

IMC Journal

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INDIAN
MERCHANTS'
CHAMBER

(Established in 1907)

JOB CREATION through
SKILL DEVELOPMENT

8th Banking & Finance Conference

Changing Contours of Banking
and India's Growth Aspirations



8th Banking &
Finance Conference

Monday, April 18, 2016

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Mr. Jayant Sinha and Mr. Dilip Piramal

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From the President's Desk

Probably this year's best news so far is that the monsoon is expected to be above normal. After two consecutive droughts, the monsoon this year is predicted to be at 106% of the long period average. This is the first time since 1999 that the meteorological department has made an "above normal" prediction. Not only is this news a lifeline for millions of farmers across the country, but it will also boost the rural economy immeasurably. Although agriculture's contribution to the GDP is shrinking (being 17% currently), given that over half the population continues to remain dependent on agriculture, a normal monsoon has a disproportionate impact on rural wages and spending. Thus, all FMCG companies as well as many others stand to gain from a good monsoon, and thus help jumpstart national economic growth.

RBI's first bimonthly policy review of the current financial year cut interest rates by 0.25% and introduced a slew of measures to enhance liquidity in the system. Given a steadily improving monetary transmission mechanism, it will enable banks to lend more money to the productive sectors of the economy and thus pave the way for economic growth. India seems to be moving to a low interest rate regime. With retail inflation slowing and industrial growth remaining relatively stagnant, we do look forward to a mid-course correction before the next monetary policy review.

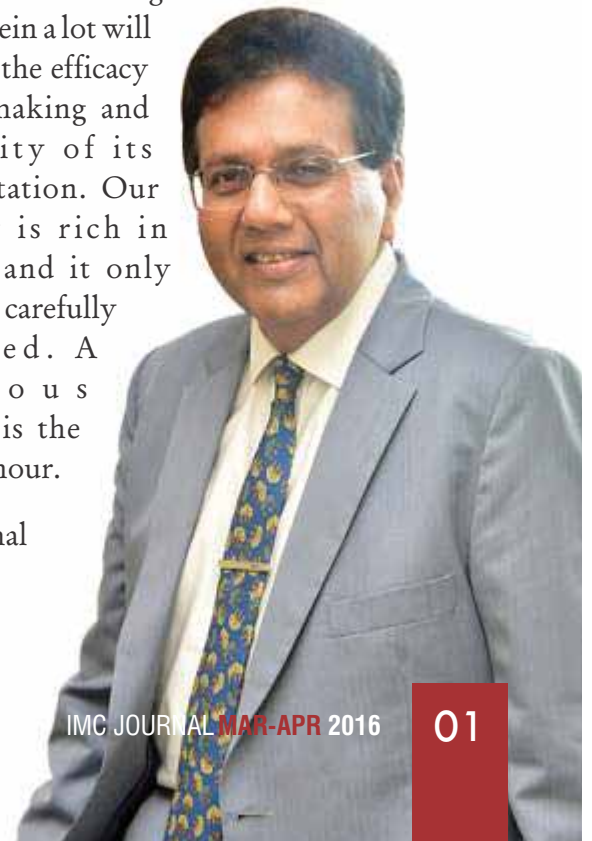
It is heartening to know that a Parliamentary panel is expected to submit its report on the Bankruptcy and Insolvency Code on April 29 and the Government is aiming to push for the passage of the Bill in the second leg of the Budget session. This is good news, particularly for tackling the NPA woes of the banking sector.

Coming to the Chamber's activities, we organised our 8th Banking & Finance

Conference on Changing Contours of Banking and India's Growth Aspirations on Monday, April 18, 2016 at Hotel Trident. The Conference was inaugurated by Mr. Jayant Sinha, Hon'ble Union Minister of State for Finance and Mrs. Arundhati Bhattacharya, Chairman, State Bank of India, was the Guest of Honour. The Inaugural Session was attended by over 300 persons. Four technical sessions were addressed by CMDs, MDs and EDs of public sector banks, private sector banks, foreign banks and RBI. In all, 15 speakers addressed the Conference. Ernst & Young was the Knowledge Partner. The conference got a wide media coverage – 12 print media, including leading financial dailies, and electronic & online coverages as well. The Conference has become a flagship event of the Chamber over the years. Those in the financial world look forward to IMC's annual Banking Conference, which has earned it the name and the fame.

There is no doubt that we are living in interesting times wherein a lot will depend on the efficacy of policymaking and the quality of its implementation. Our economy is rich in potential and it only needs to be carefully unleashed. A cautious optimism is the need of the hour.

Dilip Piramal



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Mr. Dilip Piramal

C H BHABHA MEMORIAL ENDOWMENT PUBLIC MEETING

Indian Merchants' Chamber discussed the implications of the Union Budget 2016-17 on March 1, 2016. IMC President, Mr. Dilip Piramal, acknowledged the liberal donation given by Mr. Homi C H Bhabha and his mother towards instituting the Endowment for organising a public meeting every year in the memory of Late Mr. C H Bhabha. He welcomed the distinguished speakers Mr. Dinesh Vyas, Sr. Advocate, Supreme Court of India; Mr. Shailesh Haribhakti, Group-Chairman, D H Consultants Pvt. Ltd. and IMC Past-President, Mr. Vikram Nankani, Chairman, Indirect Taxation Committee, IMC, and other dignitaries in the audience.

Mr. Vyas explained the 'Key Macro Aspects of the Union Budget 2016-17, and commented that the FM has presented one of the finest budgets in recent memory with a balanced handling of both the underlying political and economic issues. By bringing in dividend distribution tax (DDT) on dividend earned and tax on withdrawal of provident fund (PF) this budget has given the message that this government means business. This budget has

carried the philosophy of Swachh Bharat by indicating a strong desire to clean up the system through the voluntary disclosure scheme of Income Tax. There are no surprises in this budget. All retrospective amendments have been kept away.

This budget introduces accountability into the system. It is important that the administration takes forward the ideas propounded in the budget and how far will the political leadership be able to keep the bureaucratic forces in control.

Mr. Haribhakti made the following observations:

1. With exceptional global economic headwinds and two major droughts, there was no option for the Government but to transfer resources to the rural economy.
2. The path to economic transformation lies in getting our construction and roads act together. Both sectors have been addressed in this budget.





