SPECIAL ISSUE

Business Today

Pre-Budget Special

Roundtable: Experts discuss options before Nirmala Sitharaman

What the RSS wants in the Budget

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July 14, 2019 I ₹100

INDIA'S COOLEST START-UPs

The smartest new entrepreneurs in BT's annual survey who are chasing big ideas and goals

VIMAL GOVIND AND ARUN GEORGE'S ROBOT WILL END MANUAL SCAVENGING

TRIPLOCK WINDING CROWN

UNIDIRECTIONAL ROTATABLE BEZEL

ROLEX GLIDELOCK EXTENSION SYSTEM

THE SUBMARINER

The world of Rolex is filled with stories of perpetual excellence. Designed for the pioneers of professional diving, the Submariner expanded the world of underwater exploration. The first divers' wristwatch waterproof to a depth of 100 metres, its unidirectional rotatable bezel provides a reliable way to measure remaining dive time. It has continued to evolve to reach a depth of 300 metres, while becoming one of the most recognisable designs, on land and at sea. This is a story of perpetual excellence, the story of Rolex.

#Perpetual

OYSTER PERPETUAL SUBMARINER DATE

ROLEX

FROM THE EDITOR

The Start-up Ecosystem

Every year when we do our annual survey of India's Coolest Start-ups, the applications we get give us important insights into how the start-up and entrepreneur ecosystem in the country is changing. A few years ago, we had a huge number of applications from entrepreneurs who dreamt of being the next big thing in the e-commerce playground. They looked for niches or business models that were not dominated by Amazon and Flipkart or Snapdeal. Most of those dreams died quickly.

Then, financial technologies became flavour of the year. Every second entrepreneur wanted to be a fintech company of some sort. Last year, we saw a record number of logistics start-ups and some very interesting ideas on how to solve both long distance and short distance freight movement problems. They were dramatically improving productivity in what had till then been a somewhat loosely tracked and disorganised sector.

Sifting through this year's applications was quite a revelation. Sure there were plenty of copycat ideas in the hundred-plus applications we received. But the number of people who were trying to solve problems had increased manifold. Some start-ups were also trying to make money while finding solutions to really big problems, including manual scavenging, air pollution and water wastage. I think start-ups will now probably play a big role in solving some of the issues that the state and Central governments are worrying about.

The start-up ecosystem has matured quite a lot over the past decade in India and some major changes stand out. First, while Bengaluru remains the country's start-up capital, the entrepreneurial spirit is spreading to other parts as well. Indeed, Gurgaon is now a big start-up hub in itself and it could give good competition to Bengaluru in the next few years.

Second, in most areas, there is likely to be no place for a number two or number three player. After initial angel funding, by the time a start-up is four or five years old, the venture capitalists have already started becoming extremely picky with each sector. The number one player attracts a disproportionate amount of capital and the others fade out.

Our special issue on start-ups looks at all the trends worth noting in the ecosystem today.

Moving on to the broader economy, the new Union Finance Minister Nirmala Sitharaman is gearing up to present her maiden Budget on July 5. She has plenty of challenges, including global trade uncertainty and the fact that the Indian economy has been slowing down. The problems all need hard reforms that focus on long-term benefits rather than short-term fixes. This government has got the mandate to take those decisions and I hope it takes them. Our pre-Budget special looks at the priorities before the government as well as the pulls and pressures it is likely to face.

Prosenjit Datta

prosenjit.datta@intoday.com
@ProsaicView

Business Today
http://www.businesstoday.in

Vol. 28, No. 14, for the fortnight July 1-14, 2019.
Released on July 1, 2019.

● Editorial Office: India Today Mediaplex, FC 8, Sector 16/A, Film City, Noida-201301; Tel: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel: 0124-4948400; Fax: 0124-4030919; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/B, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel: 0484-2377057, 0484-2377058; Fax: 0484-370962 ● Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301; Tel: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no: 1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080; E-mail: wecarebg@intoday.com
● Sales: General Manager Sales, Living Media India Ltd, B-45, 3rd Floor, Sector-57, Noida (U.P.) - 201301; Tel: 0120-4019500; Fax: 0120-4019664
● Printed & published by Manoj Sharma on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35, Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at K-9, Connaught Circus, New Delhi-110 001. Editor: Prosenjit Datta

JULY
14, 2019

VOLUME
28

NUMBER
14

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Sai Krishna V.K., Akash Kuttappa and Ajay P.V. of Scapic


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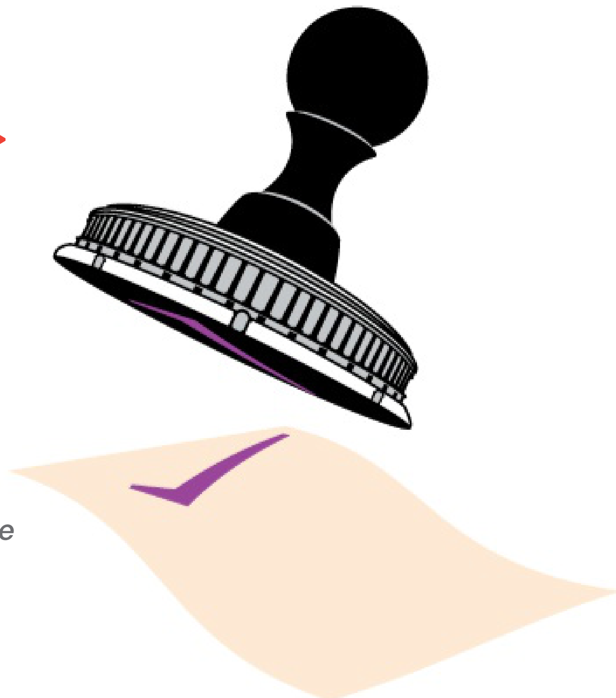
THE BUZZ >



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Smart Fitments for Borderless Homes

As cities run out of space, we have little option but to depend on furniture which gets transformed at our command

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Business Today BUZZ

Anil Ambani Falls off Billionaire Club; Equity Wealth Crashes from $42 billion to $0.5 billion
The value of Ambani's un-encumbered equity stands at $109 mn – barely two times the $50 mn Bombardier Global Express jet he flies
businesstoday.in/anilambani-wealth

Global Dairy Companies Carve Their India Strategy
While the common thread among all these global dairy companies is their aspiration to make it big in India, their strategies are varied
businesstoday.in/globaldairies-strategy

Airtel, Vodafone Idea Prepare War Chest to Fight Jio
Leading telcos require a steady flow of funds to keep fighting in a hyper-competitive market. But raising funds is not an easy task now as their financial condition is quite weak
businesstoday.in/telcos-funding

PERSPECTIVE

Are Weak Public Sector Banks Discouraging Term Deposits?
The weak PSBs have higher NPAs, falling profitability and lower capital levels, limiting their capability to offer term deposits
businesstoday.in/psb-term.deposits

NEWS

Compliance Skills in Demand as Data Becomes the New Oil
The top three skills witnessing a rise in the country are Robotic Process Automation, Compliance and Continuous Integration
businesstoday.in/complianceskills-data

Delhi Now Has Another Environmental Hazard to Combat – Ozone Pollution: CSE Analysis
Ozone has emerged as a dominant pollutant. Among key NCR towns, Faridabad has experienced the highest share of days, followed by Ghaziabad, Gurugram and Noida
businesstoday.in/environmentalhazard-ozone

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17TH LOK SABHA

BACK TO BUSINESS

IN THIS SESSION, 10 BILLS ARE SLATED TO BE TABLED IN THE LOK SABHA.

BY ANILESH MAHAJAN
ILLUSTRATION BY RAJ VERMA

NOW THAT THE first session of the 17th Lok Sabha has started, the focus will be on the Bills that are slated to be tabled. The Modi government is all set to table the Aadhaar and Other Laws (Amendment) Bill to bring the unique identity and its utility in line with the apex court judgment. Recently, the Supreme Court had struck down Section 57 of the Aadhaar Act – which made the use of the unique identity mandatory for availing different services. The passage of the Bill should not be a problem based on the majority the NDA government enjoys. But all eyes are set on the debate over the Muslim Women (Protection of Rights on Marriage) Bill, 2018. This Bill, which has already been tabled in Parliament, proposes to do away with the practice of triple *talaq* and has provisions for severe penalties as well.

In all, 10 Bills are slated to tabled in the Lok Sabha apart from 44 private Bills in the Rajya Sabha. The monsoon session will break for a week long recess on June 27 to get together again for the Union Budget on July 5. BT

@anileshmahajan

TAXIBOTS

CUTTING AVIATION FUEL BILLS

THE AVIATION sector is getting serious about cost savings. Last year, SpiceJet operated the country's first test flight powered by bio-jet fuel, which was followed by fuel saving initiatives of Air India, IndiGo and SpiceJet this year. Now, Turkish ground handling firm Çelebi Aviation has commercially deployed taxibots at the Delhi airport after testing them on narrow-body aircraft (Airbus A320 and Boeing 737) since early this year. Taxibots are used to tow aircraft from gates to the runway, and saves up to 200 kilogram of aviation fuel (ATF). ATF constitutes 30-40 per cent of an airline's costs, and fuel savings through such measures improve the bottom line.

Taxibots, which are controlled by pilots in the cockpit, typically make more sense at large airports such as Mumbai, Hyderabad and Bengaluru, where the taxiing time is higher at over 15 minutes per flight. -Manu Kaushik

GST Council Meet

REVENUE CONCERNS DELAY RATE CUTS

THE 35TH MEETING of the GST Council ended without any decision on the much expected rate rationalisation. While Finance Minister Nirmala Sitharaman said rate cut decisions have been referred to the fitment committee, it is perceived that poor revenue collection is playing on the government's mind.

It was expected that the council would cut the rate on electric vehicles (EVs) from 12 per cent to 5 per cent and on small passenger cars from 28 per cent to 18 per cent, giving a boost to car sales. There were also expectations of a rate cut for some consumer durables like TVs.

Though the council did discuss rate reduction of EVs as the government wants to promote production and sale of these vehicles in the country, the rate cut would have had little impact on revenue as they are manufactured and sold in very small numbers.

Though GST collections have improved in the current financial year with monthly collections continuously logging over ₹1 lakh crore over the past two months, it is still not enough to achieve the budgeted target of ₹7.6 lakh crore.

The evasion tactics of businesses like fake invoices is not helping collections either. The revenue secretary said that the tax department is using data analytics to catch those evaders.

Clearly, the new government is at present more driven by revenue concerns than anything else.
-Dipak Mondal

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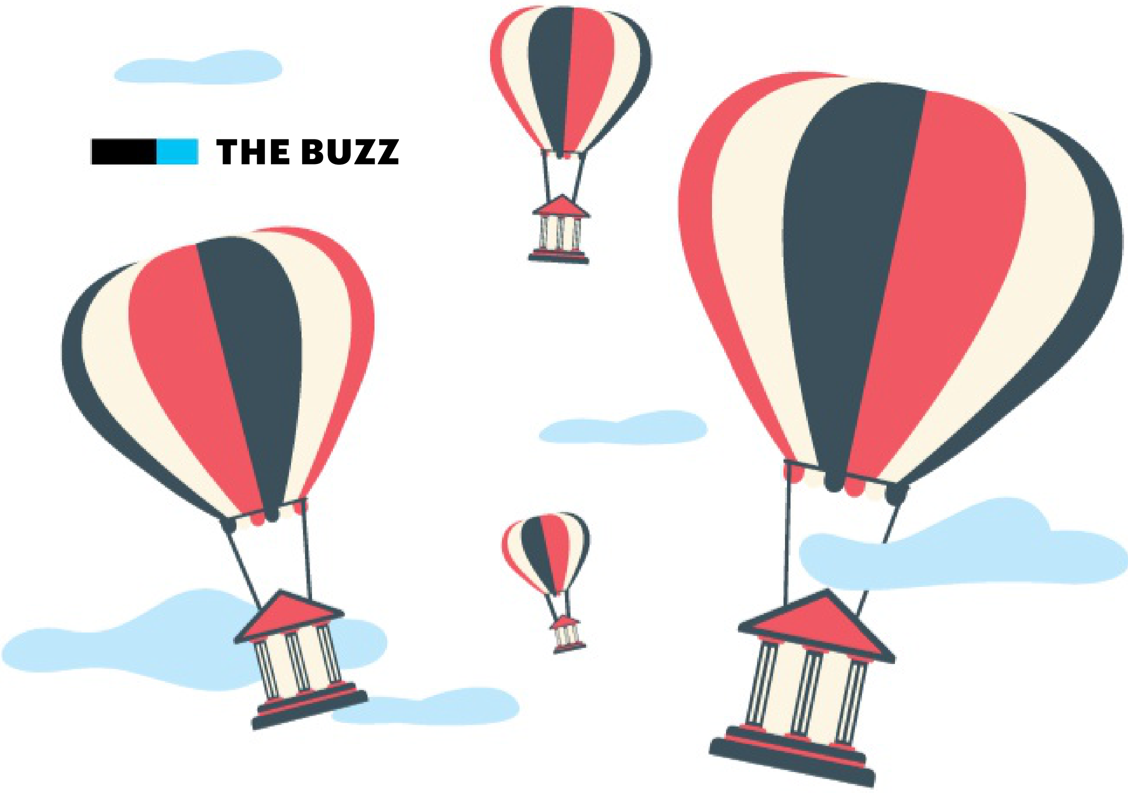


Small Finance Banks

ON-TAP BONANZA

FOUR YEARS AFTER the RBI allowed differentiated banks alongside full scale commercial banks, the banking regulator has indicated granting more licences in the Small Finance Bank category throughout the year. The RBI's optimism comes from the fact that these micro-finance institutions turned banks have achieved priority sector targets and hence helped in achieving financial inclusion. However, it would be too early to open the gates for all. The RBI should be cautious as initial success of the existing close to a dozen banks came from their erstwhile micro-finance business. These banks are yet to see an economic cycle of boom and bust to show their strong foundation. In fact, there are many challenges that await them as they have to enter the IPO market as agreed in the guidelines. The big challenge still is to scale up lending, tap low-cost deposits and maintain better asset quality. If one studies the experience of the new generation private banks that got licences post the 90s, many folded up, and others were merged or acquired. Experts suggest that the RBI should experiment more by giving licences to categories other than MFI before allowing more of the same. **-Anand Adhikari**

IBC Cases

DELAYS CONTINUE

TWO YEARS after the RBI identified the first lot of 12 large corporate defaulters and took them to National Company Law Tribunal (NCLT) for resolution under the Insolvency and Bankruptcy Code (IBC), the government and the central bank had come up with many amendments and additions to ease the resolution process. But these changes are not helping resolve cases within the 270 days stipulated under IBC. Of the 12 big cases, just three companies – Bhushan Steel, Monnet Ispat and Electrosteel Steels – have been sold so far and the court ordered liquidation of Lanco Infratech and ABG Shipyard. The rest, including Essar Steel, Bhushan Power, Jaypee Infratech and Alok Industries, are pending resolution.

Of the 1,858 bankrupt companies admitted, 152 were sold till March-end. Liquidation has started in 378 cases. There are 1,143 cases pending for resolution. According to the Insolvency and Bankruptcy Board of India, the IBC allowed resolution time of 270 days are over in 362 cases and 186 cases had crossed initial deadline of 180 days. There are lengthy legal proceedings due to complications in defining the law. The lack of sufficient resources in terms of insolvency professionals, judicial benches and technical experts at NCLT are other issues.

—Nevin John

Jet Woes

Lenders in a Fix

JET AIRWAYS is officially bankrupt. After exhausting all revival options, Jet's lenders, led by State Bank of India, has finally taken the airline to the National Company Law Tribunal (NCLT) for resolution under the Insolvency and Bankruptcy Code (IBC). With most of its assets gone, the lenders of Jet – both financial and operational – have a snowball's chance in hell to recover even half of their dues. The biggest tangible asset for Jet is its owned aircraft – 10 Boeing 777s and six A330s. The US Exim Bank is planning to take over the Boeing 777s after the airline defaulted on its debt payments. The equity value of A330s is estimated at ₹2,500 crore which is far short of Jet's current liabilities of over ₹17,000 crore. Even liquidation of Jet's assets is expected to be a long drawn out process. For whatever little they might get, the lenders will have to wait for some time to see flotsam and jetsam in their hands. **-Manu Kaushik**

PHARMA

FDI DRYING UP

THE PHARMA sector is no longer a priority sector for foreign direct investment (FDI) in India. FDI in the sector witnessed a sharp fall of 73 per cent during the last financial year, down to just $266 million this year from $1.01 billion a year ago. That was not the case until a few years ago as multinational drug companies were competing with each other to sign a big deal in India. That led to mega deals like Daiichi Sankyo acquiring Ranbaxy and Abbott paying record prices for Piramal's formulation business.

Analysts say deals have dried up as MNCs no longer view India as a safe haven to invest, despite its potential. Over the last couple of years, the Indian government brought almost all essential medicines sold in the ₹130,000 crore Indian market under price control and banned several combination drugs. Many manufacturing plants of leading Indian companies were issued warnings by the US Food and Drug Administration (FDA) for compromising manufacturing standards. Concern on India's intellectual property rules is another worry area. The government should bring in attractive policy initiatives to bring back investments to India's pharmaceutical sector.

-P.B. Jayakumar

PE IN REAL ESTATE

ALL EYES ON COMMERCIAL ASSETS

WITH A SLOWDOWN in sales and piling up of housing inventory, private equity (PE) firms are now shifting investments from residential to commercial real estate. In 2015, 53 per cent of PE investments in real estate were pumped into residential segment while commercial received 33 per cent, followed by retail at 7 per cent and the remaining accounted for by other segments.

By 2018, commercial realty had become the darling of PE firms, attracting 70 per cent of the funding, according to data from Venture Intelligence. The residential segment received only 7 per cent of PE funds, at par with retail. The average rental yield in residential real estate assets in India is just 2.5-3 per cent, which compares poorly with the 8-9 per cent yields commanded by office assets. Moreover, commercial leases are long-term in nature, with built-in escalation clauses, giving more stable returns on investments, which is what PE firms prefer too.

-Rashmi Pratap

LATERAL HIRING

LEGAL HURDLES AHEAD

WITH THE DECISION to induct nine external experts as joint secretaries in the Narendra Modi government, BJP's 2014 poll promise to open up administrative services to draw expertise from the industry, academia and society has come true. Lateral appointments of subject experts with fixed tenure in decision-making positions can speed up government functioning and make it more efficient. To that extent, it is a good move. But the government needs to be extremely cautious before making it a norm, rather than a special case. First of all, there could be legal hurdles if such a move topples the prevailing reservation and quota system in government jobs. A bigger worry is the issue of conflict of interest. Voices within the ideological brotherhood of ruling BJP have already started raising red flags against appointment of people with known linkages with global consultancies and private corporations. Ignoring such early warnings may derail an otherwise good idea.

-Joe C. Mathew

MONEY MANAGEMENT

WHAT: India Wealth Management Conference

WHEN: August 2, Mumbai

WHAT TO LOOK FOR: The CFA Society India will organise the fourth edition of the conference where stakeholders in wealth advisory will deliberate if practitioners are ready to address India's growing wealth management needs.

LEARN THE LATEST

WHAT: Digital Marketing Summit

WHEN: August 2, Bengaluru

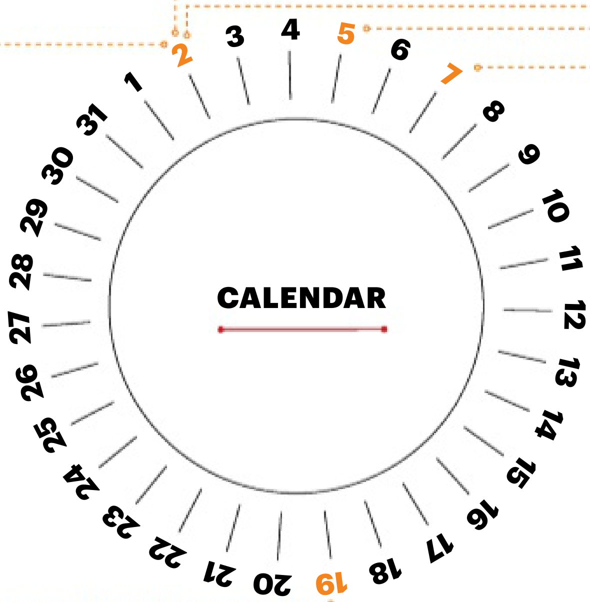
WHAT TO LOOK FOR: Industry experts will discuss new practices in digital marketing. The participants will get to learn latest trends, tips and techniques to develop their own digital strategies.

ETHICAL BUSINESS

WHAT: International Conference on Corporate Governance & Business Ethics

WHEN: August 2-4, Singapore

WHAT TO LOOK FOR: Leading academics, scholars and practitioners will have a discussion on emerging trends in ethical aspects of corporate governance. They will share their related research work with fellow researchers from across the globe.



FUTURE OF BANKING

WHAT: FIBAC 2019

WHEN: August 19-20, Mumbai

WHAT TO LOOK FOR: RBI Governor Shaktikanta Das will inaugurate the two-day FICCI-IBA annual summit followed by panel discussions on emerging trends and challenges in the banking sector. The theme of the event is 'Preparing for a New Paradigm in Banking'.

DECODING DATA

WHAT: Advanced Financial Statement Analysis

WHEN: August 5-7, London

WHAT TO LOOK FOR: Moody's Analytics has designed a three-day course on key elements of financial statement analysis. The participants will learn how to read into financial data to assess not-so-obvious financial risks in the context of rapidly changing business practices.

SMART EXCHANGE

WHAT: Smart Tech BFSI Leaders' Meet

WHEN: August 7, Bengaluru

WHAT TO LOOK FOR: Decision makers in the BFSI sector will come together to discuss the changing landscape where issues such as dynamic cyber security, risk and compliance standards along with the challenge of upskilling the existent workforce have taken centre stage.

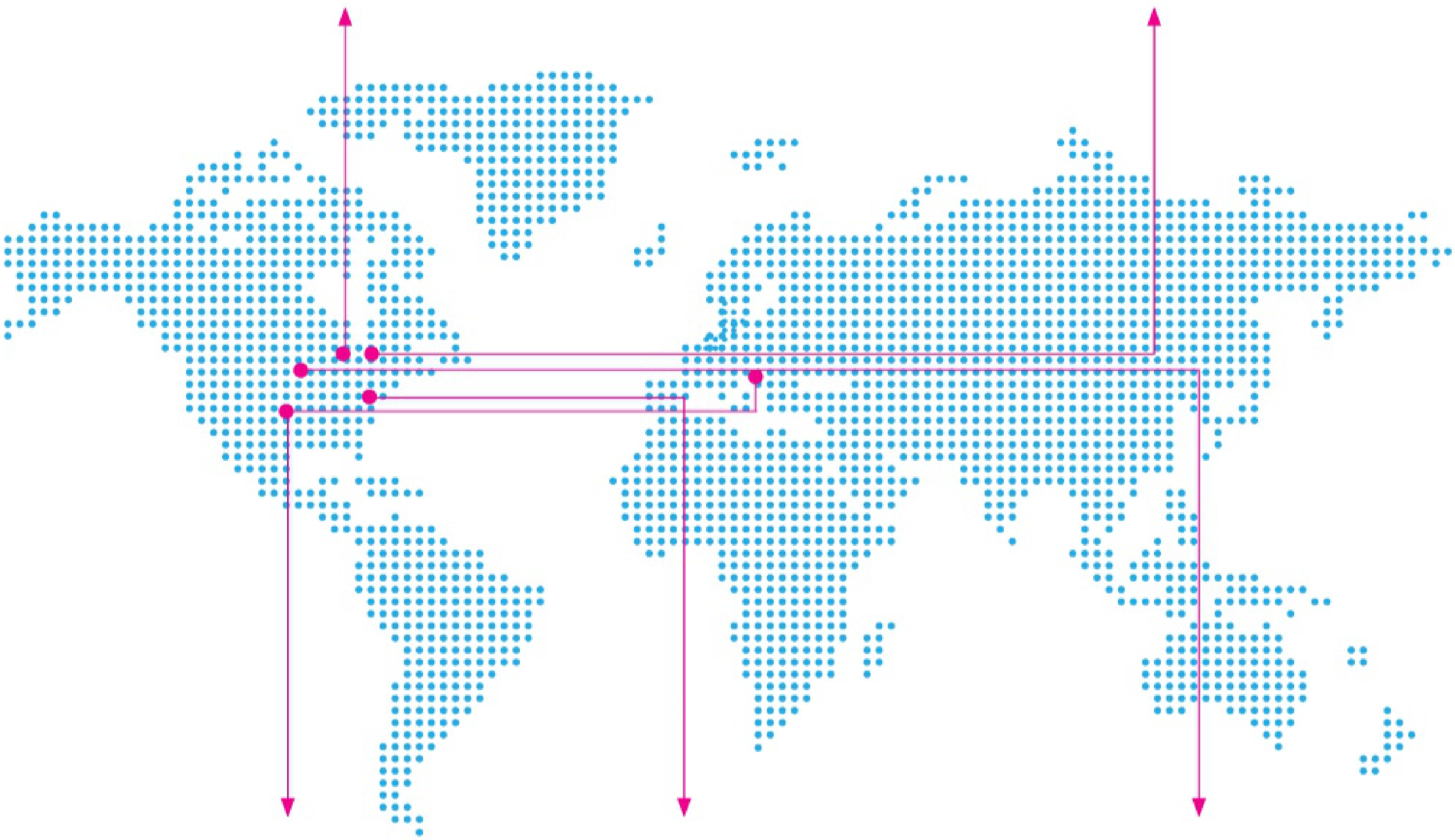
GLOBAL BUSINESS

UTC, RAYTHEON EYE MEGA-MERGER

In a 'merger of equals', Connecticut-based United Technologies (UTC), which manufactures aircraft and jet engines, has announced plans to acquire Massachusetts-based defence contractor Raytheon. If the all-stock deal is approved, the combined entity would become the world's second-biggest aerospace-and-defence company by sales, with a market value of $100 billion-plus. Boeing is No. 1, but recent turbulence might allow rivals to rise. UTC took over Rockwell Collins for $23 billion in 2018 to become a dominant player in jet engine and avionics system. This might have encouraged Raytheon to park its defence business with a bigger partner. Also, aerospace and defence companies rely on government contracts, and the proposed merger could help UTC- Raytheon as recession worries abound.

FACEBOOK ENTERS CRYPTO ERA

After months of rumours, Facebook and its 28 partner organisations have unveiled plans for a global cryptocurrency, Libra. The consortium, called Libra Association, includes big names such as Visa, MasterCard, PayPal and Uber. Each founding member has reportedly invested at least $10 million. Libra could be rolled out in 2020 and is pegged to a basket of government-issued currencies to avoid the wild swings faced by other cryptocurrencies. A subsidiary called Calibra will keep crypto transactions and user data secure and separate from social media data. Users can buy and cash-out Libra online or at exchange locations, and spend it through third-party mobile wallets or a Calibra wallet, which will be built into Messenger and WhatsApp. If successful, Libra may allow more sophisticated financial products.



SOTHEBY'S SOLD FOR $3.7 BN

French-Israeli media and telecom billionaire Patrick Drahi will buy the 275-year-old auction house Sotheby's for $3.7 billion, including $1 billion of existing debt, and take the company private. The fine arts auction house has struggled to cope with higher costs and reducing margins over the past year. Going private after 31 years on the market means Sotheby's will no longer be required to disclose quarterly results, which had put pressure on its performance. The move will help it compete with arch-rival Christie's, majority-owned by French billionaire and art collector Francois Pinault.

AMAZON SHUTS DOWN US FOOD DELIVERY

E-commerce behemoth Amazon is in the soup as far as food delivery goes and is reportedly shutting down the Amazon Restaurant service in the US. The company shuttered the service in London in November last year. It has failed to crack on-demand food delivery, currently led by Grubhub, DoorDash, UberEats and Postmates in the US. Keeping the non-Prime members out of the service domain also restricted its market size. This comes after the e-retailer led a $575 million funding in London-based Deliveroo, indicating that it would continue to benefit from the growth of industry leaders instead of directly competing with them.

SALESFORCE BAGS TABLEAU FOR $15.3 BN

Days after tech giant Google acquired Big Data analytics start-up Looker for $2.6 billion, Salesforce snapped up data analytics firm Tableau for $15.3 billion. The caveat: It is an all-stock deal and the company is paying Tableau's shareholders with Salesforce shares. The deal is especially interesting as Salesforce, a CRM specialist, has recently added a customer data platform to its offerings. The company claims to have over 86,000 customers such as Netflix, Verizon Communications and Southwest Airlines, and Tableau is expected to bring fresh analytics to the table to help those customers analyse and understand the data getting amassed at their end.

SOCIAL UNIVERSE

SOCIAL BACKERS

Want a Bhojpuri movie dialogue as WhatsApp status or save someone else's Instagram stories? These apps have it all sorted out.

By Rishi Kant and Devika Singh
Illustration by Raj Verma

RAVEENA VELLORE, an 18-year-old student at Manipal Institute of Communication, is an average millennial who spends considerable time browsing social media feeds. This, however, involves a lot of jugglery, as she moves between apps, replies to friends on Snapchat and watches Netflix, all at the same time.

It is not easy. So, to remain on top of her social media game, she has hit upon some innovative apps. Bitmoji, for instance, helps her send instant replies to friends in the form of interesting stickers while she is binge-watching her favourite show. Bitmoji — developed by Canada-based Bitstrips and acquired by Snapchat's parent company Snap Inc. in 2016 — helps users create personalised virtual avatars with witty commonly used phrases.

Bitmoji is not a one-off. The app world has tens of tools to support either one or several social networks. Some of the more popular ones in India are Vidstatus, VMAte Status, Status Saver, Parallel App Lite, FastSave, Chat Bin, TubeMate, Video Downloader for Facebook and Messenger for Social App. Vidstatus helps you download 30-second video clips of movies that can be used as WhatsApp Status or sent as a message. The app, according to New York-based app analytics company Similarweb, had 1.62 million daily active users in India in May. Chat Bin can help you recover deleted chats, while Messenger for Social Apps lets you manage all messenger apps on one platform. However, some of these apps might not be completely ethical. For example, Parallel App Lite lets a user clone any app on his phone; TubeMate helps users download YouTube videos; FastSave saves Instagram pictures; Video Downloader for Facebook enables users to save videos on Facebook.

Most of these apps have three ways of monetising — advertisements, brand integrations and when a user subscribes to get ad-free usage. The third option is not that popular in developing markets like India, says Manish Chitkara, COO and Co-founder at app distribution platform MoMagic.

Hanish Bhatia, Senior Analyst at Counterpoint, says some of these apps gain a number of active users when they start out, and once they have the numbers, look for funding. At times, as in the case of Bitmoji, they might be acquired by a bigger social media player. But such acquisitions are rare.

Chitkara says their future is not sustainable "unless the application is able to enhance stickiness to social media apps and, thereby, increase their usage, making them more fun to use, and thus create a unique space for itself and ample opportunities for growth." BT

@devikasingh28

Video Support

IGTV, Instagram's move to promote long-form videos, will now provide support for landscape videos too. "Ultimately, our vision is to make IGTV a destination for great content, no matter how it's shot, so creators can express themselves how they want," the social network said. The move comes after users complained about shooting in a proprietary format that is often difficult to reuse.

TRY ON

GOOGLE HAS INCHED A STEP CLOSER TO AUGMENTED REALITY FOLLOWING THE LAUNCH OF ITS AR BEAUTY TRY-ON, A FEATURE WHICH WILL ENABLE USERS TO TRY ON COSMETIC PRODUCTS AS THEY WATCH MAKEUP TUTORIALS ON YOUTUBE IN A SPLIT-SCREEN SET-UP. DESPITE BEING IN THE INFANT STAGE OF APP DEVELOPMENT, M·A·C COSMETICS IS THE FIRST COMPANY TO LAUNCH AN AR BEAUTY TRY-ON CAMPAIGN USING THIS FEATURE

NO TAGGING

Twitter has announced that it has removed the feature of tagging a precise location in tweets to "simplify your Tweeting experience." However, this feature will still be available for photos in the updated camera. The function was added in 2009 to provide advanced geo-tagging capabilities, but the advent of hashtags and trending topics made the feature obsolete.

More than a third of internet users say they follow their favourite brands on social media, while one in four follow brands which they are thinking of making a purchase from, says a global study by GlobalWebIndex

Safety Initiative

To prevent misuse of accounts, short video-making app TikTok has announced a new "Device Management" feature that will give users in India complete control of their account. This will enable them to end sessions or remove their accounts from other devices within the app interface, facilitating a safer experience. BT

TAKE TOUGH CALLS

The government should use its massive mandate to find **long-term solutions** to the economy's structural problems.

By PROSENJIT DATTA

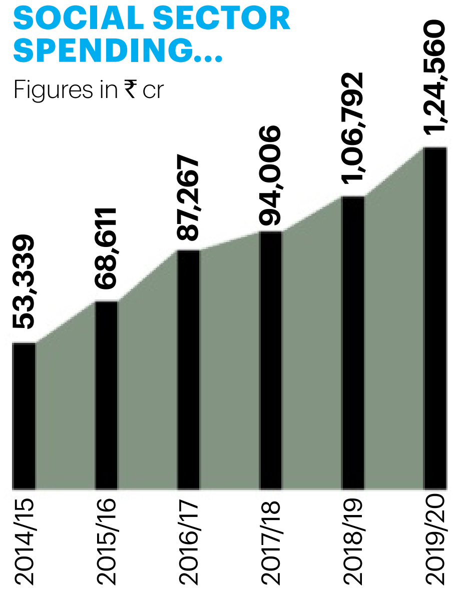
Finance Minister Nirmala Sitharaman is getting ready to present her first Union Budget and her task is well cut out. The Reserve Bank of India's Monetary Policy Committee (MPC) has pointed out that while inflation is under control, there are clear indications that the economy is losing traction. Before the MPC meeting, the Central Statistical Office had released quarterly GDP figures, which showed that India was growing at its slowest pace in four years. Even private consumption, robust in earlier years, was losing steam. As it is, in Prime Minister Narendra Modi's first term, exports and private investment had refused to take off. What held up the economy was government spending on infrastructure and social programmes, and private consumption.

Even when the economy was growing faster, other issues were cropping up. Different studies suggested that not enough jobs were being created to take care of the additional workforce that was joining the economy every year. The non-performing assets, or NPAs, on books of banks, especially the government-owned ones, were reaching alarming levels. And agricultural distress was shooting up, despite government initiatives. The Insolvency and Bankruptcy Code, passed as a law, is expected to solve the NPA problem to an extent but will take more time to settle down. Meanwhile, other issues are cropping up – the trade war initiated by the US, primarily against China but also against India and other countries, is creating uncertainty. Worse, there are signs that global economic growth might slow down in the next few years.

When the interim Budget for this year was presented in February by Piyush Goyal, standing in for the then Finance Minister, Arun Jaitley, the government was obviously hoping for better conditions. It set a fairly high tax collection target and promised to spend a lot more to keep the economic engine humming. It cannot get out of its spending promises because its resources are low. The problem is that tax collections are widely off the mark compared to targets, and the leeway to spend more seems limited, unless the government finds new ways to raise resources or cut expenditure or both.

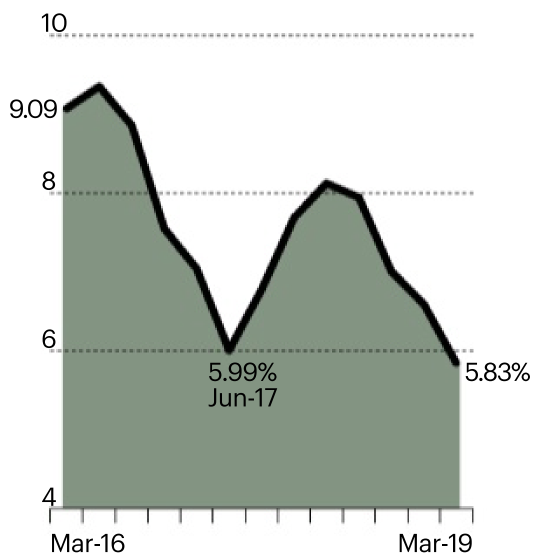
THE GOVERNMENT HAS COMMITTED A HUGE INCREASE IN SOCIAL SECTOR SPENDING...

Figures in ₹ cr



Data for 2019/20 are Budget Estimates; data for 2018/19 are Revised Estimates; Source: Ministry of Finance

...WHILE GDP GROWTH HAS BEEN FALLING



At constant prices
Source: CMIE, Economic Outlook

To-do List

Several economists and analysts have given suggestions to the government. Here are mine. With a strong majority for the next five years, the government is ideally placed to take long-term steps and tough decisions. First, it needs to take the scalpel to wasteful expenditure, especially with too many loss-making PSUs. Does it really need to continue running Air India, MTNL, BSNL and dozens of other PSUs that are in distress? Running a loss-making PSU means less money spent on more impor-

ILLUSTRATION BY AJAY THAKURI

tant things. Even when some of these spends are not shown directly in the Budget, the money used to prop up these PSUs is still guaranteed by the government and shows up as extra-budgetary spending. Some of these PSUs may fetch next to nothing in a garage sale but it is still better to get rid of them than holding on with no clear idea if they can be turned into profitable companies.

Two, government agencies and PSUs have plenty of land that can be monetised. Land sales by the government have always led to controversies, and it will do so this time as well, but if anyone can afford to ignore critics, it is Prime Minister Narendra Modi with his strong mandate. Land sales can generate the kind of resources the government needs to tide over the tough times.

Three, while most businessmen support Mr Modi and the NDA government, they are also worried about frequent policy changes and flip flops. The refrain I have heard from different interactions with businessmen and trade associations is that the government needs to fix a policy for a sector and communicate to the industry that it will remain unchanged for at least the next five years. No businessman, even someone with cash on balance sheets, wants to invest without being assured that the policy will not change by next year. While this is not something that is part of the budgetary allocations, earlier governments have often used Budget speeches to signal policy intents – and that can be done in this one as well.

