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# Mukesh Ambani is first Indian in top 10 rich list

**MUMBAI, FEBRUARY 26, 2019**

THE HINDU

***Net worth estimated at $54 billion; Amazon's Jeff Bezos retains top slot with $ 147 billion***

Indian's richest individual Mukesh Ambani, CMD of Reliance Industries, figures in the top 10 richest individuals globally as per the 'Loong Palace Hurun Global Rich List 2019. Coming in at position eight globally, he is the first Indian to achieve this position as also the only Asian in this year's list.

His net worth is estimated at $54 billion (Rs.3,83,700 crore). Mr. Ambani's net worth increased 20% in a year. As per the report, Mukesh Ambani added $30 billion in the last seven years, and his brother Anil Ambani lost $5 billion (from $7 billion seven years back) and came in at $1.9 billion this year.

S.P. Hinduja whose ranking is 40 globally and number two in India, has estimated wealth of $21 billion (Rs.1,50,500 crore), as per the list. Azim Premji, at position 57 globally and third-richest in India, is followed by Cyrus Poonawalla and Laxmi Mittal who are globally ranked 100 and 112 respectively. Globally ranked 129 Uday Kotak is India's sixth-richest, followed by Gautam Adani seventh richest in India while his ranking globally is 157. Sun Pharma's Dilip Shanghvi is eighth-richest in India and is followed by Cyrus and Shapoor Mistry.

Jeff Bezos of Amazon, with net worth of $147 billion (Rs.10,44,000 crore) retained the top slot for the second year running. In one year, he added

$24 billion (Rs.171,500 crore) to his fortune. For the first time, Cyrus Poonawalla of Serum Institute has broken into the global top 100 with a net worth of $13 billion (Rs.89,800 crore).

A total of 2,470 individuals figured in the list with total wealth of $49.5 trillion — or 12% of global GDP. Of them, 658 are from China, 584 from the U.S. and 117 are from Germany. A record 430 billionaires dropped off the list in 2019, of whom 52 are from India. "Since 2012, this is the first time that India has slipped to fifth rank in the List. An underperforming rupee and lacklustre stock market resulted in India losing one third of the list," said Anas Rahman Junaid, MD & chief researcher, Hurun Report India.

"Hope to see a revival after the elections, which could bring in a much needed clarity on the continuity of government's policies," he added.

As per the report Beijing emerged as the hub of the rich and famous with 103 names hailing from the city as compared to 92 from New York.

While Greater China has 658 billionaires, down by 161, India has only 104, down by 28. Among India's billionaires 42 are residents of Mumbai while 25 are from Delhi. Bengaluru has 9.

# India's growth momentum slowed down in late 2018 : Poll

Reuters Bengaluru | February 26, 2019

THE HINDU BusinessLine

***A slowdown in growth momentum supported the RBI's sudden dovish turn in early February when it cut rates and changed its policy stance to "neutral"***

India's economy grew at its slowest pace in over a year in the October-December quarter as weaker rural incomes and softer urban demand weighed on consumption, a poll showed.

The median forecast from more than 55 economists polled on February 19-25 was for growth of 6.9 per cent, compared with 7.1 per cent in July-September.

“Consumption drivers should remain modest as tight liquidity persisted through most of the quarter and farm distress restrained rural consumption,” said Charu Chanana, emerging Asia economist at Continuum Economics.

Forecasts for the Gross Domestic Product (GDP) number, due for release on February 28, ranged between 6.3 per cent and 7.9 per cent, and suggested a significant drop from a more than two-year high of 8.2 per cent in April-June 2018.

A slowdown in growth momentum supported the Reserve Bank of India's (RBI) sudden dovish turn in early February when it cut rates and changed its policy stance to “neutral” to boost expansion after a sharp fall in inflation.

However, global uncertainty over trade conflicts, Brexit and oil prices could add to growth headwinds in India, the RBI's Monetary Policy Committee said.

“The RBI's commentary on growth and the upcoming GDP data should support the central bank's surprise cut. There should be more dovishness in the next meeting, because of the ongoing slowdown,” said Shashank Mendiratta, economist at IBM.

In its final budget for this term, the Government introduced several tax cuts to support spending and growth in a bid to lure middle-class voters.

“I think their stance from here would be to show that they have pulled out all the stops and that they've got a few more rabbits to pull out of the hat if they were to win the election,” said Vishnu Varathan, head of economics and strategy for Asia at Mizuho Bank.

Gross value added growth (GVA), the government's preferred measure, is expected to be 6.7 per cent in the October-December quarter, marginally down from 6.9 percent in the previous three months.