Mr. Dinesh Vyas



Mr. Shailesh Haribhakti



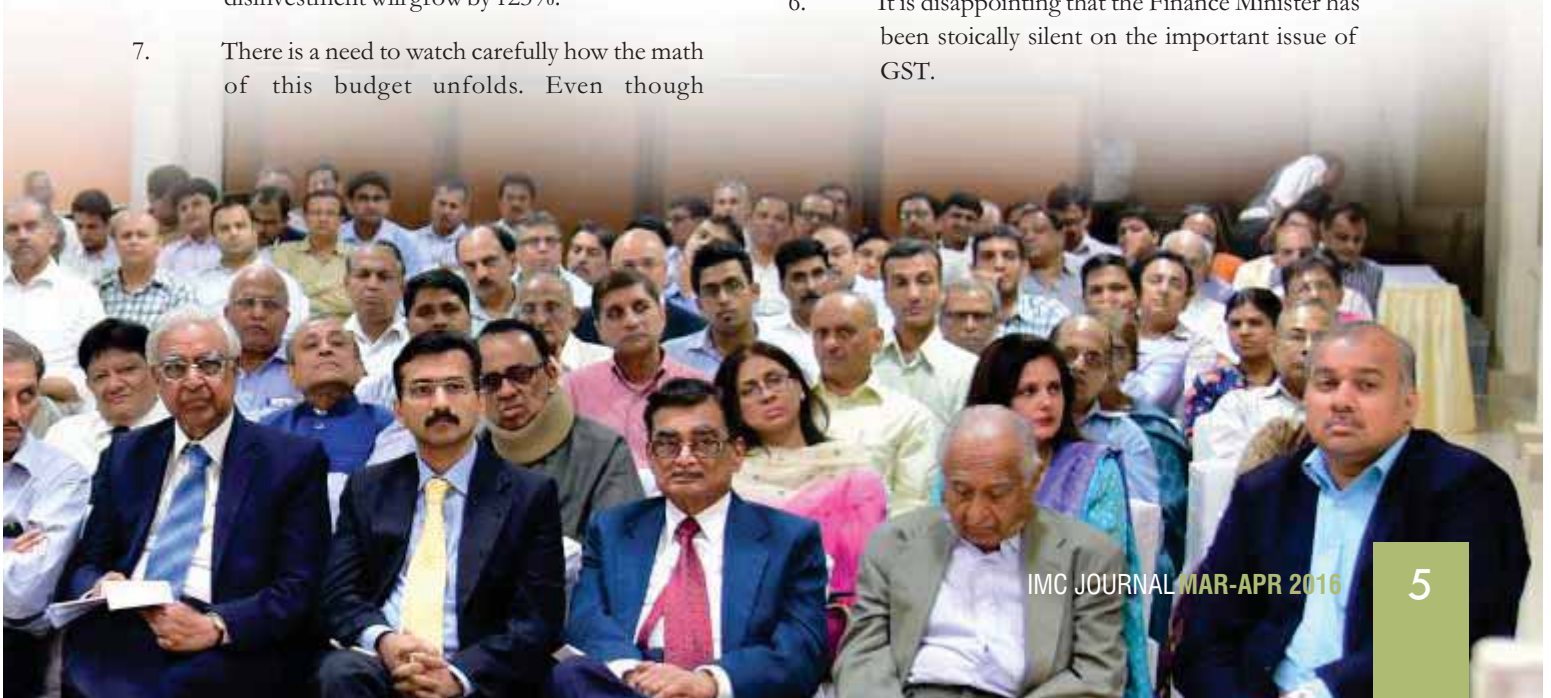
Mr. Vikram Nankani

3. The REIT provisions will have a major impact on investment in the housing sector.
4. The access to debt is clogged due to the NPA situation. The budget has done well by allocating ₹ 25,000 crore for the recapitalisation of PSBs in this regard.
5. There is a clear devolution of resources to the bottom of the pyramid. This will necessitate the development of effective partnering – in the form of PPPs – at all levels.
6. The 3.5% target of fiscal deficit will be achieved based on the following four presumptions, 18% growth in income tax receipts, sale of spectrum which will yield ₹ 99,000 crore to the exchequer, fertilizer and petroleum subsidies to reduce by ₹ 24,000 and ₹ 10,000 crore and proceeds of disinvestment will grow by 123%.
7. There is a need to watch carefully how the math of this budget unfolds. Even though

accountability has been brought into the system, the coming months will be crucial in determining the budget's overall success.

Mr. Vikram Nankani made the following observations

1. There is an increase in the service tax but it can be set off.
2. Prosecution in Service tax is limited only if tax is collected and not paid above ₹ 1 crore.
3. The budget has streamlined CENVAT credit.
4. The one-time dispute redressal mechanism brought about in this budget is a mixed blessing.
5. Interest payments in relation to provisional assessments need to be carefully examined.
6. It is disappointing that the Finance Minister has been stoically silent on the important issue of GST.





Union Budget 2016-17

As widely expected on basis of indications available in recent days, Mr. Arun Jaitley, Union Finance Minister, in his Union Budget 2016-17, has sought to give a fillip to the critical area of agriculture, education, health and infrastructure, according to IMC President, Mr. Dilip Piramal.

Close to ₹ 36,000 crore has been allocated during 2016-17 for strengthening the agriculture and allied sectors. Crop insurance (Pradhan Mantri Fasal Bima Yojana), acceleration of Soil Health Card scheme, expansion of irrigation facilities (irrigation fund of ₹ 20,000 crore under NABARD), agri-infrastructure and linking farm to market through a unified agricultural platform are some of the key features of the Budget.

"We need to think beyond food security and ensure income security for growers" - the FM has asserted adding that the Government aims to double the income of farmers in five years. To this end, ₹ 15,000 crore has been set aside for loan subvention for agricultural loans taken by farmers and arrangements will be made for procurement of pulses, an essential commodity of mass consumption.

The Budget's rural focus including digital literacy scheme is intended to step up expenditure in that part of the

economy which in turn is expected to create a virtuous cycle of growth, advance rural welfare and exert a multiplier effect on the overall economy added Mr. Piramal.

The FM's focus on infrastructure, especially roads and highways, is sure to go a long way in creating jobs and accelerating connectivity. It is heartening that 85% of the stalled road projects are now back on track.

According to Mr. Piramal, an outstanding feature of the Budget, outside of the rural economy, is the exemption of Dividend distribution tax on REITs which will provide a shot in the arm for affordable housing in particular, and infrastructure in general. Consensus is emerging that the country can hope to garner \$ 10-15 Billion in FDI.

Rates of income tax, service tax, customs duty and excise duty are all stable and there is no justification for tinkering with them at this stage, according to IMC President.

On the whole, the Budget is well-balanced and is one that focuses on sectors that cry for attention. The rural push should be seen as positive for the nation struggling to overcome global headwinds, remarked Mr. Piramal.



Mr. Dilip Piramil



Mr. Deepak Premnarayen



Ms. Bhavna G. Doshi



Mr. Arvind Pradban



Dr Lalit Kanodia



Mr. Niranjan Hiranandani



IMC Managing Committee members discuss the budget

The Future of Equity Market



Mr. Dilip Piramal presenting a memento to Mr. Raamdeo Agrawal

Indian Merchants' Chamber organised an interactive meet with Mr. Raamdeo Agrawal, Joint MD, Motilal Oswal Financial Services Ltd., on the subject 'The Future of Equity Market' on March 15, 2016.

Mr. Agrawal stated that the current market scenario has many moving targets and it is sufficiently complicated to confuse the average investor. While all information is important and it is desirable to ascertain its implications, the hard part to accept is that not all important desired information is knowable. Hence, one needs to focus on things which are important and knowable rather than trying to focus on all available important information, he added.