> The problem is that all governments try to look for quick solutions in agriculture when **what is really needed is deep structural reforms**

Then there are the contentious reforms in agriculture. The government does not lack expert advice – it has plenty of recommendations from some of the best minds in agriculture. The problem is that all governments try to look for quick solutions when what is needed is deep structural reforms. The first term of Prime Minister Modi saw the government trying higher minimum support prices (MSPs) as well as direct money transfer to poor, land-owning farmers. Neither are long-term solutions to agricultural or the broader rural distress and the problem of rural incomes not going up sufficiently.

For a broader set of agricultural reforms, there are steps the Union government can take by itself, and others that it needs to take along with state governments, like it did while bringing in GST.

In taxes, while indirect tax reforms were ensured through GST, direct taxes and Customs duties still need reforms. These are part of the finance minister's remit and Finance Minister Nirmala Sitharaman could start with these. Experiences in other countries have shown that tax buoyancy goes up when taxes are reduced. Reducing direct taxes could also increase the tax base, which has always been the bane of all finance ministers.

There are plenty of good suggestions given to previous governments and finance ministers. The problem has been that few had a mandate strong enough to take tough, long-term decisions. Prime Minister Modi has been voted back with an enormous majority and has the space to carry out the kind of financial reforms India needs to get back to the high-growth trajectory and remain there. BT

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PRE-BUDGET > ROUNDTABLE

COURSE CORRECTION

Agriculture, infrastructure, exports, financial services and taxation are some of the **critical sectors** that need immediate attention. The **2019 Budget** needs to address these concerns.

PHOTOGRAPH BY YASIR IQBAL

As the Narendra Modi government starts work in the second term, it faces an economy that is in a bad shape. The big driver of the economy, rural India, is in trouble. Add to that slowing consumption, exports not growing enough, fall in sales of automobiles and worrisome prospects on the monsoon this year. What can the new Finance Minister, Nirmala Sitharaman, do in the Union Budget to provide the much-needed boost to the economy?

To discuss this, *Business Today* organised a roundtable discussion. The participants included Arvind Virmani, former Chief Economic Advisor in the finance ministry and Chairman, Foundation for Economic Growth

& Welfare; Dhruv M. Sawhney, Chairman & Managing Director, Triveni Engineering and Industries; Mahendra Singhi, MD & CEO, Dalmia Cement; Sunil Sinha, Principal Economist, India Ratings; Bidisha Ganguly, Chief Economist, CII; and Amit Rana, Partner, Tax & Regulatory, PwC. The discussion was moderated by Prosenjit Datta, Editor, *Business Today*. Edited excerpts:

Prosenjit Datta: What do you think are the opportunities and threats that the budget can address?

Arvind Virmani: There is a domestic angle and an exter-

From left to right (front row): **Dhruv M. Sawhney,** CMD, Triveni Engineering and Industries; **Bidisha Ganguly,** Chief Economist, CII; and **Arvind Virmani,** Former CEA and Chairman, Foundation for Economic Growth & Welfare. (Back row): **Amit Rana,** Partner, Tax & Regulatory, PwC; **Sunil Sinha**, Principal Economist, India Ratings; and **Mahendra Singhi,** MD & CEO, Dalmia Cement

"People who invested in China are shifting to other countries... The opportunity is to **make manufacturing in India real**"

Arvind Virmani
Former CEA, and Chairman, Foundation for Economic Growth & Welfare

"We cannot get jobs without growth and **you cannot get growth** through just the domestic market"

Dhruv M. Sawhney
CMD, Triveni Engineering and Industries

nal one. Annual growth has been slowing in the last two years. A subset of that is what we are going through. That is a threat, but I am not sure if it is going to be addressed much in the budget. On the external side, the threats are in terms of sanctions and trade, but it is also important to focus on opportunity.

The opportunity from this tariff war is that supply chains are clearly shifting. People who have invested in China are shifting to other countries, and India comes up pretty high. The opportunity is to make manufacturing in India real. There is the whole issue of appropriate balance of monetary and fiscal policy, continuation of expenditure reform and tax reforms issues, which are closely connected. This is the time to do it because of this great opportunity.

Bidisha Ganguly: We know there is an economic slowdown and the budget will try and address it. However, there is a huge constraint in revenues. Last year's revenues have fallen short, so I would not wish the government to step up expenditure on its own. There are ways in which they can raise money – disinvestment, monetisation of assets – and use those to keep the deficit under control. Tax reform is important for investment to pick up. The critical thing is to bring down overall tax rates. Equity is taxed very heavily. You have corporate tax and dividend distribution tax. MAT (minimum alternate tax) is also high. These discourage investment. One big boost could be given by removing all incentives and reducing the tax rate. It was being brought down for smaller companies, but I think all companies now need to see a lower tax rate with incentives removed.

Dhruv M. Sawhney: We have a unique opportunity, a strong leader who knows industry well with a five-year mandate. We should not underplay our potential. While I give a lot of credence to short term, I want to take a longer term view, and in that I think the Prime Minister and his team can look at a whole new approach.

Japan, Korea, China, and Thailand grew by being global. We have grown the other way. For a decent manufacturing company, being global is a necessity; else, it will die, especially an India-based company. I am talking about a broader scenario than the first 100 days, so the budget is one of the parts. We cannot get jobs without growth and you cannot get growth by just the domestic market. What is not needed is a subsidy regime for export. It is about selling India. We have a Ministry of External Affairs and a different department for international trade. It's time to combine these. There is no harm in realising that we have a problem.

Mahendra Singhi: The government has spoken about investing ₹100 trillion in infrastructure. In this budget, the government can give signals on how investments would be coming. That would send the right message not only in India, but globally too. The government has to now speak about how it would support investment and growth. In steel, aluminium or cement, the process of putting up a project, which used to be three-four years earlier has gone up to four-eight years because of delays over allotment of mineral resources. The auction process takes time and then comes land acquisition. The cost of land has risen 5-10 times.

Second is how much would they be investing in different types of infrastructure. Third is to make these projects attractive. A lot of innovations have to be done in taxation. Steps like accelerated depreciation, lowering MAT and

"In this budget, the government can **give the right signals** about how (₹100 trillion in infrastructure) would be coming"

Mahendra Singhi
MD and CEO, Dalmia Cement

avoiding double and triple taxation would be required. Clear messages are required from the government.

I attended a pre-budget meeting with the Finance Minister. The theme was infrastructure, PPP, management of environment and avoiding use of fossil fuel. On climate change, the government committed to 175 gigawatt solar and wind power by 2022. It has to now come out with policies that will facilitate installing solar power plants. Agriculture plays a very important role and the government has to put more focus on technology.

Sunil Kumar Sinha: Some of the challenges that the previous BJP government inherited continue. The first is reviving private corporate investment. In five years the government has taken steps that enhanced the capex significantly. It was believed that this will pull private investment and the investment cycle will revive. But a different story took place. State plus central government together constitute just 12 per cent of the total investment in the economy. So, no matter at what rate government investment grows, it is unlikely to make a significant difference as far as the total investment is concerned.

The biggest investors are the private corporate sector and what is classified as the household sector, which includes the unincorporated segment of the economy. Together they constitute 75 per cent of investment. The real estate sector is down and out, so unless the problems which it faces are addressed, it is unlikely you will see household investment picking up. Capacity utilisation since 2014 has been in the 70-75 per cent range. Expecting manufacturing to take additional investment is difficult to imagine. Aggregate private corporate investment is still growing at 7-9 per cent, but this is maintenance capex. It is not incremental or brownfield capex.

Amit Rana: To realise the potential of the resources that India has will require structural reform. Unfortunately, the problem is politics. The government has a mandate for five years, but three state elections are coming up. If the government loses, then the appetite for fundamental change goes. Modi-1 did start with land reform, but could not follow through after the *suit-boot ki sarkar* campaign.

Datta: How can the government raise resources?

Virmani: While people have been pointing towards reduction in the investment-GDP ratio, there is no reduction in corporate investment. What they are questioning is growth. The second interesting data is the ratio of government capital expenditure to total expenditure; this was just 10 per cent in 2014. In the next two years, it rose to 12.5 per cent, but in subsequent two years it was down to 11.5 per cent. I don't know what has happened in the last year; it will be in the budget. We are beginning to slacken again. The government will not have resources unless it cuts down on consumption.

Sawhney: We mentioned that capacity utilisation is 65-70 per cent. Let's say those figures are correct. For the capital goods sector, I think they are correct. In the short term, nobody is going to put up a brownfield project. He is first going to go to 90 per cent capacity utilisation, and then he is going to go to another project, but that is in two to four years. You can get a kicker through export.

Rana: On the fiscal side, the tax to GDP ratio is a marker. It's the lowest in OECD (Organisation for Economic Co-operation and Development). The ratio for state-centre taken together is 16-17 per cent, so clearly there is headroom to grow. The question is how to get there. One option is the very large part of the economy that is untaxed even today. The government started on that in NDA-1; it has to now follow through. The entire digital effort in GST is throwing up huge amounts of data for the government. It is collecting a lot of data from annual information returns. Now the time has come for all of that to be calibrated.

Datta: Will there be a transaction kind of cess on MAT for loss-making companies? It seems to be one of the proposals being talked about.

Rana: Everything we do is to augment short-term revenue. There is not enough policy-level thinking on how revenue should be raised. Indian corporate tax rates are the second highest in the world. Saudi Arabia is 55 per cent; we are at 50 per cent including DDT. That does not make sense. If you want investment to come, those tax bases will just not make money. There is a huge room to reduce corporate tax. The government said it would reduce it to 25 per cent, but

"Tax reform is important for investment to pick up. The critical thing is to **bring down the overall tax rates**"

Bidisha Ganguly
Chief Economist, CII

"Aggregate private corporate investment is growing 7-9%, but **this is maintenance capex,** not incremental or brownfield capex"

Sunil Sinha
Principal Economist, India Ratings

they got tepid in implementation. Investors say that if the rates are this high, why not go to other destinations. Also, disputes go on for 20-25 years. When we talk to clients, the constant refrain is to tell them a way to resolve it. You can sit across the table with the US IRS and actually settle a dispute. In India, we cannot do it. We have to get that under control and make structural changes.

Singhi: Divestment of inefficient companies can bring in a lot of money for the government to spend on infrastructure or reduce fiscal deficit.

Datta: What about agriculture's role in this?

Rana: Tax on agriculture is an oft discussed issue. The NITI Aayog made this comment in 2015. The next day, Arun Jaitley said we are not doing any of that. It's a political hot potato, but there is a need to do this not only from a revenue garnering perspective but also as a means by which revenue is actually sheltered from taxation. This government is great at communication, and it requires a concerted communication campaign to position it in a way that you know there are rich farmers. For the purpose of tax determination through agriculture, this has to be addressed.

Sawhney: As a group, we deal with 300,000 farmers every day. Let me give you the example of UP sugar. Our farmers have increased their income by 50 per cent in the last three years. It happened through technology, and infrastructure. The government has to step in through targeted infrastructure and R&D. It has to use as much R&D in how much you need to dig into the ground to improve productivity as in which type to pesticide to use. The BJP can do it in states where they are in power. Plus, there has to be some indication of how they are going to raise farmers' incomes. The government has to say that we are still going to do it even though agriculture is only 16 or 15 per cent of GDP.

Sinha: Agriculture, at the current juncture, requires a paradigm shift. The thought that if there is shortage of food grain, more and more food grain should be produced, and that agriculture will provide the solution to many of the questions, has to go away. We have to think about agriculture in a very different way. Otherwise, you will get into a problem in which UPA-2 got into and then NDA-1 got into. They raised the MSP prices to compensate the farmer.

The food export policy also needs attention. For instance, what do we do with stored food grains? We are uncompetitive; we can't sell it in the international market. Our food export policy is so flip-flop that we want to export it according to our convenience, not according to the demand-supply situation.

Virmani: I want to make two points, one about taxes and the second is tariffs. Till around 1990, the philosophy was that you have certain expenditure, you need so much taxes. The other was that you simplify tax, broaden the base, and increase voluntary compliance. We know the first philosophy failed in the 1980s. In the past 10 years, we have been going back to the 1980s philosophy. It will fail again. The revenue department laid out a time path for reforms, for the rest of the tariffs. In agriculture, there is too much dependence on

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quantitative restrictions (QRs). There is a need to shift from QRs to tariffs.

Sinha: With respect to resource mobilisation, there is no easy way out. The biggest source of revenue generation is growth. During 2004-08, fiscal consolidation was not due to expenditure reforms. It happened because of a higher rate of growth which led to higher revenue collection. Even now the overall framework of the budget should be to focus on how to accelerate growth. If we get that right, some problems would be addressed. Can we go for expenditure reforms? Look at the composition of expenditure. If 60-70 per cent of your expenditure is

"Everything we do is to augment short-term revenue. There is not enough policy-level thinking on **how to raise revenue**"

Amit Rana
Partner, Tax & Regulatory, PwC

committed, there is very little headroom for expenditure reform. They have actually resorted to a lot of off-budget expenditure, which is now known as EBRs (extra budgetary resources). If you include EBR into the fiscal deficit, then it comes close to 4 per cent. Because of the rigidity of expenditure you have very little leeway and whatever additional resources you require, we will have to resort to EBRs.

Datta: The Vajpayee government had a successful disinvestment strategy, but the UPA did not. In the first five years of Modi, disinvestment was not through privatisation, but by using somebody else's bonds. The amount of land the government holds could easily be sold to raise resources.

Ganguly: We have recommended for a very long time that public sector land be used for giving to industries. Government assets can be monetised by giving their operation and maintenance to the private sector. The government will earn a steady revenue and the private sector will participate in maintaining that asset. A more medium-term view should be taken and FRBM (Fiscal Responsibility and Budget Management) targets should be looked at again. Look at the quality of the fiscal deficit, rather than just the quantity.

Singhi: India has more than 5 million hectares of wasteland. One has to explore that. What I understood is that the constraint may be of water. Bamboo grows with little water. Bamboo can generate revenue not only for the government or farmers, but for industry too. If the government can come out with a policy on how to use wasteland, it will help farmers. It can also be used for putting up solar power plants. If the cement industry wants to go for 100 per cent solar power, they can generate 20,000 megawatts of renewable energy.

Datta: How can the government cut down expenditure, be it in subsidies, PSUs or other things? Also, what does it need to do to get revenues, which would make things easier for industries?

Virmani: The simplest, most elementary way to raise revenues is to sell. Air India has now become an excuse. But you cannot sell a behemoth, because few people can buy it. You are wasting money year after year on these loss making public sector units and public sector banks.

Sinha: What we need is a roadmap. A roadmap for the next five to 10 years could say that from this rate we will bring taxes down to this figure. A clear roadmap will assure not only the corporate sector, but also the very large number of investors. This budget could lay down a roadmap for the next five years, with respect to tax rates, where it is headed, what process would be follows for disinvestment, what process will they follow in direct taxation because this is an area that has been languishing. A GST-like effort should be there in direct taxation too. If a five-year road map is set, this budget would have done a great job for the country in terms of setting the priority and vision. Along with that, you can start focussing on what is required to step up overall growth, because eventually that is what will give you the resources.

Ganguly: Dispute resolution should be there in taxation and also in infrastructure projects, where a huge amount of money is stuck due to delayed payments by different arms of the government. A simple survey that we had done among some large companies, which have invested in that space, showed that ₹70,000 crore is just in delayed payments. And some of it is stuck in arbitration for many years. The PM should bring back the project monitoring group. BT

STARTING POINT

The full-year **budget to be presented on July 5** could change some allocations and other announcements made on February 1, 2019. Here are some highlights of the interim budget in areas that may see fresh announcements in July.

Graphic by **Tanmoy Chakraborty**
Research by **Shivani Sharma**

73%

Increase in total allocation to the agriculture sector versus the revised estimate of 2018/19.

₹60,000

CRORE

Allocation for MGNREGA in budgeted estimates of 2019/20.

₹75,000

CRORE

Annual outlay for the Pradhan Mantri Kisan Samman Nidhi Scheme (around 0.36 per cent of GDP). Under this scheme, ₹6,000 will be given to small and marginal farmers.

₹6.1

LAKH CRORE

The estimate for central GST collection for 2019/20. This is around 20 per cent more than the ₹5.04 lakh crore revised estimate for 2018/19.

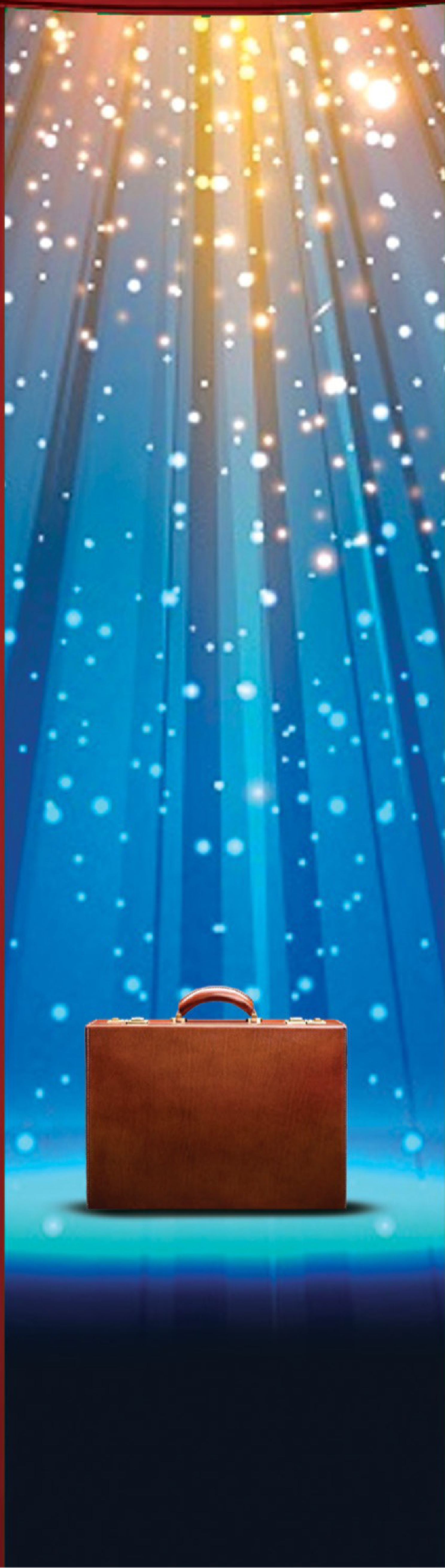
₹3.28

LAKH CRORE

Allocation towards Centrally Sponsored Schemes in the 2019/20 budgeted estimates.

2%

Interest rebate for MSMEs registered under GST for loans up to ₹1 crore.



MONEY GOES OUT

The central government's total expenses have increased sharply...

Total expenses (₹ lakh crore)

FY14	15.6
FY15	16.6
FY16	17.9
FY17	19.7
FY18	22.2
FY19	24.4

...but the respective shares of revenue and capital expenditures have remained the same

	Revenue Expenditure	Capital Expenditure
FY14	88	12
FY15	88	12
FY16	86	14
FY17	86	14
FY18	88	12
FY19	88	12

% SHARE OF
- Revenue Expenditure
- Capital Expenditure

MONEY COMES IN

There is an increasing dependence on revenue from taxes and debt

	Net Tax Revenue	Non-tax Revenue	Debt Capital	Non-debt Capital
FY14	52	13	32	3
FY15	54	12	31	3
FY16	53	14	30	4
FY17	56	14	27	3
FY18	68	13	13	6
FY19	61	10	26	4

% SHARE OF
- Net Tax Revenue
- Non-tax Revenue
- Debt Capital
- Non-debt Capital

Source: Budget papers, PwC

SWEET SPOT FOR STATES

The fiscal deficit of states is lower than estimated, while their share in **central taxes and GST compensation** has increased.

BY NIKHIL GUPTA

Although every minute detail of the Union Budget is deciphered by the markets, state budgets do not receive their due share of attention. At the beginning of 21st century, states' spending was similar to that of the central government. But this has increased tremendously over the past few years, as states now receive a larger share of central taxes and are guaranteed by the Centre for any GST shortfall. Consequently, states' spending was about 135 per cent of the Union Budget in 2018/19, and their net market borrowings are budgeted to be higher than those of the Centre for the first time ever in 2019/20. A combined analysis of the states and the Centre, thus, is required to understand the fiscal policy of the economy.

Our analysis of 2019/20 budgets of 20 states (which together account for about 95 per cent of total spending by all states, about 94 per cent of total receipts and approximately 97 per cent of total state development loans, or SDLs issued), when combined with the Union Budget, suggests five key implications for the economy.

State budgets are the most comprehensive source – and the only source in some cases – to learn about the true actual spending that happened two years ago, in 2017/18 in our case. According to official estimates published by the Central Statistics Organization (CSO), fiscal (real) spending grew at 14.4 per cent YoY in 2017/18, almost the double of 7.5 per cent growth in the past three years. Actual data for 2017/18 (from Budget documents), however, suggest that fiscal (real) spending grew only 6 per cent YoY in that year. If so, it has a direct and adverse impact on real GDP growth. Lower fiscal spending growth implies a downward revision to the extent of more than one percentage point to the 2017/18 real GDP growth. Based on actual data for the first 11 months for 19 states and the central government, we believe fiscal (real) spending grew faster by 9.2 per cent in 2018/19, supporting real GDP growth of about 7 per cent in that year. If so, the narrative will change from weakening growth to recovery that year. Further, our calculations suggest that if the government decides to achieve its 2019/20 fiscal deficit targets, fiscal real spending growth would be about 6 per cent again, implying real GDP growth of about 6.8 per cent this year.

Second, the actual fiscal deficit of states was only 2.3 per cent of GDP in 2017/18, as against 3.1 per cent projected in the 2017/18 revised estimate. This is in stark contrast to the market perception that states are running higher deficit – their deficit was actually the lowest in four years.

Nevertheless, the consolidated fiscal deficit of the public sector (Centre + states + Central Public Sector Enterprises or CPSEs) stood at a six-year high of 8.4 per cent of GDP. Although fiscal spending grew faster in 2018/19, the states' fiscal deficit was lower-than-estimated again, due to which aggregate public sector deficit was broadly unchanged at 8.2 per cent of GDP. It is budgeted to fall to 7.7 per cent this year, primarily due to lower borrowings by CPSEs.

Third, such high borrowings by the public sector have the potential to crowd out private spending, if the latter continues to remain strong. Interest rates, in that case, would start ticking up irrespective of what the RBI does. But if private sector demand weakens, which is suggested by the unfolding of various events in the financial markets, then even such elevated public sector borrowings would not only not-crowd out, but would actually be desirable to support the economic activity. The balancing required between the private and the public sector, however, is very delicate.

Fourth, while GST has hurt the central government finances, states have gained immensely. After rising from 19.5 per cent in 2014/15 to 20.5 per cent of GDP in 2016/17, total receipts of the general government are

> The general government has budgeted for 16.6 per cent year-on-year growth in GST receipts for 2019/20, **which appears highly ambitious**

estimated to have stayed unchanged at 20.4 per cent of GDP in 2018/19. The share of states in total receipts, however, has risen from about 54 per cent in 2016/17 to 56.6 per cent in 2018/19. States' receipts in 2018/19 were at an all-time high of 11.5 per cent, while it was at of 8.8 per cent of GDP – the lowest in the post-liberalisation period. States could continue to gain in 2019/20 as well, as their share could rise further to 57.6 per cent this year.

Purse Strings

A combined analysis of the Centre and states budgets suggests that the general government has budgeted for 16.6 per cent YoY growth in GST receipts for 2019/20, which appears highly ambitious. Total GST collections in 2018/19 stood at ₹1.18 lakh crore and the governments have expected GST receipts to rise to ₹1.37 lakh crore in 2019/20 – implying an increase in the monthly run-rate from ₹9,810 crore last year to ₹1.14 lakh crore this year. What's more, the Centre has budgeted to receive 55 per cent of GST expectations in 2019/20 (50 per cent in 2018/19).

Finally, after posting a 12-year slowest growth of 8.5 per cent in 2017/18, the general government's total spending is estimated to have grown 12.3 per cent YoY in 2018/19, lower than the about 18 per cent growth suggested by the 2018/19 revised estimate. So, total spending rose from 26.1 per cent to 26.2 per cent of GDP in 2018/19. While government spending on capital account grew faster than revenue spending between 2014/15 and 2016/17, capital spending declined marginally in 2017/18 and grew only slowly (about 9 per cent) in 2018/19. Consequently, the share of revenue spending has increased from 83.3 per cent in 2016/17 to about 85 per cent in 2018/19.

This will have an impact on the rural sector, where the focus has increased tremendously. While total spending of the general government is expected to grow 10.2 per cent in 2019/20, rural spending is budgeted to grow 15.4 per cent, supported by 33.5 per cent growth in the Centre's spending. Rural spending, thus, now accounts for 15.5 per cent of the total (budgeted) spending – the second-highest level since late 1990s. Rural wages, however, have remained weak over the past few years. Whether direct income support to farmers changes fortunes remains to be seen.

Overall, the dynamics of fiscal math has changed massively in the past couple of years. The Centre is feeling the heat because of lower receipts; the government is finding it difficult to increase spending, especially because it is too focussed on fiscal deficit targets. States are also turning extremely cautious on deficit numbers, leading to constrained spending growth. Hence, CPSEs are bearing more responsibilities. But with the public sector's total deficit remaining above 8 per cent, there are genuine limits to their ability to support feeble economic activity. **BT**

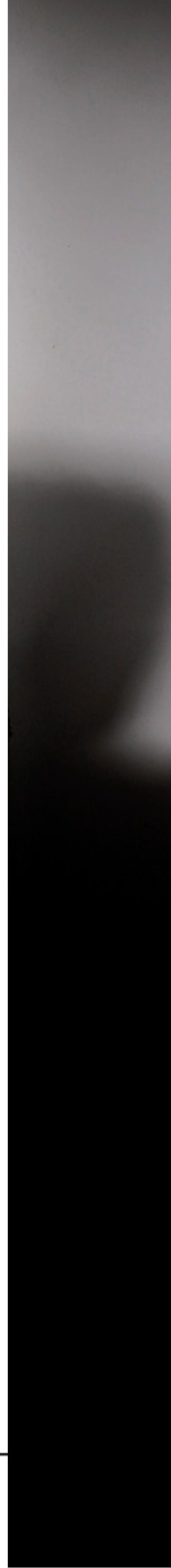
Nikhil Gupta is Chief Economist at Motilal Oswal Financial Services

PRE-BUDGET **INTERVIEW**

“Government will follow an expansionary fiscal policy”

As the Narendra Modi government gets ready to present its first full Budget of the current term on July 5, **Gopal Krishna Agarwal,** the BJP’s National Spokesperson on Economic Affairs, says the focus will be on more efficient revenue realisation rather than increasing the tax burden. Agarwal, a qualified chartered accountant, tells *Business Today*’s **Joe C. Mathew** that Budget 2019/20 is likely to prioritise infrastructure spending to strengthen agriculture, rural economy and job creation. Edited excerpts:

PHOTOGRAPHS BY **SHEKHAR GHOSH**



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ndia's GDP growth rate has slowed to 5.8 per cent in the March 2019 quarter, taking the overall growth for 2018/19 to 6.8 per cent. What are the immediate steps needed to steer the economy back to higher growth?

Our macroeconomic parameters like inflation and current account deficit are on sound foundation. This gives space to the RBI (Reserve Bank of India) to cut interest rates. If it (rate cut) is properly transmitted, consumption and investment demand will pick up. This is going to be effective in the short term. There are some areas of concern in the medium term. Manufacturing has to be developed, particularly the MSME (micro, small and medium enterprises) sector. Its potential for employment generation (another area of concern) is huge. All bottlenecks preventing capacity expansion need to be removed. Along with strengthening manufacturing and employment generation, the government will also focus on increasing the agriculture sector income and doubling it (farmers' income) by 2022. India is short of capital, we need FDI. The government needs to increase its earnings, too.

How will that happen, especially when high cost of credit and subdued consumer demand are hindering growth?

If the issue of rate cut transmission is addressed, the cost of credit will come down and consumer demand will pick up. We have been seeking inputs from industry representatives. The most important demand that they have put forward is lowering of real interest rates.

The RBI has made it clear that reducing the repo rate alone will not result in low real interest rates because there are structural issues. Though the cost of funds for financial institutions has come down because of improved CASA (current account savings account) ratio due to demonetisation and push towards digital economy, the cost of funds for banks has to reduce further. Thanks to reforms in the banking sector, credit offtake increased by 14-15 per cent last year.

We also need development financial institutions that can take care of long-gestation projects. Our (BJP) manifesto promises a ₹100 lakh crore investment in the infrastructure sector. That will generate a lot of demand and employment in the economy.

The actual tax collections are lower than projections. How will such expenditures be funded?

The collections are lower than projected because our targets have been very ambitious. The government has a target of improving the tax to GDP ratio and GST (goods and services tax) collections. Gross collections under GST have increased to more than ₹1 lakh crore a month, but input tax credit is an issue. A large chunk of GST money is given out as input tax credit provisionally. There are leakages in the system. These leakages will end if a complete audit trail is established and all transactions are captured in the GST network and automatic matching of transaction takes place. Today, we are giving about 40 per cent collections as input tax credit.

We also need development financial institutions which can take care of long-gestation projects

The government is also not shying away from borrowing. If there is growth in GDP, the government gets a leeway to increase borrowing. In the past couple of years, government borrowing increased by ₹30 lakh crore, but the percentage of borrowing to GDP fell from 47.5 per cent to 46 per cent. With GDP growth above 7.5 per cent, we will have space for borrowing more. And if GDP grows, the indirect tax revenue will also increase. The government will follow an expansionary fiscal policy. Disinvestment is also going to be one of the sources of revenue.

Does it mean the government will leave direct tax rates untouched in the Budget?

The government requires a lot of resources. At the same time, it has committed it will not increase taxes. We also want to reduce corporate tax rates to go with withdrawal of investment incentives, exemptions and subsidies. For individual taxpayers, the government wants to increase the basic exemption limit from ₹3 lakh to ₹5 lakh. So, the increase in tax collections has to be through GDP growth.

If the investment cycle picks up through government expenditure, it will, in turn, increase GDP and revenue growth. Basically, capital formation has to pick up. For it, we have to depend either on FDI or on private investment. The latter will come only when there is demand growth in the economy.

The compliance cost has to be reduced. Taxation and other laws have to be more transparent. 'Ease of Doing Business' is an important criterion based on which investment will come. We are working on that. An important area where there is a gap is ownership of land. Land transfer is one of the important areas that we are focussing on through digitisation of land records.

Is there a possibility of tax being levied on cash transactions?

I have said this earlier also that while such steps may be good optics, they will not help the economy in the long run. They are regressive in nature. It is advisable to go for traditional structural reforms of lowering real interest rates, improving consumption and demand and encouraging private investment. In a country like India, which is short of capital but has a huge market potential, structural economic reforms are the best.

Is export-led growth possible in the days of growing protectionism?

In the 1980s and 1990s, some countries such as China propelled their economic growth through exports. They developed their manufacturing sectors by integrating them into global supply chains. They provided facilities like electricity, land, low interest rate capital, etc., to develop their manufacturing sector. This is not feasible now.

India's strength lies in its burgeoning middle class, which is a huge market. We have a large rural population looking for income growth. We have a middle class with decent disposable income. Our per capita income should double by 2030, and we are targeting a $10 trillion economy by 2032. That will in itself generate a lot of demand in the domestic economy. Export markets are not in our hands, but we can cater to our own markets.

Similarly, our defence import budget is very high; many of these items can be domestically manufactured by the private sector. If we give manufacturers an assured market, the defence industry has a lot of scope for import substitution.

How does the government plan to tackle the agriculture crisis in the country? Will the direct benefit transfer be expanded to cover landless peasants and labourers, too?

The prime minister has said that the government does not favour doles. We have to empower citizens. Our focus is on increasing income in the agriculture sector.

Over the years, with increased irrigation coverage, better research, etc., production has increased manifold and our agriculture economy has moved from shortage to surplus, but the policy mindset has not shifted in this direction.

In the past two years, we have tried to change the focus of our import-export policy to align it with producers' interests instead of just taking care of consumer demand. A national agriculture market has to be developed. GST will create a national market and e-*mandi*s will remove regional boundaries. One should also realise that simply increasing the MSP (minimum support price) is not helping farmers. Only about 7 per cent of the total agriculture produce is being procured at MSP. More than 90 per cent farmers are forced to sell their produce in the open market. We will create better infrastructure in supply chain management, warehousing, etc. We don't have sufficient space to store even what is being procured. The government is attracting private investment in the warehousing sector.

I don't see any direct cash transfer to landless peasants and labourers. But they are benefitting from the social welfare policies of the government. They also stand to benefit from its focus on the agriculture sector. If the model land leasing Act (Model Agriculture Land Leasing Act, 2016) suggested by the NITI Aayog and backed by the Centre, is enacted by the states, a large area of land will come under agriculture, which will benefit landless peasants and labourers. It is one of the focus areas.

What are the economic legislation that we may see immediately?

In the financial sector, most of the recommendations of the Financial Sector Legislative Reforms Commission (FSLRC) have been implemented. The IBC (Insolvency and Bankruptcy Code) has been successful in resolving many problems. There are issues regarding NCLT (National Company Law Tribunal) like clogging of cases and over-shooting of resolution timelines. More benches are to be created and we have to set up a mechanism so that the smaller cases do not clog the process. The FSLRC had also recommended the FRDI (Financial Resolution and Deposit Insurance) Bill. We have to implement it. The resolution mechanism for private financial institutions has to be in place. We have seen that when companies like IL&FS or other NBFCs, etc., fail, there is no standard operating procedure for resolution.

If you see major failures in the corporate sector or NBFCs, it is mainly because of asset-liability mismatches. For infrastructure development, we need development financial institutions. An RBI report recommended a wholesale bank. We need financial institutions that have a long-term lending perspective. We might see some work in that direction as well. BT

@joecmathew

J. S. WALIA: AN ENTERPRISING & 'ENTERTAINING' DREAM SELLER!

Mr Jagjit Singh Walia, Director of L&L Hospitality & Aviation Pvt. Ltd, is an innovator with a creative bent of mind and gifted with an astute business sense, which makes for a potpourri of success in the entertainment and media, hospitality as well as aviation service, that is poised to take off soon. To it he has added his unique twist. His passion and enthusiasm in nurturing his unique ideas is palpable and comes through even in his humble persona. His 30 years tryst with various industries has chiselled him into a well-balanced individual who is invested with analytical and financial skills. An author, lawyer and financial consultant, his Midas Touch is turning each of this entrepreneurship ventures into a global success.

- **You are a multi-faceted persona, but what particularly inspired you to join the entertainment and media industry?**

Creativity is mostly an inherent talent and I was blessed with it from my childhood. I believe that to become a successful entrepreneur, one should have a well-defined strategy in life. In my case, I chose three vital components necessary for life i.e., entertainment and media, hospitality and aviation, as they are inseparably linked to each other. Together, they can enhance their individual as well as collective worthiness and prosperity from which emerged the concept that I am envisioning to bring in.

- **Can you share something about yourself and your professional journey?**

I belong to the family that owned the popular beverage company, Campa Cola. My father was a lawyer and my mother Dr Amarjeet Kaur, was a pioneer in the medical field, credited with carrying out the delivery of the first test tube baby. Their upbringing shaped me into a person with a very cosmopolitan outlook and the desire to do something different in my choice of profession. Also, I was an avid sportsperson and played cricket at the state and India level. Mumbai has been my home since the age of 19 years, and in 1992, I started my professional career in the entertainment world. It took me 30 years of struggle and hard work to arrive at a stage, today, where I can implement my thoughts and ideas and shape them into realities, confidently. s

- **What experience of film industry did you have before producing your first full-fledged feature film?**

I ventured into film production in 1993 with the Bollywood film with Veteran actor Mr.Jackie Shroff as hero. Earlier, I was involved in the making of a lot of films as my Godfather, who owned Siddhi Vinayak Creations was into financing films and their distribution, when corporate culture in films had not yet come it. I handled a lot of things and in the process learnt the dynamics of the industry, which helped me pre-empt any untoward situation during the making of 'Stuntman'.

- **Why did you integrate media entertainment and media, hospitality and aviation?**

The advent of multiplex culture nudged out the era of single screens, and films started to gross Rupees 100 crore business. Ironically, the glamorous film industry is not considered as an industry and is plagued with a multitude of red tapesim ranging from taxations to seeking permissions to shoot in different states as well as in foreign locations. The cost of tickets in multiplexes are exorbitant and not value for money in the true sense as they come with no extra customer friendly sops. Also, when I saw that my producer friends were not getting the right kind of promotion for their films and it was affecting their business, I launched this concept on 18 January, 2018. My idea is to create more screens, where good films will be screened in the midst of a pleasing ambience, where families could relish drinks and signature dishes, in absolute privacy and security, at a cost comparatively more affordable than the multiplexes that is where the concept and execution of 'Theatre Club and

Lounge' took place. Also, producers can actually promote their films at economical costs cutting down on expenses for lodging and boarding, logistics etc., Besides, the film can be screened in front of real film buffs, who actually are the true promoters as they will pass on the good word around. Most importantly, one gets a right platform to promote their film. The first film that was screened was 'Fukrey Returns' and then 'Carry on Jatta, 'Raid' , 'Batti gul meter chalu' the list contains more than 20 films - which did stupendous business. It is a win-win situation for all the stakeholders. We are creating 80 screens in the north and envisage to do likewise in other cities also.

- **What were the challenges that you faced in implementing the innovative concept?**

Our concept largely includes 'Multiple Family Social Club with screen under the Roof of five stars and seven stars' - When I showed the 4th or 5th film, corporate entertainment houses such as Cineplex, PVR, INOX introduced a clause in their contract with producers where no private screening would be permitted before 6 weeks following the release of the film. Only a select few enjoyed the privilege of private screening. My contention was, why this differential treatment with me when I pay for the film in advance and so am not eating into the revenue of big players. It may slightly affect their ticket sale in theatres, but then unlike them, we provide added facilities. The day, we will create 100 screens and have 400 shows in hand, then we will be placed at an advantageous position viz-a-viz the producers. And, who would not like to be a part of this mutually beneficial association where profit is assured with majority of new audience ?