# India lacks good economic, jobs data as it is an informal economy: Debroy

Press Trust of India New Delhi | February 25, 2019

THE HINDU BusinessLine

***Head of PM's economic council says Govt must strive to provide inclusive growth***

India lacks good data on economy and jobs as it is majorly an informal economy, Bibek Debroy, head of the Prime Minister's economic advisory panel, said on Monday, while a report claimed big buoyancy in employment numbers under the Narendra Modi-led government.

Debroy highlighted that it is difficult to draw an inference as to what is happening on labour and employment on the basis of data gathered from the enterprises for the very simple reason that very few individuals in India work under an employee-employee kind of relationship.

"We don't have very good data on economy and jobs because India is majorly an informal economy. So, therefore, we don't have a very good data whether it is employment, labour or other things, quite unlike the so-called developed countries," Debroy, also a member of the NITI Aayog, said at the 'Skoch Group Summit: The Inclusion Manifesto' here.

"There is a large degree of self-employment, there is a large degree of informalisation in contracts. So, the only way I can get satisfactory data is through employment surveys of the kinds that the NSS undertakes," he said.

## Informal sector jobs

According to the report released by think-tank Skoch Group on Monday, there is a big buoyancy in informal sector jobs under the Modi government.

A detailed analysis and field research on MUDRA loan scheme, SHGs and infrastructure developments, especially rural roads and National Highways expansion, indicate that there is big buoyancy in informal sector jobs under Modi regime, the report said.

Skoch Group Chairman Sameer Kochhar said that as many as 2 crore jobs have been created in the informal sector till date under the present dispensation.

An earlier Skoch report on job linkage of Pradhan Mantri MUDRA Yojana revealed that 1.7 crore new jobs were generated in the first two years of the scheme, which was launched in April 2015.

Kocchar, however, added that the job situation seems tricky in the formal sector. “Is there any increase in the formal sector jobs, we can’t conclusively say, yes or no,” said Kochhar.

Debroy mentioned that the government can do for the inclusion agenda is to deliver physical and social infrastructure.

Poverty in society shows that people are deprived of social and physical infrastructure and which any government should strive to provide for agenda of inclusive growth, he noted.

“What do we want the government to do, what is the most important item from the perspective of the government in terms of driving inclusion agenda...It is my submission that the most important thing any government can do for the inclusion agenda is to deliver the physical and social infrastructure,” he said.

# RBI revamps pay of bank CEOs, directors to reflect performance

Our Bureau Mumbai | February 26, 2019

BusinessLine

Come FY2020, private sector banks, foreign banks operating under the Wholly Owned Subsidiary (WOS) Model and foreign banks operating in India may be required to incorporate malus (financial penalty)/ clawback (taking back already disbursed money) clauses in deferred compensation in the event of negative contributions of the bank in any year, give joining/sign-on bonus only in the form of Employee Stock Option Plan (ESOP), and make disclosure on remuneration in annual financial statements.

The aforementioned clauses have been incorporated in the Reserve Bank of India's proposed Guidelines for Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff, etc.

Private sector banks, include local area banks, small finance banks and payments banks.

As per the guidelines — which have been put together to ensure effective governance of compensation — alignment of the compensation with prudent risk-taking and effective supervisory oversight and stakeholder engagement in compensation, banks are required to put in place appropriate modalities to incorporate malus/clawback mechanisms in respect of variable pay, taking into account the relevant statutory and regulatory stipulations as applicable.

In their compensation policies, banks have to identify a representative set of situations which require them to invoke these clauses which may be applicable on entire variable pay. When setting criteria for the application of the malus and clawback clauses, banks should also set a period during which they can be applied, covering at least deferral and retention periods.

The RBI said wherever the assessed divergence in bank's asset classification or provisioning from the RBI norms exceeds the prescribed threshold for public disclosure, the bank shall not pay the unvested portion of the variable compensation for the assessment year under 'malus' clause. Further, in such situations, no proposal for increase in variable pay (for the assessment year) can be entertained.

**Joining bonus: only ESOPs**

Emphasising that guaranteed bonuses are not consistent with sound risk management or the 'pay for performance' principles and should not be part of compensation plan, the draft guidelines state that the joining/sign-on bonus should only occur in the context of hiring new staff and be limited to the first year.

Further, joining/sign-on bonus should be in the form of ESOPs (employee stock option plans) only, since payments in cash upfront would create perverse incentives. In addition, banks should not grant severance pay other than accrued benefits (gratuity, pension, etc.) except in cases where it is mandatory under any statute.