In recent years the markets have been flattish but healthy over the long term. For example, in the past

37 years, the Sensex return had a CAGR of 16% - the highest in any asset category. There is a strong basis for future optimism, since every successive trillion dollar addition to the GDP is taking fewer and fewer years. Human habits being what they are, when per capita GDP doubles, discretionary spending rises by a factor of 10. Thus, there is a lot of opportunity for a wide range of businesses to carve out their niches accordingly. However, despite all our achievements, we have a long way to go compared to China, whose GDP is now more than five times ours. By way of comparison, China's GDP was less than double that of India's in 2000.

The key is learning how to swim against the tide - i.e., earning at least 15% absolute returns, irrespective of market conditions. In this context, it is important to remember Warren Buffett's investment strategy of



Mr. Raamdeo Agrawal



Mr. Dilip Piramal

getting into a business we understand, with favourable long term economics, able and trustworthy management, and a sensible price tag. To make money in stocks you must have the vision to see them, the courage to buy them, and the patience to hold on to them ... with patience being the rarest of the three. Equity allocation should ideally be maximum when the index is low and minimum when the index is high ... however, with most investors, it is the reverse.

In deciding which stocks to buy, the quality of the business and the quality of management are both equally important. No compromise should be made in either one. Only 14% of BSE 500 companies earn Return on Equity (RoE) higher than cost of equity and they should be identified early on in the investment process. Uncommon profits and uncommon wealth creation both result from a stubborn endurance. Value migrates from outmoded business design to superior business design and so it is important to identify potential early to capitalise on the winners.

Some of Mr. Agrawal's key observations are as follows:

- .. The shorter the period under consideration, the more irrationally the market behaves and vice-versa. As the father of value investing, Benjamin Graham, said, "In the short run the market is a voting machine ... but in the long run it is a weighing machine".
- .. Stock performance needs to be differentiated from both market and portfolio performance. There is no correlation between them.
- .. No investor, regardless of his experience, can time

the market. Growth is all that matters and it needs to be pursued in a focused manner.

- .. Value and price investing are two completely different concepts and they need to be clearly demarcated from each other.
- .. Since their inception, the majority of companies take about a decade to become profitable and that is when the most astute investors are attracted to them.
- .. Understanding short term (up to 2 years) growth is a science but understanding long term growth potential is an art. It needs vision to develop this art, and that vision won't come from the best of formal education. You either have it in you or you don't.
- .. India's market benchmark indices have risen approximately 100 times in the past 32 years, which implies around a 15% CAGR. Wise investors have cashed in on it and continue to do so.
- .. Understand and harness the power of compounding and the Rule of 72 – which is a simplified way to determine how long an investment will take to double itself, given a fixed annual rate of interest.
- .. There is a quality vs growth tradeoff and intelligent investors need to identify the true wealth creators which excel in both categories.
- .. The future unfolds itself gradually and so all investors need to prepare themselves in anticipation of it. Few things occur unexpectedly, but when they do they could have unpredictable results.
- .. The investment world may contain choppy waters. Strong determination and discipline is needed to successfully navigate today's turbulent markets.

Mr. Agrawal concluded by saying that one can swim against the tide (i.e., make money in flattish markets) provided one has a sound investment philosophy and the determination and discipline to practice it despite temporary setbacks. A good investment philosophy evolves after years of research, practice and fine-tuning, but is worth the effort.



Sr. Counsel Ms. Rajani Iyer



Sr. Counsel C. Rashmikant



Sr. Counsel Dr. Milind Sathe



Sr. Counsel Kevic Setahvad



Sr. Counsel Anant Shende

7 Day Course in Arbitration

The IMC's Arbitration Committee organised a '7 Day Course in Arbitration' from February 22 to February 27 and on March 2, 2016, comprising a total of 14 sessions.

Sessions were conducted by eminent Sr. Counsel, Sr. Advocates and retired Judges of High Court with years of experience wherein primary speakers were assisted by their associate speakers. This year's amendments in the Arbitration Act 2015 were also dealt by the speakers.

Special Guest at the course was Chief Justice Mr. Mohit Shah (Retd.) who shared his experiences as



Chief Justice Mr. Mohit Shah (Retd.)

Chief Justice at the Bombay High Court.

IMC and Arbitration Committee faced a great loss in the field of Arbitration this year due to the sad demise of Shri D. M. Popat who was Chairperson of Arbitration Committee for

several years. His remarkable contribution in the field of Arbitration was remembered by all at the inaugural session.

Session III – 22nd February, 2016 – Ms. Rajani Iyer

Mr. Gautam Mehta, Co-Chairman, Arbitration Committee; Mr. Bhavesh Punjwani and Ms. Renu Parekh, Members of the Committee, welcomed all.

Ms. Rajani Iyer, Solicitor and Sr. Counsel, spoke on 'Introduction to Arbitration – Part III' assisted by Mr. Darshit Jain, Advocate. Ms. Iyer covered topics of Doctrine of Separability – Arbitration Agreement has a life independent of the main contract; Non-arbitrable disputes; Issues of arbitrability of disputes and several other important topics related there with, supported by various judgement. She also spoke on recent changes due to amendments to Arbitration Act.

Session IV – 22nd February, 2016 – Mr. C. Rashmikant

Mr. C. Rashmikant, Sr. Solicitor, spoke on 'Arbitration Agreements' and was assisted by Mr. Rohan Dakshini, Partner at M/s. Federal & Rashmikant. He covered topics like Supersession of arbitration agreements; Applicability of Arbitration And Conciliation Act, 1996, including Section 21 read with Section 85; Territorial application



Sr. Counsel Rajiv Kumar

Sr. Counsel Janak Dwarkadas

Sr. Counsel Ketan Parikh

Sr. Counsel Rohit Kapadia

Sr. Counsel S U Kamdar

(arbitrations taking place in India (domestic) and Abroad (international)) and several other important topics related there with, supported by various judgement. Recent amendments related to sub topics viz., Sections 7 & 8 of the Act was also explained in detail.

Session V – 23rd February, 2016 – Dr. Milind Sathe

Dr. Milind Sathe, Sr. Advocate, and his associate Mr. Bhushan Deshmukh, Advocate, spoke on “Initiation and Invocation of Arbitration procedure”, explaining Initiation and Invocation of Arbitration procedure, Disputes and Differences – When they arise, how to initiate Arbitration – Notice invoking Arbitration, and several other important topics related there with, supported by various judgement. Dr. Sathe also covered in depth important amendments taken place for the Sections 11 & 12.

Session VI – 23rd February, 2016 – Mr. Kevic Setalvad

Mr. Kevic Setalvad, Sr. Advocate assisted by Ms. Sushma Nagraj, Counsel, spoke exhaustively on “Powers of Courts of Law” (before commencement of and during the course of arbitral proceedings). He explained in detail about the Scope of intervention by Courts (S. 5), Court that can be approached and has jurisdiction (Sections 2 and 42); Interim Measures of protection (Sections 9 & 17) and several other important topics related there with, supported by various judgement.

