and books on d management

NEW ARRIVALS

OFF THE JACKET

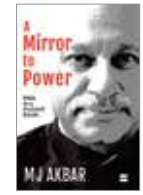


RETURN ON CHARACTER
FRED KIEL
(Harvard Business Review Press) Rs 1,250

Leaders with a strong character and behaviour bring in success and excellence to the firm

THE SYNERGY OF MICROFINANCE
B. BINOD NAYAK
(Sage) Rs 995

A former World Bank executive on going beyond microfinance to tackle poverty related issues



A MIRROR TO POWER
M.J. AKBAR
(HarperCollins India)
Rs 599

A collection of essays on changing India's political, economic and social landscapes

INDIAN INNOVATORS
AKSHAT AGRAWAL
(Jaico)
Rs 299

Stories of Sriram Kannan, Anirudh Sharma, Priyanka Sharma and more

The Greats League

When you have played cricket for as long as SACHIN TENDULKAR and SHANE WARNE, it's hard to stay away from it after retirement. So, it's not surprising that the duo plans to start a T20 league with former greats. They have offered 28 ex-players contracts worth $25,000 a match for 15 T20 games over a 42-month period — the first set of which kicks off in the US this year. "Warne hinted that he and Tendulkar had formed a business that would be launching during the year," said a newspaper.

Shining Bright

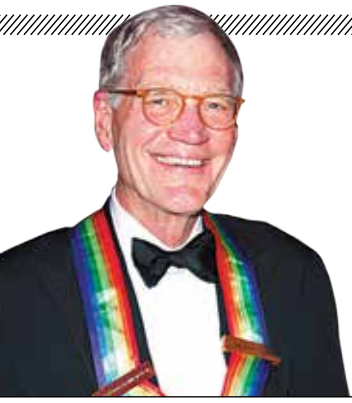
Biocon chairman and managing director KIRAN MAZUMDAR-SHAW was ranked the second-most powerful executive in the medicine world by UK-based magazine, *The Medicine Maker*. Mazumdar-Shaw, the only Indian to appear on the list, is just behind Anthony Fauci, director at the National Institute of Allergy and Infections in the US. The 62-year-old pharma magnate was ranked the 92nd most powerful woman in the world by *Forbes* in 2014.

Building BRICS

K.V. KAMATH, the non-executive chairman of ICICI Bank and software major Infosys, will now head the $100-billion BRICS bank or New Development Bank (NDB). Kamath will quit his posts and move to Shanghai to take charge for a term of five years. "I am honoured and humbled that the government has nominated me...," he said. "I look forward to the establishment of the bank and commencement of its operations in the service of BRICS nations."

Up The SoftBank Ladder

India-born NIKESH ARORA has been appointed president of Japan's SoftBank and named as a potential successor to CEO Masayoshi Son. "Yes. He's 10 years younger than me, and he has more abilities than me," Son said when asked if Arora was a potential candidate to succeed him. Before joining SoftBank last July, Arora was one of the most powerful Google executives and the highest paid in 2012, when he made $51 million in cash and stock.



THE KNIGHT BOWS OUT

DAVID LETTERMAN, the man who transformed the sleepy late-night TV format in the US with *Late Night With David Letterman*, *is* set to close his career after 33 years as a host — the longest late-night tenure ever. Known for his brusque manner of interviewing guests on his show, Letterman turned signature segments like Stupid Pet Tricks and his Top 10 list into American cultural institutions. He ran into controversy after admitting he had had sex with some female staff members.

KING DEPARTS

Blues legend B.B. KING has died in Las Vegas at the age of 89. A titan of American music, the guitarist and singer was best known for songs such as 'Lucille' and 'Rock Me Baby'. The 15-time Grammy award winner was inducted into the Rock and Roll Hall of Fame in 1986. In 2003, *Rolling Stone* magazine ranked him at Number 3, behind only Jimi Hendrix and Duane Allman on its list of the 100 greatest guitarists of all time.

NEW DEAL

F1 world champion LEWIS HAMILTON agreed to a £100 million deal to stay on at Mercedes for three more years. The deal comes six months after he won his second world title with Mercedes in 2014, following his success with McLaren in 2008. Hamilton, 30, is now the best paid F1 driver along with Ferrari's Sebastian Vettel and McLaren's Fernando Alonso.

FM LICENCE REVOKED

After being chargesheeted in the Aircel-Maxis case along with his brother, Kalanithi Maran has suffered another setback now. The home ministry has denied security clearance for the renewal of licences to about 50 FM stations of the Sun TV group. In the Maran empire, FM radios may not be big business, but the move means continued political hostility from Delhi.