**Computing pay**

According to the guidelines, banks are required to ensure that the fixed portion of compensation is reasonable, taking into account all relevant factors including adherence to statutory requirements and industry practice.

For the purpose of computing fixed pay, all the fixed items of compensation, excluding the perquisites, will be treated as part of it.

The variable pay can be in cash or stock-linked instruments or a mix of both. There should be proper balance between the cash and stock/share-linked components in the variable pay.

Except where compensation by way of share-linked instruments is not permitted by law/regulations, a minimum of 50 per cent of the variable pay should be via non-cash compensation, such as ESOPs or share linked instruments, etc.

Banks have to ensure that there is a proper balance between fixed pay and variable pay. The total variable pay should be limited to a maximum of 200 per cent of the fixed pay (for the relative period). Within this ceiling, at higher levels of responsibility, the proportion of variable pay should be higher. The deterioration in the financial performance of the bank should generally lead to a contraction in the total amount of variable compensation paid.

In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 100 per cent of the fixed pay, but will not be less than 50 per cent of the fixed pay.

For senior executives, including whole-time directors (WTDs), and other employees who are Material Risk Takers (MRTs), deferral arrangements (which should be a minimum of three years) must invariably exist for the variable pay, regardless of the quantum of pay. For such executives of the bank, a minimum of 60 per cent of the total variable pay must invariably be under deferral arrangements. Of this, at least 50 per cent of the cash component should also be deferred.

RBI said Banks cannot permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement. To enforce the same, banks should establish appropriate compliance arrangements.

As per the guidelines, members of staff engaged in financial and risk control should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank. Effective independence and appropriate authority of such staff are necessary to preserve the integrity of financial and risk management's influence on incentive compensation.

"Back office and risk control employees play a key role in ensuring the integrity of risk measures. If their own compensation is significantly affected by short-term measures, their independence will be compromised. If their compensation is too low, the quality of such employees may be insufficient for their tasks and their authority may be undermined. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation," RBI said.

For the other categories of staff, banks may devise appropriate compensation structure. However, in doing so, banks may adopt principles similar to the principles enunciated for WTD/CEO as appropriate. The banks are expected to identify their Material Risk Takers, whose actions have a material impact on the risk exposure of the bank.

The central bank observed that banks' compensation policies will also be subject to supervisory oversight including review under Basel framework. Deficiencies observed in this regard would have the effect of increasing the risk profile of the bank with attendant consequences, including a requirement of additional capital if the deficiencies are very significant.

# Axis Bank is likely to acquire a PSB if the 'right one comes about at the right price'

K Ram Kumar / Surabhi Mumbai | February 25, 2019

THE HINDU BusinessLine

***ICICI Bank and HDFC Bank have grown through a 'string of pearls' acquisition strategy in the last two decades. However, Axis Bank, which started operations around the same time (in 1994) as these two banks, has preferred to grow organically. Now the bank, under the leadership of newly-appointed MD and CEO Amitabh Chaudhry, may shed its reticence towards the inorganic way of***

***growing business. Chaudhry, who took the helm on January 1, 2019, feels the bank can improve its ranking in the private sector banking space. The bank will not shy away from acquiring a public sector bank (PSB), provided it comes across a right match at the right price, and can get its arms around some of the asset issues in a clear way.***

***In an interaction with*** BusinessLine***, Chaudhry observed that there are some spaces, including consumer durables and two-wheeler financing, where the bank does not have a presence, and will look to fill these gaps. Mindful of the RBI recently imposing monetary penalties, including on his bank, the Axis Bank honcho said the board and management do not want to see even a rupee as fine because it indicates something has gone wrong. He underscored that the bank is serious about complying with the RBI's rules and regulations. Excerpts:***

**What are your thoughts on growth via the inorganic route?**

We never acquired banks, we acquired some other companies (Enam Securities and FreeCharge). Today, acquiring a banking institution could be for two reasons: one is you are going for the liability side (and liability side is something that all banks are struggling with), or for the assets.

Paying a huge value for acquiring assets is always a question mark because the question we ask, given the size of our balance sheet today, is can we create that? Assuming you acquire a bank with an asset size of say,Rs.50,000 crore, which you can create within a year, without too much of a push. Is it really worth paying a lot of money to acquire an asset pool, unless the asset pool is in a space where we don't have a presence and that will jump-start our whole operations. Otherwise, it doesn't make sense.

From a priority perspective, at least from a bank's view point, I think a liability franchise makes more sense. Now the problem with it is that the bank does not exist without an asset. So, invariably, these banks will have an asset, which, invariably, will have a problem, that's why they are for sale. So, the liability franchise comes with a different set of problems.