Session VII – 24th February, 2016 – Mr. Anant Shende

Mr. Anant Shende, Arbitration Counsel or Arbitrator, assisted by Ms. Sneha Phene, Solicitor, spoke on “Practical aspects of conducting arbitral

proceedings – Part I” and several other important topics related there with, supported by various judgement.

Mr. Shende also dealt with amendments to the Arbitration Act for Section 24.

Session VIII – 24th February, 2016 – Mr. Rajiv Kumar

Mr. Rajiv Kumar, Sr. Counsel, assisted by Ms. Sheetal Kumar, Counsel, spoke on ‘Practical aspects of conducting Arbitration – Part II’ covering challenge to Jurisdiction under Section 16 and several other important topics related there with, supported by various judgement. He also dealt with the amendments Section 12 and Section 37.

Session IX – 25th February, 2016 – Mr. Janak Dwarkadas

Mr. Janak Dwarkadas, Sr. Advocate was assisted by Mr. Swanand Ganoo, Advocate, spoke on “Practical Aspects in conducting Arbitral proceedings – Part III”. He covered practical aspects like situations expiration of arbitrator before commencement of arbitration proceedings, enforceability of arbitration proceedings and several other important topics related there with, supported by various judgement. He also dealt with the amendments to Section 15, Section 25.

Session X – 25th February, 2016 – Mr. Ketan Parikh

Mr. Ketan Parikh, Sr. Counsel, was assisted by Mr. Rajiv Naik, Advocate. This session was very interesting as he conducted the session through question and answer rounds. He made the subject understandable through various personal experiences and day-to-day examples. He covered relevant aspects of evidence in arbitral proceedings on several



Sr. Counsel Rahul Narichania Justice D. R. Dhanuka (Retd.)

Sr. Counsel Atul Desai

Sr. Counsel Pradeep Sancheti

other important topics related there with, supported by various judgement.

Session XI – 26th February, 2016 – Mr. Rohit Kapadia

Mr. Rohit Kapadia, Sr. Counsel, was assisted by Mr. Pranav Desai, Counsel, spoke on the subject 'Award'. He explained related important topics such as Law and other matters to be applied in determining the dispute (Section 28). He also explained about the amendments to Section 28 w.r.t. making of an Award.

Session XII – 26th February, 2016 – Mr. S. U. Kamdar

Mr. S. U. Kamdar, Sr. Counsel was assisted by Mr. Yashesh Kamdar, Advocate, spoke on 'Post Award Matters'. He explained topics such as Effect of an Award on the Mandate of Arbitrators (Section 32) and several other important topics related there with, supported by various judgement. He also dealt with amendments to Sections 34, 36 & 37.

Session XIII – 27th February, 2016 – Mr. Rahul Narichania

Mr. Rahul Narichania, Sr. Counsel, assisted by



Participants of the Course including Chief Justice Mr. Mobit Shah (Retd.)

Mr. Prathamesh Kamat, Adv. spoke on 'Foreign Awards'. He spoke on disregard of letter & spirit of Arbitration Act, 1996, and that of the New York Convention by Indian Courts which was criticised globally; relevant aspects of foreign awards and spoke on Geneva Convention, Reference to Arbitration, Evidence, Enforcement of Foreign Awards & Appeals.

Session XIV – 27th February, 2016 – Mr. D. R. Dhanuka

Mr. D. R. Dhanuka, Judge (retd.), Bombay High Court was assisted by Mr. Kaushal Tamhane, spoke on 'Recent Changes in Arbitration Law, Advantages of Arbitration and Institutional Arbitration' and several other important topics related there with, supported by various judgement. He also dealt with Commercial Courts, Commercial Division, Commercial Appellate Division of High Court Act, 2015.

Session I – 2nd March, 2016 – Mr. Atul Desai

Mr. Atul Desai, Sr. Counsel and assisted by Mr. Mahek Kamdar, Counsel, spoke on 'Arbitration Agreements', covering essence of Arbitration, compared with and opposed to valuation, opinion and other similar process; Advantages of Arbitration; He also dealt with Applicability of the Arbitration And Conciliation Act, 1996; and Amendments in new Arbitration Act, 2015.

Session II – 2nd March, 2016 – Mr. Pradeep Sancheti

Mr. Pradeep Sancheti, Sr- Counsel, assisted by Mr. Pulkit Sharma, Advocate, spoke on 'Introduction to Arbitration – Part II' and several other important topics related there with, supported by various judgement. Mr. Sancheti also spoke on the amendments in the new Arbitration Act, 2015.

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SOLAS Requirements & Certification of VGM



(L-R): Capt Sunil Chopra, Mr. Mukesh Oza, Mr. Shashi Tanna, Capt. L K Panda, Mr. Snehal Parikh, Mr. Dilip Piramal, Mr. Arvind Pradban and Dr. Dhananjay Samant

The Shipping and Ports Committee of the Indian Merchants' Chamber organised a Round Table on "Certification of Verified Gross Mass (VGM) in view of the SOLAS requirements" on April 6, 2016.

Existing regulations do not always ensure there is no deviation in the declared gross mass (of containers on merchant ships) vs. the actual gross mass despite the fact that deviations in the declared gross mass result in serious accidents at sea. Key policymakers and industry leaders were invited to deliberate the underlying issues at this interactive meet.

Delivering the welcome address, IMC President Mr. Dilip Piramal said that the environmental and economic costs incurred due to deviations in

container gross mass declarations get passed down the supply chain leading to a cost escalation for all stakeholders. There is also a physical risk in loading overweight containers on ships. In the interest of the industry, all these issues needed to be addressed at the earliest.

In his keynote presentation, **Capt. L. K. Panda** Nautical Advisor, DG Shipping made the following observations:

- .. The IMO may have introduced the formal regulation regarding VGM, but India already has processes in place at all levels – whether we comply with them or not.
- .. The container must be weighed and only at a place



- .. DGS is keeping track of all weighbridges participating in this programme. In their system, the existing data interacts with the initial data fed and generates a VGM certificate.
- .. Every Container Freight Station (CFS) must have a weighbridge under the law. DGS is putting additional requirements on weighbridges to make them tamperproof. However, we need to wait at least 6 months to see the results.
- .. There will initially be some hiccups. However, inadequate infrastructure cannot be an excuse not to comply with the SOLAS regulations, especially since these regulations have been around for a long time.



(L-R): Capt. L.K Panda, Mr. Snehal Parikh and Dr. Dhananjay Samant

certified by the law of the country. Also, to minimise congestion, this weighing should be done as far away as possible from the port. There is, thus, a refining of the current practice of weight declaration.

- .. The information pertaining to SOLAS requirements should be made available to all stakeholders. Keeping this in mind, DGS has enhanced its website substantially and incorporated this information in it.
- .. DGS is going all out to introduce web based solutions wherever possible. That is especially important in India, where long weekend holidays can severely hamper the efficacy of operations.