- **What are your plans for corporate tie-ups in India and overseas?**

Overseas tourism has increased tremendously and I have observed that if such clubs are available then any Indian travelling abroad can get an ambience similar to their home. We have finalised a partnership deal with a firms based in Overseas and Europe, whom have taken to my concept in an overwhelming manner. We have got an approval in the prime country of Europe where we will be getting our self listed there .So as a European company; we will be expanding in Europe and Latin America. In India, we are in talks with several established players because I believe if we have to go pan India then it makes business sense to join hands with established corporate as investors, to achieve my goal. The model can be replicated across the world for which we hope to soon launch our own aviation brand-charters to augment business.

- **How are you strategizing the aviation component?**

I am well-versed with the working of aviation industry as I have worked in the establishment of a popular airline company. Even today three-tier cities comparatively hold much more potential than the first-tier cities. So, we intend to provide affordable air travel experience to the common man with opportunities to enjoy business class facilities, while assuring the business class traveller that he is safe and secure. We will enter into aviation sector, once we succeed in the first two segments. New aviation plan will bring on the table 'exclusive experience and reform that will primarily ensure no loss in any venture.

- **What are the expansion plans of your company?**

Our expansion plans include opening of 3000 The Theatre Club and Lounge (TTCL) Globally over a period of 7 years . It will also have presence in India comprises of metros with a good focus on two-tier cities like Indore, Bhopal, Udaipur, Lucknow, Kanpur, Ahmedabad, Jaipur, Surat etc.

- **What makes Lethal, a new and unique concept?**

Lethal comes with a unique idea, where cost-to-cost drinks of higher value will be served to attract the crème la crème. Our earning will come from food served on discounted rates besides from deals with liquor companies, thus making the joint affordable and where one can get value for their hard-earned money. Another, restaurant The Café Northeast provides an altogether different experience, where members are pampered and can bask in the pleasures of our entertainment and hospitality.

- **How Cafe North East, a new unique food place?**

Cafe North East is a concept which is having a unique value proposition, where North East Food and there musical culture can be enjoyed with. We have curated it that an 'experience of luxury and affordability to pocket' must be enjoyed by the end users.

- **How is the hospitality industry benefitting from you?**

I was fore warned that it was suicidal to start a venture in this nondescript locality where people were not aware that Radisson Blu existed in their neighbourhood, but our persistence bore fruit. Larger number of families are now opting for TTCL. Our unique business venture is promoting an increase not only in footfall but also in revenue generation of the hospitality industry by 15-20 percent. Lucrative membership discounts and offers have rejuvenated several of our properties. We are also looking for sick properties abroad for expanding the company's outreach.

- **You have come this far with tenacity. Now where from here?**

To start with, I want to play with the capacity where we can serve well and also bring in revenue for the hospitality industry. Start from Radisson Blu Paschim Vihar where we are having our presence , the leading hospitality brands are in discussions where we are analysing there offers and many others have partnered with us – We will be present in 5 and 7 star properties as our expertise can make them a worthiest property in future. But we want to first become a corporate and then proceed in a systematic and empowered manner. The first thing, however, is to make these two modules i.e., entertainment and media and hospitality, get going as a service provider. My aim in 'Phase-1' is to establish 4 resorts in overseas plus 11 outlets inside the country that too all are in five star properties; it is enough to start with.

L&L HOSPITALITY AND AVIATION Pvt. Ltd.

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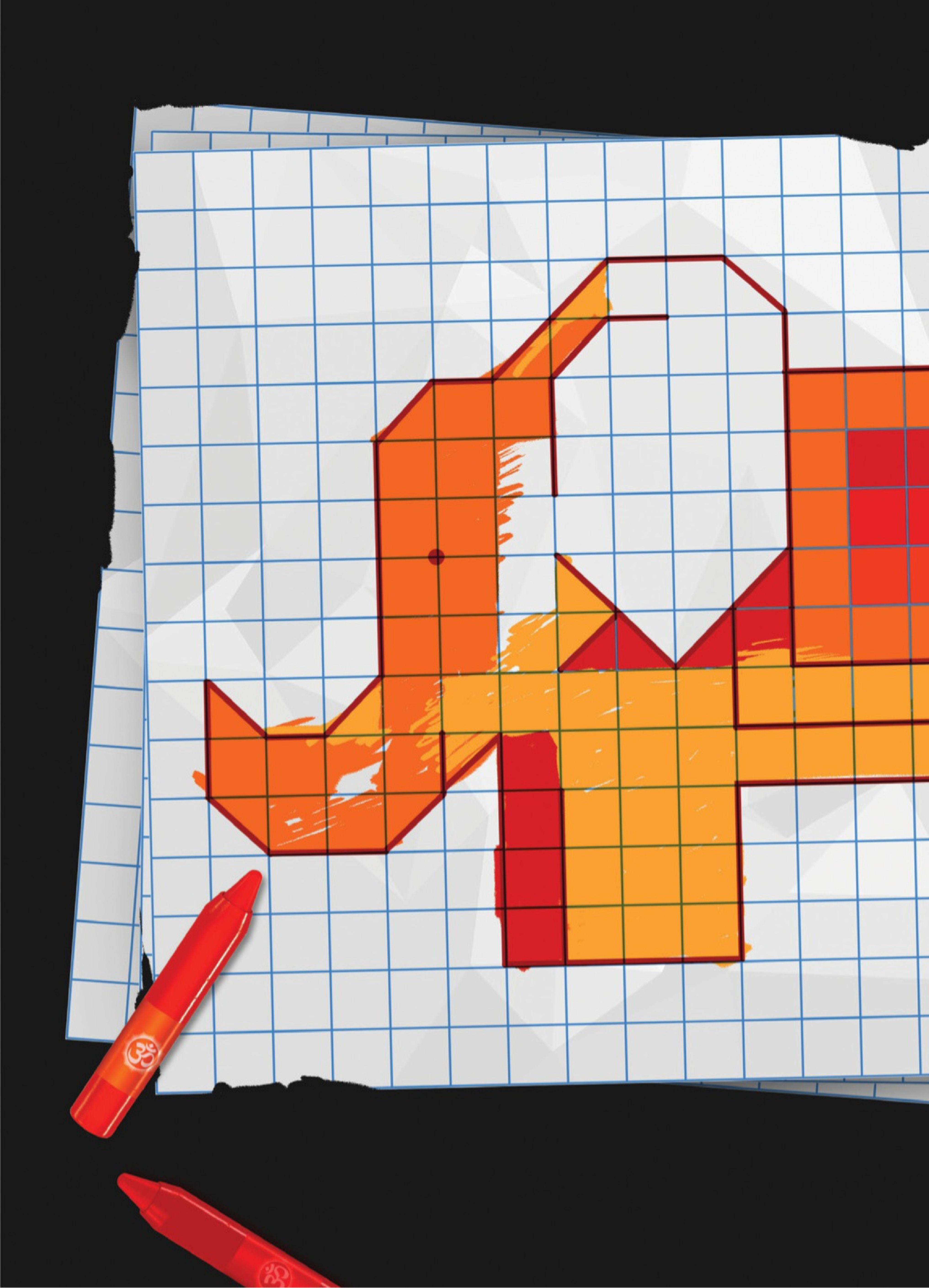
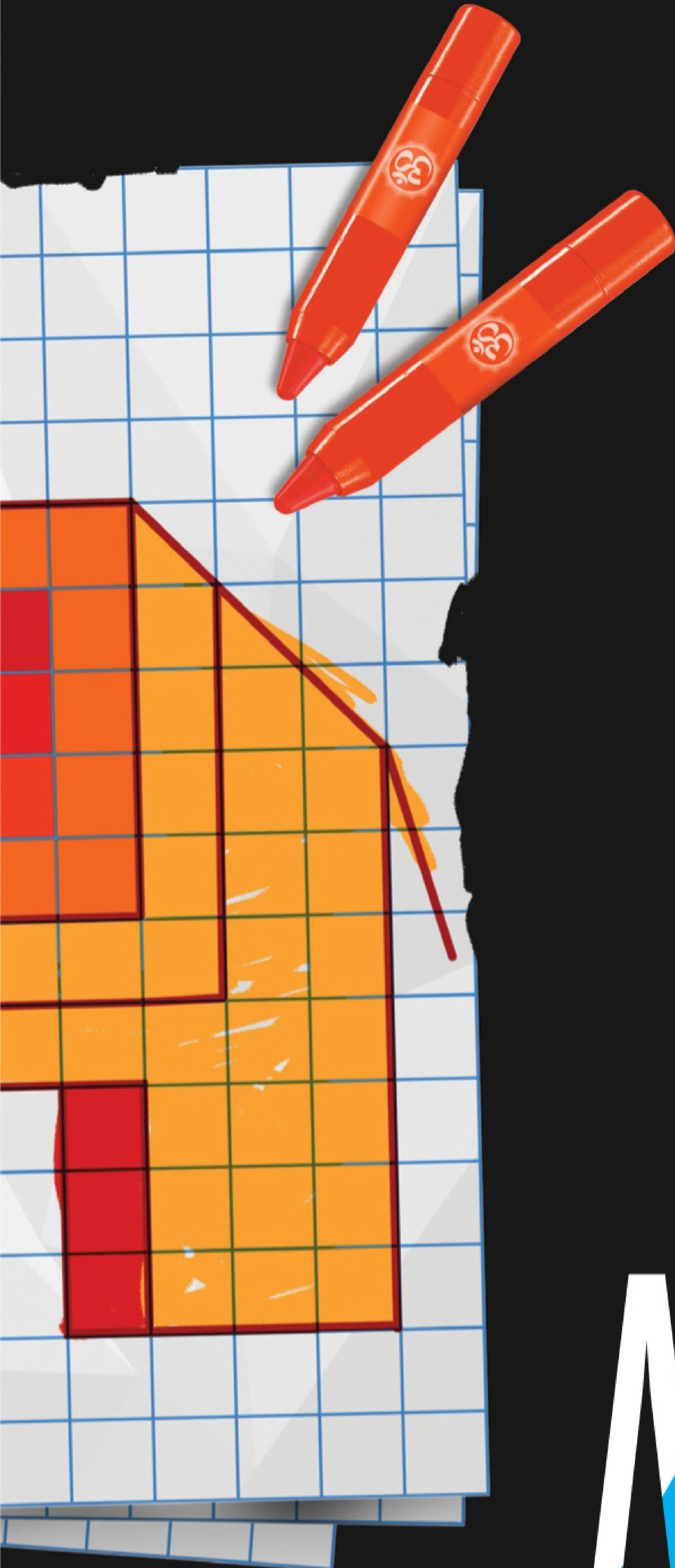
Email: Jswalia@thetheatreclubandlounge.com
Instagram - https://www.instagram.com/ttcldelhi/
For booking +91-8448660341





THE SAFFRON HAND

Despite a historic mandate, the **Modi government will find it difficult** to ignore the wish list of RSS affiliates.

By ANILESH S. MAHAJAN
ILLUSTRATION BY AJAY THAKURI

As the new Modi government gets down to the job of presenting its first full Union Budget, all eyes are on 'Dharmakshetra', a building in New Delhi's government residential colony of RK Puram that serves as the headquarters of the Swadeshi Jagran Manch (SJM). The complex has been built on a road named after Babu Genu, a pre-Independence star of the Swadeshi movement. An economic think-tank of the Rashtriya Swayamsevak Sangh (RSS) – the ideological parent of the ruling Bharatiya Janata Party (BJP) – the SJM had guided the first Modi government's stand on all important economic matters and tried to steer it towards what was loosely termed as *swadeshi* economics, though the government, despite their opposition, did open up several sectors to foreign direct investment (FDI), including insurance.

Today, as the government starts its new term and gets ready to present its vision for the next five years in the coming Union Budget, people who matter – from top CEOs to bureaucrats and academicians to economists – are reaching out to the SJM to understand its thinking on the direction the country's economy should take for the next five years. The impression they have got after meeting both government officials and SJM office-bearers is that while the former might want to free up markets further and attract foreign capital to fuel job creation and economic growth, the Sangh affiliate is in no mood to relent. They continue to insist that the government should continue to focus on entrepreneurship rather than importing foreign capital to achieve these goals. Protectionism, it seems, will remain the order of the day, especially as the world, too, seems to be moving in that direction. A few days ago, India announced an increase in Customs duties on 28 US products, including almonds, pulses and walnuts, in response to higher tariffs imposed by the US on Indian products such as steel and aluminium.

Considering the hold that the RSS and its affiliates have on the Modi government, the next five years will see India move between the Swadeshi agenda peddled by the Sangh outfits and meeting the needs of the sectors that depend on imports.

"We heard words like 'big-ticket reforms', 'ease of doing business' but these efforts should be made to **make life easy** for small players"

Ashwani Mahajan
National Co-convener, Swadeshi Jagran Manch

"Education should be not only meaningful but also create more **space for vernacular** languages"

Sunil Ambekar
National Organising Secretary, ABVP

The Wall

"We heard words like 'big ticket reforms', 'ease of doing business' but these efforts should be made to make life easy for small and medium entrepreneurs, not merely to attract foreign capital," says SJM National Co-convener Ashwani Mahajan. The Sangh affiliates are in no mood to relent this time too. The tiff started even before the votes had been counted. The SJM targeted Shiromani Akali Dal MP from Bathinda and Union Minister for Food Processing Harsimrat Kaur Badal over a congratulatory tweet from a top executive of multinational giant Walmart. The SJM believes the previous government had helped the multinational by pitching for FDI in the food processing sector. The minister rejects these claims.

Another RSS-affiliate, labour union Bharatiya Mazdoor Sangh (BMS), is cut up with the NITI Aayog decision to list 92 PSUs for disinvestment. It, along with the SJM, believes that the PSUs must be revived and then listed on stock markets and not sold to corporate houses. "A larger debate at the national level is required on disinvestment in the public sector. Even if the government wants to go ahead with its plans, it must not only speak to the unions but also protect their rights," says BMS chief Saji Narayanan C.K. The government, though, seems to be on track to sell these PSUs despite the opposition. Its plans to sell Air India is also on in spite of opposition from the Sangh affiliates to outright sale of the company to other private sector players. The BMS is also upset with the labour ministry for pushing for amalgamation of 44 labour laws into four labour codes; it is particularly upset over drafts of three out of the four codes (industrial relations, social security and safety).

These skirmishes are already setting the tone for Modi 2.0. On June 12, Labour Minister, Santosh Gangwar – who was in Geneva for the International Labour Organization's 108th convention — called up BMS chief Saji Narayanan and said the ministry will redraft the labour codes in consultation with the unions. The BMS is going ahead with its plan for nationwide protests.

In retail, too, the pressure has been unrelenting. On June 17, Commerce Minister Piyush Goyal told a delegation of US companies, including Amazon and Walmart, that the government is in no mood to give further concessions to multi-brand retailing by foreign (including e-commerce) companies. The SJM has been staunchly opposing FDI in multibrand retail, saying it will put lakhs of small traders and *kirana* store owners out of business. The SJM also got a policy clarification that the deadline of February 1, 2019, for e-commerce majors to comply with the new FDI norms will stay. The rules bar e-commerce sites from "exercising ownership or control over inventory" of sellers and prohibit vendors in which e-commerce firms have a stake from selling on their online marketplaces.

Along with these two organisations, farmers' outfit Bharatiya Kisan Sangh (BKS), students' body Akhil Bharatiya Vidyarthi Parishad (ABVP), MSME group Laghu Udyog Bharti (LUB), and school education wing Shik-

THE WISH LIST

SWADESHI JAGRAN MANCH

Trade & Commerce

- Say no to Regional Comprehensive Economic Partnership commitments
- More synergy among government departments for free trade agreements in future
- Constructive protectionism to complement the Make in India programme
- Reduction in trade deficit with China
- No foreign direct investment in multi-brand retail
- No concessions to the US on ecommerce, data localisation, intellectual property rights

Macro & Finance

- More stakeholder consultations for disinvestment, especially of Air India
- Increase in social sector spending
- Focus on creation of jobs and investing in MSME and agriculture sectors
- Recapitalisation of banks to fund small and medium enterprises
- Setting up of development finance institutions to fund infrastructure projects; banks must stay away from the sector

ABVP

- The National Education Policy must be aligned with the economic road map for the country
- Reforms in the Right To Education Act with equal treatment for minority and majority community institutes
- UGC curriculum needs to be modernised

BHARATIYA MAZDOOR SANGH

- The Labour Code is a half-done effort so far, needs more consultation. Has been stonewalling codes on social security and industrial relations
- Disinvestment of 92 PSUs via only stock market listing, and that too after consultation with unions

BHARATIYA KISAN SANGH

- More investment in food processing industries
- More public sector funds for construction of cold storages, warehouses and silos
- Ban on GM crops
- APMC reforms are fine but corporate-backed contract farming needs to be discouraged

LAGHU UDYOG BHARTI

- Simplify GST to incentivise MSMEs for job creation
- Labour laws are required to be eased for more fixed-term employment
- Strict implementation of import substitution

sha Sanskriti Uthan Nyas see the resounding mandate for the BJP as a victory for the Sangh's agenda which they say is pro-people. "Sometimes, we felt bureaucrats don't take us seriously, but return of the Modi government with thumping numbers will change their mindset. We are here to stay," says a Sangh office-bearer. The RSS affiliates are ready with their wish lists. The ABVP wants structural reforms in UGC, AICTE, Right to Education Act. "Education should be not only meaningful but also create more space for vernacular languages," says Sunil Ambekar, the National Organising Secretary of the ABVP. The SJM wants implementation of a strategic plan to reduce the trade gap with China and curtail the influence of the US. The LUB is pushing for making things easy for MSMEs while the BKS is batting for more investments in storage and blocking of GM crops. The list goes on.

Love Lost?

Is the prime minister required to follow the RSS and its affiliates in his second term? The answer comes from one of his cabinet colleagues, who is clear that the Sangh's philosophy influences government policy making. "There is fundamentally no confrontation," he says. Secondly, if the BJP has expanded in the last five years, so have the RSS and its affiliates. From running 45,000 *shakhas* in the beginning of May 2014, the RSS has now expanded to 65,000 *shakhas*. In the 2019 elections, the RSS cadre worked with BJP workers, and senior RSS pracharaks directly strategised and controlled day-to-day campaigns of BJP candidates.

There is no need to remind the prime minister about the Sangh's ideas, says a top RSS leader, who says many of the key policies of the previous government reflected Indic values aligned with RSS ideologue Deendayal Upadhyaya's 'Antyodaya' and 'Integral Humanism' concepts. These include access to energy to the poor, provision of affordable healthcare, education for all "and moving out of welfare to development mode."

In the previous government, the confrontations were never allowed to boil over despite the fact that the Sangh's outfits were seen stalling many of the NDA government's big-ticket reforms such as further opening up of FDI in some sectors and amendments in land acquisition and labour laws. They were also influencing trade policies, approach towards China, stand at the WTO, health sector initiatives, and monetary and fiscal policies.

In 2015, the prime minister hosted BMS chief Saji Narayanan for a cup of tea at his residence in view of the union's agitation on issues related to changes in labour rules and relaxation in labour laws in states like Rajasthan and Madhya Pradesh. To deal with the confrontations with the Sangh affiliates, with the intervention of three RSS heavyweights, Krishna Gopal, Dattatreya Hosabale and Suresh Soni, the government formed coordination committees under party chief Amit Shah. "We are expecting a similar coordination this time as well," says a senior Sangh leader. BT

@anileshmahajan

Business Today

INDIA'S COOLEST START-UPs

The smartest new entrepreneurs in BT's annual survey who are chasing big ideas and goals

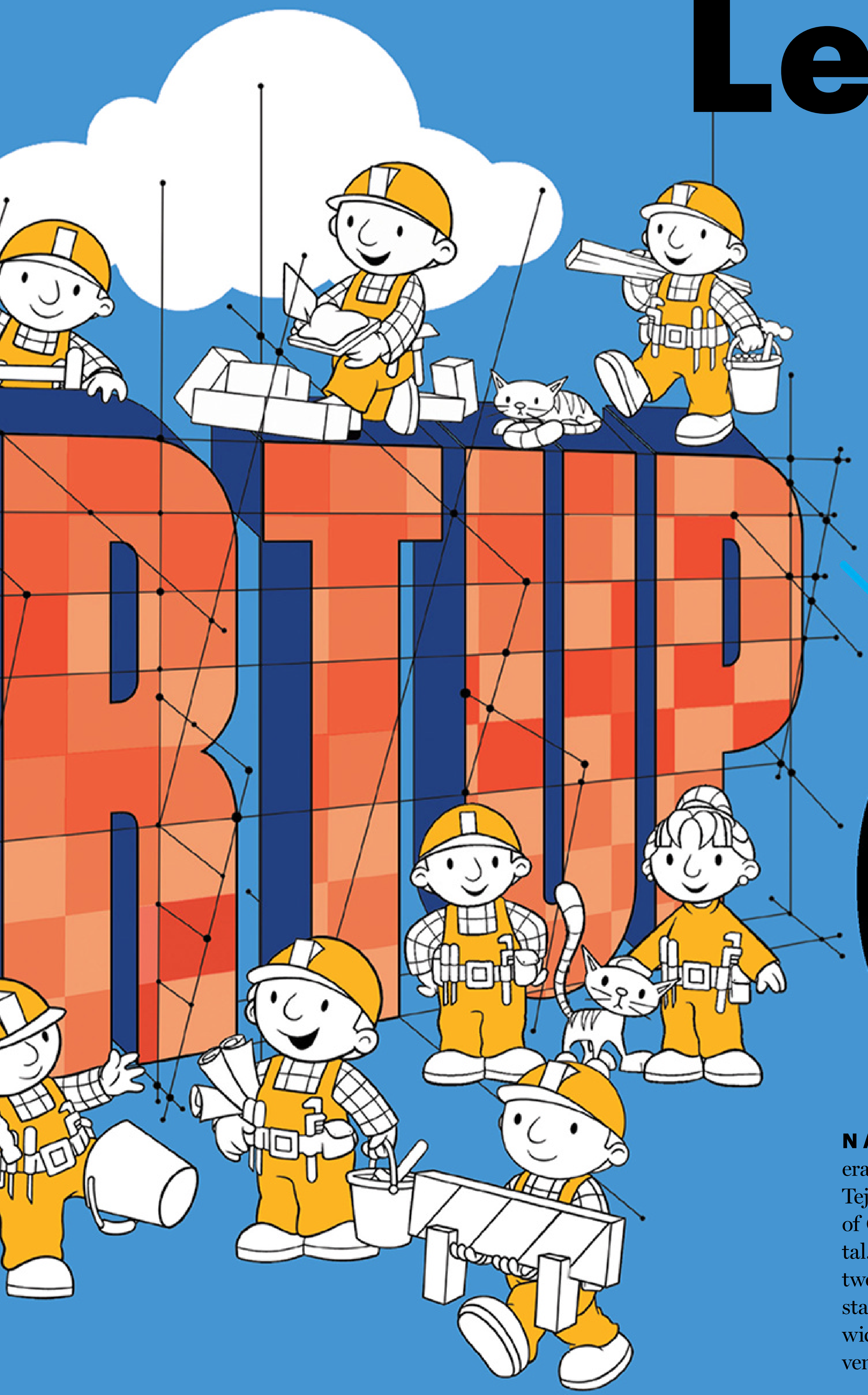
ILLUSTRATION BY RAJ VERMA

Capital Leader

A tale of two cities: Bengaluru retains its spot as India's start-up capital but Delhi-NCR is fast catching up.

BY **GOUTAM DAS**

ILLUSTRATION BY **AJAY THAKURI**



ON A FIERY JUNE evening, start-up accelerator GSF organised a tête-à-tête with Tej Kapoor, the India Managing Director of Chinese investor firm Fosun RZ Capital. But it wasn't a private conversation between two people. Many start-up founders started trickling in at the Bombay Sandwich Company, a new cafe in Gurgaon, the venue for the discussion.

Rajesh Sawhney, Co-founder of food-tech firm InnerChef, which owns the cafe, ordered for a round of cutting *chai*. He sat in one corner explaining his mission. "Sandwich is a very exciting category.

We have an alternative vision of sandwich from Subway," he says. "Subway is a mayo sandwich; we are a chutney sandwich. Our vision is to take Bombay to the world. The market looks very large."

Gurgaon is a good test market for such a cafe – residents are early adopters of new trends, and are willing to pay more for a better experience or trying out new concepts. All this is good news for start-ups. Only a few days back, Sawhney posted on LinkedIn: "Gurgaon could become the No.1 start-up hub of India soon."

"I know that this will startle my friends in Bangalore, but I am seeing so much action here. Innovative start-ups are sprouting in fintech, mobility, robotics, media-tech, food-tech, digital health and more. The Gurgaon tech ecosystem is attracting both talent and capital from across the world. I see Gurgaon and Bangalore fighting it out for the coveted No.1 spot in 2019," he added to the post.

Sawhney isn't someone who takes wild potshots. Apart from InnerChef, he has made 70 angel investments, including Viki (acquired by Rakutan for $225 million), Little Eye Labs (acquired by Facebook), WeAreHolidays (acquired by a director of Cox & Kings), InstaLively (acquired by Hike Messenger) and NightStay (acquired by Paytm), among others. He sees the three ingredients required for a start-up hub – talent, market and capital – converging in Gurgaon, and by extension, in the National Capital Region (NCR). "This is the biggest consumption market in the country. The sheer volume makes it exciting as a test bed," he says.

Bengaluru could be a smaller consumption market but it has seen the convergence of many factors over the last few decades which have transformed it into a bustling metropolis. Today, more than 100 multinationals operate out of Bengaluru; the city plays host to the biggest tech companies and has way more start-ups than any other Indian city. But that is hardly the complete story.

Numbers Don't Lie

It is imperative to look at how India fares before peeking into the NCR versus Bengaluru story. If you happen to flip through the Nasscom-Zinnov *Indian Tech Start-up Ecosystem* report of 2018, there is heart warming stuff. The year saw many unicorns (start-ups with a valuation of a billion dollars and above), resurgence in investments, and rapid growth. India has the highest number of unicorn start-ups after the US and China with 18 unicorns out of 250-plus globally. India has the third-largest start-up ecosystem in the world.

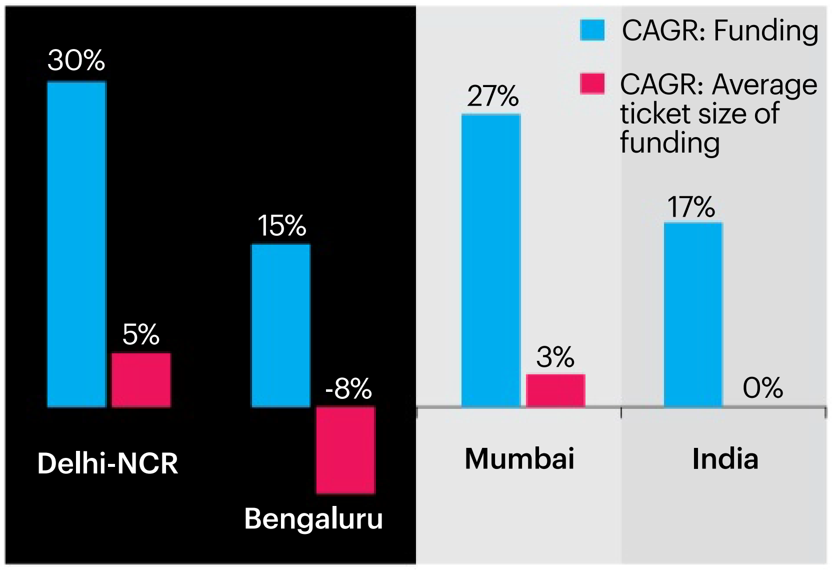
"Multiple indicators show that the Indian start-up ecosystem is approaching escape velocity, and is setting itself up for a period of sustained growth. The total number of Indian unicorns more than doubled, with eight start-ups being added to the list – the highest in any year till date. The number of advanced technology start-ups increased by 50 per cent from 2017, with data analytics, Artificial Intelligence and IoT witnessing the fastest adoption. The Indian start-up ecosystem continued to attract investor interest

PHOTOGRAPH BY REUBEN SINGH

"There is momentum in NCR, particularly in Gurgaon. This is the country's biggest consumption market"

Rajesh Sawhney, Investor and Co-founder of InnerChef

Where Delhi-NCR is beating Bengaluru

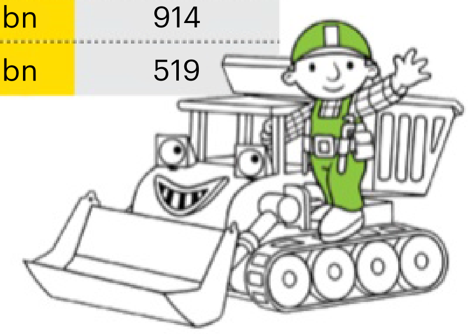


Period: 2014-18; Source: DataLabs by Inc42

Where Bengaluru is still ahead

City	Number of funding deals	Total funding amount	Start-ups funded
Delhi-NCR	1,213	$**15.8** bn	809
Bengaluru	1,393	$**20.5** bn	914
Mumbai	757	$**4.2** bn	519

Period: 2014-18; Source: DataLabs by Inc42



Top tech start-up hubs

City	Share of start-ups	Drivers
Delhi-NCR	21%	Strong presence of start-up incubators/accelerators run by corporates, government, educational institutions and venture capitalists
Bengaluru	25%	Home to some of the country's biggest technology companies (100+ MNCs), Bengaluru has a ripe pool of technology talent
Mumbai	14%	In verticals like fintech, media & entertainment, foodtech and travel, Mumbai is competing with Bengaluru and Delhi NCR for the top spot

Source: Nasscom-Zinnov

with almost $4.2 billion of funding in 2018 (January to September), demonstrating 108 per cent growth over the same period in 2017," the report states.

India is also seeing a heterogeneous mix of start-ups. The number of women founders has increased to 14 per cent in 2018 from 11 per cent in 2017; more Tier 2/Tier 3 cities are emerging as start-up hubs; and more experienced professionals are taking the entrepreneurial route, the report states.

Time taken to become a unicorn appears to be shrinking as well. Udaan, a business-to-business trading platform, became a unicorn in about 26 months, the fastest in India. Based in Bengaluru, Udaan is founded by a team of former Flipkart employees. Flipkart, the poster child of Indian start-ups, was acquired in 2018 by Walmart Inc. for $16 billion, one of the biggest tech acquisitions in history and an exit that proved large-scale returns to investors were in the realm of the possible. Flipkart, too, is based in Bengaluru.

Between 2014 and 2018, Bengaluru's start-ups raised $20.5 billion versus Delhi-NCR's $15.8 billion, according to media company Inc42's research division, DataLabs. Mumbai is a distant third with a total funding amount of only $4.2 billion. Bengaluru also led NCR in the overall number of start-ups that got funded in this period – 914 versus 809 for Delhi-NCR.

Nevertheless, the funding growth rate between 2014 and 2018 is far higher for Delhi-NCR (validation of Sawhney's hunch), and so is the growth in the average ticket size. While the funding CAGR for Delhi-NCR was nearly 30 per cent, for Bengaluru, it was 15 per cent.

Another interesting facet is that in NCR, the contribution of the top five funded start-ups (ReNew Power, Paytm, Snapdeal, OYO and Zomato) as a percentage of the overall funding in the city was about 54 per cent ($8.51 billion). In contrast, the top five funded start-ups of Bengaluru (Flipkart, Ola, Swiggy, BYJU's and BigBasket) contributed 61 per cent ($12.53 billion).

"This indicates that the density of funding is less in the top start-ups in Delhi NCR, in comparison to Bengaluru. Consequently, the opportunity for a new start-up to raise a substantial amount of venture capital investment is higher in the more balanced start-up ecosystem of Delhi-NCR, in comparison to the mature and top-heavy ecosystem of Bengaluru," Inc42 states.

Data compiled by another research firm, Venture Intelligence, shows that there are currently about 22 unicorns in India. NCR has a slight edge – 10 unicorns versus Bengaluru's nine.

NCR must have gotten something right.

The Infra Edge

By late evening, the GSF tête-à-tête was a packed house that had discussed everything from super apps to where the Chinese start-up ecosystem was trumping the Americans. One of the participants was Anup Jain, Managing Partner at Orios Venture Partners, an early stage investor. He had clear views on where NCR was winning.

"Bengaluru has created a pool of tech talent, which is necessary for start-ups to succeed. The city has also become a hub for a lot of south-based talent to migrate to. It has the best weather in the country; it helps productivity," says Jain. On the other hand, Bengaluru was never meant to deal with the kind of congestion, growth and population it has now.

"This is a city that has grown beyond proportion. They don't have the infrastructure. Various pockets have emerged and they are all far away from the biggest hub of transportation, which is the airport. You waste so much time travelling from the airport to any other hub in the city – whether it is MG Road, or Electronic City, or the Outer Ring Road, or Koramangala. Productivity for the entire ecosystem suffers as a result. You are late for meetings; you have to budget more time. Movement within the city is extremely difficult. You can't do more than two meetings in a day," Jain adds in a huff.

Ola Mobility Institute's Ease of Moving survey echoes the observation. "Traffic in Bengaluru has grown exponentially over the last decade-and-a-half, and has now become a real challenge. Travel during peak hour traffic takes an average of 162 per cent more time than the same distance travelled during off-peak hours," the report states.

Delhi-NCR's infrastructure edge

City	Delhi-NCR	Bengaluru
Metro	Operational network: **373 km**; Number of stations: 271	Operational network: **42.3 km**; Number of stations: 41
Branded hotel rooms	**22,159**	**12,659**
Distance from airport	**13** km to CyberHub, Gurgaon; 36 km to Noida Expressway	**41** km to Koramangala; 53 km to Electronic City
Average speed of traffic	**23** km per hour (2018)	**16.5** km per hour (2018)

Source: DMRC and BMRC; Care Ratings; Ola Mobility Institute

This exploding traffic has reduced the average vehicular speed on roads, according to data from Ola. With an average speed of 16.5 km per hour in 2018, Bengaluru has the third lowest average speed after Kolkata and Patna. So, even affordable and cheap public transport is not attractive. The city prefers zipping through its congested roads on its many two- and four-wheelers since over 70 per cent of those in the city do not find public transit comfortable or time-saving. "Such high-density vehicular movement powered by unclean fuels is responsible for the 37 per cent of total PM 2.5, PM 10, SO2 and CO2 emissions in the city," the report adds.

NCR has severe pollution problems as well but beats Bengaluru hands down in infrastructure. According to the Ola Mobility Institute, Delhi's average speed on roads is around 23 km per hour, and while this seems low, it is still far higher than Bengaluru's. Reaching Gurgaon or the centre of Delhi from the airport isn't a big deal; it is a mere 13 km to CyberHub and 15 km to Rajiv Chowk (Connaught Place). Delhi also has nine times the operational network of metro (373 km) versus Bengaluru (42 km).

"The metro lines running through all parts of Delhi means that talent from anywhere can work anywhere. An affordable cost of living is important for young people in a high-cost metropolis," Jain says. Delhi, he adds, also has a lot more availability of hotel rooms and that is significant since a lot of strategic investors travel to either Delhi or Mumbai.

The X Factor

Ask most start-up founders on why they decided to be in Bengaluru, and nearly everyone would call out a host of factors that ends with "talent".

Sujeet Kumar, Co-founder of Udaan, was the former President of Operations at Flipkart. He stayed in Delhi for many years before migrating to Bengaluru. "A start-up needs loads of things beyond infrastructure. It needs an ecosystem, it needs culture," he says. "The next layer is talent and openness, more awareness of start-ups. In these parameters, Bengaluru is far, far ahead."

The southern city's high density of entrepreneurs and tech talent has a long history. It probably started in 1983 when seven engineers decided to relocate their start-up, Infosys, from Pune to then Bangalore. Over the next two decades, the city became a hub for IT services and technology research and development centres. The start-up fever caught on around 2007-08, and Flipkart was born.

"People are now relocating to Bengaluru for the next level of growth. I have seen this a lot during our hiring – especially top level talent with 15-16 years of experience. The common reasons I heard were 'learning', 'development', 'the epicentre of change is Bengaluru'," Kumar says.

"Senior talent is relocating to Bengaluru for their next level of career growth"

Sujeet Kumar,
Co-founder, udaan.com

PHOTOGRAPH BY REUBEN SINGH

The flip side to this migration and concentration of quality tech talent is that the garden city is now far more expensive than NCR when it comes to hiring. Retention of quality talent is a challenge as well.

Amit Kumar Agarwal, Founder and CEO of NoBroker, a non-broker real estate marketplace, estimates Bengaluru is 10-30 per cent more expensive in cost of technical talent. "This is one of the prominent reasons for why start-ups in the future would explore NCR as a second hub for their team centres. Bengaluru start-ups are facing tough competition in terms of attracting talent within the city, especially if they want costs to be within a range," he says.

What is more difficult for Delhi-NCR to replicate is Bengaluru's culture. Founders like Agarwal decided to be in Bengaluru because they felt that the ability to take risk is higher in the city's working population. Culture, however, goes beyond taking risks.

A start-up founder from a unicorn who didn't want to be named, shares his observation. "NCR has a show-off culture versus people in Bengaluru who think of themselves as problem solvers. It is less about big cars and villas. A Starbucks in Bengaluru is filled with founders discussing ideas or meeting potential employees. In Delhi, the discussion in Starbucks is around lifestyle," he says.

The same founder also noticed that most investors in Delhi prefer meeting in five-star hotels. The hotspot, these days, is Aerocity, a hub of hotels and plush offices near the city's international airport. "You will find the same venture capitalists in cafes once they are in Bengaluru," he says, bursting into laughter.

Besides the concentration of talent, capital, and markets, it is factors such as these that makes Bengaluru a distant cousin to other hubs. While NCR is well poised for a tough fight, it is difficult to replicate Bengaluru's X factor. BT

@Goutam20

Talking to Angels

What angel investors look at before deciding to fund a start-up.

BY **DEVIKA SINGH**

SAURABH SRIVASTAVA, an IT industry veteran and co-founder of Indian Angel Network (IAN), once took out a start-up founder to dinner. "After we sat down, I asked him what he would like to drink. He answered single malt, so I looked down the menu and found a 12-year-old Glenfiddich, which was the most reasonable, ordered it and passed the menu to the founder," Srivastava recounts.