So, when you go for asset, you may get a decent asset pool, maybe no liability. So, you can go for an NBFC or something like that, but then you pay a lot of value.

On the liability side, you get a lot of liability, which is fine, but you have a lot of employees, a lot of asset issues to solve. So, you have to again ask the question, is it worth the pain? It's not an easy acquisition, but are we willing to look at it. Yes, we are.

**So, what is the road ahead on this front?**

The FM (Finance Minister) has talked about consolidation – we need only 7-8 large banks, as there are too many banks. I think, from the government's perspective, will they be willing to look at allowing some of us to go and get a government bank? I have no idea on that thought process.

In some cases, the RBI and the government have done that, but it's not going to be easy. I think, the first step the government will do is continue to merge banks (like Vijaya Bank and Dena Bank are getting merged with Bank of Baroda). Let's see. We are hoping, but it's not going to be an easy acquisition...If the right one comes about at the right price, and we can get our arms around some of their asset issues in a clear way, we should be willing to look at it.

**Axis has been the third-largest private sector lender for a long time? What is your dream?**

I did not come here and appear for the interview to remain No 3. Let me put it that way.

My ambition was not to take this job and move into retirement...Axis Bank is a great franchise, a great platform, great set of people, great culture. We can do something with it and take it to some level.

This means we would like to improve our ranking. Now, where we can get to depends on how well we can execute it.

Does the platform and the talent pool have the capability to take it to a different level? Yes, but it will depend on how, as an organisation and management, we execute it. We will try our hardest, our plans have some ambition in it.

**Are there any gaps in your business that you need to fill?**

There are some spaces in banking where we don't have a presence. For example, we are not catering to the mutual fund, the broking space to the extent we should, or to the PE (private equity).

So, there is this whole segment that has very different requirements – PE, MF, brokers, FIIs (foreign institutional investors) – in terms of what their banking requirements are.

So, we need to see how we can fill that space. There are also other segments where we don't have a presence. For example, we are not present in consumer durable financing or two-wheeler financing. As a large bank, we are present in most of the spaces.

**How concerned are you about the RBI cracking the whip on banks?**

The board and management do not like to see even a rupee as fine because it indicates something wrong has happened. We should be able to demonstrate, as an institution, to ourselves and the RBI, that we are fully complying or are in the process of complying with it.

The impression I get is that it is more about them getting the impression from our actions that we are serious about compliance.

The reason why this cracking of whip has happened is because they feel the level of seriousness has to go up a couple of notches…if we start listening and they start getting the feeling that we are serious about it and we are working on it, some of the pressure will come off. That is my view.

# Job loss hits sale of policies, livelihood: LIC agents

Vinson Kurian Thiruvananthapuram | February 28, 2019

BUSINESSLINE

A setback to the economy, combined with job losses and adverse changes in ESI/EPF rules, have rubbed lakhs of LIC agents on the wrong side, turning them into an unintended third-party casualty, according to the LIC Agents' Organisation of India.

Job losses mean the affected are not able to buy policies or service existing ones, said Basudeb Acharya, Ex-MP, and All-India Vice-President of both CITU and the LIC Agents' Organisation.

Trickle-down effect

Poor sentiments prevailing among the working class have trickled down to the level of LIC agents, dealing a massive blow to agents.

"Since women represent more than half of the total strength of agents, their empowerment would also get deeply impacted in this manner," PG Dileep, General Secretary, told BusinessLine.

Dileep had attended the fifth all-India conference of the organisation held at Lucknow recently. At least 2,000 agents from across the country took part in the general session, while 156 women representatives attended the women's conference held alongside.

K Hemalatha, All-India President, CITU, inaugurated the general session. Acharya, declared open the delegates' session.

The session discussed major issues affecting LIC agents, including what Dileep described as "adverse rulings and notifications issued from time to time by the Centre as well as the Insurance Regulatory and Development Authority".

It passed resolutions demanding withdrawal of GST on policy premium and interest and direct marketing; commission as prescribed by the regulator; job security for agents; revision of gratuity rules; and control of essential commodity prices.

LIC, which began with a share capital of ☐5 crore and has since grown to a behemoth with total assets of ☐28 lakh crore, owes its existence to the toil and sweat of the agent community, Dileep observed.

"If the Centre cannot generate new jobs, the least it can do is to ensure the job security of lakhs of agents who have managed to find employment for themselves to ensure a livelihood," he added.