- .. The existing infrastructural facilities will need to be upgraded to today's standards. It is a question of taking the first step, and DGS is doing all it can to help out. In this context, DGS would review the situation every 3 months initially and then every 6 months.
- .. The primary objective of DGS is ensuring the safety of the ocean carrier and crew. To this end, the shipping community is assured of all possible assistance from DGS, which will be a one-stop-shop for every issue pertaining to SOLAS.



Talk on

Conflict of Interest

IMC's Law: Review and Rationalisation Committee organised a talk on 'Conflict of Interest' on February 3, 2016, by Mr. Jay Chauhan, who is a Barrister and Solicitor practising predominantly in Richmond Hill, Ontario, Canada for the last 42 years.

Panellists present included Mr. Birendra Saraf, Senior Counsel, High Court, Mumbai; Mr. Jayant Gokhale, Chartered Accountant, Gokhale & Sathe Chartered Accountants and Mrs. Dipti Mehta, Partner, Mehta & Mehta Company Secretaries. Mr. Shaunak Thacker, Chairman, IMC Law Committee, moderated the discussion.

Discussing the term 'Conflict of Interest', various aspects leading to conflicting interests amongst the parties, individuals, entities etc. leading to disputes were touched upon. Tracing the historical background of the subject from 15th Century in Canada and Europe, and also British ruling in India, Mr. Jay Chauhan explained the concept of Conflict of Interest being faced and resolved by the people all over in India and Canada. He further compared conflict of interest amongst individuals with the conflict in personalities. He explained conflict of



Mr. Jay Chauhan



Mr. Jayant Gokhale



(L-R): Ms. Renu Parekh, Mr. Jayant Gokhale, Ms. Dipti Mehta, Mr. Birendra Saraf, Mr. Jay Chauhan, Mr. Shaunak Thacker, Mr. Arvind Pradban and Mr. Sanjay Mehta.



Mr. Birendra Saraf



Ms. Dipti Mehta

interest being involved in legal field with the role played by lawyers and the judges, and conflict of interest in business, politics, medical and other fields. He also explained the difference between rules of the society and ethics being followed by the society at large.

Mr. Jay Chauhan explained the concept of 'Conflict of Interest' of a person in comparison with his duty which he owes towards society in his professional, personal capacity, whereby he has to face many conflicts in life while dealing with various tricky situations of daily life. One of the most identifiable example given by him was, when a lawyer acting for one party in litigation colludes to compromise the interests of his client by dealing with the opposing lawyer to make personal gain to the detriment of his client's interests.

Mr. Jay Chauhan and the panellists also considered conflict of interest situations being faced by the society due to prevailing laws and ethics followed by the people.

Mr. Saraf stated that ethics and enforcement of laws should become a way of life with the fear of its enactment in our day-to-day life.

BANGLADESH

emerges as India's strong trading partner in cotton

Bangladesh deserves heartiest congratulations on emerging as one of world's largest importers of cotton. It places our neighbour in the league of the Asian giant China. Bangladesh does not produce cotton and is dependent on imports to meet the raw material needs of a burgeoning cotton textile industry.

Bangladesh's vibrant textile industry generates employment, income and foreign exchange. The country aims to double its textile exports in the next five years. Current earnings are about US\$ 25 billion.

A look at the world cotton market clearly points to consumption shifting to countries that depend on imports, be it China, Vietnam or Bangladesh. In other words, Asia is becoming the world's epicentre for cotton with large production and equally large consumption.

Over the last four years, the world cotton market witnessed rising production plus slowing demand growth. This in turn resulted in rapid expansion of inventory. The stock levels became so burdensome that the world carried inventory close to 11 months' consumption, something unheard of in the past. No wonder, prices came under intense pressure.

What contributed to the downward price pressure? Again there was a combination of factors. One was of course the mixed picture of global economic growth (there is a positive relationship between economic growth and cotton consumption). Collapse of crude oil prices (from close \$ 100 a barrel to below \$ 30 a barrel) pulled with it most other commodities and there was a huge sell-off. Additionally, the US dollar strengthened dramatically; and it is well known, a stronger dollar caps the upside possibilities for commodity prices.

Admittedly, China is the mover and shaker of world cotton market. The world's largest producer, importer and consumer of cotton China has made a tactical shift in its inventory policy. It started to destock its humungous inventory accumulated over several years. This destocking meant lower quantum of cotton imports by China.

Given all these supply-demand dynamics of last three years, speculative capital (especially those usually playing on the long side) chose to stay in the sidelines. The question now on top of everyone's mind is whether the market fundamentals are likely to change.

Table: World Cotton Balance Sheet (in million tons)

Year	2014-15	2015-16	2016-17
Opening stock	20.4	22.1	20.5
Production	26.1	22.2	23.0
Consumption	24.3	23.9	24.0
Trade	7.7	7.4	7.6
End stock	22.1	20.5	19.5

(Source: International Cotton Advisory Committee, Washington DC)

What does this Balance Sheet signify? In 2015-16, for the first time in six years, production trails consumption. Lower production is clearly a supply response to low prices of previous 2-3 years. Also, aberrant weather in some origins such as India reduced yields and thereby production. Burdensome stocks are now being drawn

down albeit slowly; and it must be emphasised that the stock reduction is due to lower output and not higher consumption.

It is well recognised that commodity markets usually react on the basis of anticipated changes in market fundamentals. On current reckoning it is anticipated that world cotton consumption is expected to exceed production for the second year in a row and inventory will slowly begin to tighten further.

Cotton outlook for 2016-17: It is clear that stable prices will help maintain planted acreage and production will rise marginally. Anticipated gains in India, Pakistan and the US may be offset by possible losses in China, Brazil and Uzbek. Consumption will remain stable or possibly rise marginally.

Under the circumstances, inventory may be slightly drawn down, but stock overhang will continue nonetheless. Chinese destocking is expected to continue.

As a result of collapse in crude oil prices, polyester prices have been ruling rather low. Consumers are tempted to switch to polyester under the circumstances. This is also seen pressuring cotton prices.

A clear trend in the world cotton market is that consumption is shifting to countries that depend on imports. Bangladesh is a shining example. Mill use in that country is set to expand 13 per cent to 1.1 million tons (about 6.5 million bales). So, in 2016-17, Bangladesh's cotton imports are expected to be the same as China and Vietnam.

It would be in India's interest to service the Bangladesh market for cotton well. The importing country desperately needs reliable supplies if it has to meet its textile export target. A significant part of raw material (cotton) will have to come from India which enjoys advantages such as geographic proximity and connectivity.

Invited to speak at the Bangladesh India Cotton Festival 2016, this author made a strong plea for closer co-operation between the two neighbours not only in cotton trade but also in investment in each others' country and joint research. FDI from India can flow into Bangladesh especially in a Free Zone environment.

Technical textiles are an emerging segment in the world market where Bangladesh must seek to make inroads. Technical textiles generate huge value addition and the market for such products is growing about 20 per cent a year, the author pointed out.