The start-up founder looked at the menu and told Srivastava, "You know, Saurabh, I never drink single malt which is less than 18 years old." Srivastava was left flabbergasted. "I was quite surprised. Is this guy for real? He just saw me order!" Suffice to say, the founder's pitch did not work.

Raman Roy, another IAN co-founder and also known as the father of the Indian BPO industry, has a standard question whenever he meets anyone to listen to his or her pitches. "How did you arrive for the meeting?" The ques-

"It's not some great technology, it's not a breakthrough. It is people who are willing to change whatever it takes"

Saurabh Srivastava, Co-founder, Indian Angel Network

"An A-plus team can make anything work. A B-minus team can cost you"

Rajan Anandan, Former Google India MD and an active angel investor

tion may seem insignificant but the answer is instrumental to Roy's and Srivastava's funding decision.

"Here, in this room (in Delhi), we met this founder once who had come from a place in Uttar Pradesh. We asked him how he came, and he told us by bus," shares Roy. "Were you travelling the entire night by bus? Did you not sleep?" Roy recalls asking the founder. "No, sir, I slept a bit," came the reply, in Hindi. Unlike the founder with a fondness for single malts, this one not only left with a cheque but was given an amount higher than what he had asked for.

So, what do angel investors look for when listening to a pitch? Is it simply frugality? After talking to some angel investors, we realised it is more complex than that. The decision could depend on something as innocuous as exchanging pleasantries or even ordering from the menu.

Angel investing is the earliest stage of investing in a start-up and since the company barely exists at this point, taking a decision becomes more about betting on the founders and the team. It is also one of the asset classes with the highest risk and hence investors must assess the individual and the team carefully. "An A-plus team can make anything work. They just keep pivoting until they find something, whereas a B-minus team can cost you," says former Google India Managing Director Rajan Anandan, who is one of the most active angel investors in India and has invested in a few companies with very young founders such as Genrobotics, SocialCops, Inclov and others.

Srivastava, whose career spans more than three decades, agrees. "In 1999, we invested in a bunch of guys who were going to be the Charles Schwab of India. It was not a very smart idea but look at what those guys did – that company is Indiabulls," he shares. "It is not some great technology, it is not a breakthrough. It is people who are determined to succeed; they are willing to change whatever it takes."

On Best Behaviour

The unusual ways employed by investors to assess a start-up's co-founders are a means to determine their dedication and ability. While the fact that a founder orders an inexpensive item from the menu implies that he is respectful of other people's money and hence would spend his investor's money with care, him choosing to stay at a low-budget hotel can indicate that he will pinch pennies and put every bit possible in building the company and not lead a lavish lifestyle off the investor.

Roy cites examples where they have called off deals because they heard the founder talking rudely to his driver. "How will he talk to his employees if this is the way he talks to his driver?" he asks. Roy's fellow co-founder Padmaja Ruparel recalls an instance in which when they cancelled the deal at the last minute, even after they had given the term sheet. "The shareholder's agreement was about to be signed and guess what we found: the investors were travelling in economy and the gentleman was travelling in business class. As soon as we got off the flight I got on a call and asked them to not sign," she recounts.

Most investors give utmost importance to the team and say that they won't invest if they don't like the person even though all the other requirements are met. "I have to keep telling myself, let's not get carried away with space because space can be very interesting, the business can be very interesting, but if the team is not efficient, they cannot make it work," says Anandan.

This, however, doesn't mean that they ignore the other requirements. The team comes in focus when all the other things – such as idea, addressable market size, product or service, space, etc. – fit the bill. Any company, which has been able to scale on its own or gain customers without raising the funds, is certainly favoured. Anandan, for example, was impressed by SocialCops (data intelligence start-up) founders Prukalpa Sankar and Varun Banka as they had secured government contracts before they approached him for funding.

Similarly, if the company has been able to acquire customers on its own, it validates the idea for investors and gives them proof of concept. Ruparel shares the example of Wow! Momo, whom they were ready to fund. But the founders wanted to see if they could make the company work on their own. After achieving some scale, Wow! Momo's founders came back for funding.

Values for Valuation

In the absence of concrete data points and financials, it is the ability of the founders, and their strengths and weaknesses that are put under the lens and tested again and again to reduce the risk associated with investing in them. Every minute detail is scrutinised, and each move is watched to discern their abilities and weaknesses.

Former Executive Vice President with American Express, Sanjay Rishi, a new entrant in the angel investing scene in the country, always keeps an eye on the way a founder makes his presentation. "When people make presentations, how often they acknowledge the other person with them and how often they acknowledge institutions and individuals who might not be in the room but are instrumental in their success, is important. To me that has always been a distinguishing factor. People do too little of it, but a few who do, they check several boxes," he says.

Besides team work, the other values that are desirable are passion, vision, perseverance and an ability to deal with failures.

Anandan cites the example of Manik Mehta, Founder and CEO of Omnify (SaaS platform for SMEs) to explain the importance of perseverance. Mehta, before securing funds from the former Google executive, kept updating him about the status and growth of his company for months. When Mehta finally called him to pitch for funding, Anandan was busy and told him to call later. Sometime later, Anandan was travelling from New York to San Francisco and was amazed to find inflight WiFi. He tweeted about it. Mehta was quick to react and sent a direct message to him saying, "Hey Rajan, looks like you can now talk to me." Impressed by Mehta's tenacity, Anandan later invested in Omnify.

While the ability to deal with failures is the most sought-after quality, the one thing that kills interest is intellectual arrogance. "I struggle when the person sitting across the table believes he is the smartest person in the room," says Karan Singh Thakral, Chairman of Singapore Angel Network.

Dishonesty, too, is a major turn off for investors and definitely a deal breaker.

Most investors also take note of how founders distribute employee stock options (Esops) to determine if he readily shares wealth with others. Thakral, in fact, called off a deal once as the founder shared with him how he had manipulated an employee out of a little bit of ESOPs. "If you could cheat your employees, you are definitely going to cheat me," he says.

So, what are the makings of an ideal start-up founder? Turns out, it all boils down to passion and vision. And investors say any founder worth his salt would keep coming back till he achieves what he wanted to. Roy puts it in a more interesting way: "Steve Jobs *ko* reject *kar diya toh tum kis khet ki muli ho*? (If Steve Jobs could be rejected, then who do you think you are?" BT

@DevikaSingh29

Clairco

Clairco Founder Aayush Jha with his team


PHOTOGRAPH BY LANTERN CAMERA

INDIA'S COOLEST START-UPs

Clearing the Air

Bengaluru-based B2B start-up Clairco provides clean air through AC as a service.

BY **SONAL KHETARPAL**
IMAGING BY **AJAY THAKURI**

AIR POLLUTION claims over 12 lakh lives in India in a year. But the entire discussion on the topic is focussed on outdoor air pollution. Indoor air quality doesn't get the attention it deserves, in spite of the fact that we spend most of our time indoors.

Aayush Jha, a lawyer by profession, who lived in Bhilai in Chhattisgarh till 2016, was oblivious of the health problems that indoor air pollution can cause. Until he moved to Delhi. It was when his father suffered chest pain due to the dreaded Diwali air pollution that the problem struck

"Clairco makes a hardware business into a service that is scalable and has the potential to solve the problem of air pollution"

home. One solution was to buy an air purifier. But Jha realised that a purifier works in only one room and costs ₹8,000-10,000. Not a convenient, practical solution for a middle-class family.

He started looking for alternatives that were cost-effective. Creating new hardware wouldn't have worked as the aim was to keep prices low. So, he took the existing infrastructure – the air-conditioner – and converted it into an air purifier.

This is how it works. Air purifiers basically have a strong fan with a sheet of HEPA filter and activated carbon to absorb contaminants in the environment. HEPA filters require a strong fan. Clairco developed a cellulose fibre sheet using the electrospinning technique that can work with the air-conditioner's weak fan and turn it to an air purifier.

The only problem: the sheet is very thin due to slow speed of the fan. This means it has to be replaced every two months. To overcome this problem, Clairco has introduced a subscription-based model under which it charges customers ₹2 per square foot per month and its team of technicians instals, replaces and maintains these filters. The cost includes everything from hardware (filter, air quality monitors), service (installation, replacement) and maintenance.

Moving to the operating expenditure model allows brands, big and small, to use the services without any significant capital investment upfront. Srinivas P. Reddy, Head of real estate and workplace at health and fitness start-up Cure.fit, says: "Their clean air-as-a-service model works for a start-up like ours as we pay for only what we use." Usually, for a one lakh square feet building, the initial capex for air purification is ₹1.5 crore, he adds. "Plus, the subscription model means they have their skin in the game and there is an assurance that my customers will get clean air," says Reddy. Clairco's air filters are installed at 120 Cure.fit outlets. Overall, it is managing four lakh square feet area for its clients. One of the clients is coffee brand Blue Tokai.

Anand Subramanian, Senior Director, PR and Communications, Ola Cabs, an angel investor in the firm, says one of the key reasons he invested in Clairco was that it made a hardware business into a service that is scalable and has the potential to solve the problem of air pollution, affecting cities not just in India but across the globe. The company recently raised an undisclosed amount in seed round from AngelList India, led by their Head of Investments Prakhar Agarwal. It ended last financial year with revenues of ₹15 lakh.

To ensure better service, Clairco uses data from air monitors that are put alongside the filters. This data is fed into machine learning algorithms to ascertain the exact time for replacing the filters. This data is also available in real time on its mobile app or web dashboard.

Though Clairco's air filters can be a retail product for households, the company is currently focussing on B2B clients to achieve economies of scale. It plans to start a pilot for B2C consumers within the next 12 months. BT

@sonalkhetarpal7

KEY FACTS

FOUNDER:
Aayush Jha

REVENUES:
₹15 lakh in 2018/19

INVESTORS:
AngelList India, Angel.co, Anand Subramanian

FUNDING RAISED:
Not disclosed

INCORPORATED:
2018

COOL QUOTIENT:
Turns air conditioners into air purifiers

INDIA'S COOLEST START-UPs

Robo in the Pit

Kerala-based Genrobotics uses automation to address manual scavenging.

BY **DEVIKA SINGH**

PHOTOGRAPH BY **SHEKHAR GHOSH**

IMAGING BY **AJAY THAKURI**

AS THE MERCURY hits 45 degree Celsius on a Friday afternoon in June, there is a throng of onlookers at a small intersection in a housing colony in Gurgaon. Apart from the bystanders, there are sanitation workers and officials from the Punjab Water Supply and Sewerage Board too. They have all assembled to witness something they have only heard about, but never seen – a robot in action. The cynosure, meanwhile, with four legs on wheels stands atop a manhole, which it would soon clean.

As an electric generator comes to life, Bandicoot the robot preps up. Red and green buttons on the user interface on one side

Co-founders: Vimal Govind (left) and Arun George

of the machine are pressed, and a three-armed structure with claw-like arms descends from the robot and goes into the manhole. The screen shows users the messy insides of the manhole as the claws clutch the sewage and draw it outside.

An anxious Vimal Govind, Co-founder and CEO of Genrobotics Innovations, stands by the side and observes the proceedings. Arun George, another co-founder, operates the robot in the scorching heat, sweat dripping down his face. The duo is apprehensive about the response of the officials who are there to inspect the robot. Both have not slept the night before. Govind was in Chandigarh the day before to meet officials and George flew in from Mumbai where they are working on a project with Bharat Petroleum. Another Co-founder Rashid K. is in Dubai to meet the authorities there. "We are partnering with the Dubai municipality for their different automation needs for the next year-and-a-half. A Memorandum of Understanding has been signed and we are on the verge of signing the contract," says Govind.

The fast-paced life has become a necessity for the founders who are trying to expand and are in talks with many urban local bodies. Genrobotics, which started out in Kerala, has deployed 12 robots so far in four states – Haryana, Andhra Pradesh, Tamil Nadu and Gujarat.

Why Build a Robot

The trigger for setting up Genrobotics and building Bandicoot was a manhole cleaning accident in Kerala. The four founders – Arun George, Vimal Govind, Nikhil N.P. and Rashid K. – were interested in powered exoskeleton technology since their college days in MES College of Engineering in Kuttippuram, Kerala. They have brought out several papers on the subject, which have been published in many journals. The team was also invited by the American Society for Research to present a paper in Singapore. However, they could not build a sustainable business out of this work and took up corporate jobs.

After an accident in Kerala in which three people died cleaning a manhole, they were approached by the state government to find a technological solution to end manual scavenging. As the team was known for their work in robotics, they were asked to develop a technology that would address the problem.

Though manual scavenging is prohibited in India under The Prohibition of Employment as Manual Scavengers and Their Rehabilitation Act, 2013, it is still practiced in the country. Human rights organisation Safai Karamchari Andolan estimates that there have 1,850 manual scavenging related deaths in the country in the past decade. Genrobotics, it seems, has found a solution to this grave socio-economic issue.

The team launched the company in 2017 and was initially supported by the Kerala Start-up Mission. Later, they secured ₹1 crore as seed fund from early-stage investor unicorn ventures and angel investor and former Google India Managing Director Rajan Anandan.

"We faced many challenges because no one had ever done something like this before and we did not have any reference to learn from," says Govind. "We had to be careful about the type of equipment to use due to the pollutives inside a manhole. Water pressure is high and a small leakage is enough to fail the equipment. Getting waterproof equipment is also costly," he says. Initially, they used local equipment to build the robot but later started importing from Germany, the US and other countries and assembled at their 6,000 sq. ft manufacturing facility in Thiruvananthapuram. Genrobotics has designed the robots, but imports material and equipment as the required explosion proof-certification is not available in India. They also seek customisation from original equipment manufacturers.

The company has tried to make the robots as user-friendly as possible so that sanitation workers can easily use them. The idea is not to eliminate but rehabilitate the workers.

"We have put in a lot of effort to make the user-interface of the robot very simple so that (within two-three minutes) anybody can operate it. The robot also learns from your operation style and adjusts itself," Govind says. "We want a sanitation worker to operate a complex machine like this. That helps the worker rehabilitate quickly."

Building one Bandicoot costs ₹18-20 lakh, while they sell it for ₹25-32 lakh. While the company has so far been focussing on fine-tuning the technology, the co-founders now want to scale up.

Genrobotics is also working on other technologies that can help in the sanitation sector and eradicate manual scavenging in India. "There are other problems in the sanitation sector that we have identified, which require good technological input. We are building a manhole monitoring system which can predict when a manhole is about to get flooded, so that it can be cleaned beforehand," says Govind.

It continues to burn in Gurgaon but the founders are girding up for another demonstration, this time for sanitation officials from Haryana. One Bandicoot at a time, Genrobotics is looking to make life easier for Indian *safai karamcharis*. BT

@DevikaSingh29

KEY FACTS

FOUNDERS:
ARUN GEORGE, VIMAL GOVIND, NIKHIL N.P. AND RASHID K.

REVENUES:
₹25.6 lakh in 2017/18*

INVESTORS:
Unicorn India Ventures, Rajan Anandan

FUNDING RAISED:
₹1 crore

INCORPORATED:
2017

COOL QUOTIENT:
The start-up has developed a robot, Bandicoot, that can clean manholes with minimal manual intervention

*MCA Data

INDIA'S COOLEST START-UPs

Taking Stock

Increff is an analytics enterprise that uses data tools to help fashion and lifestyle brands optimise their inventory turnover.

BY **RUKMINI RAO**

BROTHERS RAJUL AND ROMIL JAIN and Anshuman Agarwal have more in common than being IIT graduates. They had all dabbled with start-ups and e-commerce companies before founding Increff (Incredible Efficiency). The start-up is a technology and analytics enterprise that uses data tools to help fashion and lifestyle brands optimise their inventory turnover, thereby helping them improve the return on capital. Their warehousing solution, for instance, acts as a marketplace, and allows brands to access warehousing services without incurring any capital expenditure.

Rajul recollects how his e-commerce days exposed him to the

PHOTOGRAPH BY LANTERN CAMERA

increff

Co-founders (from left): Anshuman Agarwal, Rajul Jain and Romil Jain challenges and opportunities that retail offered. "Inventory is the biggest risk and at the same time the biggest asset. Inventory is everything," he says. But uncertainties like sale of stock, warehousing, right quantity of distribution and inventory management pose a big risk, especially for fashion brands. Rajul says, "If someone is able to solve the supply side problems in retail using technology, brands and retailers can grow phenomenally faster." Increff was set up to provide a solution to this problem.

Rajul used to head the supply chain at Myntra, India's largest fashion e-commerce player. Before that he had co-founded yebhi.com after having worked in the textile sector for almost a decade. Agarwal was also with Myntra, and had then joined Freshmenu as Senior VP in charge of national operations. Romal comes with the experience of enterprise software products, having worked with NGPay and DevFactory.

Dotting i's...

Increff, which was established in August 2016 in Bengaluru, began operations in January 2017. Their SaaS (Software as a Service) platform has two products – Iris and Assure. Rajul explains that the supply side of the retail sector has a few major components: what to make, how much to make, which store to showcase in, and what to replace. This is where Increff comes into play. "We help merchandisers take a far more informed and faster decision, after taking into account the historical data of the product, the company and consumption. We semi-automate the process," said Rajul.

The next step is for companies to either manufacture or source the products. Once they have the required products, they have to decide on distribution channels, and maximising inventory showcase. Increff's Assure automated platform helps here.

The platform allows brands get a single view of the inventory in warehouses as well as all sales channels (online or offline). This increases the speed of sales and Increff manages the outflow of supply by packing and dispatching from the warehouse using a unique barcode for each item. For example, using the start-up's platform, the customer can get the status of Amazon Prime demand without having to dedicate inventory for this.

"This gives brands and retailers the surety of maximising the sale of produced stock and efficient rotation. This essentially means better rotation of working capital and lesser need for capex," says Rajul.

The start-up's WaaS (Warehousing as a Service) management software manages the inventory of retailers and brands. "The focus is not managing the warehouse, but maximising the sales," says Rajul.

"Solving complexity at scale, Increff provides Puma with a stable platform that drives inventory efficiency across all channels, successfully bringing down order-to-ship SLAs (service-level agreements)," says Abhishek Ganguly, MD, Puma India.

The start-up charges clients either a percentage of their revenue or pay-per-use. For WaaS it is per packet or item. Rajul says they have been able to improve client revenues by 25-30 per cent and margins by up to 5 per cent.

The start-up competes mainly with Unicommerce. Its automation software Uniware also helps e-commerce and physical retail supply chains. This seven-year-old start-up claims to have over 10,000 clients and is present in 220-plus cities in India and West Asia. While this seems like a huge gap to fill, Rajul says Increff has superior technology integration as well as warehousing support, which plays a critical role in overall efficiencies. Plus, while Iris has been built for fashion brands, Assure and WaaS have the potential to be explored by any sector.

Increff claims an annual revenue of $3 million 2017/18. In 2016, it raised an early seed funding of $2 million from Sequoia Capital and some domestic angel investors to build its technology products. Earlier this year, the company raised Series A funding of $2 million from 021 Capital (Sailesh Tulshan) and $1 million from Binny Bansal. The company currently has around 20 clients and manages 35-40 brands including Puma, Reliance Ajio, WROGN, Myntra, Arvind Group, Espirit, Mango, Ms Taken and Shopnaari. Increff plans to go international in Europe and West Asia with its Iris and Assure platforms. BT

@rukminirao

KEY FACTS

FOUNDERS:
Rajul Jain, Romil Jain and Anshuman Agarwal

REVENUES:
₹5.55 crore (2017/18)*

INVESTORS:
Sequoia Capital, 021 Capital and Flipkart founder Binny Bansal

FUNDING RAISED:
$5 million

INCORPORATED:
2016

COOL QUOTIENT:
Increff helps fashion and lifestyle brands manage inventory for higher efficiency and margins

* MCA Data

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Facilio

PHOTOGRAPH BY AR SUMANTH

“We have automated systems and hardware (sensors, for instance) for optimising operations”

Prabhu Ramachandran, Co-founder, Facilio

Intelligent Buildings

Using its SaaS platform, Facilio manages building operations, making them intelligent and energy-efficient.

BY **K.T.P. RADHIKA**

COMMERCIAL REAL ESTATE may be a fast-growing segment but remains a high-maintenance affair. Roughly 80 per cent of a building's lifecycle cost is spent on operations, repair and recapitalisation. One reason is that the owners lack critical real-time information on the building's operations. Prabhu Ramachandran, the co-founder and CEO of Facilio, believes there is a tech solution to this.

Facilio uses a software-as-a-service (SaaS) platform combined with Internet of Things (IoT) and artificial intelligence to manage and increase operational and cost efficiencies of building assets such as elevators, air-conditioners, security systems and alarms in real time. This also saves energy. "Facil in Spanish means easy," says Ramchandran, who had started Facilio with friends S. Rajavel, Yogendrababu and Krishnamoorthi Rangasamy in 2017. The company is registered in Atlanta, US.

Ramachandran used to work with Zoho Corporation, a SaaS-based multinational company based in Chennai, where he headed its IoT-connected solution for 17 years.

Rajavel and Yogendrababu used to work with Ramachandran at Zoho while Rangasamy had about two decades experience in IT sales and support when Facilio was founded.

How It Is Done

Traditionally, building operations are managed by hardware solutions, while data is managed manually. There is no central way to spot faults in real time. This hinders a comprehensive view of building maintenance and ensures that facility managers do not receive the right data to solve problems, which impacts their efficiency and increases costs. Facilio says it digitally transforms this scenario. Its solution has four modules — for improving maintenance, enhancing sustainability, improving the asset and enhancing the user experience. It connects existing building automation systems with everyday work flow and provides insights and suggests actions. "We have automated systems and hardware (sensors, for instance) for optimising operations. Our system can be connected with existing systems to collect data from all assets. This data is transmitted to a centralised cloud storage where it is analysed. The results are available on a mobile app that the facility managers can access to take data-driven decisions," says Ramachandran. "For example, if an AC is not working because of filter blockage, our system will detect the problem and send a message to the technician and the operations manager and suggest solutions. This saves operational expenses and increases the life of the asset by 25 per cent," he says.

Bangalore-based coworking space operator IndiQube, which started using Facilio's solution a few months ago, says it has helped it reduce the time to resolution and manage operations more efficiently. "With more than 35 workspace infrastructure in major Indian cities, we were looking at ways to optimise maintenance. Facilio gave us a centralised platform to manage maintenance schedules and vendor workflows at multiple locations," says Deepak Dadhich, Vice President, Operations, IndiQube.

Facilio started operations with 17 employees. It now has 70 people working for it. It is backed by seed funding of $1.2 million from Accel Partners at a coworking space in Chennai and rolled out its first product in May 2018. The company has a 25,000 square feet office in Chennai and branches in Dubai and the US. It has 20 customers in Middle East, the US, Brazil and India and has helped manage around 35 million square feet of commercial real estate space. "We have 50 more customers in the pipeline and have done pilot projects in many large commercial establishments in the US and the Middle East," says Ramachandran. Last December, Facilio raised $6.4 million from Accel Partners and Tiger Global.

Since the solutions are SaaS-based, Facilio has a subscription-based revenue model. The customer can choose any module according to his need. The company earned revenues of $1 million in its one year of operations. Facilio plans to expand to Europe and APAC markets and double its revenue over the next 12 months. "The sector is least explored and has immense potential. The global facilities market facilities market is worth around $2 trillion. We aspire to create a billion dollar company in the next five years," says Ramachandran.

K.T.P. Radhika is a freelance journalist based in Chennai

KEY FACTS

FOUNDERS:
Prabhu Ramachandran, S. Rajavel, Yogendrababu, Krishnamoorthi Rangasamy

REVENUES:
$1 million

INVESTORS:
Accel Partners, Tiger Global

INCORPORATED:
2017

COOL QUOTIENT:
Intelligently manages facilities to bring down operational expenses

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Keeping It Small

Toffee Insurance has made it big by selling insurance for things like bicycles, backpacks and even gym injuries.

BY **APRAJITA SHARMA**

PHOTOGRAPH BY **SHEKHAR GHOSH**

MOST PEOPLE AVOID buying insurance as they don't want to deal with the complexities. Even if they do buy, it is largely for saving tax. Rohan Kumar and Nishant Jain, the co-founders of Toffee Insurance, observed the scale of the problem while working on online sales with client Apollo Munich. "We realised that insurance products were not only expensive but also irrelevant for a large number of people. Millennials are not that worried about cancer or heart attack. They would prefer insurance for dengue, malaria, typhoid or even food poisoning," says Kumar.

Why the name 'Toffee'? Kumar explains: "Toffee means small; so sachet-like insurance products. Sachet products

Toffee Insurance Co-Founders: Rohan Kumar (left) and Nishant Jain

KEY FACTS

FOUNDERS:
Rohan Kumar and Nishant Jain

REVENUES:
₹3 crore in 2018/19

INVESTORS:
Vivek Gujral and Harshal Shah; Kalaari Capital, Omidyar Network and Accion Venture Labs

FUNDING RAISED:
$1.5 million seed funding

INCORPORATED:
2017

COOL QUOTIENT:
Relevant, affordable insurance for millennials

have always worked in India. Besides, it's a fun, young and happy name that will resonate with even non-English speaking populace."

Kumar and Jain put together insurance products in healthcare and general insurance and launched Toffee Insurance in 2017. The insurance-tech start-up offers bite-sized covers for loss/damage to bicycles, backpacks, gym injuries, accident during daily commute, salary protection and even dengue and chikungunya. It is registered as an insurance intermediary, which means it creates products for insurers and sells to consumers via distributors.

The company has tied up with nine insurers: HDFC Ergo General Insurance, Apollo Munich Health Insurance, Religare Health Insurance, Tata AIG General Insurance, Future Generali Life Insurance, ICICI Pru Life Insurance, Chola MS, IndiaFirst Life Insurance, Bajaj Allianz General Insurance. It has tie-ups with 15-20 channel partners such as Wildcraft, Eko India Financial Services, Hero Cycles, Firefox Cycles and TI Cycles. "We liked how Toffee innovated, keeping customer needs at the centre. We are keen to offer risk solutions for other products as well if that creates value for everyone," says Jayraj Jadhav, Vice-President-Marketing and E-Business, Tata AIG, which provides the cover for bicycles.

Essence of the Business

The co-founders identified three layers of the business: accessibility, affordability and relevance. "For insurance to stay on top of your mind, it has to get attached to a point of sale mechanism," says Kumar. Affordability is key too. One can get cover for bicycle and backpack – two of their most popular products – for as low as 4-5 per cent of the product's cost. For instance, the annual premium for a ₹10,000 bicycle would be ₹400-500. Another focus area was speed – buying a policy from them on an average takes 90 seconds, and claims are processed the same day in most cases, say the co-founders. "Toffee can give conditional approval on the claim within a couple of hours after you upload relevant documents," says Kumar. Of the about 70,000 policies sold in 2018/19, the start-up received 600-700 claims, of which 99 per cent have been settled, they say.

Jeevanandam A., a Toffee customer sent in a claim when his bicycle was stolen within just two months of buying the cover. He received the whole amount. "I only had to provide an online copy of the police complaint and the claim approval happened the same day."

The start-up earns commission on each policy sold for insurers. It shares a part of the revenue with distributors. In 2018/19, its revenue was ₹3 crore, and the projected estimate for 2019/20 is ₹30 crore. They plan to expand their product offerings from 12 to 20 by next year. Products in the pipeline include credit insurance, customised travel insurance, gadget insurance and even cover for spectacles.

But the going can be tough as on-boarding channel partners is tricky, says Kumar. Also, a number of insure-tech start-ups, such as Acko, Digit Insurance and Symbo, offer similar products. Toffee has overcome some of the difficulties and is now active in 160-plus cities. "Sales are spread equally across Tier I, II and III cities," says Kumar.

The company raised funding in September 2017 through two early investors, Vivek Gujral and Harshal Shah, veterans in the insurance sector. The investors say they liked the synergy between the co-founders and their integrity. "They are not here to mint money and sell the venture thereafter. They're in the game for long-term," says Shah.

Kumar and Jain hope to go far: "If you can think of a risk, then we should have a Toffee Insurance for that." BT

@apri_sharma

Yulu Bikes

KEY FACTS

FOUNDERS:
Amit Gupta, R.K. Misra, Naveen Dachuri and Hemant Gupta

REVENUES:
₹2.91 lakh
2017/18*

INVESTORS:
Binny Bansal, Naveen Tewari, Blume Ventures, 3one4 Capitals, Joe Hirao and others

FUNDING RAISED:
$7 million

INCORPORATED:
2017

COOL QUOTIENT:
Provides bicycles and battery-operated two-wheelers

* MCA Data

(From left) Hemant Gupta, Naveen Dachuri and Amit Gupta

INDIA'S COOLEST START-UPs

On the Move

Bengaluru-based urban mobility start-up Yulu Bikes provides bicycles and battery-operated two-wheelers to solve first and last-mile connectivity issues.

By **RUKMINI RAO**

IMAGING BY **AJAY THAKURI**

PHOTOGRAPH BY LANTERN CAMERA

YULU'S JOURNEY started when Amit Gupta was about to turn 40. As a first-time entrepreneur in his 20s, he co-founded India's first unicorn start-up InMobi. But that just happened, he says. "There was no logic. I wanted to be an entrepreneur when I turned 20 and I thought I will retire when I turn 40." But retirement is far from his mind now. When he was searching for the next big idea, India's plentiful problems threw up many options, but traffic congestion and pollution was what drew him. "Irrespective of profession or financial status, we all take the same roads everyday and if hurts me, I'm reminded of the problem every day."

Amit thought a last-mile, short-distance, electric mobility solution could be an answer. When he began to think about this seriously in 2016, he first sounded off the other co-founders and board members of InMobi. After initial reluctance, they parted ways.

Then came building a new team. Amit turned to his friend and a senior from IIT Kanpur, R.K. Misra. To get a person with a strong understanding of data analysis and AI, he turned to his batchmate Naveen Dachuri. For operations, Amit turned to his childhood friend Hemant Gupta.

The company came into existence in August 2017. With seed funding and angel funding of around $7 million from Joe Hirao (Japan), 3one4 Capitals (India), Blume Ventures (India), Wavemaker (Singapore), Incubate Fund (Japan), Binny Bansal (Flipkart), Naveen Tewari (InMobi), Amit Ranjan (SlideShare), Girish Mathrubootham (Freshdesk), and Amit Singhal (Google), Yulu started its bicycle rental operations in Bengaluru in January 2018.

Mobility as a Service

Bengaluru was a natural choice given its traffic congestions. "Yulu's vision is to provide a shared, smart and sustainable urban micro-mobility solution, which is seamlessly integrated with public transport. The objective is to drastically reduce (vehicular) congestion and pollution, and improve economic productivity," says Misra, President, Ecosystem Partnerships, Yulu. The city already has two-wheeler mobility providers such as Rapido, Bounce and Vogo, but they have conventional petrol-run two-wheelers that they rent out. "We were very clear from the beginning that we will not get into scooters, because we believe that if we have to leapfrog , we need to do it with a mobility first approach, and with an ecosystem approach," says Amit. That's why the founders decided to go all electric.

At present, Yulu has two offerings: 'Move', which is a bicycle, and 'Miracle', a single-seater, battery-operated micro two-wheeler. Both operate on a time-rental model. While most electric vehicles come with a charging option, Yulu's 'Miracle' comes with swappable batteries that are docked at charging hubs where the company places portable charging stations. Using IoT technology to track battery strength, Yulu replaces the low-charge two-wheelers with charged ones from the nearest available charging station. This not only eliminates the time taken for charging but also the downtime of each vehicle. The company has created 'Yulu Zones' every 200 metres in high-density areas to ensure adequate availability and also track demand and supply.

Amit says that the cost of the asset is nearly half of a conventional petrol two-wheeler: ₹30,000 for a Miracle versus around ₹60,000 for a petrol two-wheeler. The service model approach ensures higher revenue productivity as return on investment per vehicle is higher.

In the pipeline is a chargeable version of Miracle, which the company plans to roll out this year on a lease model. In Bengaluru, Yulu has partnered with Uber and Bengaluru Metro Rail Corpn. for integration of end-to-end mobility.

"We experimented with over 25-odd vehicles from across the globe," says Amit. Realising the unique preferences of the Indian consumers, prevailing road conditions and maintenance costs, the team came up with the models they use. While the bicycles are manufactured in India, the company gets CKD (completely knocked down) units of the Miracle two-wheeler from Chinese suppliers to be assembled here. The company will shortly launch Magic, a half-peddling, half-battery operated vehicle, this year. With one million-plus users on the platform, Yulu is present in Pune, Mumbai and Bhubaneswar. It has a fleet of over 8,000 bicycles and 1,000-plus two-wheelers in Bengaluru, which is where they want to test the market thoroughly. They plan to expand to Delhi-NCR in 2019. BT

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The Rising Trend Of Men's Fashion Accessories

Although a saturated market exists in men's clothes, till recently, fine accessorizing details for men were given a miss. When founders Riddhi and Vishal Khetani set up 'The Tie Hub', their ambition was to bring to the Indian subcontinent, 'not the ordinary' men's fashion accessories at competitive rates. With a keen understanding of the modern fashion zeitgeist, they have curated a product catalogue of some of the finest and most in demand, men's fashion accessories.

With its edgy yet sophisticated, classic yet un-contemporary, glam yet underplayed product list; the brand has gone on to acquire acclaim not only with the common masses but also the A Listers of Bollywood! What keeps the shoppers coming back is their love for a brand that offers everything that one needs for boardroom meetings to weekend cocktails saving them frenzied shopping moments.

Redefining the meaning of 'affordable gifting,' The Tie Hub, is an ideal 'go-to-place' for fancy gifting options that don't cost you an arm and a leg! Keeping in mind the receivers choices, they can offer you the best solutions for your corporate gifting needs, specially curated birthday boxes or recommend gift ideas for similar significant celebrations. The options available are unconfined!

Style Tip #1 Combined with solid coloured blazer, paisely woolen pocket squares will make heads turn

Specially curated individual gift boxes make gift giving unique and exciting experience

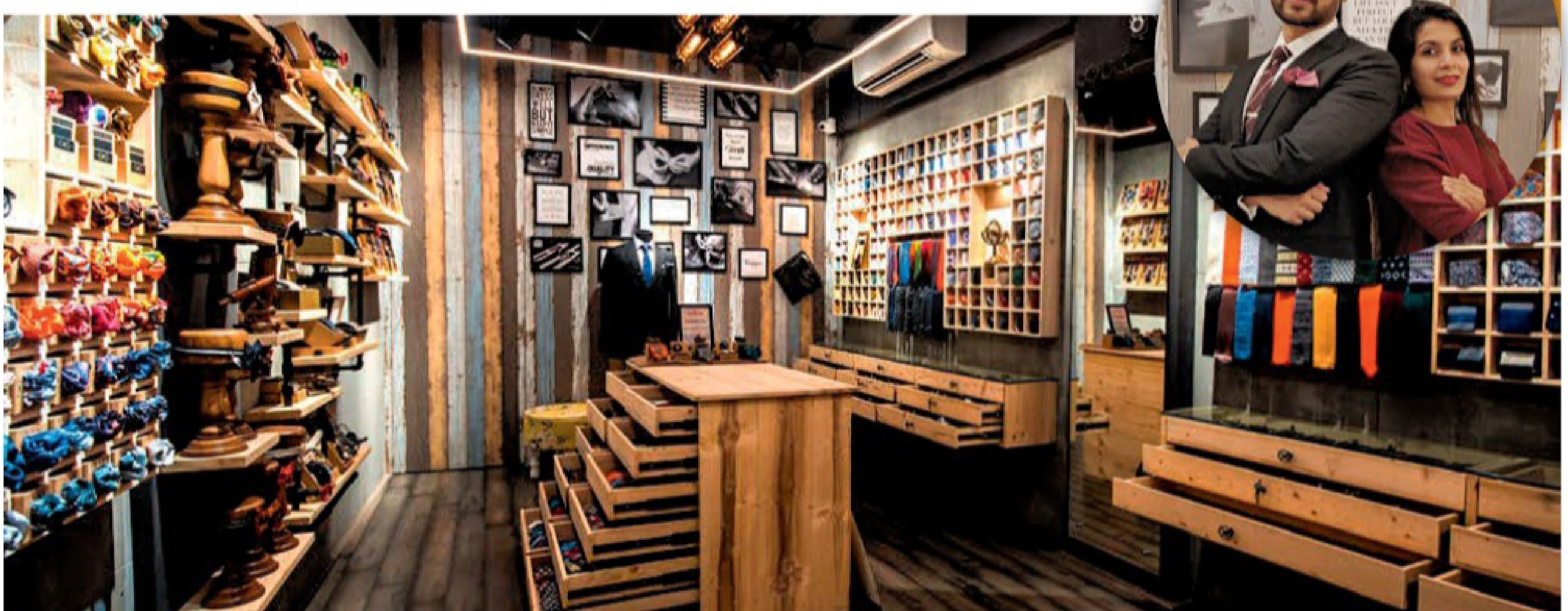
Style Tip #2 Floral ties can be fun & experimental, try something new & if you're comfortable with it why not tweak it some more?

Style Tip #3 Featuring gears, levers & jewels. Steampunk Watch Movement Cufflinks allow you to wear engineering at its finest.

The brand's fresh perspective on fashion, on-point design aesthetics, personalization and penchant for quality have been the cornerstones to success.

Today the brand not only has a popular online presence but also has plush retail stores in Mumbai and Ahmedabad.

The Tie Hub has touted men's accessories to be versatile, affordable and very much center stage. So why burn your pocket on a costly leather jacket or a suit when The Tie Hub accessories can do the trick for you ?



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Bon

PHOTOGRAPH BY ANIRUDHA KARMARKAR

Bonfleet Founder
Bhasker 'Bosky' Kode

Small, Smaller, Smallest

Bhasker 'Bosky' Kode's Bon focusses only on non-salaried borrowers, a segment that most fintech start-ups stay away from.

BY **APRAJITA SHARMA**

BHASKER 'BOSKY' KODE, Founder and CEO of fintech start-up Bon, would often strike up conversatios with drivers in cabs. These interactions made him realise the difficulty they face in paying for fuel, food and toll charges on the go. "Billions of dollars have gone into funding Ubers, Olas and Swiggys of the world but little attention has been paid to how this new workforce tackles its short-term financial challenges. Since they don't get payslips, traditional lenders find it difficult to underwrite this segment. This is the gap we are filling," says Kode, who founded Bon – registered as Bonfleet Solution – in May 2016. Kode has previously worked as a technology entrepreneur with multiple start-ups such as HelpShift, Spotzot, Verbs IM and TapToLearn.