# Chanda Kochhar explores options for 'legal recourse'

Surabhi Mumbai | February 28, 2019 BUSINESSLINE

**After termination from ICICI Bank, former CEO meets lawyers for a second opinion**

Former ICICI Bank Managing Director and CEO Chanda Kochhar is understood to be exploring various legal options following termination of her service by the private sector lender and investigations by government agencies.

According to sources familiar with the development, Kochhar, who is in Mumbai, has been meeting lawyers for a second opinion.

"She has her own legal team, but she is also meeting other experts to get a second opinion," said a person familiar with the development, adding that she met lawyer Abha Singh recently. Kochhar was unavailable for comment.

"She is fully cooperating with the investigating agencies at present, so there is no requirement for legal recourse as of now. As and when it is required, the issue will be taken up," said a person familiar with the development.

On being contacted, Singh said: "In my personal opinion, if IAS officers in Maharashtra have been protected because Section 13(1)(d) of the Prevention of Corruption Act has been removed, then why not bankers? Where is the criminality? The criminality is yet to be proven. And no loan is given by one person individually." The Central Bureau of Investigation has registered an FIR against several entities and persons, including Chanda Kochhar, her husband Deepak Kochhar, and Videocon Group MD Venugopal Dhoot, for alleged irregularities in loans sanctioned in 2012. The allegations are also under investigation by the Enforcement Directorate and market regulator SEBI.

Kochhar, who had resigned in October last year, was sacked by ICICI Bank in January this year, after an internal probe by former Supreme Court Judge BN Srikrishna said she had violated the bank's code of conduct and framework on conflict of interest and that her lack of disclosures made the bank's processes ineffective.

## 'Govt maintaining good distance from IBC pays rich rich dividends to banking system'

**Arun Jaitley, Finance Minister addressing at the IBA EASE Index - Award Ceremony along with Rajiv Kumar, Secretary, Financial Services in New Delhi on Thursday, Feb. 28, 2019.**

# Committee of Creditors (CoC) to take independent commercial decisions without any government interference

K.R.Srivats New Delhi | February 28, 2019 BUSINESSLINE

Finance Minister Arun Jaitley, on Thursday, said the government's conscious decision to keep distance from the Insolvency and Bankruptcy Code (IBC) process has paid rich dividends to the banking system.

In a little over two years after the code was rolled out, as much as ☐2.8-lakh crore has returned to the banking system, Jaitley revealed at an event to launch the first-ever EASE Reforms Index for public sector banks (PSBs).

The BCG-IBA report – EASE Reforms for Public Sector Banks measures the performance of each PSB on 140 objective metrics across 6 themes, and provides a comparative evaluation showing where banks stand vis-à-vis benchmarks and peers on the reforms agenda.

Jaitley said the government had made sure to keep a good distance from the IBC process and enabled the Committee of Creditors (CoC) to take independent commercial decisions without any government interference. This was a significant reason for the success of IBC, he noted.

**PCA banks**

The Finance Minister also expressed hope that the remaining six public sector banks that are under the RBI's Prompt Corrective Action (PCA) will improve their parameters so that they can come out of it soon.

It may be recalled that five banks, on the back of the government's recap support, came out of the RBI's PCA framework recently.

Till recently, 11 of the 20 public sector banks, were under PCA. With five PSBs now out of the PCA net, there are only six public sector banks left. The five public sector banks that came out are Bank of India, Bank of Maharashtra, Oriental Bank of Commerce, Corporation Bank and Allahabad Bank.

The public sector banks that continue to be under PCA include UCO Bank, Central Bank of India, Indian Overseas Bank and Dena Bank.

PSBs have shown strong trajectory in their performance over three quarters after the launch of EASE Reforms Agenda. The overall score of PSBs has increased by 15 per cent between March 2018 and December 2018, with the average score of PSBs improving from 56.3 to 64.5, the report concluded. Significant progress is seen across themes, with highest growth being in 'responsible banking'.

Some of the key findings of the BCG report are that stress recognition is almost standard; restructured advances, as a percentage of gross advances, reduced from 7 per cent in March 2015 to 0.5 per cent in December 2018.

The second big improvement is that gross non-performing assets (GNPA) have reversed. GNPA has reduced by □31,168 crore, GNPA ratio has started to decline after peaking in March 2018, and has declined for three successive quarters after March 2018.

Thanks to the Insolvency and Bankruptcy Code (IBC), public sector banks have recovered □98,493 crore in first nine months of 2018-19, registering a growth of 103 per cent.

PSB balance sheets strengthened through the infusion of □3.19 lakh crore, including infusion by the government and market raising.

Fresh slippages

Fresh slippages reduced by □58,000 crore in first nine months of 2018-19, compared to same period in the previous financial year.