Finally, the author believes, time is appropriate for the formation of an Asian Cotton Confederation with the participation of cotton producing and consuming countries. The regional body should work to strengthen regional trade, encourage cross-border investment flow and catalyse research in various aspects of the value chain.

G. Chandrashekhar

Economic Advisor, IMC and Director, IMC Economic Research and Training Foundation. (Views are personal)



(L-R): Mr. Bharat J. Thakkar, Mr. Hemant M Bhatia, Mr. Dilip Piramal, Mr. Jitender Bhargava, Mr. Glyn Hughes and Mr. Arvind Pradhan

Air Logistics Summit

The rapid convergence of aviation, globalisation, digitisation, and time-based competition is changing commerce and supply chain management. E-commerce is altering the way business is run with innovation driving the change of pace of discovering and establishing new business. Opportunities and challenges are now greater than ever before. Keeping all this in mind IMC's Aviation and Airports Committee organised an 'Air Logistics Summit' comprising policymakers, industry captains, and other stakeholders on February 22, 2016.

Mr. Jitender Bhargava, Chairman, Airports and Aviation Committee, IMC, welcomed everyone and touched upon some of the key challenges facing the industry. He referred to the National Civil Aviation Policy and how the aviation industry – both national and global – has transformed itself radically in the past decade. He said that the Indian aviation industry is expected to be the third largest globally after the USA and China by 2030, and we need to capitalise on it.

The Chief Guest, Mr. Hemant Bhatia, President, The Air Cargo Agents Association of India (ACAAI), said that ACAAI was the only association of air cargo agents since 1970 which catered to all requirements of air logistics. With a diverse membership consisting of cargo agents, airlines, cargo terminal operators, and bonded truckers, ACAAI was recognised by various Government departments. ACAAI regularly arranged training for its members in cargo regulation, regulation of dangerous goods, etc. Their Seminars

and annual Convention were well attended. He added that with the Government working to deregulate and promote the aviation sector, the private sector too needs to adopt a proactive approach.

The Summit's first session, 'Current Trends and Future Needs' reached the following conclusions:

- .. Industry is characterised by large global supply chains with complex layers and long lead times. The increased globalisation of demand and supply often makes for challenging situations.
- .. Today's demand driven business models allow companies to produce by demand & reduce wastage.
- .. Logistical challenges to overcome include -
 - .. Determining number of transit points and trans-shipments
 - .. Documentation issues
 - .. Transportation of hazardous goods
 - .. Infrastructure related issues
- .. The development of effective and trustworthy supplier partnerships is the key to handling supply chain risk management
- .. Smart tools and best practices can help to drive better security and business value in this industry. Their training needs to be imparted across all levels in the organisation.



(L-R): Mr. P. S. Ganapatby, Dr. Dhananjay Samant, Mr. Bharat J. Thakkar, Mr. Mark Fernandes, Mr. Amar More, Mr. Huned Gandhi, Mr. Rajesh F. Dhabre, Mr. Manoj Singh and Mr. Sailesh Bhatia

- .. The volume of international trans-shipment of air cargo by Indian airports/airlines is very low ... only 2 to 3% as against 40 to 60% for airports like Singapore, Dubai and Hong Kong.
- .. Foreign airlines dominate the international air cargo transportation business but Indian carriers are now collectively gaining market share.
- .. The challenge is to develop an Indian airport as an international cargo hub or a cargo gateway airport – the latter being more likely.
- .. As far as the geographical location of Indian airports goes, we are disadvantaged – no Indian airport is in the middle of any international trade lane ... unlike say, those in the Gulf.
- .. The creation of a national hub is not a standalone action but a part of the overall economic strategy of the country. If India is seeking to become the exporting nation of the world, displacing China, the creation of a national aviation hub is not optional.
- .. Encourage promising students to enter the air logistics industry.
- .. Branding the sector, make it a vocation of choice.
- .. Changing the education system and skill development programmes accordingly.
- .. Integrating the transport sector into skill development programmes.
- .. Continuously upgrade standards at ports and airports.
- .. Regulators vs. facilitators and how they affect the industry.
- .. Involving all stakeholders strategically in the air cargo industry.
- .. Issues facing the Exim trade, particularly Octroi and stamp duty.
- .. How different organisations are taking up different issues facing the trade.
- .. Whether we have potential volumes to create a cost-effective global hub.
- .. How Mumbai is handicapped by connectivity infrastructure *vis-à-vis* other Indian metros.
- .. How the best logistical efforts can be negated by locational disadvantages.
- .. How an adequate hub can boost economic development.
- .. Strategic investments in IT to boost the sector's performance.
- .. The need to think big and automate systems for better efficiency.
- .. How various Government departments are transforming the reform process and how industry can collaborate gainfully with them.

The round table participants included Mr. Rajesh F. Dhabre, Additional Commissioner of Customs Air Cargo Complex, Mumbai; Mr. Sailesh Bhatia, Sr. Vice President, BCHAA & Executive Committee, Federation of Freight Forwarders Association of India (FFFAI); Mr. Huned Gandhi, MD, Dachser India, Mr. Manoj Singh, Sr. Vice President, Cargo, MIAL; Mr. Dushyant Mulani, Hon. Secretary General, Brihanmumbai Custom House Agents' Association (BCHAA); Mr. Amar More, CEO, Kale Logistics, and Mr. Mark Fernandes, Partner, Sylvester & Co. The round table was moderated by Mr. Bharat Thakkar, Co-Chairman, Aviation and Airports Committee, IMC.

The Q&A session revolved around the following:

- .. Does bar code labelling serve any purpose today?
- .. The inefficient use of most available technology.





(L-R): Mr. G. Chandrashekar, Mr. Kaustubh Dhavse, Ms. Bhavna Doshi, Mr. Shripad Ranade, Ms. Rupa Naik and Mr. Mohan G. Joshi

India's Growth Story

Where are we headed?

India's economic growth has slowed down in recent years due to external and domestic factors. Many reforms being undertaken by the Indian government could potentially alter the Indian business climate in fundamental ways, e.g. Bankruptcy Code, Direct Benefit Transfer, changes in Ease of Doing Business and so on. On the global front, declining crude oil prices are also helping to prune the subsidy bill, and thus contributing to fiscal consolidation. Despite all these there appears to be a lack of confidence among entrepreneurs and investors.

In this backdrop, on March 26, 2016, the IMC's Economic Research & Training Foundation (ERTF) in association with the Jannalal Bajaj Institute of Management Studies (JBIMS) organised a panel discussion to share the views and insights of experts and to understand where the country was headed and whether we are on the highway to rapid growth and prosperity.

IMC ERTF Co-Chairman Mr. Tanil Kilachand inaugurated PRAYAAG (national level B-School festival) and in his welcome speech said that the Indian economy was moving in a new growth path.