Bon uses an app+credit card method to help drivers with cab-hailing companies, temporary contractors, freelancers and other gig-economy workers meet their recurring short-term working capital needs. Bon counts Uber and 20 independent fleet owners, food-delivery platform Swiggy and hyperlocal logistics start-up Dunzo among its users. Kode says they have expanded their customer base from drivers to delivery boys, and soon plan to start catering to white collar freelancers, home chefs, hawkers, vendors and fitness trainers.

The fintech start-up does not lend from its own books but through its two Maharashtra-based NBFC partners Kudos Finance and Aphelion Finance. Kode approached his first NBFC partner, Kudos Finance, on Linkedln. Pavitra Walvekar, Co-founder, Kudos Finance, says: "I could see they were addressing the real problem. They had the right tech and attitude to solve that problem."

The Pune-based start-up runs the KYC and other credit checks on behalf of the NBFCs. A weekly credit limit is assigned to the customer on a Bon card on the basis of parameters such as past 10 cycles of earnings, percentage of cash versus digital earnings, how long the customer has been on the platform and in the particular city and also the frequency and speed of him burning his credit limit.

Powered by MasterCard, customers can swipe the Bon card at any merchant outlet, but only for work-related expenses. "For drivers, these expenses could be fuel, phone recharge or toll charges, while freelancers may seek credit for marketing on Facebook and website management," explains Kode.

After a customer receives the Bon credit card, he receives a weekly notification of that week's credit limit. Once a transaction is made, they have 30 days to repay. Abdul Khader, a Bengaluru-based driver with Uber, used to get credit of ₹500 when he signed up with the Bon app nearly two years ago. He now receives ₹3,000 each Monday, which he pays back by Sunday. "They increase the credit limit if we maintain a good track record of paying back on time," he says.

Apart from the app, Bon also has 10 retail outlets across India. "Someone walking into the store can walk out with a credit card within five minutes," says Kode. Bon offers credit in the range of ₹500-5,000; the average weekly loan limit is ₹900.

In 2018/19, Bon disbursed loans worth over ₹17 crore, against ₹2.8 crore in 2017/18. The start-up has managed to limit its delinquencies at 1.2 per cent in 2018/19.

KEY FACTS

FOUNDER:
Bhasker Kode

REVENUES:
₹68 lakh
(2018/19)

INVESTORS:
Omidyar Network, Axilor Ventures and Better Capital's AngelList India Syndicate

FUNDING RAISED:
$1.08 million
seed funding

INCORPORATED:
May 2016

COOL QUOTIENT:
Making loans accessible to gig-economy workers

Standing Apart

While there are multiple fintech players catering to borrowers outside of the formal credit system, what sets Bon apart is that it focusses only on non-salaried borrowers, a segment that most fintech start-ups stay away from. Another unique feature is that Bon is a marketplace for loans – it conducts an auction where lenders can offer loans at the lowest interest rates. The winning bid funds the transaction. The process takes less than a second. The average interest rate is 18-24 per cent. "As we get more lenders on board, we can make it cheaper. The auction system will ensure consumers get the best price. Over time, they will get cheaper rates," says Kode.

Bon has three streams of revenues: ₹365 one-time sign-up fee, a small commission on loans disbursed, and commission based on interest rate. In 2018/19, the company earned ₹68 lakh against ₹12 lakh in 2017/18. It has raised $1.08 million (about ₹7.8 crore) so far in a seed round led by Silicon Valley-based impact investing firm Omidyar Network. Axilor Ventures and Better Capital's AngelList India Syndicate have also invested.

It currently has transactions worth ₹4 crore in a month, and expects this to touch ₹15 crore by April 2020. It targets over 100 lenders in the next two years. While the start-up is going strong, one of the challenges it faces is the ongoing NBFC crisis. "We did face the heat of the trend in December-January, but by March our conversations with lenders had started," says Kode. Walvekar of Kudos Finance adds that the lending velocity has slowed and interest rates have gone up "but liquidity is back for us although in smaller tranches."

Bon started operations with one desk inside an Uber office in Bengaluru. It now has offices in seven cities and services about 25,000 drivers. "Last year, we focussed on expanding our customer base. This year, our primary aim is to add more lenders," says Kode. He is hopeful that a positive portfolio performance and low delinquencies will help the start-up do that. BT

@apri_sharma

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To be successful in this rapidly transforming world of fast paced decisions, it is imperative that management and business graduates are equipped with not just theoretical knowledge, but also practical experiences. Lexicon Management Institute of Leadership and Excellence is home to more than 250 students who are aspiring to be corporate leaders and entrepreneurs. During their time at Lexicon Management Institute of Leadership and Excellence, they are taught by expert faculty members and are exposed to the theories, nuances, and the practicalities of the business world. To add to these learning experiences both inside and outside the classroom, Lexicon Management Institute of Leadership and Excellence is introducing a unique element in its pedagogy. From this year onwards, all the students will have the opportunity to ideate, innovate, and incubate new businesses and start-ups.

Lexicon Management Institute of Leadership and Excellence, will be launching a pioneering program for its students, which will aid them in thinking beyond the conventional ideas. Through an Innovation and Entrepreneurship Lab, students will be given pre-incubation guidance, workshops on ideation, mentoring for patent filing, opportunities for internships, and skill development to integrate innovation into entrepreneurship. For the youth of the 21st century, innovation is the foundation upon which success is driven. The market is seeking fresh and out-of-the-box ideas, which not only supply to consumers' demands, but also address various global issues such as sustainability and environmental conservation. These necessities of this generation call for novel ideas and business approaches. With an Innovation and Entrepreneurship Lab on campus, students can gain access to a plethora of resources, which will grant them the opportunity to learn outside the classrooms.

The Lexicon Group of Institutes has always taken pride in being a student-centric educational hub, where each student is nurtured to achieve his/her optimal growth. Keeping the students at the center of learning, the Lexicon pedagogy is uniquely designed to bring in myriad experiences that call for creativity, curiosity, communication and collaboration. At Lexicon Management Institute of Leadership and Excellence, each student attends various seminars, workshops, internships, expert guest lectures, and is pushed beyond their limits to achieve excellence. It is this rigour and all-rounded learning experience that has ensured that all our students are placed at some of the best companies in the world, receiving competitive salary packages. With the new introduction of this Innovation and Entrepreneurship Lab, we are certain that the students of Lexicon Management Institute of Leadership and Excellence will be the most coveted employees of international MNCs.

This year marks a decade of Lexicon Management Institute of Leadership and Excellence, and to celebrate this milestone, we have also launched the Global MBA program in association with the University of South Wales, UK. With this global exposure for our students, and the addition of this Innovation and Entrepreneurship Lab, Lexicon Management Institute of Leadership and Excellence, is bringing the very best resources for its students.

AT ITS CORE is water treatment, but the process is unique. Bengaluru-based start-up ECOSTP Technologies converts "bad water into good water using the cow stomach mechanism".

A large part of sewage water in India is untreated, so the solution lies in sewage treatment plants (STPs). But conventional STPs, says Tharun Kumar, one of the four co-founders of the company, "need power and that too, in most cases, thermal power". The start-up offers a 'Zero Power Zero Operator' option, based on how a cow's stomach functions. "A cow's stomach has four compartments which help it digest grass using anaerobic bacteria and convert it to milk. Similarly, we use four chambers and anaerobic bacteria to convert bad water into good water. You could call it biomimicry," says Kumar.

The prevailing wastewater treatments across the world are based on aerobic bacteria-based treatment, which are very power hungry. The start-up has arrived at a combination of intelligent deployment of anaerobic bacteria and wall structures of the treatment plant. "The first chamber, stage 1, is where all sewage lands and get settled at the bottom. From this chamber the water flows using gravity to the second chamber through a series of pipes. The second chamber has multiple minichambers. Third chamber has gravel filter. In the last chamber, water flows upwards, again using gravity." An anaerobic bacteria catalyst seed made from cow dung substrate is added (one-time addition) and the end result is that "sewage is converted into water, some gas, and very little sludge (digester)." The system does not need power as it uses gravitational force. "Water flows through Stage 1 chambers vertically and horizontally through pipes. Water flows vertically through

Clean Water, Green Water

Taking a cue from the digestive physiology of a cow, ECOSTP is treating sewage water and finding takers.

BY **E. KUMAR SHARMA**

Co-founders (clockwise): Tharun Kumar, Praseed K.K., Simar Kohli and E. Muralidharan

PHOTOGRAPH BY LANTERN CAMERA

Stage 2, through slow sand filters, and then horizontally through Stage 3 plant gravel filters." The water that is obtained is not potable but can be used for other purposes such as car washing, gardening and in toilets. "The water can be made potable but that will need more filtration, which would require use of motors," says Kumar.

Apart from Kumar, ECOSTP's other co-founders also have expertise in water management. E. Muralidharan, who was associated with NIH Georgia Tech, US, has expertise in bio-engineering. Simar Kohli is a hydro-sociologist, film-maker and educator and also founder of Lifetide – a collective for creating water abundance, creating films, publications and events on water, while mobilising citizen change agents. The founders look to her as a "water evangelist warrior." Praseed K.K. is the product and project head, having worked with product engineering, services and service delivery organisations.

Expansion Plan

In the very first year of being established in September 2017, the start-up signed up two clients and had a total revenue of around ₹12 lakh. In 2018/19, it has added 19 clients and posted revenues of ₹1.18 crore. Kumar says they hope to add 64 clients in 2019/20 and increase revenue to ₹3.5 crore.

While on a visit to Hyderabad to meet a client and to reach out to some prospective customers, Kumar tells *Business Today* that "our biggest competition is conventional aerobic bacteria (which need air and therefore use of motor) motor-based STPs, and with formidable players like Thermax and Ion Exchange. But the bulk of the competition is the hundreds of small players."

Another challenge comes from the process that ECOSTP follows. "We need double the space of conventional STPs." But, explains Kumar, their STPs are built in setback area or below the road, so no space is lost. "Our competitors need less space but the area is blocked and tends to be smelly and has noisy motors."

What about the revenue model? Kumar explains: "We have two options. One is to sell the complete 'end-to-end product' and another is to license the core technology. We adopted the latter keeping rapid scalability in mind. We sell the ECOSTP Kit. All that the customer needs to get done is add concrete (the civil works).

The ECOSTP product, says Kumar, has 20 per cent lower capital expenditure (such as cost of building the STP) and 93 per cent lower operational costs (since power, chemicals and operators are not needed). Their clients are mainly residential complexes and commercial buildings.

One of ECOSTP's customers is Gandhi Chowdhary, Managing Director of Sri Maruthi Builders and Developers, a Hyderabad-based apartment complex builder. He is currently setting up his fifth project – building 260 apartments spread across five blocks – and is installing an ECOSTP unit. "I learnt about them from one of my customers and when I saw the model, what impressed me was that there is no power consumption, and unlike the traditional STPs, we do not have to run motors. Even the operational costs are minimal as there is no maintenance staff needed and only once in two years or so the working needs to be reviewed at best, which ECOSTP can handle, if required." The plant at the apartment complex is under construction but Chowdhary is convinced of its efficacy, and wants to set up the same in all his other ventures. He, in fact, wants the ECOSTP team to make a presentation to the association of builders so that others can also learn about it.

More customers will give a boost to the start-up, which was "bootstrapped with a total of around ₹5 lakh invested by the founders," says Kumar.

While revenues matter, what the ECOSTP team seems more excited about is the pitch that they are able to make: water treatment with power saving. "We have so far treated 12,000 kilolitres of water but saved 20 MW power so far, and this is a moving number."

The company is now raising resources to fund future expansion and for this the founders are talking to various angel investors. BT

@EKumarSharma

KEY FACTS

CO-FOUNDERS:
Tharun Kumar, E. Muralidharan, Simar Kohli and Praseed K.K.

REVENUES:
₹1.18 crore in 2018/19

INVESTORS:
Bootstrapped so far

INCORPORATED:
2017

COOL QUOTIENT:
Water treatment system based on cow's stomach mechanism

Mother Knows Best

Varun and Ghazal Alagh of Mamaearth have gone from having six chemical-free products for small children to over 60 in just three years.

BY **GOUTAM DAS**

PHOTOGRAPH BY **SHEKHAR GHOSH**

SCROLL THROUGH the 260-plus customer reviews and about 86,845 ratings of Mamaearth's 'Easy Tummy Roll On for Digestion & Colic Relief with Hing & Fennel' on Amazon, and you would get a fair idea of what this newbie company is all about. Mamaearth is working on parental stress.

The roll-on is "an all natural essential oil solution" that can be used for stomach related issues in babies. This, and the start-up's other products, are free of toxins and thereby safer for babies – a whitespace that founders Varun and Ghazal Alagh saw when they started out in the winter of 2016.

The couple were looking for chem-

Mamaearth

"We realised it was possible to launch a reasonably priced (baby product) brand in India with the best ingredients"

Co-founders: Varun and Ghazal Alagh

ical-free products for their child, Agastya, but found only a few. A majority of the baby brands available had toxins such as parabens and phthalates, apart from fragrances, and mineral oil. "We started our research and realised that it was possible to launch a reasonably priced brand in India with the best of ingredients," says Ghazal.

In two-and-a-half years, Mamaearth has tread quite a bit. Initially, the firm launched six products for babies that included shampoo, body wash, lotion and mosquito repellents. Now, it has over 60 products and has diversified into things that new mothers can use post-pregnancy. A nipple butter (gives relief to sore skin due to breast feeding); epsom bath salt (for relief from back pain and swollen feet); under-eye cream; face mask to cure melasma. The start-up has sold over one million products to over 300,000 consumers across 150 cities, clocking gross revenues of ₹25 crore in 2018/19. It plans to grow four times in 2019/20 to ₹100 crore.

Change of Pace

The fast-paced growth underlines changing times, both in terms of consumers and distribution. The urban, millennial consumer bothers about health and is ready to pay a premium for natural products. Some of Mamaearth's products can cost ₹700 and are 15-20 per cent costlier than similar products that competition sells. Moreover, there is new infrastructure available such as e-commerce platforms and many more supermarkets than a decade ago. There are enough third-party logistics providers too. Newer consumer engagement platforms are making marketing easier — mom bloggers, for instance, form an effective community to influence sales.

"If I had the same start-up 10 years back, we would probably have been just in Gurgaon and Delhi doing modern trade stores. Digital has solved all these problems," says Varun. The start-up, he says, is not just a Fast Moving Consumer Goods (FMCG) company; it is an "Atomically Fast Moving Consumer Goods" (AFMCG) company.

Mamaearth started off selling only online – through its website, on Amazon, Flipkart, FirstCry and Nykaa. Now it pursues a blended model with a fair sprinkling of offline stores. "The biggest problem in brick and mortar is discovery – you are in a 5,000-SKU store. That is the biggest pinpoint of a start-up. The journey has become easier because offline wants us. We are in 500-odd stores," says Varun.

The time required to build a consumer brand today is shrinking. So is the amount of capital required. Mamaearth, thus far, has raised only $4 million in Series A funding from Stellaris Ventures and Fireside Ventures. Marico's Rishabh Mariwala, who manages Sharrp Ventures, and Snapdeal founders Kunal Bahl and Rohit Bansal are also investors.

Kanwaljit Singh, founder of Fireside Ventures, cites a combination of factors that attracted him to the start-up. "I thought Varun was a very high quality entrepreneur. The clarity of his thinking and conceptualising is good. Ghazal brought in a complimentary skill in terms of understanding of content, and the connect with moms," he says. Ghazal used to be a corporate trainer and had a start-up that offered customised diet plans to consumers. Varun is from the FMCG industry, having worked with Coca-Cola, Diagio and Hindustan Unilever.

Singh feels the kids space is becoming interesting for investments; Fireside has done multiple deals in this sector. He also liked Mamaearth's approach. "Products based on safety and quality make sense. There aren't too many players. And Mamaearth has a wider range of products," he says.

Mamaearth competes with large players such as J&J, Himalaya and Sebamed. Nevertheless, the founders appear confident that consumers will learn about their products and the benefits they offer. And like most start-ups, the founders rapidly innovate to stay relevant. BT

@goutam20

KEY FACTS

FOUNDERS:
Varun and Ghazal Alagh

REVENUES:
₹25 crore in 2018/19

INVESTORS:
Stellaris Ventures, Fireside Ventures, Rishabh Mariwala, Kunal Bahl and Rohit Bansal

FUNDING RAISED:
$4 million in Series A

INCORPORATED:
December 2016

COOL QUOTIENT:
Chemical-free products for mother and child

Checkpoint

MyGate's easy-to-use app gives gated colonies a way to keep track of entries and exits, improving security.

BY **RUKMINI RAO**

C**IVILIAN LIFE** gave Vijay Arisetty, CEO of MyGate, his start-up idea. After a medical condition forced Arisetty to leave the Indian Air Force – where he was a helicopter pilot and had even won a Shaurya Chakra in 2004, when he rescued over 300 tsunami victims in Andaman and Nicobar Islands – he worked with Goldman Sachs before becoming an entrepreneur.

When Arisetty started living in a high-rise block in Bengaluru, he observed that many strangers came to people's houses for home deliveries and that many households had high dependency on house helps. Neither the residents nor the security guards at the building had any real-time knowledge of visitors' whereabouts. With rising gated communities, booming e-commerce and hyper-local delivery services, and an increased floating population in Bengaluru, Arisetty spotted an opportunity and shared the idea with his friend Abhishek Kumar. The two approached their friends Shreyans Daga and Vivaik Bharadwaaj, an Internet security expert. They got together to set up MyGate.

"We found a sweet spot: security. People like to feel safe. In India, most sectors had gone through technology change, but a need as basic as security was yet to see this. That's how we built MyGate," says Arisetty.

Business Today got a taste of what they offer at the start-up's office. The security guard at the front office logged in the author's mobile phone number on the MyGate app on a mobile device (MyGate provides this; it only has this app and no other capability), and received a go-ahead on the same app. Arisetty explained that the product was essentially built for a security guard, and its success depends on them being able

Co-founders:
Vijay Arisetty (right)
and Abhishek Kumar

PHOTOGRAPH BY LANTERN CAMERA

MyGate

KEY FACTS

CO-FOUNDERS:
Vijay Arisetty, Abhishek Kumar, Shreyans Daga and Vivaik Bharadwaaj

REVENUES:
₹2.02 crore (2017/18)*

INVESTORS:
Prime Venture Partners

FUNDING RAISED:
$11.5 million

INCORPORATED:
2016

COOL QUOTIENT:
SaaS-based security management app that makes apartments and gated communities more secure

* MCA Data

With security being a 24x7 job, MyGate has a team of 500. Of these, 200 work on operations and 70 work on technology

to use it with ease. Arisetty and Abhishek Kumar, the company's COO, spent the early days of product research standing at apartment gates with security guards to understand the do's and don'ts. What they noticed was that the guards had to face a deluge of delivery boys and get confirmations from residents for their entry, coupled with very frequent queries from residents on the intercom seeking updates on whereabouts of their house help. "We have built our application system around just the digits 0-9. We have kept it simple. We have also built a platform in the app for residents to get real-time updates on entry and exit of visitors to their flat. They can also make calls from the app," says Arisetty.

Work on MyGate started around October 2015; by mid-2016, the product was ready. The obvious choice for the first user case was the gated community where Arisetty stayed. As the next step, MyGate gave 10-20 communities in Bellandur and Whitefield free trials. Feedback was encouraging. Word-of-mouth from early users led to the company finding its investors.

Sanjay Swamy, Managing Partner, Prime Venture Partners, recalls: "The first time (about two years ago) I experienced MyGate at a colleague's house, I felt they had the potential to improve everyone's life in gated communities." The VC met MyGate's founders soon. "In just one meeting, it was obvious that Vijay, Shreyans and Abhishek (Vivaik Bharadwaaj plays an advisory role) had thought through the nuances of how the journey to build a large, iconic company would play out for them and had the zeal and energy to build it patiently," says Swamy. In just five days from presentation to signing term sheets, Prime invested $2.5 million, and later another $9 million.

Keeping an Eye on Things

MyGate creates profiles of daily visitors. "We digitised documents and made profiles of nannies, cooks, maids and drivers, and provided IDs to employees of the gated community." This made logging in easier and ensured an alert could be sent to the resident concerned. One of the users, who is a resident and a welfare committee in-charge at a high-end luxury housing complex in Bellandur, says earlier they were not sure of the visitor traffic and their movement within the complex. The app has solved this problem to a large extent. "Digital attendance has improved attendance compliance of the housekeeping staff, and we can cross-verify this with the vendor who provides for these services when they bill," he adds.

The other pain point that the MyGate app removes is the end point of delivery services. "When we started the company, on an average, a household would get an e-commerce delivery person once every alternate day; today, it's 1.2 deliveries per house per day," says Arisetty. Making the delivery process easier was the next step. The company partnered with the likes of Swiggy, Zomato, Dunzo, Fresh Menu, Dominos and others. Now, pre-screened information about the scheduled delivery and delivery person is sent to the device at the gated community gate. The resident is also made aware of the details of the person delivering the goods. "The ecosystem needs confidence about dealing with the right people. Brands want that and users also want that," says Arisetty.

With security being a 24x7 job, MyGate has a team of 500. Of these, 200 work on operations and 70 on technology. From monitoring devices used by security guards to pre-emptive maintenance of mobile networks, Arisetty says choosing to operate under a subscription model over product licensing has ensured higher credibility with customers. He says the company is profitable at the unit level where the cost is taken care of.

Apartment complexes and gated communities are largely concentrated in metro cities, and there are other companies such as ADDA Security, ApnaComplex and Bizlo that offer similar app-based apartment management solutions. But Arisetty feels that MyGate's edge lies in better pricing and back-end management, and partnerships with e-commerce players.

At present, MyGate is present in seven cities, including Hyderabad, Pune, Delhi and Mumbai, and its teams are working in Chennai, Ahmedabad and Kolkata. It covers over 2,500 gated communities. It has about 500,000 users, and harbours an ambition to reach one million users by the end of 2019, and four million by the end of 2020. BT

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INDIA'S COOLEST START-UPs

Exploring New Worlds

Scapic's Web browser helps even non-techies create AR/VR content.

BY **RUKMINI RAO**

PHOTOGRAPH BY LANTERN CAMERA

IT WAS DURING LATE 2016 that Sai Krishna V.K. and Ajay P.V., old neighbours and family friends from Chennai, reconnected over their common interest in augmented reality (AR) and virtual reality (VR). Small chats turned into a big idea, eventually resulting in them setting up Scapic, a cloud computing platform based on Software-as-a-Service (SaaS). The aim is to make augmented and virtual reality experience compatible across platforms and allow its use through a Web browser.

Sai is a Stanford graduate and a serial entrepreneur with two start-ups under his belt – Aeriem (education tech) and Su-

(From left) Sai Krishna V.K., Akash Kuttappa and Ajay P.V.

pertext (AI assistant). Ajay is an engineer with experience in Internet of Things. He was a member of the development team of AR/VR start-up Gridraster. "When we reconnected, we started talking about AR and VR, the usual rants about the space, why people are not using it enough...," says Ajay. With his experience in popular game engines like Unreal and Unity at Gridraster and Sai's aspiration to make such content creation possible for those who have no knowledge of game engines, coding or development, an idea was born to build a simple platform for AR/VR experience.

Completely bootstrapped in the beginning, the early prototype of Scapic AR/VR editor started taking shape in 2017 with Sai, Ajay and Akash Kuttappa, the current head of products, working out of a co-working space in Bengaluru. "Since it was a co-working space, the watchman wanted us to leave by 9.30 pm so he could lock. We had to convince him that we needed to work all night. We would sleep on the floors," recalls Ajay. Research into the existing AR/VR landscape and adoption problems gave them clarity on what the start-up would do and its commercial viability. Ajay says that though AR/VR is the next spectrum of computing, adoption is low as it is difficult to create content. "Think of website creation 10 years ago. HTML, CSS, Java, PHP (Hypertext Preprocessor) servers, hosting data bases... too much technical complexity was involved. Today, you can go to WordPress, Wix or Squarespace and set up a website without knowing any of these technologies or coding," says Ajay. Scapic enables content creation in AR/VR by anyone.

The other problem was compatibility. Today, to experience most AR/VR content, one has to download apps, which are not inter-platform compatible. Take, for example, Samsung VR, Windows Mixed Reality, HTC Vive, Oculus Rift, and even two of Google's platforms, Cardboard and Daydream, which are not compatible with each other, says Ajay. Taking the Web browser route was Scapic's answer to this problem.

Multi-dimensional

Scapic allows user to create AR/VR, 360-degree, three dimensional, mixed reality content, all bundled under extended reality (XR) on the browser without the hassles of coding. Using browser-based drag and drop tools, and adding elements, users can create content with the output being a Web link that existing browsers like Chrome and Mozilla can render. So, there is no need to have a specific app. "The fact that it is on the browser makes it naturally cross-compatible. We work with Google's Chrome team and Mozilla's Firefox to build on top of the open APIs (application programming interfaces) to work on all devices that can support a browser," says Ajay .

Scapic's beta version of the product was ready by September 2017, and with that in hand, the co-founders hit the market to raise funds. With clarity on product, target customers and a few paid clients for whom the start-up had built customised solutions, they closed their seed round of funding with Axilor Ventures and Speciale Invest ($500,000) in December of the same year. The investment was largely used to build a commercial version.

Asutosh Upadhyay, Head of Programs, Axilor, says that with immersive technologies poised to transform entertainment and influence multiple domains, Scapic empowers AR/VR creation in a lucid manner, for non-developers and creatives. "With a differentiated play on WebVR, Scapic is a frontrunner in the space and set for a global play," he says.

Scapic's first customer was a real estate player in Bengaluru who wanted to showcase its construction at a real estate conference in Italy. Scapic built a VR experience, which was shown with Google Cardboard. For Airbus, they are creating a simulation platform to be used by technicians. They also built an AR experience for Sony's Kapil Sharma show. Around 1 million users experienced it on their app; one could 'bring' the comedian-host home and click selfies. The start-up has also worked on marketing campaigns of movies such as *Andhadhun* and *Bumblebee*. Hotstar, too, has recently roped in the company. In e-commerce, it provides AR experience to Flipkart, Myntra and Celio. The company also has enterprise clients such as Wipro and Accenture.

Scapic is currently working on a licensing model with enterprise customers; the DIY version is currently free. Once the number of templates on their platform increases, the start-up plans to tweak the DIY version into a 'freemium' or a pay-per-use model.

Globally, Scapic competes with Amazon's Sumerian, Vizor and Mirra. According a report by Zion Market Research, the global AR/VR market was valued around $26.7 billion in 2018 and is expected to reach $815 billion by 2025, a compounded annual growth rate of over 63 per cent.

Ajay says that a strong foundation of inclusive AR and VR experience has already been laid by apps like Instagram and Snapchat with their filters. With both Android and iOS enabling the core AR/VR technology on their devices, he feels that the market is too big for any one player to dominate. The next leg of evolution in AR/VR would be mass adoption wearable devices. BT

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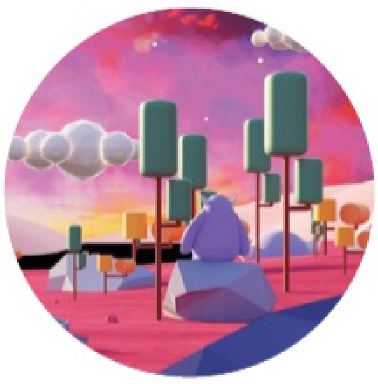


KEY FACTS

CO-FOUNDERS:
Sai Krishna V.K., Ajay P.V.

REVENUES:
₹41.78 lakh (2017/18)*

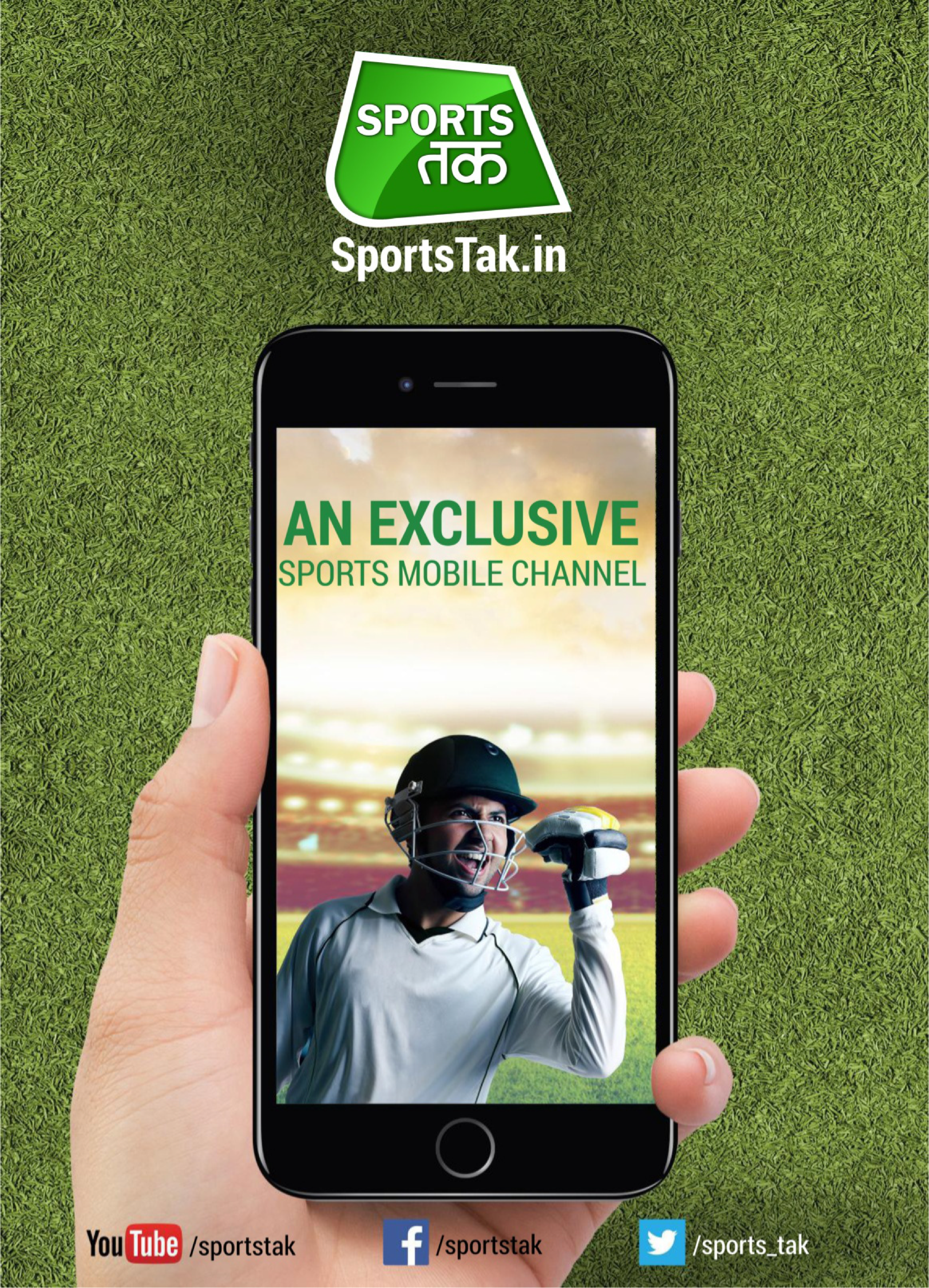
INVESTORS:
Axilor Ventures, Speciale Invest, Newfort Capital

FUNDING RAISED:
$500,000

INCORPORATED:
OCTOBER 2016

COOL QUOTIENT:
SaaS-based cloud computing platform makes augmented and virtual reality experience compatible across platforms

* MCA Data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INDIA'S COOLEST START-UPs

EVERY DROP MATTERS

WEGoT's VenAqua tracks water usage and helps reduce consumption

BY **K.T.P. RADHIKA**

PHOTOGRAPH BY AR SUMANTH

LAST YEAR, Cape Town, South Africa, ran out of water. It was on the verge of reaching Day Zero, a complete shutdown of municipal water supply. Fortunately, that didn't happen as the city managed to impose severe restrictions on water supply and use. Water experts say many cities across the globe are going the Cape Town way.

India is no exception. Delhi, Bengaluru, Chennai and Hyderabad are among the 21 cities that will run out of groundwater by 2020, affecting at least 100 million people, according to a NITI Aayog report. Water conservation and management are an urgent need, and that's where Chennai-based start-up WEGoT Utility Solutions wants to make an impact – by helping manage water infrastructure of building complexes and reducing water use by 50 per cent.

Co-founders (from left): Vijay Krishna, Mohamed Mohideen, Abilash Haridass, Sundeep Donthamshetty

Founded in 2015 by four engineers – Vijay Krishna, Mohamed Mohideen, Abilash Haridass and Sundeep Donthamshetty – WEGoT has developed VenAqua, a sensor-based Internet of Things (IoT) device and a software platform that can be connected to water inlet pipes. "Growing up in Chennai, which is known for acute water shortages, we wanted to contribute to help the city solve its water shortage. We understood that IoT will be the saviour," says Haridass, Chief Marketing Officer of the start-up.

Before setting up WEGoT, in 2007, Krishna and Mohideen had founded an electronics original design manufacturing company Denvik Technology. Donthamshetty used to work as a programme manager at Ford Motor Company, while Haridass worked with Cisco. Krishna is the CEO and looks after the product, Mohamed handles operations, Haridass is responsible for

“VenAqua tracks usage of every apartment and bills each resident according to individual usage. So, people who use less water, pay less”

marketing, and Donthamshetty heads the IT division.

“Traditional water meters are from mechanical companies and are turbine-based solutions that cannot detect air passing through pipes and drop leakages. We are trying to solve this using technology,” explains Haridass. At present, the company is targeting residential apartments and commercial buildings such as IT parks. VenAqua’s water management system checks instances of water theft and inlet water quality.

Sensors installed in individual apartments track water usage and gives daily reports. They also detect leakages, abnormal water usage and inefficient water infrastructure, and informs users and facility managers in real-time. Once a notification is raised, the user can arrange it to be fixed. The software tracks usage patterns, which helps the building owners know the water required to be stored in tanks.

VenAqua also helps generate usage-based water bills. “At present, most building complexes have flat charges for water. VenAqua tracks usage of every apartment and bills each resident accordingly. So, people who use less water, pay less,” says Krishna.

In many buildings, a lot of water gets wasted due to broken toilet flushes, which go unnoticed. If this happens, in just eight hours, more than 1,500 litres of water is wasted. To prevent such situations, VenAqua sends instant messages to the user if, say, a tap is on for more than a few minutes. “This not only saves a huge amount of water but also also encourages less usage,” says Krishna.

Appaswamy Cityside, a residential complex in Chennai, has benefitted from VenAqua’s system. “We have 136 families in our apartment complex. Three years back we installed VenAqua to track our water usage and reduce consumption. Now we are able to conserve a lot of water, stop all leakages and our usage has dropped almost 50 per cent (from 2.8 million litres per month to 1.6 million litres in three years),” says Kamal Nizar, former secretary of the apartment block.

KEY FACTS

REVENUES:
₹8 crore (2018/19)

INVESTORS:
Bootstrapped

FOUNDERS:
Vijay Krishna, Mohamed Mohideen, Abilash Haridass, Sundeep Donthamshetty

INCORPORATED:
2015

COOL QUOTIENT:
Tracks daily water usage and helps reduce consumption using IoT

Strong Flow

The question is whether the system is flexible. “Our solution is compatible with existing plumbing methods and can also be customised,” says Krishna. The company has two sales models: in the capital model, the user buys the entire solution (around ₹6,000 per water inlet), and in the subscription model, the company deploys the solution and users pay a monthly fee of ₹150 apart from installation charges.

VenAqua has clients in seven southern cities and has installed its solution in 75 buildings. The initial investment was bootstrapped as all four co-founders invested ₹25 lakh each. The company is looking for fresh funds and is set to close a funding of $2 million. Last year, it reported a revenue of ₹8 crore and expects to clock ₹18 crore by the end of this year. It is also expanding to Delhi, Mumbai, Ahmedabad, Pune and Kolkata this year, and exploring the possibility of entering West Asian countries. “Water conservation will be a major issue in coming years and we have an immense growth opportunity,” Krishna signs off. BT

K.T.P. Radhika is a freelance journalist based in Chennai

INDIA'S COOLEST START-UPs

Finding the Stars

An eminent jury selects start-ups that promise to make a difference.

PHOTOGRAPH BY LANTERN CAMERA

Jury members (from left): Ganesh Prasad, Partner, Khaitan & Co; Ganapathy Venugopal, Co-founder and CEO, Axilor Ventures; Bharati Jacob, Founder-Partner, Seedfund; and Kanwaljit Singh, Founder and Managing Partner, Fireside Ventures

IT'S BEEN WELL OVER a decade since *Business Today* started identifying start-ups that have the most potential. Over the years, the list of such start-ups that grew up to become big brands has become longer. Some such as Flipkart, OYO Rooms and Hike messenger have become unicorns. This time around, 134 start-ups filed nominations. They were divided into two categories based on when they were set up – those 0-2-years-old and those that were 2-4-years-old. After vetting by *BT*'s senior editorial team, the list was down to 62 applicants. Of these, 25 were in first category and 37 in the older category. The jury, however, was provided with a docket that included all applicants. The jury looked at scale and originality of ideas, among other things, before identifying the winners.

The jury members were: Bharati Jacob, Founder-Partner, Seedfund; Ganapathy Venugopal, Co-founder and CEO, Axilor Ventures; Ganesh Prasad, Partner, Khaitan & Co; and Kanwaljit Singh, Founder and Managing Partner, Fireside Ventures. In a discussion that lasted a little over two hours, the eminent jury identified 12 winners – six from the 0-2 years category, five from the 2-4 years category, and one was a social start-up, a new category introduced this year.