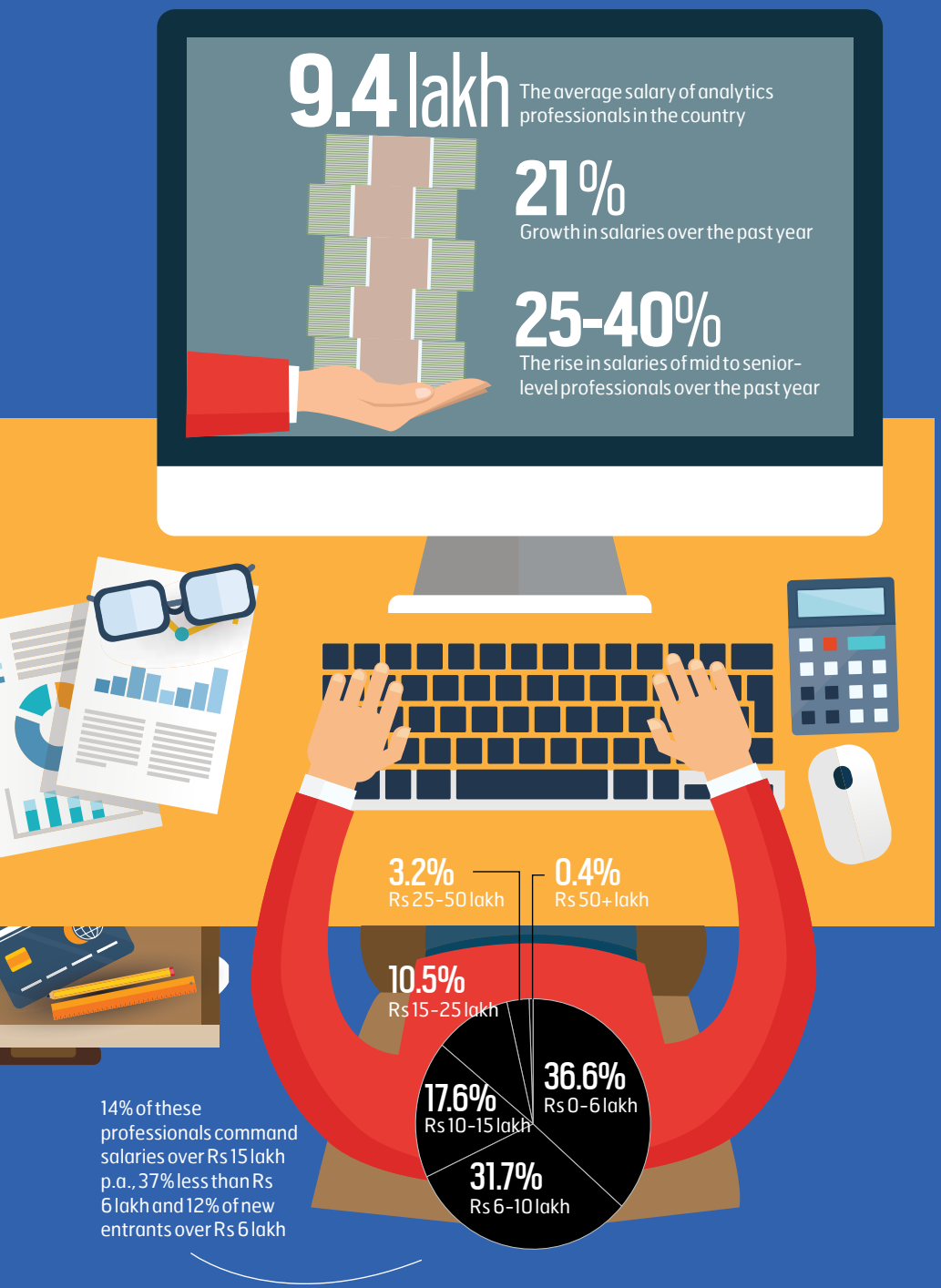
PHOTOGRAPHS: BLOOMBERG, UMESH GOSWAMI, JAGADEESH N.V

Interactive page

A MINE OF OPPORTUNITY

Data analytics has become the lifeline of many a business these days, leading to a surge in demand for professional data crunchers. We look at the sectors and cities where demand for these specialists is concentrated and how much they are paying them...

Compiled by Monica Behura; Graphic by Prashant Chaudhary



14% of these professionals command salaries over Rs 15 lakh p.a., 37% less than Rs 6 lakh and 12% of new entrants over Rs 6 lakh

CITIES OF JOY

BANGALORE	9.8
DELHI / NCR	9.4
MUMBAI	9.9
PUNE	8.7
CHENNAI	8.1
HYDERABAD	8.5

AVG. ANNUAL SALARY IN RS LAKH

SECTORS THAT SEEK


12.9
E-commerce


12
Retail/FMCG


10.8
Telecom & utilities


10.7
Manufacturing


9.2
Financial services


8.8
IT/ITeS


8.1
Pharma


7.5
Media/advertising

AVG. ANNUAL SALARY IN RS LAKH

SOURCE: INDIAN ANALYTICS INDUSTRY SALARY TREND REPORT