IMC's Economic Advisor and Director IMC-ERTF Mr. G. Chandrashekar, moderated the discussion and explained the macroeconomic fundamentals and background of the Indian economy. Deliberating on the viability of the India growth story and the possible road ahead were the distinguished panellists comprising Mr. Kaustubh Dhavse, OSD to CM, Government of Maharashtra; Ms. Bhavna Doshi, Senior Advisor, KPMG; Mr. Shripad Ranade, Senior Principal, Tata Strategic Management Group; Ms. Rupa Naik, Director - Projects, WTC and Mr. Mohan G. Joshi, International Sales & Marketing Consultant, Visiting Faculty at Philip Kotler Center for Advanced Marketing.

HEDGING CURRENCY RISK



(L-R): Mr. Saurabh Bhushan, Mr. Dilip Piramal, Mrs. Deepa Aggarwal and Mr. G. Chandrashekhar

The Indian Merchants' Chamber Economic Research & Training Foundation (ERTF) in association with National Stock Exchange of India Ltd. (NSE) organised an awareness programme on 'Hedging Currency Risk' on February 9, 2016.

A fluctuating exchange rate is a concern for businesses. In today's competitive business environment where profit margins are tight, short-term swings in the value of the currency can potentially lead to losses. For instance, changes in the exchange rate of Indian Rupee against major currencies (USD, EUR, GBP or JPY) can impact the value realisation of importers and exporters as well as those with exposure to foreign exchange. Furthermore, profit volatility negatively impacts the firm's ability to access bank lending, since it increases risk for bankers analysing a firm's income statements. Thus, the need for hedging currency risk has become vital for many businesses and to increase this awareness, the programme was organised.

IMC President Mr. Dilip Piramal, in his welcome speech, said that currency hedging is an important tool to be used

by businesses - especially exporters and importers - to overcome the negative impact of exchange rate volatility in the global financial market.

Mr. G. Chandrashekhar, IMC's Economic Advisor and Director IMC-ERTF, explained the market fundamentals and importance of Hedging Currency Risk.

Mrs. Deepa Aggarwal, Head Corporate, Business Development- NSE, through her presentation explained the benefits of currency derivatives and how to manage the foreign exchange risk. She clarified the regulations and benefits of exchange traded currency derivatives through examples and also discussed procedures of NSE hedging process.

Mr. Saurabh Bhushan, Head Marketing, Pro Alpha Systematic Capital, spoke about an INR – USD hedging model that his firm has come out with. He explained the performance and comparison of unhedged, hedged models for importers and exporters through case studies.

Friday, March 18, 2016



CYBER-CRIMES AND E-FR@UDS

The Information Technology Committee of IMC, organised a Seminar on “Cyber-crimes and e-frauds” on March 18, 2016, to tutor its members on the various activities by which an innocent and unsuspecting user might plunge to be quarry of cyber espionage through their seemingly very ordinary daily routine activity.

Mr. Dharmesh Anjaria, Co-Chairman - IT Committee, IMC, extended a warm welcome to the panelists at the event. Panelists included Mr. Sridhar Subramanian, SVP & Head of Operations at Transerv (Payment Gateway); Mr. Akhil Redkar, Group Information Security Officer at Aditya Birla Group; Mr. Ranjan Revandkar, AVP, Information Security at RBL Bank and speaker of the event Mr. Raviraj Doshi, CTO, Smokescreen Technologies Pvt. Ltd. and also a member of the IT Committee.

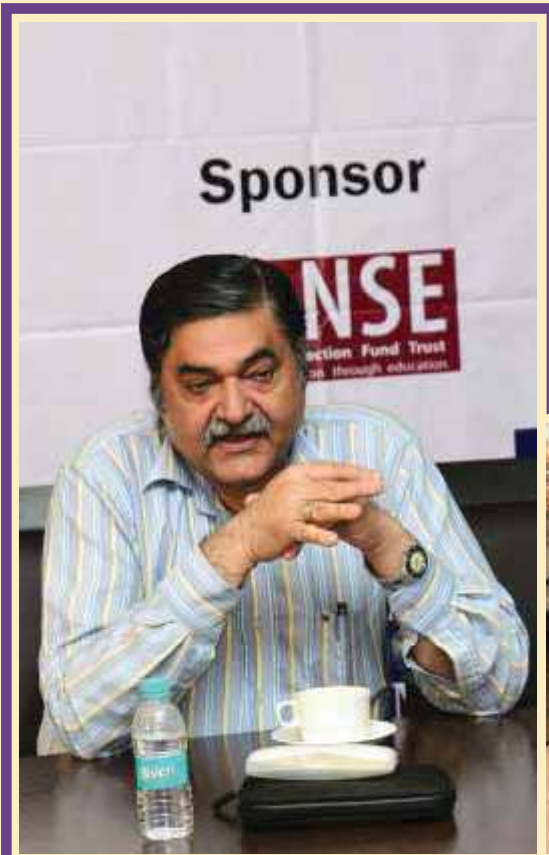
Today, it is widely accepted that, cyber-crimes and e-frauds are one of the major threats to the advancing virtual world of internet. The innocent internet users need to be aware on how to safeguard themselves from business, mobile and digital e-frauds. This is proving to be a significant challenge in the world we live in.

India scores very high on the cyber crime map. Foreign agents are stealing the stealth technology, hacking heads of state, and sabotaging big companies. While many of these attacks are traced to a few foreign countries, electronic espionage is an accelerating scourge that knows no national boundaries. Foreign cyber spies steal secret information for political purposes, or to engineer new technologies, that they do not have the knowledge to produce on their own. Cyber espionage is also conducted for the purpose of stealing trade secrets, so as to obtain a more competitive edge or to develop and then launch a product at the same time, as its original manufacturer. It is a direct threat to national security worldwide as well as to enterprises. A balance need to be struck between privacy and security for which it is very important that internet consumers must not disregard the potential security risks for the need of being constantly connected.

SMEs are at the highest risks from cyber attacks due to their lower maturity towards security. The speakers and panellists explained how the hacking techniques have evolved and become smarter day by day, to attack even the best of secure systems. The most important fact we need to keep in mind is **“A Hacker is always one step ahead of the Defender.”**



The Investor Club Seminar 2nd Series



Mr. Arun Kejriwal



The Investor Club Seminar – 2nd in series for FY 2015-16, was held on March 12, 2016.

Mr. Arun Kejriwal, Member, IMC's Capital Markets Committee, and an independent research professional on stock and financial markets, took the session on (a) Implication of the Union Budget 2016-17 and (b) Issues of growing NPAs in PSU Banks as per Q3 data.

Mr. Kejriwal gave sector wise allocations in the Union Budget and its implications in reviving and also putting the economy on a recovery path. The interactive session drew lots of interest – specially for the agriculture section – which has faced two successive monsoon failures and which is a contributory factor to rising inflation. Discussions were also held on the fiscal health of the economy and in meeting the challenges of containing inflation and putting a road map for growth.

He presented an analysis of the comparative strengths and weaknesses, in sectors like infrastructure. Participants referred to delayed returns on the investments made into these sectors and wanted to know sunshine industries which could give a

sustained return on equity. Mr. Kejriwal opined that the budget reflected growth opportunities and hoped that it would increase rural demand and increase growth of economy beyond the 7% mark.