The group was diverse but many had focussed on infrastructure issues: a sewer-cleaning robot, an AC-based air purifier, a security system for gated communities, and a water usage tracker. BT

BIG BATTLE OVER SMALL SUVs

COMPACT SUVs ARE AN OUTLIER IN A SLUGGISH PASSENGER VEHICLE MARKET IN INDIA. WITH EVERYBODY ASPIRING FOR A PIECE OF ACTION, COMPETITION IS SET TO RATCHET UP.

By **SUMANT BANERJI**

Illustration by **NILANJAN DAS**

EXPANDING MARKET

Compact SUV sales

A FEW HOURS after the national launch of the Maruti Swift in May 2005, a clutch of top executives from Suzuki Motor Corp. and its Indian subsidiary Maruti were in a huddle in the business centre of hotel Maurya Sheraton (now ITC Maurya) in central Delhi. Such meetings are routine; held to analyse the initial feedback after the launch of any car. As its first offering in the nascent premium hatchback category in India, Swift was an important product for Maruti.

During the meeting, Mayank Pareek, who was then the head of sales and marketing at Maruti, suggested that the team of engineers from Japan look into the possibility of developing a compact SUV based on the Swift. The suggestion was unanimously rejected, even scoffed at. The engineers contended that making a sports utility vehicle (SUV) on such a small car was not possible. Pareek argued there would be strong demand from consumers for such a vehicle but the engineering team was unconvinced.

More than a decade later, Maruti would launch the Vitara Brezza compact SUV based on the Swift, which in its first year itself would become the best selling SUV in the country. It also propelled Maruti to the leadership position in the utility vehicle category, an area where the company used to be weak till a few years back.

The craze for compact SUVs – loosely defined as vehicles that like small cars measure no longer than 4 metres but have a higher stance and better road presence – shows no signs of abating. At a time when the domestic automobile industry is in the midst of its worst slowdown in almost half a decade – sales have declined for seven straight months – this segment is an outlier. In the last six years, sale of compact SUVs has grown by an average 84 per cent every year, against just 2.75 per cent for passenger cars in general and 10 per cent for overall utility vehicle segment in the country. In 2012/13, the segment accounted for just 16,000 units, but in 2018/19, over 350,000 compact SUVs were sold.

Compact SUVs has led the SUV growth story in the country with its share in the overall utility vehicle sales going up from just 13 per cent in 2013 to almost 48 per cent in 2018. By 2020, sales are expected to top 500,000 units a year, which will mean that more than half (52 per cent) of the SUVs sold in the country would be compact SUVs. In hindsight, the IIM-Ahmedabad alumni Pareek, who today steers the ship at Tata Motors, saw this coming.

"As a marketing person, our job is to predict the behaviour of consumers and it was clear that this segment was just waiting to happen," Pareek says. "Compact SUVs are priced competitively, offer differentiated styling with upright stance, bold muscular lines and a good riding position which gives the feel of an SUV. Almost 1.3 million hatchbacks are sold every year. When these consumers come back looking for an upgrade, majority of them will go for a compact SUV. This trend will continue for some time," he says.

Purple Patch

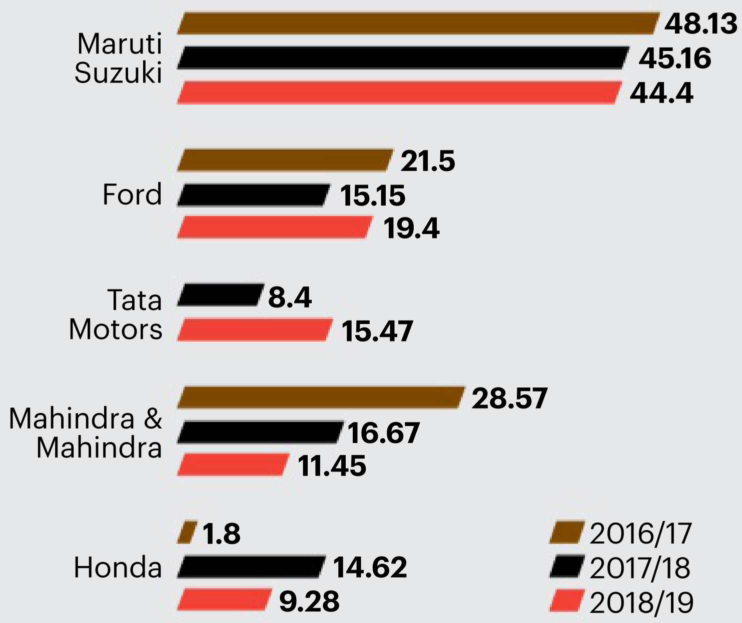
The strong growth of SUVs in India is actually a trend that is shared by many countries around the world - developed as well as developing. One of the first movers in this category in India, American carmaker Ford, already had a proven bestseller in the EcoSport that was originally designed and developed for its Latin American markets. This enabled the company to adapt and launch it in India ahead of others. EcoSport remains its best-selling nameplate in the country.

"In South East Asia, West Asia, Africa, Latin America and even Europe, the preference of customers is shifting towards SUVs, and this trend will continue," says Shashank Srivastava, Executive director-Marketing and Sales, Maruti Suzuki India. "Just like in India, almost everywhere the growth of SUVs is much faster than the overall industry."

Like the Brezza for Maruti and EcoSport for Ford, manufacturers have benefited tremendously by having a compact SUV in their portfolio. For the Tatas, the Nexon has played a big role in their turnaround in India. Sales of the car nearly doubled in fiscal 2019.

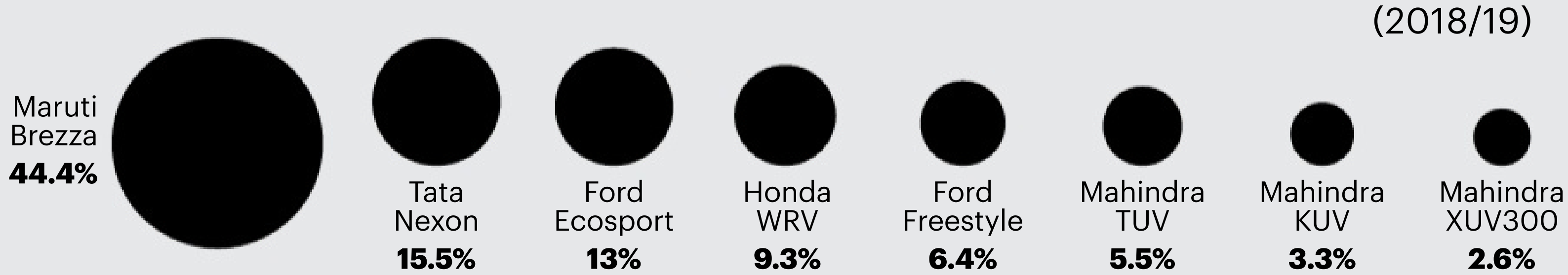
"Nexon is an important milestone in our journey and

COMPANY-WISE MARKET SHARE (%)



BRAND-WISE MARKET SHARE

(2018/19)



Source: Companies

played a big role in our turnaround. It has brought a lot of new customers to us," says Pareek. "More importantly, it changed the perception of the brand and got people talking. While transactions happen in a showroom, cars are actually sold on the dining table. So if we want to sell, we have to enter the conversation at the dining table. For us that was enabled by the Nexon," he says.

Strong sales in this segment also help manufacturers improve profitability. Unlike most other segments where companies have been unable to increase prices, in their relatively short lifespan so far compact SUVs have actually become more expensive. Yet the market's appetite hasn't waned. For example, at its launch in 2013 the EcoSport was priced ₹5.6-9 lakh. Today, it costs ₹7.69-11.33 lakh.

"SUVs have helped increase the average price of a car for OEMs which in turn has helped their overall profitability," says Puneet Gupta, Associate Director at IHS Markit, a research and consultancy firm. "The average price of a car till five years back was under ₹5 lakh. Today, it is around ₹6.75 lakh. If the average price of the industry is more, it means more margins for the manufacturers."

Some of the growth for these SUVs has come at the cost of other segments like compact sedans and premium hatchbacks. Bracketed with cars like Maruti Dzire, Honda Amaze and Tata Tigor (sedans) on the one side and Hyundai Elite i20, Maruti Baleno, Honda Jazz and Volkswagen Polo (premium hatchbacks) on the other, with prices in the range of ₹6-11 lakh, compact SUVs have ended up cannibalising sales of their counterparts.

The launch of the Honda WR-V, for example, in March 2017 resulted in a decline in sales of the Honda Jazz, the premium hatchback on which it is based. In 2017/18, Jazz's sales declined by more than 15 per cent and a further 45 per cent in 2018/19. "The hatchback segment will reduce in market-share in the next 5-6 years. Primarily the loss there will be captured by SUVs," says Gupta of IHS.

With its distinctive design, compact SUVs typically cater to a younger crop of customers that is more aspirational. It is either an additional car or an upgrade from an entry level small car for most buyers. "The number of consumers for whom Brezza is an additional car in the household is very high. This is different from the hatchback or the compact sedan segments where the first time car buyers are substantial," says Srivastava of Maruti.

New Kids On the Block

The market place is getting crowded and more competitive. Initial response to Mahindra's latest offering XUV3OO has been encouraging with more than 26,000 bookings so far. It is by far the best response to a Mahindra product since the

XUV500 in September 2011. Feedback for the Hyundai Venue, which was launched May, has been even better with 33,000 orders placed.

Between the two, experts see the Venue as the potential game changer. Hyundai has earlier struck gold with its mid size SUV Creta three years ago, and together with the Venue, the Korean car maker is targeting market leadership position in SUVs.

"With the Venue giving us a foothold (in compact SUVs), we are trying for market leadership," says S.S. Kim, Managing Director and CEO, Hyundai Motor India. "We have seen this craze for SUVs in many markets around the world so that's clearly the direction for Hyundai. In India also, we expect very strong and continuous demand for SUVs."

Incumbents are feeling the heat. Discounts have gradually increased in the last few months, especially for diesel variants. Companies are also bringing out limited edition versions to add features to the cars in a bid to keep them fresh.

"This is the first time Hyundai has done this kind of aggressive pricing. All existing players, Ford, Maruti, Tata... everybody will be affected," says Anil Sharma, Associate Director at MarketsandMarkets, a Pune-based market research firm.

The Venue may also herald a price war in the segment. On June 4, Ford updated its EcoSport line-up with a new Thunder variant that comes with additional features like bigger touchscreen infotainment system and sun roof. It also reduced prices of some of the existing variants by ₹8,000 to ₹62,000.

"There is definitely room for automakers to play on pricing. The platforms on which these cars are based are shared with small cars and compact sedans and are depreciated which makes them high-margin products. So there is scope for reducing price and taking a hit on margins as a temporary measure," says Sharma.

Almost 1.3 million hatchbacks are sold every year. When these consumers come back into the market looking for an upgrade, the majority of them will go for a compact SUV.

MAYANK PAREEK,
President, Passenger Vehicle Business Unit, Tata Motors

The preference of customers worldwide is shifting towards SUVs and this trend will continue. Just like in India, almost everywhere, the growth of SUVs is much faster than the overall industry.

SHASHANK SRIVASTAVA,
Executive Director, Marketing and Sales, Maruti Suzuki

Diesel Dilemma

The onset of more stringent BS VI emission norms from April 2020 will add another layer of complexity. Market leader Maruti Suzuki has already said it will discontinue diesel engines with capacity less than 1.5 litre, as the compliance cost will be too high. Brezza, the largest selling diesel vehicle in India, is currently offered only with a 1.3 litre-diesel engine. While Maruti is working on a petrol engine for it, it is still not clear whether the new 1.5 litre diesel engine on the car will be offered. "We will continue to monitor consumer reaction and adapt accordingly so that our product stays relevant," says Srivastava. "I cannot tell you about our plans (with Brezza) but if the consumer wants it (diesel), we will offer it."

Others like Hyundai, Ford and Honda have said they will continue to offer diesel versions even in the BS VI regime but prices would go up significantly, by up to ₹1 lakh. Typically, the preference for diesel is higher among SUV buyers but for the price sensitive compact SUV segment it may not make that much sense in the future. There is no consensus on the relevance of the fuel for this category.

"After BS VI norms kick in next year, there will be a decline in sale of such versions in compact SUVs but there will be a sizeable number of buyers who will still want a diesel here," says Gupta of HIS Markit. "It is a segment where consumers drive more — maybe because it is the second car in the house or that they are more affluent. Even if the share comes down it will still be more than the industry average. So if in hatchback or sedan segments the share comes down to 13-15 per cent, in compact SUVs it will still be about 25 per cent."

Not everybody agrees. The surge in sale of diesel cars in India was led by the high differential cost with petrol that peaked at ₹32.27 per litre in May 2012. Today it has come down to just ₹5.26 per litre queering the economics of buying a diesel car.

"It is not very difficult to imagine the absence of diesel in this segment entirely after BS VI kicks in. The cars will become more expensive," says Sharma of MarketsandMarkets. "The gap between diesel and petrol prices as a fuel has reduced substantially and it does not make economic sense anymore to buy a diesel car."

With so many variables, the fastest growing segment in the Indian automobile industry is in for a period of churn. BT

@sumantbanerji

Money Today

LOSING THE SAFETY TAG
Debt funds have eroded substantial investor wealth. Are they worth the risk? *Pg 114*

MONEY MATTERS: **Q&A**
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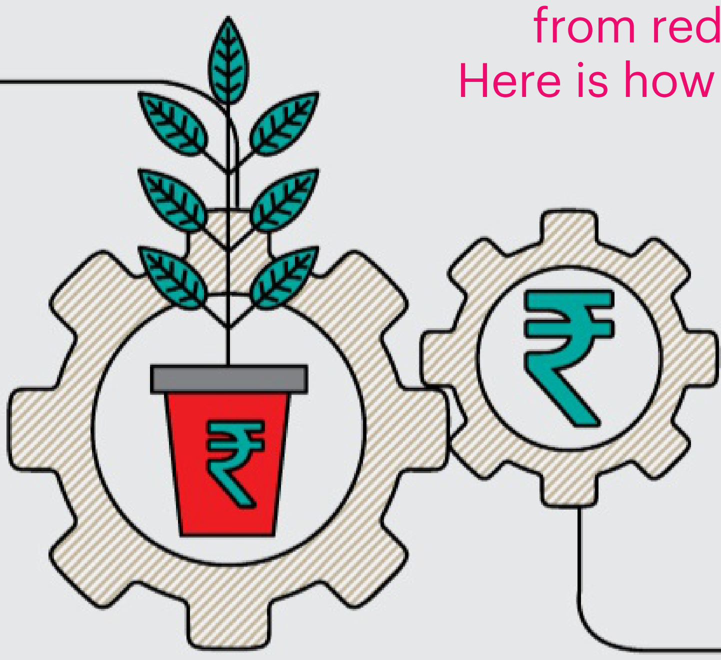
WHAT'S NEW IN TAX FILING
The low-down on new tax return forms and mandates. *Pg 118*

Bullish View

A look at sectors that will gain from the new government's policies

WHAT LIES AHEAD FOR INVESTORS

While the NDA's return assures political stability, concerns related to auto, infrastructure, banking, NBFC sectors, apart from reduced consumption, loom large. Here is how you can handle the uncertainty in stock markets.



By KUNDAN KISHORE

Illustration by RAJ VERMA

A **thumping mandate** in favour of the BJP-led National Democratic Alliance (NDA) has not only created euphoria in stock markets but also raised hopes of uptick in economic growth.

"The NDA has got a thumbs up for its reformist policies and execution. The mandate should empower it go for more reforms," says Prateek Agrawal, Business Head and Chief Investment Officer, ASK Investment Managers. Other are also of the opinion that such a verdict will mean more reforms. "The election results are a vote for continuity of policies. We expect the government to work towards the promises it mentioned in the manifesto," says Neelesh Surana, Chief Investment Officer, Mirae Asset Global Investments.

In anticipation of further reforms and more, the broadly tracked indices, the Sensex and the Nifty, hit all-time highs on May 20, 2019, based on exit polls that predicted that the Narendra Modi-led NDA was set to win the elections and return to power. The BSE Sensex jumped 1,421.9 points or 3.75 per cent in a single day and closed at a record high of 39,352.67 points. The Nifty also gained 3.69 per cent and closed at a historic high of 11,828.25. How should investors respond to these changed circumstances?

The Big Picture

As we move ahead in 2019, sustaining the buoyancy generated by the

electoral verdict will increasingly depend on changing ground realities on the domestic front. The current state of the economy is not rosy. Fall in economic growth, reduced consumption, low export growth, poor capital formation and reduced household savings are some of the indicators that show a slowdown, and they have been further accentuated by a liquidity crunch that the non-banking financial companies (NBFC) sector is facing post the IL&FS crisis. This has resulted in a slowdown in financing for key sectors such as real estate, auto and consumer durables. "The RBI did its bit by providing a monetary stimulus by cutting the repo rate by 25 basis points on June 6, 2019," says Ajay Bagga, a market veteran. "Now all eyes will be on the July 5 Budget and fiscal policies. There is a need to kick-start consumption, private corporate investments and boost household savings, especially in rural areas. The fiscal policies will determine the extent of this boost," he adds.

The July 5 Budget announcements will be an important milestone. It will be a policy roadmap that the new government is likely to follow, so the market will watch

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BASIS POINTS
Level of reduction in repo rate by the RBI in June 2019

₹5.35

LAKH CRORE
Cost of building 34,800 km roads over financial years 2017/18 to 2021/22

"WE REMAIN POSITIVE ON MARKETS AS PROFITABILITY IN MANY BUSINESSES IS CURRENTLY LOW, AND WILL REVERT TO THE MEAN"

NEELESH SURANA,
CIO, MIRAE ASSET GLOBAL

out for new reforms. Provisions that would encourage infrastructure, construction, banking and auto sectors – engines of growth that typically power an economy due to their forward and backward linkages – would hold the key to sustaining optimism. The government will have to do all this and more without increasing its borrowings and skewing its finances. While there is a difference of opinion about an imminent correction in the stock market, there is near unanimity about India's potential to deliver better returns for investors in the long run along with volatility in the interim.

At present, falling consumption is a major cause of concern for many, but experts believe that it will be back on track soon. "The consumption space has slowed down last and should recover first," says Agrawal. He argues that consumption will get a boost as election spends come back into the economy and also from the support extended to the poorer sections of the population in the February interim budget (such as direct transfer schemes) and thereafter.

The global geopolitical situation also decides the direction of India's economy. "The US-China trade dispute and slowdown in global economies are casting a shadow on Indian markets as well," says Bagga. This has led to some "risk-off" with big investors buying into safe havens such as US government securities and gold, which is reducing investments into global equity markets, adds Bagga. Not all agree, however. They feel that despite a global slowdown, India offers growth opportunities. "India stands out among the global markets which are slowing. It still offers strong growth. India's economy is domestic focussed and is seen to be less risky in a world where barriers to trade are going up. Slowing global growth has made commodities cheaper. India benefits from a fall in oil prices as well," says Agarwal.

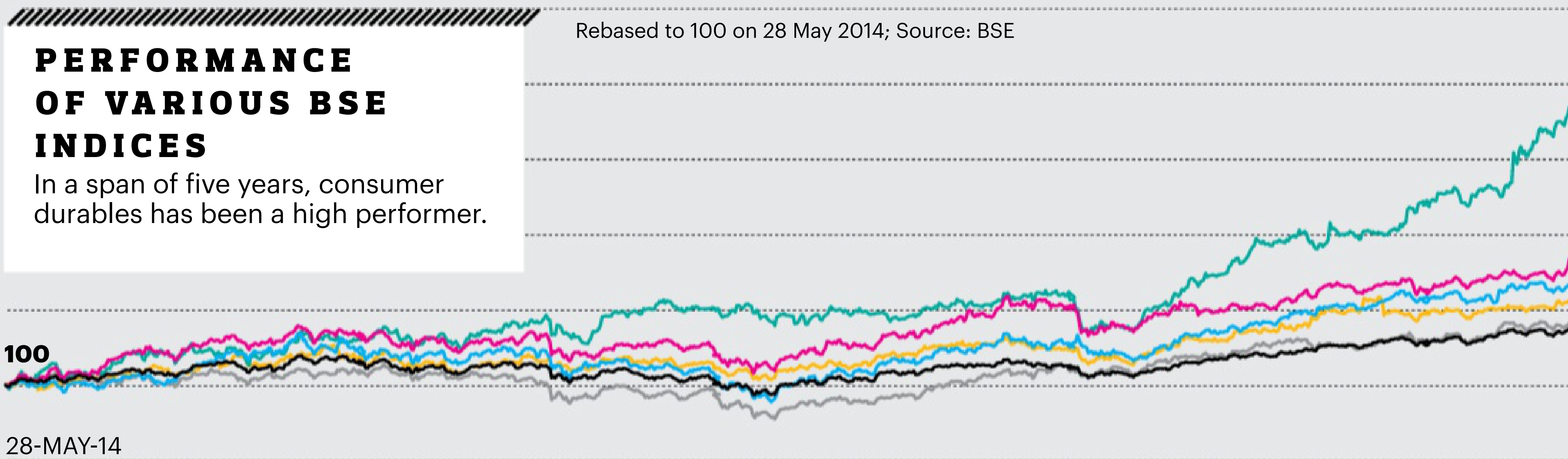
Macro factors will have an impact on various sectors and investors have to be aware of these.

What Lies In Store

Booster dose for infra: As we have witnessed in the past, the government is focused on infrastructure development. One of the points mentioned in the BJP manifesto is spending of ₹100 lakh crore on infrastructure in the next five years. Based on this, sector experts have started comparing India with China. "We could draw a parallel between current India and China in the 1990s. The experience

PERFORMANCE OF VARIOUS BSE INDICES

In a span of five years, consumer durables has been a high performer.



THE BIG PICTURE

INFRA FOCUS
Companies from infra and allied sectors will be major beneficiaries

MAKE IN INDIA
Will benefit companies in manufacturing

LOWER INTEREST RATES
Will improve credit growth, which will be favourable for banking and financial sectors

DOUBLING FARMER INCOME
A good monsoon and government measures to double farmer incomes could spur growth in the agriculture sector

from China suggests that an economic policy that improves physical infrastructure as well as human capital formation paves the way for sustainable economic growth in developing countries," says Rajesh Pherwani, Founder and Portfolio Manager, Valcreate Investment Managers.

This will have an impact on companies too. "During the two terms of NDA government, we have seen that the government's focus is towards infrastructure development, which will benefit companies in the infrastructure space," says A.K. Prabhakar, Head-Research, IDBI Capital, adding that the government is likely to continue with policies favourable to the road sector.

One of the bigger roads projects is the Bharatmala programme. A total of 24,800 kilometres are being considered for Phase I of the programme.

In addition, the Bharatmala Pariyojana Phase I includes 10,000 kilometres of remaining road works under the National Highways Development Project, taking the total to 34,800 kilometres, at an estimated cost of ₹5.35 lakh crore, to be implemented over a period of financial years 2018-22. The programme is likely to increase freight traffic, lower logistics costs and create employment. The huge investments will also lead to a trickle-down effect in the economy. "We expect road infrastructure to move at a high pace as the appointed dates will start coming in for the hybrid annuity model projects," says Prabhakar.

Consumption Revival: A higher focus on investments could result in a tangible effect on the consumption side of the equation as job creation and smoother infrastructure help businesses, eventually resulting in higher household incomes. "Better infrastructure could pave the way for improved outsourcing and exports. As a result, corporate earnings would clearly benefit and so would the overall markets," says Pherwani.

Good Monsoon: Agricultural growth has been weak over the past four quarters. A good monsoon, coupled with government measures to double farmer incomes, could spur growth in the agricultural sector. Higher income of farmers will translate into higher demand, which will pave the way for revival in consumption.

Growth in Lending: The ongoing credit crisis in NBFCs and rising nonperforming assets (NPAs) of lenders is a potential risk that can disrupt the markets. However, there are still pockets of value. "Banking, financial services and insurance (BFSI) shall continue to lead growth as corporate lenders see revival in growth after the NPA cycle peaks. Retail lenders will continue to see growth together with insurance companies as credit and insurance products catch on among the under-banked," says Alok Agarwala, Head Research, Bajaj Capital. The NBFC sector could recover in 2019/20, especially companies where the impact of liquidity crunch has been low, says Pherwani.

The Opportunities

Although large-cap indices are touching all-time highs, the potential for India to become a $5 trillion economy by 2025 could create the backdrop for investor wealth creation from these levels. Mid-caps and small-caps, which have lagged large-caps in the past two years, hold even more potential as we move into the next decade. A continued upturn in sentiment will mean that sectors that have taken a beating in recent years are likely to witness a reversal

Indices rebased to 100

"SLOWING GLOBAL GROWTH HAS MADE COMMODITIES CHEAPER. INDIA BENEFITS FROM A FALL IN OIL PRICES"

PRATEEK AGRAWAL,
BUSINESS HEAD AND CIO,
ASK INVESTMENT MANAGERS

of fortunes. "Discretionary consumption and BFSI continue to be good long-term structural growth stories," says Agarwala. He adds that a way to play the growth in infrastructure, construction and capital goods is to invest in providers (of goods and services) to these sectors, for instance, suppliers and financiers of cement, building material and equipment.

There is likely to be a thrust towards investment and measures to arrest the current slowdown in the economy. "We remain positive on markets as profitability in many businesses is currently low, and will revert to the mean. Corporate RoE (return on equity) is at a decadal low, and has room to improve," says Surana of Mirae Asset Global Investments. He adds that the overall markets are within reasonable valuations, with benign inflows and inflation. Surana holds a positive view on mass market consumer discretionary, financial services and insurance providers.

Prabhakar sees opportunities in the manufacturing space. He says the government has been also focussing on "Make in India", especially in the defence sector. "We believe that the government will continue to focus on indigenisation of manufacturing in the sector. This will benefit companies like Larsen & Toubro, Bharat Electronics, Bharat Dynamics, Mishra Dhatu Nigam, Cochin Shipyard and Bharat Forge," he says.

Others are also upbeat about the stock market. "Overall, markets seem to be positive and it is likely that the levels will hold. The strength in earnings expected over the next two years will permit further growth in market levels and also allow for valuation correction," says Agrawal.

What To Do?

If you are already invested in the market and have stocks that have run ahead of themselves or have been underperforming for long, you could exit from them and look for newer stories to buy into. But what if there is a sharp correction? First and foremost, don't panic and exit in haste. Downturns are opportunities to hunt for bargains, especially in areas such as capital goods, power and in other infra sectors, besides in the mid-cap space.

Investors who are well versed in stock market dynamics can easily make direct investments in stocks of sectors or companies that are in line for revival. However, other investors, who do not have the expertise or the time to do research and track investments regularly, could take the mutual fund route to capture the market opportunities if you haven't done this already. If you are invested in equity mutual funds, continue your systematic investment plans (SIPs) and eschew the temptation of booking gains. Remember, you are investing for your long-term goals and this is just a digression.

However, if you have funds that have been underperforming versus their benchmarks and peers for long, say, two years, you could consider exiting them and migrating on better performers.

The economic sentiments influencing the world of your finances have taken a turn; be prepared to take advantage of any upturn in the markets while riding out the interim volatility. BT

The author is a Mumbai-based freelance journalist.

ACTION PLAN

Banking, infrastructure, PSU, mid-cap and small-cap sectors likely to provide best opportunities

If you have stocks that have run ahead of themselves or have been underperforming for long, exit from them and look for newer stories to buy into

Don't panic and exit in haste if your portfolio is in the red. Take help of financial experts

Hunt for bargains, especially in areas such as infra and banking, besides in mid-caps

Continue equity mutual fund systematic investment plans; eschew the temptation to book gains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UNPRECEDENTED LOSSES

DEBT FUNDS CRASHED ON JUNE 4 AFTER DHFL DEFAULTED

LOSING THE SAFETY TAG

Debt funds have eroded substantial investor wealth over the past few months. Are they worth the risk?

By RENU YADAV

Illustration by AJAY THAKURI

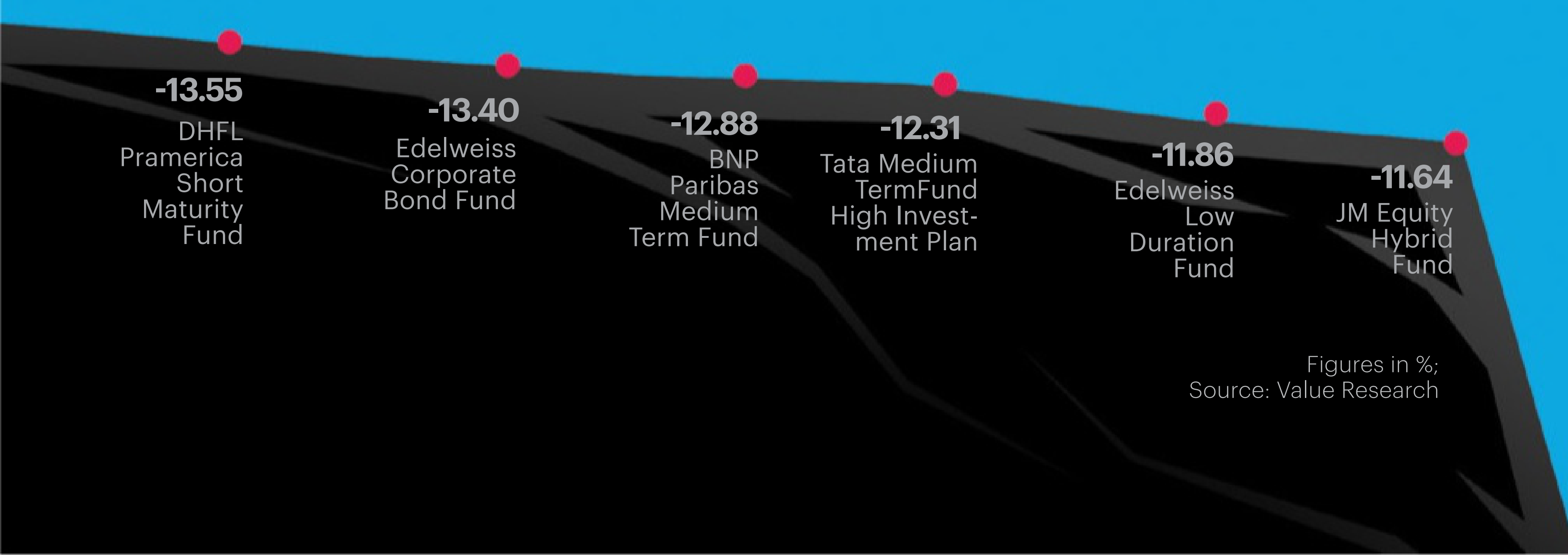
Mutual fund assets under management have almost doubled to ₹23.42 lakh crore in the past three years. Although the growth has been led by equity funds, the largest chunk of mutual fund money is still parked in debt funds — they account for more than half the assets and have seen 48 per cent absolute growth over the past three years, as per data provided by Icra Online. Although institutional investors are the major holders, retail investors have also been increasing their exposure to debt funds over the past few years to beat the low bank fixed deposit rates. Individual investors' share in debt funds (retail and high net worth individuals) has gone up from 28 per cent to 32 per cent in the past three years as debt fund returned more than fixed deposit rates in 2016.

All this has changed over the past few quarters. Debt mutual funds have suffered massive losses that have wiped off half the value of some funds in a single day (See *Unprecedented Losses*). The trigger has been defaults by some big names in the non-banking finance company (NBFC) sector and lowering of ratings of papers issued by a number of NBFCs. In fact, after IL&FS defaulted on its loans, some liquid funds (considered safe) delivered negative returns to the tune of 5 per cent in a day. This has shaken the confidence of investors. Does all this makes debt funds a bad option?

How it Started

Financial planners advise you to have some allocation to debt funds as they are less risky than equities. "The role of a debt fund is to meet short-term goals and provide a cushion to the portfolio. We need to ensure that the money invested in debt has some capital protection and liquidity," says Shweta Jain, Founder, Investography.

But recent events show that the investors have been severely underestimating the risk. It all started with IL&FS Group companies defaulting on debt, leading to downgrading of their debt papers. This made creditors cautious, which led to a credit squeeze for the entire NBFC sector. Liquidity crunch and delayed payments led to downgrade of papers of companies such as DHFL, Yes Bank, Essel Group and Reliance Group.



NOT SAFE ANYMORE

Liquid funds, which are often sold as an alternative to fixed deposits and aren't supposed to give negative returns, took a hit after IL&FS defaulted

Scheme	One-Day Fall (%)	Date
Union Liquid Fund*	-2.58	18-Sep
HDFC Charity Fund For Cancer Cure Debt Plan	-2.05	26-Sep
Motilal Oswal Ultra Short Term Fund	-1.86, -4.51	10-Sep, 26-Sep
Principal Cash Management Fund*	-1.21, -1.6, -5.72	10-Sep, 17-Sep 24-Sep
BOI AXA Credit Risk Fund	-1.48	17-Sep
Tata Short Term Bond Fund	-1.28	19-Sep
Tata Corporate Bond Fund	-1.2, -1.2	10-Sep, 19-Sep
Invesco India Credit Risk Fund	-1.16	17-Sep
Tata Money Market Fund	-1.1	19-Sep
Principal Ultra Short Term Fund	-1.0, -1.01, -3.04	10 Sep, 17 Sep, 24-Sep

Source: Value Research

Debt funds — whose NBFC exposure was as high as 17 per cent as on September 2018 — took a hit on net asset values. For instance, some funds with exposure to DHFL had to write off 75-100 per cent of their holdings. In case of Essel Group, Kotak Mutual Fund asked investors to take part payment for fixed maturity plans (FMPs). HDFC Mutual Fund asked investors in FMPs to roll over their investments but recently said it would provide a liquidity of ₹500 crore to FMPs holding non convertible debentures of Essel Group companies. This facility will be provided to FMPs which were due for redemption in April and those that will be maturing till September 2019. The fund houses are taking different measures to deal with the situation. DHFL Pramerica Fund House has merged schemes. Tata Mutual Fund has resorted to side pocketing, separating the bad assets from the main portfolio, and has given investors a 30-day "without load exit" option before starting this. UTI Mutual Fund has introduced exit load for new investors on schemes with exposure to DHFL to discourage new investments. Several fund houses have closed subscription to the affected schemes.

Could This Have Been Avoided?

Debt funds cannot avoid credit risk but limit it with better credit evaluation processes and higher allocation to high rated papers and applying caps on sectors and individual companies to reduce concentration risk.

"The exposure to lower rated papers has gone up. The credit risk that the managers have taken has risen significantly in five years. Some managers have increased their credit exposure too, resulting in a staggering increase in their exposure to non-AAA rated bonds over the five-year period," says Kavitha Krishnan, Senior Research Analyst, Morningstar India. Having said that, a lot of recent events have been triggered by liquidity crunch and not deterioration in asset quality. "Most of the papers that were downgraded were rated AAA," she added.

But there is always a scope for improvement in processes. "Risk cannot be avoided entirely, especially when events like IL& FS occur. But risk mitigation (such as covenants or making sure there is adequate liquidity) need to be in place. This is where fund managers are probably going through a learning cycle," says Vidya Bala, Head, Mutual Funds Research, FundsIndia.

But concentration risk remains. Sebi regulations prevent a fund from taking more than 10 per cent to a single issuer. However, as per the data provided by Value Research, 12 funds had over 15 per cent allocation to DHFL papers. The allocations of DHFL Pramerica Medium Term, Floating Rate and Tata Corporate Bond were 67 per cent, 53 per cent and 37 per cent, respectively, in May. This had gone up from 37 per cent, 32 per cent and 28 per cent, respectively, in April. The probable reason for the spike was that as these funds faced redemptions, the fund houses had to sell liquid papers, which increased the allocation to the illiquid papers.

Investors, too, panicked and started fleeing debt funds. This accentuated the problem. "The default led to a lot of panic selling with investors converting their notional losses into actual losses. Debt funds with exposure to the downgraded papers witnessed large redemptions which, in turn, forced fund managers to exit liquid names to meet redemption requirements, impacting other investors too," says Krishnan of Morningstar India.

What Should Investors Do

Many investors wondering if they should opt for fixed deposits again need to understand that credit risk is an inherent part of debt funds. If you want complete safety of capital, go for fixed deposits. "Debt funds can give slightly higher post-tax returns than fixed deposits," says Jain. But for that, it is better to avoid unnecessary risk.

"It is important for investors not to chase returns, especially in the short term. Boring, stable funds than chart toppers are safer. Investors who want to take higher risk should remember that equity will deliver better returns for the risk taken. Debt should preferably be used as a hedge for their equity holdings," says Bala of FundsIndia.

"It is important for investors to monitor risks such as credit quality, concentration, liquidity on a regular basis," says Bhushan Kedar, Director, CRISIL Funds Research. BT

@renuyadav08

MONEY MATTERS

Managing your money can be tricky. Send your queries, and personal finance experts will help you resolve any issue.

Health Insurance

Satyendra Bhaskar: I am a 35-year-old married man with two children. Four years ago, I bought a family floater plan worth ₹5 lakh and the cover has now increased to ₹10 lakh as there was no claim. Should I increase it further?

Shreeraj Deshpande, *Principal Officer and Officiating CEO, Future Generali India Insurance, replies:*
As you get older and opt for higher sums, pre-insurance health check-ups will be applicable. Also, people are more likely to fall ill or suffer major injuries as they grow old. So, it is advisable to increase the sum insured at your age. You can also buy a top-up plan to increase the cover. This is a deductible health insurance plan and covers extra cost at a lower premium when a certain threshold is reached.

Life Insurance

Suresh Mahajan: I am planning to buy an insurance cover of ₹2 crore. In case of my death, will insurers provide a fixed monthly payout to my family instead of giving a lump-sum amount? Which one is a better option?

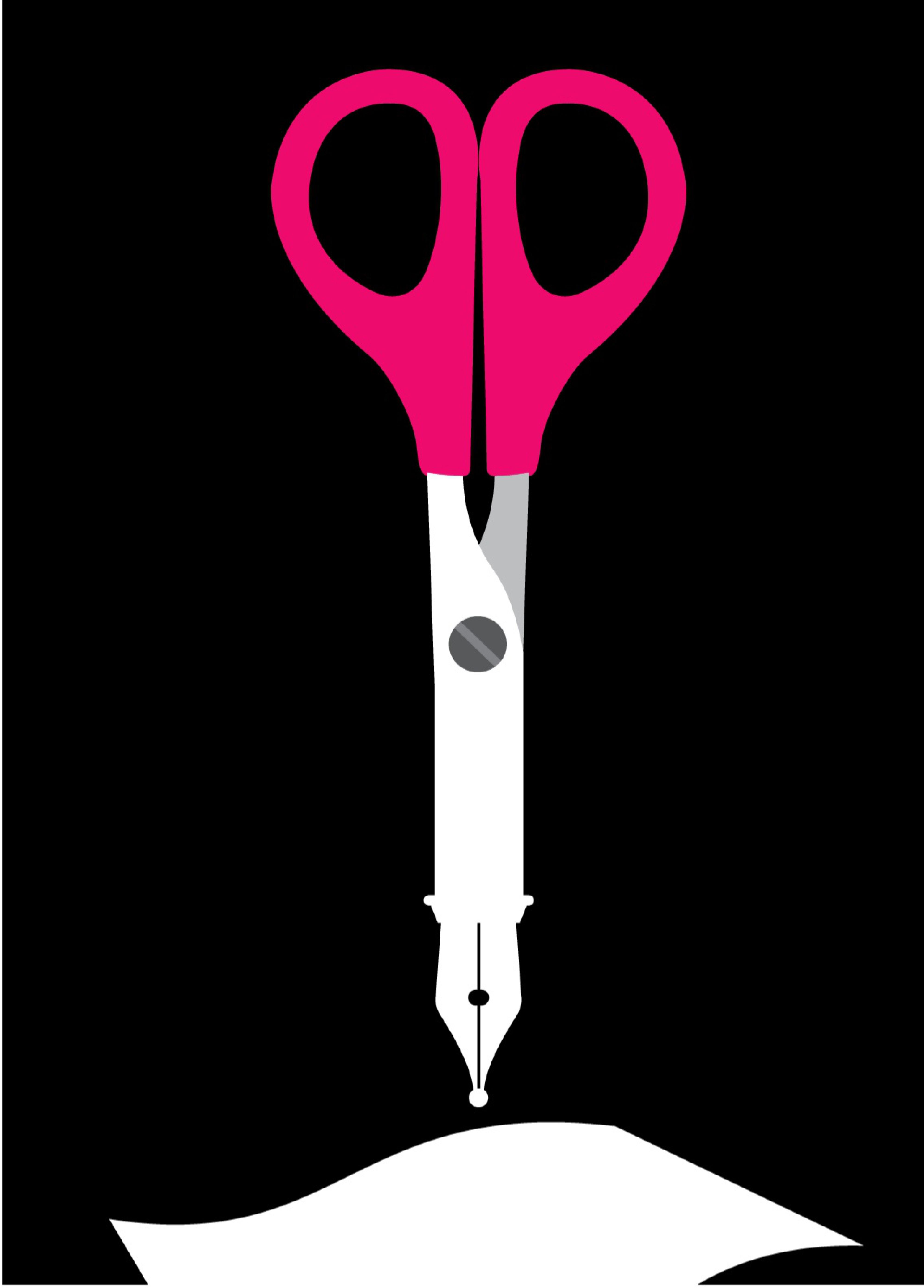
Harish Kurudi, *Head of Product Development and Management at Aegon Life Insurance, replies:*
Traditionally, a nominee receives a lump-sum amount when the policy benefit is paid at one go. But there could be families lacking in-depth financial knowledge, especially when it comes to utilising large sums. In such cases, the money might be exhausted soon either because the assets purchased would not yield a regular income as anticipated or it would be locked in fixed deposits and might not provide required returns. So, the basic purpose of buying an insurance, that of ensuring complete financial security for the family in the absence of the breadwinner, could not be met in these cases. To overcome these concerns, a different approach is adopted wherein proceeds are paid as periodic cash outflows. Most insurers offering term plans provide several payout options. A beneficiary gets the proceeds either as a one-time payout or as periodic incomes over a fixed duration or as a combination of both. Many people like to receive part of the total benefit as a lump sum and the rest as periodic payments to ensure income continuity. One must calculate how much is required to narrow down on payout options and protect insurance proceeds from being eroded before it fulfils its defined purpose.

Mutual Fund

Lakshya Arora: I am planning to buy a car after five years and need a corpus of ₹5 lakh for the down payment. Which are the mutual funds to invest in and how much should I save?

Vivek Ranjan Misra, *Head of Fundamental Research at Karvy Stock Broking, replies:*
The best option is to start investing in an equity fund to grow your wealth. But equities are more volatile, and one should switch to a debt fund after three years to protect downside risks. If you have a lump sum to start with, the investment amount should be about ₹2.9 lakh. In case you want to opt for a five-year SIP, we would still advise the same. But in this case, you should set aside ₹6,500-7,000 every month for systematic investment. BT

Please send your queries to moneytoday@intoday.com



WHAT'S NEW IN TAX FILING

This year, there have been a lot of changes in ITR forms. Here is the low-down on new ITR mandates and must-follow steps.

By NAVEEN KUMAR
Illustration by RAJ VERMA

The tax season is back with a bang. This is the time when salaried individuals start getting their Form 16 TDS certificates from employers and business people get reminders from their chartered accountants to prepare for tax filing. As of now, the last day for filing your income tax return (ITR) is July 31 unless there is an extension. Although it is an annual routine, filing ITR remains a stressful task for many of us, and it could be especially so when new mandates come into play. For instance, there were several tax-related proposals in Budget 2018 which will become effective when you file your ITR this year. Whether you opt for professional services or do it on your own, here is a checklist that must not be ignored, as any mismatch in details, calculation errors or slip-ups, may lead to an enquiry or a demand notice asking you to pay your dues.

Know the Changes

Mandatory online filing: Only super senior citizens (those aged 80 and above) can file ITR-1 or ITR-4 in paper form; it is compulsory for all other taxpayers to file their ITR online via the e-filing website of the IT Department. This means, unlike the previous year, individuals having income below ₹5 lakh with no refund will also have to file online if their income is above the basic exemption limit. To make the process more user-friendly, the website will auto-fill the details by extracting information from Form 16.

Detailed Form 16: Earlier, Form 16 used to mention gross salary but not the details of tax-exempt allowances and perquisites. Now, employers have to provide a detailed break-up of all components, including remuneration received from former employer/s and all tax-related deductions availed of by the employee. The aim is to minimise tax evasion.

Residential status: Those who are not ordinarily residents need to furnish more details. According to Homi Mistry, Partner, Deloitte India, "For example, one will have to provide information on his/her period of stay in India under residential status. Non-residents need to mention the exact number of days spent in the country during FY2018/19 and in four preceding FYs. Also, an NRI must disclose his/her country of residence and the tax identification number of that country."

CHANGES IN ITR FILING

- E-filing mandatory for everyone below the age of 80
- ITR-1 synchronised with Form 16 to auto-fill details
- Form 16 will have details of exempted allowances and deductions
- Detailed interest income disclosures
- Additional columns for reporting capital gains
- ITR forms have a provision to give details of the buyer to whom you have sold immovable property
- Details of rent arrears received have to be reported property-wise
- Provision to share details of unlisted equity shares held by an individual
- Relevant form to have provision to mention residential status
- One has to give details of actual stay in India if one is OCI/PIO
- Residents and 'Ordinarily Resident' individuals have to give more details of foreign bank accounts

Quarterly reporting of other income: Taxable dividend income and winnings from lotteries, game shows, crossword puzzles, races, gambling, betting and so on (speculative income) will have to be reported as per quarterly earnings for interest calculation under Section 234C.

Home loan interest: Interest paid on a home loan can be claimed as a deduction from total income up to ₹2 lakh for self-occupied house property. There is another welcome relief for first-time homebuyers who have opted for housing loans. "As per Section 80EE, an individual with no other house property on the date of the home loan approval can avail a tax benefit up to ₹50,000 for loan sanctioned in FY2016/17. Therefore, an individual buying her first house can claim a total deduction of ₹2,50,000 for the interest paid on a home loan," says Rajat Mohan, Partner at AMRG & Associates, a Delhi-based CA firm.

Foreign income, overseas assets: Taxpayers with overseas earnings and foreign assets will have to provide full details of the same. "Reporting of assets held abroad has been made more robust and detailed compared to previous years. It now includes additional disclosure of custodial accounts, foreign depository accounts and foreign debt and equity interest," says Mistry. Even people who are residents but not ordinarily residents and own foreign assets will have to provide details of their assets held abroad.

Details of capital gains: You are now required to provide all details related to capital gains and the corresponding taxes you have paid. Capital gains taxes are levied when you sell capital assets such as real estate, shares and debentures or mutual fund units. If you sell immovable assets, including land, building and house property, after holding it for more than two years, you have to pay long-term capital gains (LTCG) tax at 20 per cent on the net sale proceeds minus the indexed costs of acquisition and improvement. You may, however, claim tax exemption if these gains are reinvested in specified bonds (should not exceed ₹50 lakh in case of bonds) or a residential house in India, subject to specific time frames. In case you sell them earlier, these will be considered as short-term capital gains (STCG) and will be taxable at applicable slab rates. In this case, taxable capital gains will be net sale proceeds less acquisition and improvement costs. "Individuals who have sold an immovable property need to disclose all details such as name and PAN of the buyer, his/her share in the property and the full address of the property sold," says Mistry.

As per the new norms, sale of equity share or equity mutual fund will attract LTCG tax at 10 per cent if you sell after a gap of one year and the gain is more than ₹1 lakh. In case you sell it before the year is over, it will attract STCG tax at 15 per cent on the entire gain. "Reporting the sale of long-term shares and mutual funds on which securities transaction tax (STT) has been paid is in line with the latest provisions introduced regarding grandfathering of cost of acquisition and exemption of only up to ₹1 lakh," says Mistry.

ITR forms have also been modified to accommodate these details. "New forms have additional columns to report taxable capital gains in accordance with Section 50C or 112A of the IT Act, 1961," says Kuldip Kumar, Partner and Leader, Personal Tax, PwC India.

Choose the Right Form

Based on the nature of the taxpayer (individual, HUF or Hindu undivided family, firm, company), income sources, income levels and residency status, there are different ITR forms, and you need to ascertain where you stand on these parameters.

If you are a salaried individual and a resident of India, go for ITR-1 or ITR-2, depending on your salary income. "If your salary income does not exceed ₹50 lakh (income from other sources and one house property are allowed in this case), you can use ITR-1, provided you are not a director of a company, have not held shares of an unlisted company during the financial year and do not own foreign assets. However, when your salary income exceeds ₹50 lakh, you will have to use ITR-2," says Kumar of PwC India.

"Individuals who are company directors or have held shares of an unlisted company during FY2018/19 cannot use ITR-1 even if their salary income does not exceed ₹50 lakh. An individual who wishes to claim expense deduction from other income cannot use it either," adds Mistry of Deloitte India.

An individual or a HUF with income from profits and gains of a business or a profession must file ITR-3. This form is quite comprehensive and accommodates all relevant details one has to submit. "The new ITR-3 applies to professionals and splits the existing profit-and-loss account into trading, manufacturing and profit-and-loss accounts. It also seeks details of the annual value of outward supplies/sales/services as per the Goods and Services

What If You Delay ITR Filing

- If your taxable income is below the basic exemption limit, you do not have to pay penalty for late filing
- If your income is above the basic exemption limit and up to ₹5 lakh, maximum penalty is ₹1,000 if you fail to file by last day (July 31)
- If your income is above ₹5 lakh, the penalty is higher
- If you file your after July 31 but by December 31, the penalty is ₹5,000
- If you file between January 1 and March 31, 2020, the penalty is ₹10,000
- If taxes are due, interest of 1 per cent applies for each delayed month
- You cannot file ITR for assessment year 2018/19 after March 31, 2020

Tax returns filed," explains Mistry.

Finally, if you are an individual/HUF/firm (other than LLP) with total income up to ₹50 lakh, including income from business and profession, file ITR-4 for presumptive income under Sections 44AD, 44ADA or 44AE. This form is most suitable for freelancers, consultants and professionals like doctors, lawyers, architects and chartered accountants. But to file ITR-4, you must be a resident Indian. Here, you can opt for the presumptive taxation scheme under Section 44ADA and declare 50 per cent of the gross receipts as your presumptive income and pay income tax accordingly. Again, certain conditions may not allow you to file ITR-4. "Professionals who have presumptive income and are directors in companies or hold shares of unlisted companies or have foreign assets will not be eligible, and they will have to file ITR-3," says Mistry.

Five Golden Rules

Give accurate information. When it comes to tax compliance, accuracy matters most. Doing it right in the first place means you need not do multiple revisions. It will also minimise scrutiny, help you avoid tax penalties and ensure quick refunds. According to Mistry, for the salaried, the process starts with Form 16 as "the salary section of the ITR form should match Part B of Form 16. In essence, Form 16 details (including the break-up of salary as allowances and basic components) should tally with what is disclosed in ITR filing. Any mismatch may lead to queries and delay in the processing of returns and refunds." Therefore, it makes sense to provide all relevant information and documents to your employer so that the organisation can issue an accurate Form 16.

Tally the data with Form 26AS. To make sure there is no discrepancy in the information that the IT department has in its possession and what you are providing through ITR filing, check your Form 26AS as it lists all incomes and TDS paid. "It is your consolidated annual tax statement, something like a tax passbook that records all the taxes deposited against your PAN," says Mohan of AMRG. "Make sure that the details mentioned in this form tally with your ITR not only in terms of TDS amount but also regarding income figures as discussed with the deductor."

Do not delay ITR filing. But in case you miss the due date, typically July 31, it is not the end of the road. "You can file it as a belated return until the end of the assessment year. For example, the belated ITR of FY2018/19 can be filed until March 31, 2020. If you miss that deadline, you will never be able to file the tax return," says Kumar.

If you file your ITR after July 31 but by December 31, 2019, you may end up paying a penalty up to ₹5,000. In case you postpone it further and file it between January 1 and March 31 of 2020, you may have to cough up ₹10,000. However, if your taxable income is below ₹5 lakh, the maximum penalty for the delay will be ₹1,000. If there is any tax payment due, you will have to pay the amount along with interest at the rate of 1 per cent per month for each delayed month. If your income is below the basic exemption limit, no penalty will be charged in case of a delay.

Filing revised return is possible. If you have made a mistake in ITR, correct it and file a revised return by the end of the assessment year. For income earned during FY2018/19, the final deadline for filing an original or revised return will be March 31, 2020. So, even you are late, file your ITR by this date.

Verify filing on time. Submitting the ITR is not enough. You have to verify it within the stipulated timeline of 120 days or your filing will be cancelled. One can digitally sign the return or e-verify it online through Aadhaar OTP or net banking. Otherwise, send a duly signed ITR-V to the Centralised Processing Centre (CPC), Bengaluru, by ordinary post or speedpost. BT

@naveenkumar80

ITR FORMS

When to Fill ITR 1

- When your income is ₹50 lakh or below for the entire financial year
- You must be an ordinary resident individual
- Have income from salary or one house property or agriculture (not more than ₹5,000) or other sources (except from lotteries, etc.)
- You are not a company director or hold unlisted equity shares in a company or have any foreign asset

When to Fill ITR 2

- You are an individual or HUF and do not have income from profits and gains of business or profession
- You are an individual with income above ₹50 lakh or if you are not ordinarily resident or a non-resident
- Have income from salary/pension or more than one house property or capital gains or income from other sources (including lottery and all legal means of gambling) or agricultural income more than ₹5,000
- Have foreign income/assets
- You are a company director or hold equity shares of an unlisted company

When to Fill ITR 3

- You are an individual, HUF or partner in a firm and you are not eligible to file ITR-1, ITR-2 or ITR-4
- Have income from profits and gains of business or profession and may have incomes eligible to file ITR-2
- Your presumptive income is more than ₹50 lakh

When to Fill ITR 4

- You are an individual, a HUF or a firm (other than LLP), or a resident with total income up to ₹50 lakh
- Have income from business where income is computed on a presumptive basis under Section 44AD (gross turnover up to ₹2 crore) or Section 44AE (income from goods carriage up to 10 vehicles)
- Have income from profession where income is computed on a presumptive basis under Section 44ADA (gross receipt up to ₹50 lakh)
- Have income from salary/pension or one house property or other sources

THE WINNERS

Large-cap funds have taken the lead over mid-cap and small-cap funds over the one-year period

Fund Name	Assets (In ₹Cr)	% Assets in Top 10 Holdings	No. of Holdings	Net Expense Ratio (2017/18)	Returns (In %)			
					6 mths	1 Year	3 Years	5 Years
Large-Cap								
Mirae Asset Large Cap Reg	12,315	45.44	66	2.17	8.75	11.42	16.50	16.31
Reliance Large Cap	12,772	51.16	54	2.49	10.87	13.59	16.66	14.75
SBI Bluechip Reg	22,217	44.42	52	2.42	9.91	5.94	11.11	14.28
Axis Bluechip Fund	5,144	61.56	39	2.11	10.91	10.83	15.39	13.17
ICICI Pru Bluechip	21,846	43.69	72	2.30	8.07	7.19	13.98	12.69
MidCap								
Kotak Emerging Equity Reg	4,028	30.66	70	2.39	8.62	-1.67	12.60	18.67
L&T Midcap	4,503	23.97	79	2.69	1.66	-6.11	15.30	17.82
DSP Midcap Reg	6,074	33.55	52	2.50	6.52	-1.80	13.42	16.57
Franklin India Prima	6,889	27.34	66	2.34	6.56	-1.38	11.35	16.31
HDFC Mid-Cap Opportunities	22,244	31.07	71	2.36	6.22	-3.24	12.98	15.93
Small-Cap								
SBI Small Cap Fund Reg	1,992	35.98	51	2.64	6.45	-5.45	17.37	24.72
Reliance Small Cap	8,050	18.13	124	2.49	3.86	-6.51	16.57	20.07
DSP Small Cap Reg	5,090	31.85	78	2.40	6.67	-9.30	8.01	18.29
L&T Emerging Businesses Reg	5,989	21.15	88	2.68	-0.05	-10.61	17.50	17.58
HDFC Small Cap	7,660	28.14	73	2.57	5.00	-4.37	18.10	17.42
MultiCap								
Motilal Oswal Multicap 35 Reg	13,247	56.27	29	2.06	6.80	0.51	14.66	19.75
Kotak Standard Multicap Reg	24,297	46.47	60	2.01	11.48	11.38	16.39	16.83
SBI Magnum Multicap Reg	7,228	39.87	64	2.50	11.54	6.75	13.86	16.77
Aditya BSL Equity	11,102	45.76	75	2.37	5.39	3.82	14.39	14.14
ICICI Pru Multicap	3,632	40.13	71	2.40	7.61	9.46	13.96	13.96
ELSS (Tax Savings)								
Axis Long Term Equity	19,109	64.21	35	2.49	8.35	5.02	14.20	16.77
Aditya BSL Tax Relief 96	8,685	55.39	47	2.42	3.90	0.57	12.91	16.03
Kotak Taxsaver Reg	898	46.57	56	2.73	11.30	11.68	14.85	15.44
Invesco India Tax Plan	839	49.87	42	2.71	5.49	3.58	13.14	15.30
DSP Tax Saver Reg	5,487	47.06	61	2.47	10.59	8.08	14.10	15.07

Returns are as of May 31, 2019
Equity funds are ranked on the basis of five-year performance
AUM filter of minimum ₹500 crore applied on equity funds
Returns of six months and one year are absolute, while returns of time periods more than one year are annualised
All portfolio-related data as of April 2019-end
Source: Morningstar

IT'S A DEAL

The most competitive loan and deposit rates in the market

SMALL SAVINGS SCHEMES

Instruments	Interest rate (%)*
Savings Deposit	4.00
1 year Time Deposit	7.00
2 year Time Deposit	7.00
3 year Time Deposit	7.00
5 year Time Deposit	7.80
5 year Recurring Deposit	7.30
5 year Senior Citizens Savings Scheme	8.70
5 year Monthly Income Account Scheme	7.70
5 year National Savings Certificate	8.00
Public Provident Fund Scheme	8.00
Kisan Vikas Patra	7.70
Sukanya Samriddhi Account Scheme	8.50

For quarter ending June 2019 Source: CMIE, for loan rates, WishFin

HOME LOAN:
Floating Rate;
Interest Tenure – Up to 20 years
For Salaried Person

Bank	₹50 lakh
SBI	8.80%–8.95%
HDFC Ltd	8.85%–9.40%
Axis Bank	8.90%–9.05%
LIC Housing Finance	8.95%
ICICI Bank	9.15%

FIXED DEPOSITS
For amount less than ₹1 crore (regular)

Bank	1 year
Jana Small Finance Bank	8.50%
Utkarsh Small Finance Bank	8.50%
RBL Bank	8.00%
Lakshmi Vilas Bank	7.70%
IndusInd Bank	7.60%

Bank	2 years
Jana Small Finance Bank	8.50%
RBL Bank	8.05%
Utkarsh Small Finance Bank	7.85%
Lakshmi Vilas Bank	7.85%
IndusInd Bank	7.75%

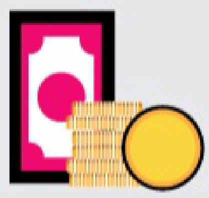
Bank	5 years
Jana Small Finance Bank	8.50%
Utkarsh Small Finance Bank	8.00%
Lakshmi Vilas Bank	7.85%
RBL Bank	7.60%
IDFC Bank	7.50%

CAR LOAN:
For New Cars,
Tenure– 7 years

Bank	Interest Rates
PNB	9.05%–9.50%
Axis Bank	9.15%–11.40%
ICICI Bank	9.30%–12.85%
SBI	9.40%–9.90%
HDFC Bank	9.75%–10.60%

EDUCATION LOAN:
Loan Amount – Up to ₹7.5 lakh
Tenure – 15 years

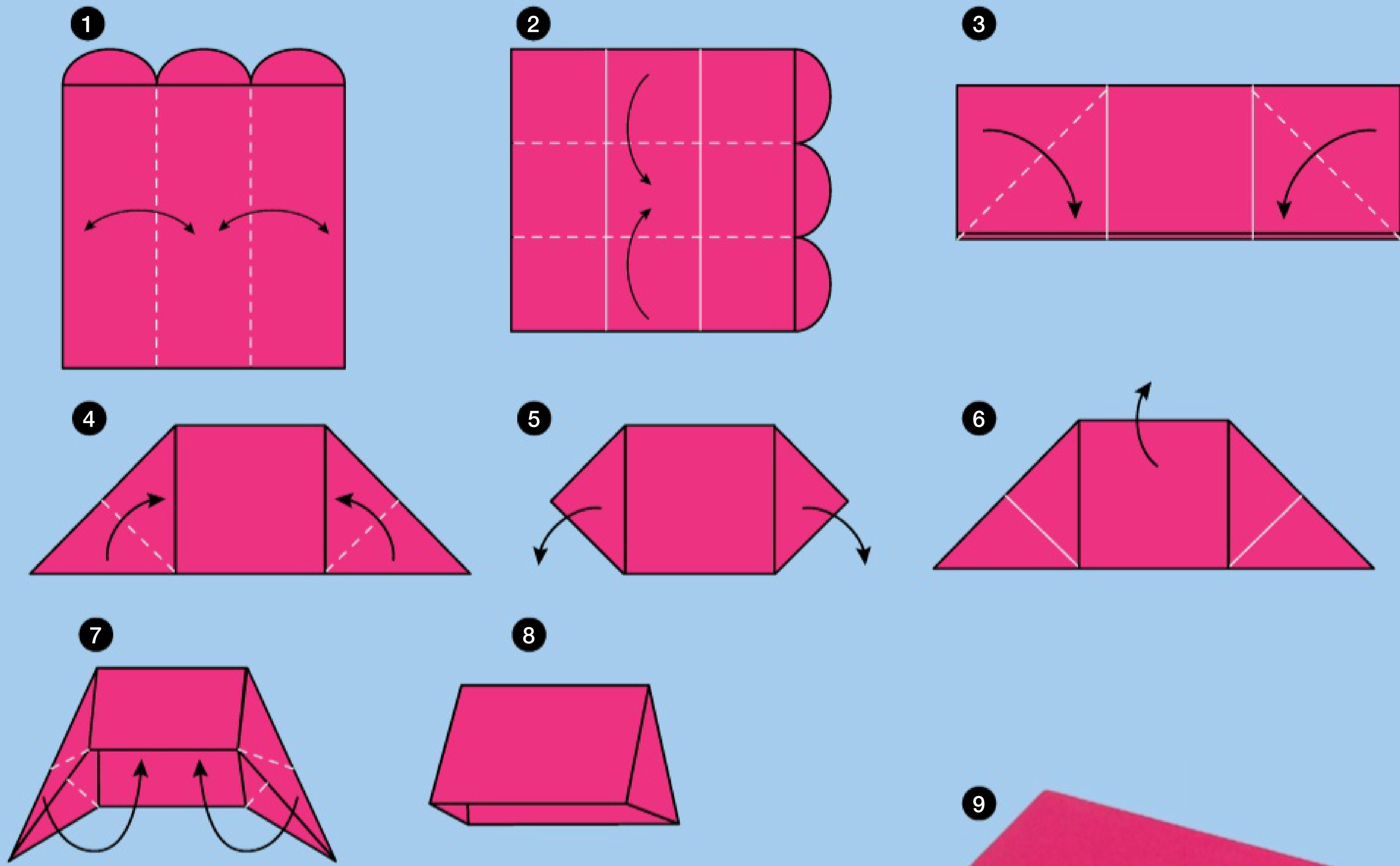
Bank	Interest Rates
PNB	8.55%–10.45%
IDBI Bank	8.65%–10.35%
SBI	8.70%–10.50%
Canara Bank	8.90%–10.70%
Central Bank of India	10.05%–10.55%



PERSONAL LOAN:
Loan Amount – Up to ₹15 lakh
Tenure – Up to 5 years

Bank	Interest Rates
Bajaj Finserv	10.99%–16%
ICICI Bank	10.99%–18.49%
Kotak Mahindra Bank	10.99%–20.99%
SBI	11.00%–15.40%
HDFC Bank	11.25%–21.50%

THE BREAKOUT ZONE



9

FUTURE DÉCOR

SMART FITMENTS FOR BORDERLESS HOMES

As cities run out of space, we have little option but to depend on furniture which gets transformed at our command.

Illustration By Raj Verma

F**OR CENTURIES, HUMANS** conceived plans and built rooms so that each could be used for a specific purpose – a living room for receiving visitors, a dining room for meals and a bedroom for rest, relaxation and sleeping. But today, cities are getting increasingly crowded and space comes at a premium. This is compelling us to reconceptualise household furniture so that they can meet all our requirements within the limited space most of us can afford.

Swedish furniture giant Ikea, in partnership with Boston-based Ori Living, is ushering in this unique and useful trend of super functionality. The company is working on a new line of robotic furniture called Rognan, especially suitable for tiny apartments. Its USP: The multifunctional units will ensure most efficient utilisation of space as they can be converted from storage-and-seating units to bed-and-closet pieces and back as and when it is needed. In brief, they do not occupy a dedicated space for each function, unlike traditional homes with specific rooms and traditional furniture.

Based on the research conducted by Hasier Larrea (CEO of Ori Living) and MIT Professor Kent Larson at MIT Media Lab, the company, set up in 2015, visualised urban living differently because "95 per cent of the world population lives on 10 per cent of the land and 1.5 million people across the globe move to a city every week". It believes urban space is too valuable and scarce to be static and unresponsive, which is why it wants to treat furniture like origami to make better use of space. "Static floor plans, rigid buildings and unresponsive structures constrain modern lifestyles that are more mobile and less predictable than ever. Today, we need urban spaces that are versatile and vibrant, flexible and responsive," the company's website says.

Using technology and smart components, Ori Living designs kits for robotic architecture to set up rooms which change depending on what the inhabitants need at a specific time. Imagine waking up in the morning and freshening up. By the time you are through, the bedroom becomes a dining room, ready for you to have breakfast. The same area turns into a workspace when the furniture retracts and folds in and extends or shifts to create a desk and drawers. In the evening, it will be ready for entertaining/partying/meals (some companies are already working on mood lighting and music that can be turned on and off with a simple command). There can be much more – for instance, a bed which drops down from the ceiling and retracts, leaving behind a sofa, or a walk-in closet that opens at the touch of a button and closes to become a wall.

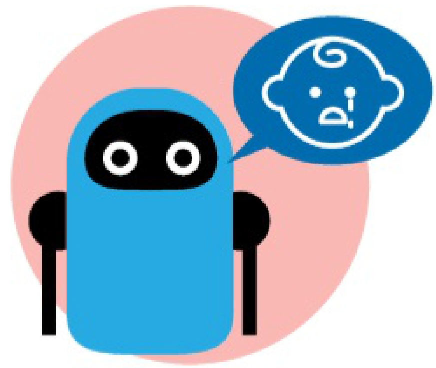
USING TECHNOLOGY AND SMART COMPONENTS, ORI LIVING DESIGNS KITS FOR ROBOTIC ARCHITECTURE TO SET UP ROOMS WHICH CHANGE DEPENDING ON WHAT INHABITANTS NEED AT A SPECIFIC TIME

These furniture shifts require minimal efforts as Ori's can be voice commanded or pre-scheduled to change. A touchpad located on the unit can be tapped to make the change or one can integrate it with Alexa, Amazon's smart assistant. This means a routine "Good night, Alexa" can change the couch into a bed, dim the lights and perhaps turn off the TV/music in readiness for sleep.

Ori Living is also open to Ikea-like partnerships with others to scale up its smart furniture across cultures and styles. That is the way ahead as smart fitments create borderless homes. **BT**

INFANT CARE

AI DECODES CRY LANGUAGE



IN THIS DIGITAL ERA, no part of our life is untouched by artificial intelligence (AI). The latest proof: An AI-based research has been conducted to understand what babies try to convey when they cry. One may argue that parents can intuitively understand why their babies are crying but they may not be able to recognise a call for help in case of underlying health issues.

Recently, there has been a breakthrough. A US-based group of researchers has developed an algorithm that can distinguish between normal and distressed crying. Each baby cry is unique but all of them contain some common features if caused by the same reason. The research team used an algorithm based on automatic speech recognition to extract all the elements in cry signals and further used compressed sensing (reconstruction of a signal from minimal data, especially when sounds are recorded in noisy environments) to classify and analyse them for health-related information.

"Lots of research has been directed towards natural language processing," the researchers said in their paper published in *IEEE/CAA Journal of Automatica Sinica*. "However, the baby's cry... has not yet been extensively explored, because it is not a language that can be easily understood. Since cry signals carry information about babies' well-being, recognition and analysis of an infant's cry are not only possible but also has profound medical and societal applications." **BT**

PERSONAL TECH

UP YOUR GAME

FIVE MUST-EXPERIENCE APPS TO IMPROVE PRODUCTIVITY AT WORK.

By NIDHI SINGAL
Illustration by RAJ VERMA

IN A FAST-PACED WORLD where work and non-work boundaries tend to overlap and iconic leaders like Jack Ma, Elon Musk and Jeff Bezos praise gruelling office schedules, working smart to push up your performance level a notch or two might not be a bad idea. Most of us want to succeed without tilting the work-life balance too dangerously (one should be extra careful here as the WHO recently recognised work burnout as a serious medical condition). On the other hand, nations favouring four-day work weeks are also keen on good performance to beat any productivity dip. One way of doing it is to use specialised apps which can reduce distractions and stress and keep one focussed and productive. In fact, these apps are becoming increasingly important as we move away from dedicated tools and work across devices to enjoy maximum flexibility and efficiency. For instance, people no longer use diaries to keep track of work engagements or use dictaphones for voice recording. The smartphones and tablets do it all this and more, thus splitting the workload with laptops and desktops. The future of work could be more sophisticated as artificial intelligence, Internet of Things and connected wearables are expected to rule. But until we reach that phase, let us take a look at some of the top productivity apps (they are not necessarily new) which can help you work smoothly and collaborate better.

Any.do to stay organised: This app has been around for a while and is considered the best in managing to-do lists. To start with, you can easily add all sorts of tasks and organise them into lists with due dates. You can create your reminders, but the app, too, has a vast inventory of prompts to choose from. Besides, Plan My Day gives you a snapshot of the day in advance to help schedule/reschedule tasks. Any.do focusses on two core areas – tasks and calendar. Tasks allow you to create and see activities/reminders; the same can be synced with Google and Outlook calendars so that you can see all your tasks and appointments at one place. However, some features such as Repeat Tasks and Location Reminders can only be accessed by paid subscribers. Any.do is Alexa compatible. You can use your virtual assistant to learn about upcoming reminders.
Platforms:
App type: Freemium

Otter for work automation: From creating minutes of the meeting and fetching crucial data to taking dictation and transcribing – Otter is a one-stop solution for all your office needs. Conversations can be recorded using the Otter app or via the web browser and a transcript can be obtained within minutes. These are searchable and can be edited and shared with team members. There is an option of live-reviewing the transcript as the audio plays. But to do all these, it requires decent Internet connectivity. You can import or sync recordings from other services. Otter works well with American and British accents, and a person with an Indian accent may struggle initially. But with AI on board, it improvises with every use. The app is available for individuals and teams, and the basic plan offers 600 minutes of free service every month.
Platforms:
App type: Freemium

Apps are becoming increasingly important as we move away from dedicated tools and work across devices to enjoy maximum flexibility and optimum efficiency

Travel Phrasebook for smooth interaction: Do you interact with colleagues and clients who are located across the globe or travel to different parts of the world? If so, do not let language barriers pull you down. Travel Phrasebook, a language translation app, will make those overseas trips quite a breeze as it features a compendium of words and phrases in several popular languages, including Spanish, German, French, Italian, Dutch, Japanese, Korean, Simplified and Traditional Chinese, Thai, Russian and more. When you select a language for the first time, the app downloads a pack (not a large file) to facilitate the service. It has an intuitive user-interface and puts words and phrases under useful categories for quick access. Better still, when you tap the word/phrase, the app will speak it out loud. This can be used for communicating or learning the basics of a new language.
Platforms:
App type: Free

CamScanner for easy scanning: Thanks to new-age smartphone and tab cameras, scanning and digitising documents have never been so easy. You will find loads of apps doing it but none is as good as CamScanner. In just a few steps, it will turn any document into a PDF. Plus, it can capture notes and slides. This one is easy to use – just hit the camera button at the bottom of the app, select one of the options (single, batch, image to excel, ID card, etc.) and capture the image. The app will do the rest. When the scan is finished, you will be able to add watermark and ink annotation, use smudge tool or add a signature. Scans can be saved in a folder and later searched via file name or scan date. Only one folder is allowed in the free version, but the premium version allows multiple folders, cloud storage, ID card format, and more.
Platforms:
App type: Freemium

Use LastPass for smart password management: From e-mail and chat apps to net banking, shopping, travel booking or ordering food – every online service asks for a digital account and a password to log in. To prevent any security breach, we usually create different passwords for different accounts and tend to forget them. Here is a reliable password manager which not only remembers all your passwords but also creates a hard-to-guess unique password for each site. And the auto-fill feature logs you into the accounts without having to type the password. Better still, all passwords are stored securely. While LastPass has implemented AES256-bit encryption, the data is encrypted and decrypted at the device level.
Platforms:
App type: Freemium. BT

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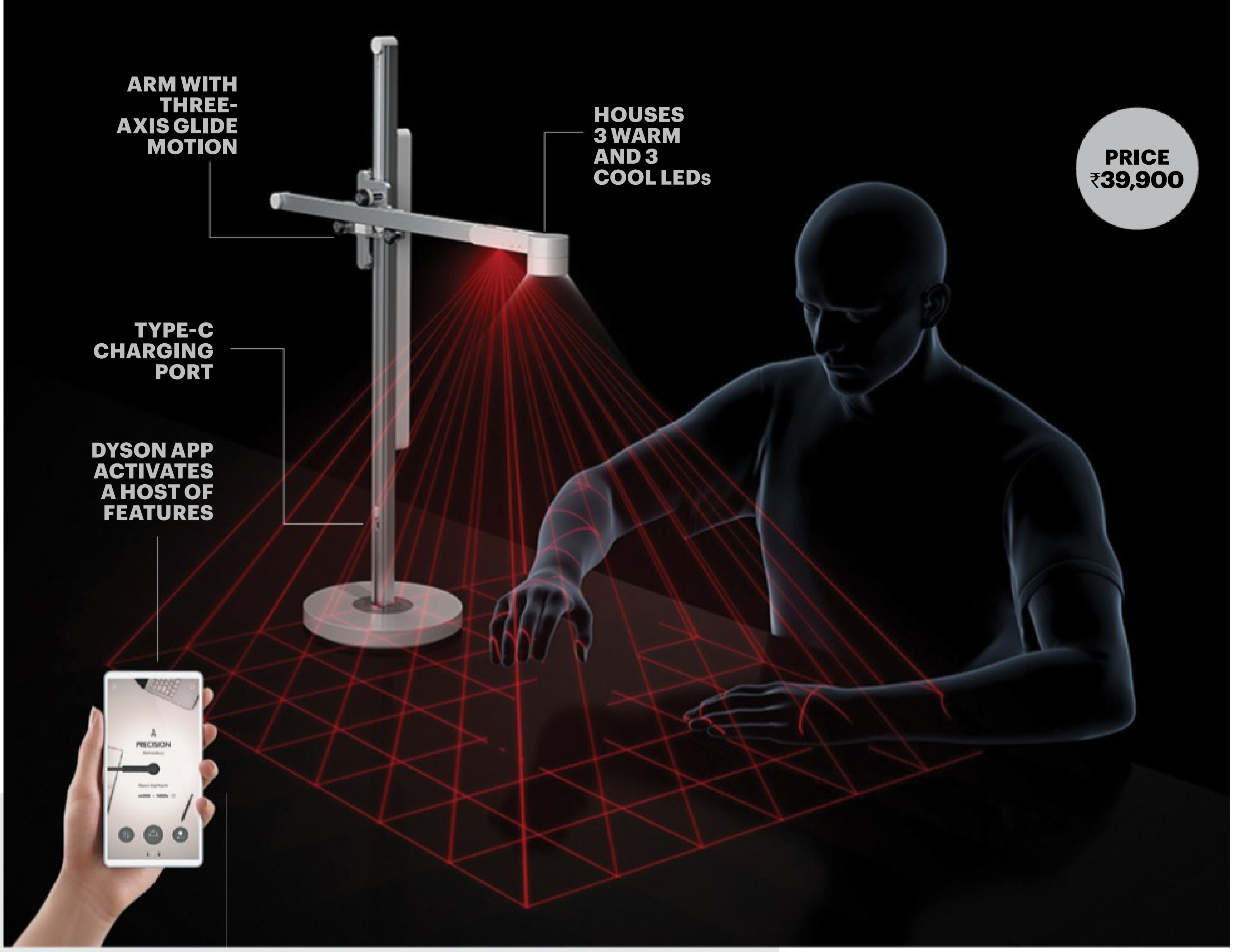

DYSON LIGHTCYCLE

INTELLIGENT, TO THE CORE

By NIDHI SINGAL

DYSON PRODUCTS are all about cutting-edge technology and superb design. And its recently launched Lightcycle desk lamp is no exception. For a starter, this one uses heat pipe cooling – a drop of water put inside a vacuum-sealed copper tube alternately evaporates and condenses to pull the excess heat away to prevent the six LED lights from overheating, discolouring and fading. The lamp comes with a five-year warranty, but the company claims the light quality will last 60 years.

The clean, minimalist design – a circular base, a vertical pole and a horizontal mount for the lights – resembles a science lab equipment stand, but its smart features are bound to wow all. Thanks to its fluid three-axis movement, I was able to slide the lamp up and down, back and forth and swivel it 360 degree. The effortless motion allowed me to use it as a bedside lamp, a study lamp or even as a focus/task light without moving it around; finger movements did it all. The only thing it does not support is angle adjustment.

You will find plenty of controls, synced with the Dyson app. There is a touch power button right on the circular top housing the LEDs. Then, there are two touch sliders to adjust brightness and colour temperature (cool/warm). You will also find three dedicated buttons below. The first one, for daylight mode, automatically adjusted brightness and colour as per my location and replicated the natural light. But to do this, the app had to access my location. The second button is a motion sensor and makes the product energy efficient as the light is turned off/on by detecting presence. The third button is for auto mode and Lightcycle adjusted to background light conditions for constant brightness. Incidentally, having the right light indoors in sync with the natural light outside, is said to boost our physical and psychological well-being. Dyson says people may require up to four times more light when they are old. So, to make sure that you have the right amount of light while working, studying or relaxing, enter your birth year in the app and Lightcycle will 'intelligently' adjust the output for maximum benefit.

The app has some more hidden gems. For instance, when I activated the 'away' mode, the light was automatically turned off. The 'wake-up' mode was useful too as the light gradually brightened up, creating a natural wake-up environment. Last but not least, there is a Type-C port to charge devices. The price is quite steep, but with so many features up its sleeves, the smart lamp is worth a buy. BT

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AUDIO-TECHNICA
ATH-CK200BT

A Mixed Bag

By NIDHI SINGAL

PRICE
₹4,890

JAPANESE AUDIO brand Audio-Technica has launched some impressive headphones in the past. But the ATH-CK200BT is a late entrant in India, given that the in-ear Bluetooth headphones hit the international markets in January 2018. Also, most of us are used to magnetic-lock earbuds – the magnets prevent them from falling off – and some manufacturers have integrated the on/off functionality when the two parts are clasped together. However, the CK200BT has given them a miss. My review unit in white (they are also available in blue and black) looked just about average. The right and the left ear tips are connected with a small cable that does not tangle easily. But from earbuds to the in-line remote to the battery pack on neckband – everything seems very plasticky.

Not everything is bad about this model. First, the ear tips come in four different sizes, and I found the small ones quite comfortable to wear. Although the battery pack (along with the clip) on the neckband does not look too nice when attached to a shirt's collar, it keeps the earphones from falling off. Even the in-line remote, housing controls for power and volume, and the LED indicator, are convenient to use.

The earphones come with 9 mm audio drivers and the output is sharp and loud. They have a sensitivity range of 20-24,000 Hz and an impedance of 100 dB/mW. They paired instantly with my iPhone via Bluetooth v4.1, and I was able to use them for music streaming and calling. I tested the headphones with my regular set of tracks, including *Something Just Like This* by The Chainsmokers & Coldplay, *Clint Eastwood* by Gorillaz, *Blue Eyes Crying In The Rain* by Willie Nelson, *Afreen Afreen* by Nusrat Fateh Ali Khan and many more. The audio was impressive and the vocals were well pronounced. The device rendered powerful bass without any distortion and even the treble was definitive. But when I put it to peak volume, the Western renditions got distorted. The company claims seven hours of music playback on a single charge and I got close to six hours. Overall, it delivers good music, but the design could have been better. **BT**

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VOTED BY CONSUMERS
TRUSTED BRAND
2019
Reader's Digest

READER'S DIGEST TRUSTED BRAND AWARDS:
Celebrating the Ultimate Seal of Consumer Approval

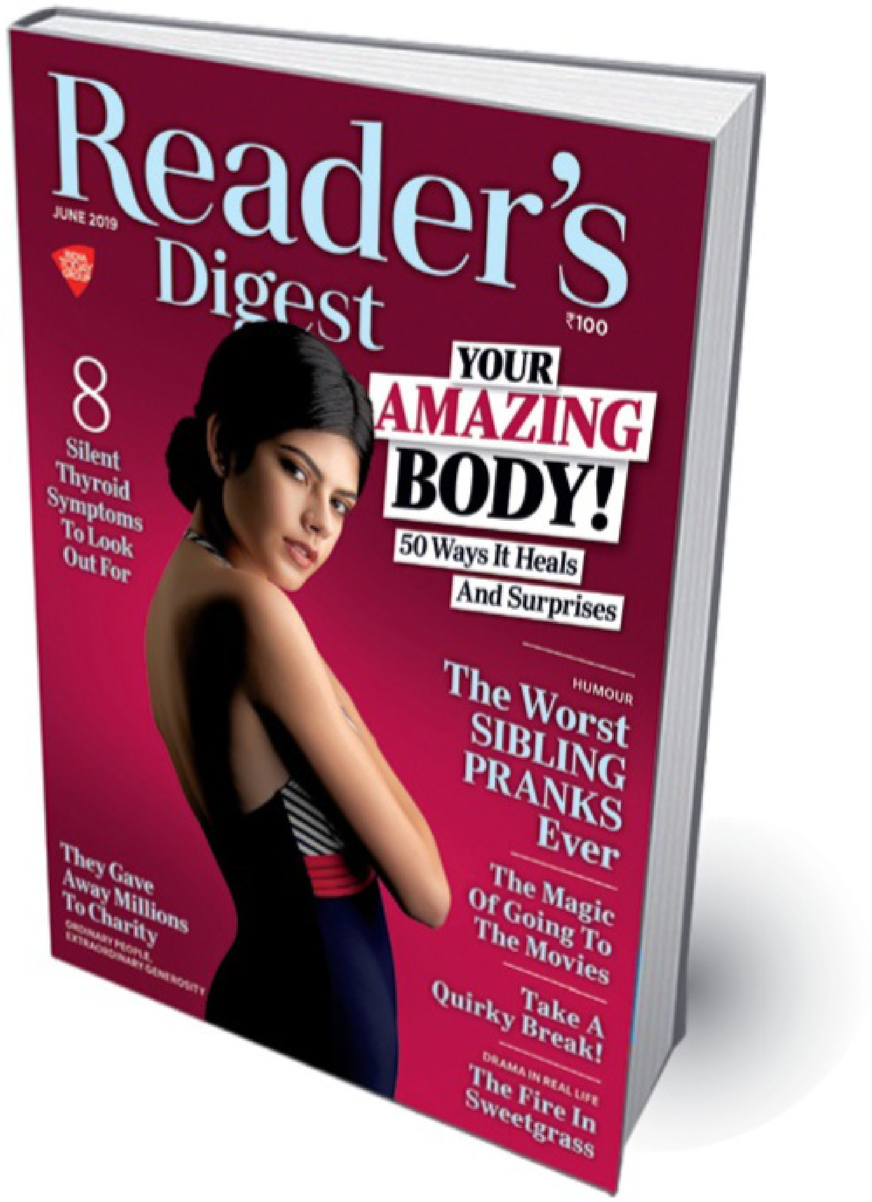
The Reader's Digest Trusted Brand Award has established itself as a benchmark for the most admired brands in the Indian consumer market. Honouring excellence since its inception, this prestigious award has become synonymous with quality and reliability, serving as a smart buyer's guide for the discerning Indian consumers, enabling them to make efficient and informed choices since 1998.

Trust in a brand is one of the key factors that builds brand salience. In a world of cut-throat competition, consumer trust is the key driver of brand success in the ever-burgeoning market. The increased access to a wide range of products and brands has come to mean that a low price point is no longer the primary factor influencing the consumer's buying decisions anymore. With a huge number of brands, all competing for the same consumer rupee, trust and reliability goes a long way.

How to be a trusted brand

Brands that have won the coveted Reader's Digest Trusted Brand Award have truly earned the loyalty and faith of their consumers. They have stayed in step with the changing times and corresponding change in consumer needs and expectations and become powerful success stories over the years. The consistent award-winners are brands that have always put the consumer first, providing value for money, ease-of-use, consistently delivering on their brand promise, maintaining stringent quality control, innovation and excellent after-sales service.

For the past 21 years, the Reader's Digest Trusted Brand Awards have annually showcased brands that have managed to establish and maintain a stronghold in the market. These awards provide an overview of India's brand environment, ranking the most trusted brands across a wide range of sectors and industries.



How the survey is done

To arrive at the winners of this coveted consumer-brand award, *Reader's Digest* collaborates with the premier market research firm Ipsos to conduct a

Aeroguard AIR PURIFIERS BREATHE PURE. LIVE HEALTHIER.
AGL TILES Asian Granito India Ltd. Beautiful Life
Aquaguard PAANI KA DOCTOR
बैंक ऑफ़ बड़ौदा Bank of Baroda India's International Bank
Bank of India Relationship beyond banking
Bata
Bharat Petroleum energising lives
BLUE DART

survey of its vast universe of readers, who pick their favourites across industry segments and categories and reveal the factors that influence their buying decisions.

In its 14th edition in India, the Reader's Digest Trusted Brand survey is based on years of research that allows the *Reader's Digest* team to confidently dissect the key characteristics of a successful brand. It employs deep rigour in collecting, tabulating and interpreting the data received from its readers. To maintain its reputation as an international measure of brand preference, a high degree of integrity and efficiency is ensured in the manner the survey is undertaken. For instance, the 2019 survey, done in collaboration with Ipsos, studied a representative sample of over 4,000 respondents through online and in-person interviews, across 15 cities in India. The respondents comprised a cross-section of randomly selected quality consumers and *Reader's Digest* subscribers. The respondents were asked to name the brands they trusted most across 45 categories and rate them on seven parameters: quality, value, innovation, social responsibility, brand image, consumer recommendation and reputation. To ascertain the most trusted brands across categories, the score of each brand was arrived at by adding the stated score and the derived score. For statistical accuracy, the data was weighted to reflect the population distribution of the respondents.

When a consumer considers a Reader's Digest Trusted Brand, they are aware of the legacy, brand salience and credibility of the *Reader's Digest* brand itself. Above all, the connection and bond that every reader enjoys with it. The awards are an acknowledgment and celebration of this relationship of faith and the confidence that *Reader's Digest* enjoys.

What the brands say

Ms. Ritu Gupta, Director, Marketing, CSB India, Dell says, "Being honoured by *Reader's Digest* as a Trusted Brand for six consecutive years is a milestone and testimony to the efforts of the entire team at Dell India, from sales and marketing to customer service. It is a significant acknowledgement of Dell's appeal as a brand of choice and the work we are doing to deliver a best-in-class technology experience to our customers."

Accepting the Reader's Digest Trusted Brand Award, S. Ramakrishnan, Head of Retail Banking and Wealth Management, HSBC, echoes the same sentiment, "We value the trust our customers have reposed in us and thank the *Reader's Digest* audience for this honour. We will continue to strive towards delighting our customers and upholding their trust in us."

The award winners understand and acknowledge the importance of the consumer's trust in them. As Hardayal Prasad, MD and CEO, SBI Card, says, "This award … [and our customers'] unwavering faith in us is a validation of our customer-centricity and the strong connect that we have developed with them through our seamless service and exceptional product offerings. This award is another milestone in our long journey to become the most trusted brand and market leader in our segment and we will continue to make focused efforts to realize our vision."

Most brands understand that consumer trust is hard won. Over the years the traditional brick-and-mortar marketplace has given way to newer platforms. Advances in technology have posited newer, greater challenges in staying relevant, but it has also created greater opportunities. The brands that grasp the potential of this rapidly changing market environment and are gearing towards tapping it, will continue to engage their customer base and add newer ones to their fold. As products and services proliferate and the market continues to get more crowded, brands will have to consistently deliver on their promises to win and enjoy continued consumer patronage.

The award winners have won over consumers by holding on steadfastly to their core brand principles and succeeding in establishing and preserving confidence in their products. As Balfour Manuel, Managing Director, Blue Dart points out, "We are honoured to be recognized as a Trusted Brand. Blue Dart continues to be India's most innovative and awarded express-delivery company. The value-and-service experience we provide leads the industry. We have ambitious goals to raise the bar and differentiate ourselves as the most efficient and customer-centric leader."

The DNA of success

Consistency is also key to a brand's success. The Reader's Digest Trusted Brand winners have demonstrated how to do this meticulously. These brands constantly improve product quality, build bigger, more versatile product portfolios that are at the cutting edge of technology and design, provide efficient customer service and expand their aftersales service operations and pay sharp attention to detail and drive innovation, which sets them miles apart from their closest competitors in their industry segment. These winners are aware of the power and loyalty of a happy, satisfied consumer. Ensuring consumer satisfaction converts consumers into brand champions, who serves as best brand ambassadors in the tough consumer market.

The Indian consumer is not just looking for the next best bargain but brands that fulfil their needs with efficiency and provide a positive, holistic experience. The ability to do this is what makes a Reader's Digest Trusted Brand. The Reader's Digest Trusted Brand Award winners have the ultimate seal of consumer approval.

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*Visit: **www.readersdigest.co.in/tb-winner** for the full list of the 2019 Reader's Digest Trusted Brand Award winners and to learn more about these brands.*

EXECUTIVE HEALTH

BACK TO THE FORE

MODERN-DAY LIFESTYLE OFTEN LEADS TO BACK AND NECK PAIN, BUT IT COULD BE AN EARLY SYMPTOM OF SERIOUS HEALTH PROBLEMS.

By E. Kumar Sharma

DR G. SHASHI KANTH, an orthopaedic surgeon working as a senior consultant at Yashoda Hospitals in Hyderabad, has attended numerous patients over the past two decades. But a recent case involving a 24-year-old worried him most. The young man had chronic back pain for about three months and used to take over-the-counter pain medicines. But the pain persisted, and finally, he visited the doctor. "I found that he had spinal tuberculosis. Early diagnosis and right medicines can cure it completely, but he had lost three valuable months and had to undergo surgery. The treatment and the recovery took a long time," he says.

Back or neck pain should not be neglected, given our long office hours, desk-bound lifestyle and love of screens (we are either slouching in not-so-ergonomic office chairs for hours or craning our neck to stare at computers, mobile phones or television sets). "Nowadays, 35-40 per cent of all orthopaedic patients suffer from backaches and neck pain, up from 20-25 per cent five years ago," says Dr Shashi Kanth.

What causes them, though? Reasons can vary from poor posture, lack of exercise and lack of proper diet, especially Vitamin D deficiency, to degenerating muscles/bones, damaged nerves, infection, injury and abnormal growth. People put on steroids may also suffer as it leads to osteoporosis or bone loss. Those suffering from spine-related issues are prone to these conditions as well as the vertebrae may not support their body weight and movement. Stress can also aggravate the condition as the perception of pain increases due to biochemical and hormonal changes in the body. By the time you are in your 30s, there could be early symptoms of chronic muscle strain or bone/muscle degeneration, including acute or lingering neck and back pain, an occasional feeling of numbness or stiffness in movement. Left unattended, this could lead to a chronic health issue and even cervical spondylosis.

So, what should you do? A vitamin-and-mineral-rich diet, adequate exercise and proper postures often help. Ideally, the upper border of the laptop/desktop monitor should be in line with your eyes and the seat should keep your spine aligned at a 90° angle instead of curving it. Your thighs should rest parallel to the ground and knees should be square to your hips. In case the pain continues, go and see your doctor at the earliest so that X-rays, MRIs and other tests can be done to diagnose and fix the issue.

NON-INVASIVE SURGERY

THERE ARE surgical procedures to fix back pain, but doctors often refer to failed back surgery syndrome, a medical condition when people suffer from chronic back pain following back surgeries. On the other hand, Dr Shashi Kanth has seen a growing trend towards minimally invasive surgeries over the past five years. These include endoscopic spine surgery, vertebroplasty (bone cement filling is injected to stabilise cracked, broken or weakened spinal cord) and radiofrequency ablation, a procedure where electrical current produced by a radio wave heats a small area to reduce pain signals transmitted by nerves. According to the doctor, soon, there will be a more targeted approach for spine surgery with the use of robotics and computer navigation. BT

LUXURY

SUMMER OFFERINGS

A STUNNING ISLAND RESORT, HAUTE HOROLOGY, RETRO AND CONTEMPORARY FASHION – THESE EXCLUSIVES FROM ICONIC BRANDS WILL TAKE YOUR BREATH AWAY.

BY PRACHI BHUCHAR

Auction

Celeb Outfits to Dazzle All

ITALIAN ACTOR Claudia Cardinale was an iconic figure in the 1960s with films like *The Pink Panther* (directed by Blake Edwards) and *The Magnificent Cuckold* to her credit. She was also considered one of the most stylish women of her times. Now, Sotheby's will auction about 130 couture and ready-to-wear items from the star's wardrobe. While the sale will see a wide range of exciting outfits go under the hammer, one of the key items will be a long gown in fuchsia organza that Cardinale wore at the Cannes Red Carpet in 1961. The dress is expected to fetch between €3,000 and €4,000. Other designer outfits, including a Nina Ricci that Cardinale wore at the 37th Academy Awards in Los Angeles in 1965 as a co-presenter alongside Steve McQueen, is expected to bring in €6,000-8,000. An online sale will be held from June 28 to July 9, and an exhibition at Sotheby's Paris is scheduled for July 2-4.

Haute Horlogerie

ICONIC LANGE 1 TURNS 25

OVER THE YEARS, the Lange 1 has remained an all-time favourite among A. Lange & Söhne's droolworthy collections. Launched in 1994, it became the company's best-known timepiece, an *ad imitandum* (an example to follow). The subsequent models of the watch family also sold well. The Lange 1 Tourbillon Perpetual Calendar became another big hit when it was launched in 2012 with some exceptional features. For instance, it was the company's first tourbillon with a patented stop-seconds mechanism hidden at the back of the dial and featured a perpetual calendar. To mark the 25th anniversary of Lange 1, the German watchmaker has launched a new timepiece in white gold with blue accents. It is the fourth watch of a 10-part commemorative series.

Luxe Resort

A Passage to **Maldives**

HILTON'S top luxury brand Waldorf Astoria Hotels & Resorts is set to start its operations in the Maldives in July this year. The villa-only property spans three private islands in South Malé Atoll. And it is designed to cater to all sorts of luxury travellers – those looking for a romantic getaway, people on family vacations or enthusiasts keen on water sports and adventures. The Waldorf Astoria Maldives Ithaafushi resort is a 30-minute yacht ride from Velana International Airport in Malé and offers 122 beach, reef and overwater villas with private pools. In keeping with the brand's global trend, each villa will have stunning views of the Indian Ocean and afford utmost privacy.

Tea

Taste of a Royal Brew

INDIANS love their *chai* and most become fixated on their special brands even though a large quantity of the finest teas grown in the country is exported. But this time, Teabox, a company that sources and sells some of the most popular single-estate teas and blends, is offering India's most expensive brew as part of its Private Reserve collection. Priced at ₹2,00,000 per kg or ₹5,000 for 25g, the exclusive brand is christened Badamtam Heritage Moonlight Spring White tea. It is grown at an altitude of 4,800 ft on Badamtam Tea Estate that faces the majestic Kanchenjunga. The tea leaves are made from new buds found in spring and can be steeped up to four times to bring out different notes.

Brand Launch

COACH COMES TO BENGALURU

INDIA has become the favourite launch pad for countless luxury brands which consider it a market worth exploring. So, it is not surprising that the global luxury brand Coach has launched its first boutique at UB City in Bengaluru. Designed by the brand's Creative Director Stuart Vevers in partnership with William Sofield, Designer and President of Studio Sofield, the outlet looks quintessentially New York, with a wood-and-leather accented warm interior. Besides its latest collections for men and women, one will also find bags from the Coach 1941 runway collection. This is the brand's fifth store in India. BT

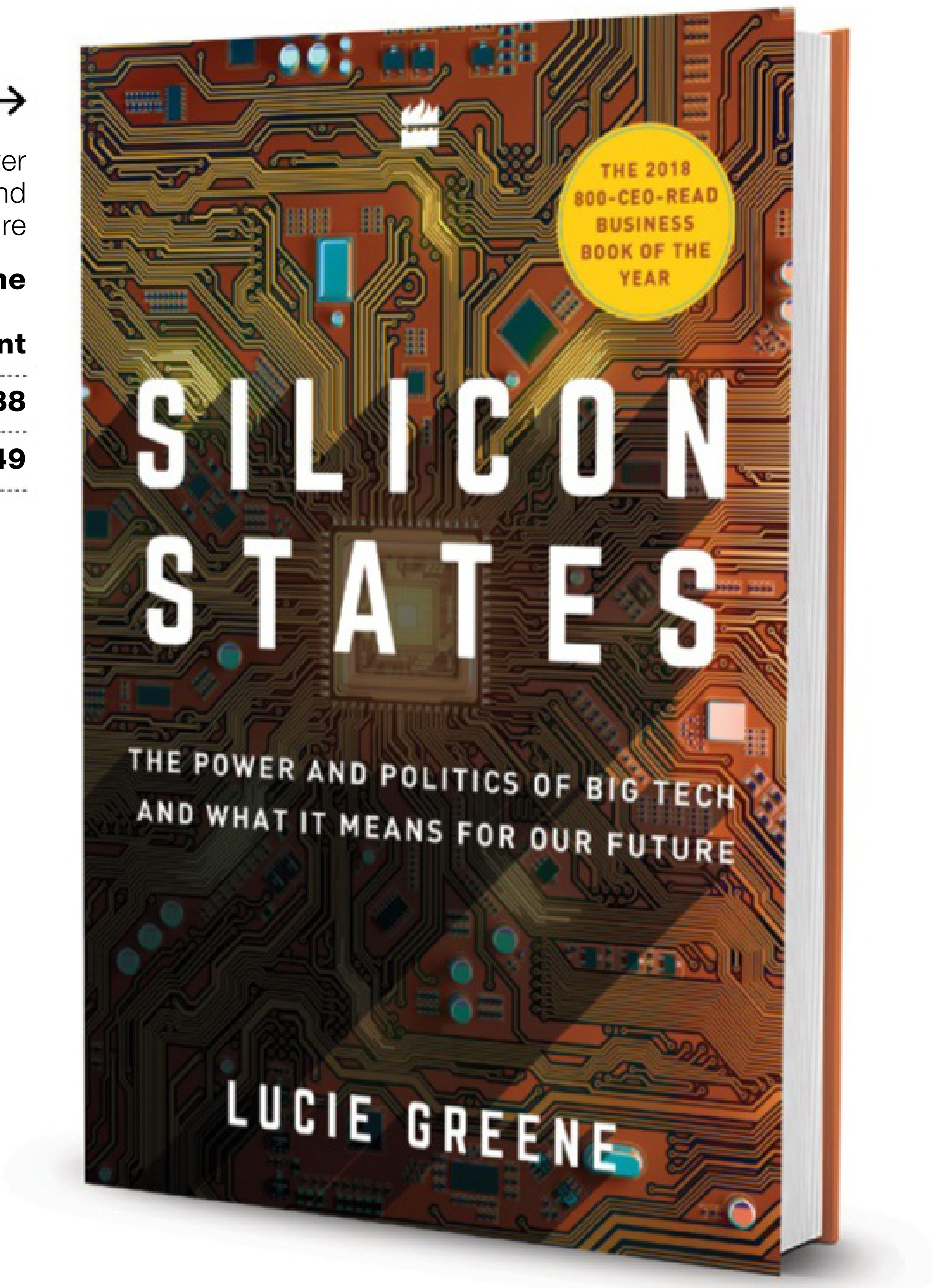
Silicon States: The Power and Politics of Big Tech and What It Means for Our Future

By Lucie Greene

Publisher: **Counterpoint**

Pages: **288**

Price: ₹**1,849**



EX-LIBRIS

FUTURE IMPERFECT

SILICON VALLEY MIGHT BE THE BEATING HEART OF BIG TECH AND THE START-UP ECOSYSTEM, BUT THE WAY AHEAD REMAINS UNCLEAR AS IT GETS MORE PROFIT-MINDED AND LESS CARING ABOUT HUMANKIND.

By Joe C. Mathew

THE SWASHBUCKLING tech titans of Silicon Valley seem to be losing their iconic status. Once idolised as the hub of innovation and start-up culture that would disrupt the world's biggest profiteers and make life better for all, Big Tech is now accused of radicalising and exploiting the masses. Experts say the outsized power and control it commands will be a major issue in the next U.S. election cycle. Even now, regulation looms, but many feel that politicians are hopelessly underprepared to tackle the tech industry's ascendancy and its impact on economy, society and democratic hegemony. Moreover, wealth matters. Silicon Valley's tech conglomerates have propelled California's GDP to $2.46 trillion, a shade lower than India's 2017 GDP of $2.6 trillion.

The growing clout of Big Tech may cause even more damage. As new-age start-ups are keen to emulate the success of these poster boys – at any cost – massive start-up frauds and unsavoury founders are no longer rare in the Valley, or elsewhere. From Theranos to Autonomy to Asenqua Ventures, there are many cautionary tales.

As the big picture starts looking somewhat murky, two recent books – *Silicon States* (by Lucie Greene) and *The Big Nine* (by Amy Webb) – have analysed the problems of Big Tech even though right fixes are difficult to come by. Both writers boast a 'futurist' tag (Greene describes futurism as part social science, part journalism and part scenario planning) and display a noon-clear understanding of what has broken down and what the future holds.

The *Silicon States* dives deep to chronicle how the league of Big Tech (Google, Apple, Facebook, Amazon, Uber, Tesla, Snapchat and others) are trying to shape our future. Of course, not all of them hail from the Valley, but Greene categorises these and many others as Silicon Valley companies as all of them thrive on new-age innovations and a culture of excellence which distinguishes the Valley firms. They have power and influence, and the outcome of their widely varied operations has a chilling similarity. When fast-food workers, airline ticketing staff and thousands of others are made redundant by automation, the devastating lifestyle change for the significant swathe of population is usually rationalised as 'progress' or 'logical efficiencies' by Valley billionaires. But it is not about jobs alone. "They are vying for our healthcare, infrastructure, energy, space travel, education and postal systems. And they are applying the tools that won them success – platforms, artificial intelligence, big data and consumer-centric on-demand models – to disrupt them," points out Greene.

The first chapter of the book traces the evolution of the Valley – the transformation from a small hub housing a handful of chipmakers in the 1970s to a global concept that goes beyond any specific sector or industry. It is a state of mind, an innovation culture, which embodies a new power map. The author then goes on to make a convincing case that Big Tech has started to influence political discourse, governments and governance. She details the impact of fake news, social media avatars and bots, and their ability to shape and distort the digital sphere, underlining how the Valley is grabbing power and governments are getting weaker. The book also devotes an entire chapter on how the likes of Facebook, Twitter and Google have become more powerful than the traditional media. Calling them the Fifth Estate, Greene explains how these companies have evolved into mediators, curators, primary channels and increasingly, generators of news.

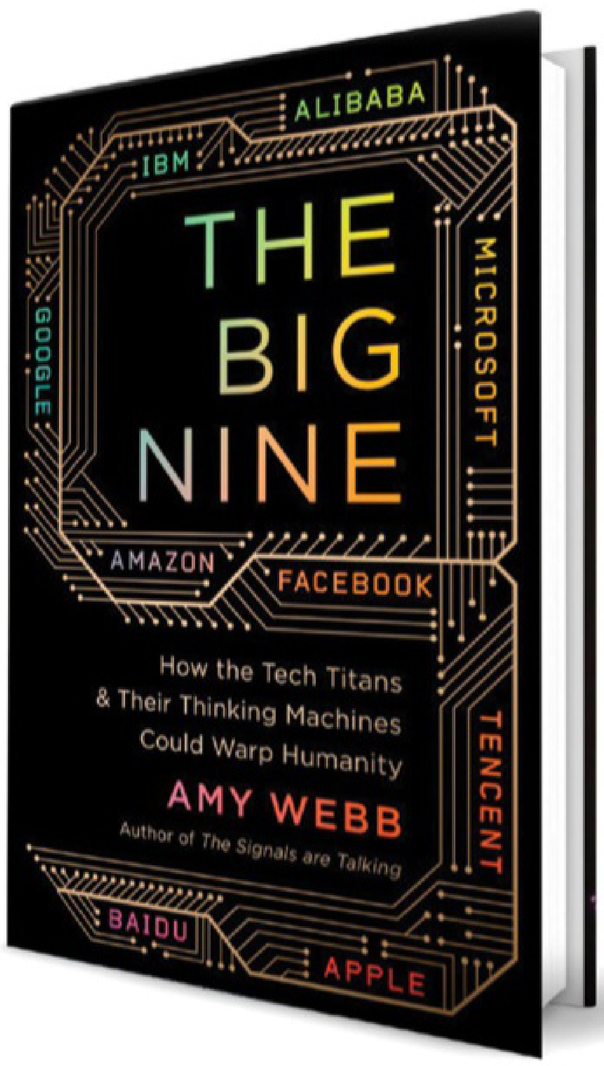
For those who remember Facebook's attempt to offer free but limited-access Internet services in India but cannot understand why it was opposed by many, the chapter titled *Connecting the World* provides an answer. Apparently, behind the Big Tech's plan to gift an Internet infrastructure lies a bigger objective to access a fresh market. But such motives appear minuscule compared to its aspiration to transform human life and the universe as we know it. As its expertise expands – from material science, engineering and medicine to robotics, machine learning, genetics and beyond – a fearsome evolution could take place . "They are all intersecting in new ways to create new, daring products. Often these are in such uncharted territory, or moving so quickly, that the potential ethical quandaries are an afterthought or not yet understood from a regulatory point of view," the author cautions. She also looks into Big Tech's ubiquitous diversity problems, tax issues and figures out why its massive philanthropic initiatives have a disproportionate impact on government policies.

Written in three parts, Amy Webb's ***The Big Nine*** is not so broad in scope but sharply focusses on one technical tool used by most tech conglomerates nowadays – the artificial intelligence (AI). As the title suggests, Webb has written about nine tech giants – Google, Amazon, Apple, IBM, Microsoft and Facebook in the US and Baidu, Alibaba and Tencent in China – all of whom are on the forefront of AI usage.

In the beginning, the book talks about AI and the role of the nine tech giants in its development. The middle section provides detailed, plausible futures over the next 50 years as the technology advances, ranging from optimistic to pragmatic to catastrophic. It reveals both opportunities and risks as we advance from artificial narrow intelligence to artificial general intelligence to artificial superintelligence. The concluding part features tactical and strategic solutions to all problems identified in each scenario, along with a concrete plant to reboot the present.

Interestingly, you will find recommendations for governments, Big Nine leaders and even readers as Webb believes the future of AI is currently moving along two developmental tracks which are often at odds with what is best for humanity. "China's AI push is part of a co-ordinated attempt to create a new world order led by President Xi, while market forces and consumerism are the primary drivers in America. This dichotomy is a serious blind spot for us all."

The big question remains, though – how to curb the controlling power of tech monopolies without hurting their power of innovation. The world seems ready to pull the emergency brake in the form of ham-handed government interventions, but that may snuff out the very spirit of Silicon Valley and the values it originally stood for. **BT**



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THE BIG NINE: How The Tech Titans & Their Thinking Machines Could Warp Humanity

BY AMY WEBB

Publisher: **PUBLICAFFAIRS**

Pages: **320**

Price: ₹**1,599**

SAROSH ZAIWALLA, Founder and Senior Partner, Zaiwalla & Co

Born and raised in Mumbai, Zaiwalla was the first Asian to set up a City law firm in London, and has been involved in more than 1,200 arbitrations globally. He has also worked for the Nehru-Gandhi family and the Bachchan brothers.

Q. The biggest challenge you faced in your career

A. I was an ambitious young lawyer from India and wanted to make it big in the city (London). But in the early '80s, there was open prejudice against Indians from some in the profession. Then an English mentor told me, being an Asian, I would never excel in a big city firm. So, I started on my own but found it difficult to get work from English clients and had to travel abroad to get business. One of my first clients was the Indian government, which faced shipping disputes in London courts. I did not know it, but I was actually ahead of the curve. All London law firms are now hungry for international work.

Q. Your best teacher in business

A. I had great mentors – from Cedric Barclay (he convinced me to start my firm) to V.A. Seyid Muhammad, the highly supportive Indian High Commissioner. But experience is the greatest teacher. You learn from the highs and the lows, successes and mistakes, and accept responsibility with grace.

Q. Three key management lessons for young people

A. Be friendly with clients but keep your professional distance. This way, you can set firm expectations and earn respect. Second, be creative and brave. I worked with Iranian clients to help them challenge global sanctions, but at the time, others would not do it. Finally, work on your team. Seek out people with positive outlook and they will boost the team's morale and it will improve the business.

Q. Two essential qualities a leader must have

A. Vision and integrity. When I started, I had the vision of creating a multicultural, quality law firm in London. Vision is important to create a road to success. You also need courtesy and integrity. There is a misconception that succeeding in the world of business is inherently aggressive. But in reality, it requires creativity, intellect and integrity. I was ultimately accepted by the British legal fraternity because I delivered notable results and they also recognised I had integrity. BT

"THERE IS A MISCONCEPTION THAT SUCCEEDING IN THE WORLD OF BUSINESS IS INHERENTLY AGGRESSIVE. BUT IN REALITY, IT REQUIRES CREATIVITY, INTELLECT AND INTEGRITY"

Vol. 28, No. 14, for the fortnight July 1 - 14, 2019. Released on July 1, 2019. Total number of pages 140 (including cover)

In the mid nineties, the Khorakiwalas approached SAMSIKA® to build the Monginis brand and create a definitive brand presence in India, through franchising and distribution. SAMSIKA® devised the following strategy for the Monginis brand over the next several years.

Brand Positioning Statement®

SAMSIKA® recommended the Brand Category **'The Cake Shop'** for Monginis. SAMSIKA® agreed with the Brand Positioning **'Celebrations'.**

Communication Strategy

The SAMSIKA® devised a customer orientation and positive perception management strategy for Monginis. The SAMSIKA® devised communication strategy yielded excellent results. The entire communication plan from the creative brief and selection of communication partners to the execution of an impactful, cost-effective media campaign was strategized by SAMSIKA®, ensuring complete visibility and awareness of Monginis on television, in print and in other media, emphasizing 'vegetarian'.

Sales Strategy

SAMSIKA® recommended having franchise outlets near railway stations, and achieved large footfalls, and growth in sales.

Sales Force Training

SAMSIKA® provided initial training to both SBU I and SBU II sales teams. The first manufacturer franchisees and the retailer franchises were also trained at SAMSIKA®.

SAMSIKA® introduced and implemented the SAMSIKA® Sales Force Training® module to provide regular service to the market thereby improving the frequency and volume of sales.

Promotion Strategy

SAMSIKA® crafted a highly aggressive and innovative promotion strategy giving rise to regularity of sales, consumer interaction and feedback, and facilitating quick consumer off-take. Monginis Outlets were asked to open half an hour earlier so as to increase customer footfalls. The essence of the strategy was that customers who had missed their breakfast would be in the mood to pick up a light snack on their way to work. As a result, Monginis has had tremendous amount of growth in footfalls and sales.

Distribution and Franchising Strategy

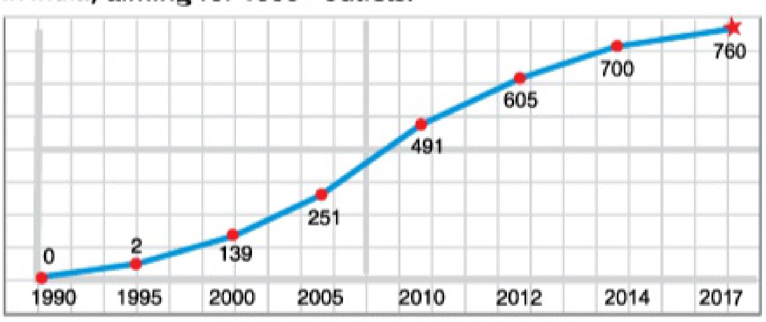
SAMSIKA® recommended that the brand needed to replicate and franchise so that the consumers could benefit. SAMSIKA® advocated dividing operations into distinct strategic business units. SAMSIKA® recommended to set up two SBUs, SBU I – which would service franchisees and SBU II which would service retail sales. SAMSIKA® Franchise Strategy was implemented. Today Monginis is a household name and has the largest chain of cake shops in India. Monginis has grown from just 2 initial outlets to over 760 exclusive cake shop franchisees spread across 60 cities in India, aiming for 1000+ outlets.

150+

760+

'Mr. Jagdeep Kapoor's contribution towards brand building has been unique. In Monginis, he has helped us in realizing the value of our brand name. Furthermore, Mr. Jagdeep Kapoor has helped in considerably enhancing the brand image of Monginis in the market.'

Mr. Zoher Khorakiwala, Chairman, Monginis Foods Pvt. Ltd.



Growth in number of Monginis Franchises

SAMSIKA® marketing consultants pvt. ltd.

For a list of other great brands built by SAMSIKA®

turn the page