On the subject of NPAs in the PSU banks, he felt that the management should be given more autonomy – while being strictly monitored by the Board to ascertain the lending and its constant reviewing. Any signs of slippages should be taken up immediately for corrective action. Banks are facing challenging times and the talk of setting up Bad Banks – was akin to the setting up of asset reconstruction companies – which were to buy the bad loans of the banking sector and help banks clean up their balance sheet.

8th Banking and Finance Conference on Changing Contours of Banking and India's Growth Aspirations



IMC jointly with the ICAI organised the 8th Banking & Finance Conference “Changing Contours of Banking and India’s Growth Aspirations”, on April 18, 2016, in the presence of Chief Guest Mr. Jayant Sinha, Hon’ble Union Minister of State for Finance and Guest of Honour, Mrs. Arundhati Bhattacharya, Chairman, State Bank of India.

In his welcome address, IMC President, **Mr. Dilip Piramal**, said that our banking and financial system is facing intense pressure not only from private banks but also from international markets. The operational structure of banking in India is being transformed due to the emergence of new players. Under the impact of deregulation, innovation and technological



(L-R): Mr. Arvind Pradhan, Mr. Chandan Bhattacharya, Ms. Arundhati Bhattacharya, Mr. Jayant Sinha, Mr. Dilip Piramal, CA. M. Devaraja Reddy, Mr. Mabesh Thakkar and Mr. Jitendra Sanghvi
 JOB CREATION THROUGH **SKILL DEVELOPMENT**

upgradation, banking institutions are becoming increasingly complex and constantly coming out with newer services to meet the changing needs of their customers.

Mr. Chandan Bhattacharya, Chairman, Banking and Finance Committee, IMC, presented the theme of the Conference and stated that despite the severe pressures on banks today, the sector is a key contributor to economic growth and upgrading of infrastructure is the only way for Indian banks to compete globally.

In his address, **CA. M. Devaraja Reddy**, President, ICAI, said that there were many changes in the pipeline. Auditors have an important role to play in the development of the financial system and they should be given autonomy to perform their task effectively.

Delivering the keynote address, Mr. Jayant Sinha stated that the focus of the government is the need for financial inclusion, the efficient allocation of capital and thinking about the future. The manner in which the financial sector is currently structured is creating tension and these needs to be resolved at the earliest.



Mrs. Arundhati Bhattacharya opined that there is a sharp rise in NPAs in banks' due to which the sector is going through a period of stress. Today, technology and mobile banking have become business enablers. The biggest gain from technology adoption by banks is that it helps attract and retain younger and more affluent customers. She added that the challenges ahead will end up strengthening the sector.

The key points made in the technical sessions were:

Session I: – Management of NPAs and Role of Audit (ICAI Session)

Speakers: CA. Vijay Kumar Gupta, Member, Central Council of ICAI; CA. Tarun Jamnadas Ghia, Member, Central Council of ICAI

- Diversion of funds and willful defaults often lead to stressed assets. Internal lapses in due diligence are often responsible for increasing NPAs.
- Due diligence will only be of use when clear-cut benchmarks are prescribed and adhered to.
- Banks should be more proactive in the process of drafting policies relating to them
- Auditors play a key role as watchdogs in the financial system
- It is critical to supervise the effective disbursement of credit
- The NPA problem is not new. The long term health – especially of public sector banks – has always been a matter of concern
- The NPA issue points to a governance failure, particularly at the regulators' level
- There is a need to discuss the accountability of the major players in the industry, and to unravel connivances, if any
- The system of due diligence has virtually failed, as is clear from the ground realities. Legal and commercial systems are also being misused.
- A strong intervention in the system is required, but not at the cost of dampening entrepreneurship.
- Modify the law to bring to the books promoters, managers and everyone implicated in NPAs
- There is a self-contradictory system in place with auditors often appointed by the auditees and they

are expected to be impartial. Also, many promoters take refuge in slow moving judicial systems.

- .. A serious restructuring of organisations is a must if NPAs are to be contained. In this context, valuations will play havoc here since we lack necessary maturity in our financial system.
- .. The accountability of top management is of primary concern, where a carrot and stick approach may be required.

Session II: Indian Banks: How to Reach Global Size and Efficiency

Speakers: Mr. B. Sriram, MD & Group Executive (Corporate Banking), SBI; Mr. Arun Tiwari, CMD, UBI; Mr. Abizer Diwanji, Partner & National Leader – Financial Services, EY

- .. Global banking is dominated by 11 giants; of which many are Asian – particularly Chinese. Asia is growing in economic importance vis-à-vis the rest of the world
- .. While our banking system is impressive, we comprise just 5-6% of China’s banking assets. China’s largest bank is six times bigger than India’s (SBI).
- .. Most of smart city investments will need to come from local financial institutions. It is debatable whether our system is prepared for it, as there are certain prerequisites for scaling and sizing which are not always adhered to.
- .. All banks are looking at costs today, and seeing how they can be significantly reduced. Competition between banks will lower the prices of services and benefit the customers.
- .. IT related factors like robustness, reliability and scalability need looking into if Indian banks are to reach global size and efficiency

- .. Risk-management is an important part of the capability building process of any bank. The management of forex also has a significant impact on bank efficiency.
- .. The Return on Equity (ROE) is a key profitability indicator in the financial sector that depends on the geographies of location of the bank
- .. Mid-sized banks are usually the most stable. Being too large and too small come with many costs.
- .. Our financial markets should be broader, deeper and with an improved legal system for our banks are to be internationally competitive
- .. Digital analytics and the strategic application of technology will be a game changer for Indian banks. Specialization will be essential to survive in future.
- .. Consolidation is beneficial and M&As often produce better results for the sector.
- .. We need a stronger monetary transmission mechanism. RBI interest rate cuts are not passed on easily to the borrowers.
- .. Since governance cannot come about by decree but by parity of knowledge, technology has a role to play here.
- .. We need to build an environment of trust between all stakeholders as healthy skepticism is the key to success.
- .. Ultimately, efficiency trumps size but it is also true that economies of scale are applicable only when the institution has crossed a certain size.

Session III: Financing of SMEs

Speakers: Mr. Rajnish Kumar, MD (National Banking Group), SBI; Mr. U. S. Paliwal, ED, RBI; Mr. K. V. Brahmaji Rao, ED, PNB;



Mr. Ajay K. Kapur, Dy. MD, SIDBI

- .. The financing of SMEs is not a new concept.
- .. The current budget is a great opportunity to push for the SME sector.
- .. Challenges facing the SME sector include low capital, a lack of timely capital and the unavailability of skilled labour.
- .. The recovery of stressed assets and financing of SME sector should occur simultaneously.
- .. The government's policies have enabled many potential entrepreneurs to come up. Besides, the unambiguous definition of a start-up is a clear step ahead.
- .. There are many agencies today for handholding of entrepreneurs.
- .. New app called SIDBI MITRA - interface between SIDBI and its MSME loan clients - was explained. It provides real time information and details of the loans taken and serves as a medium of communication through messaging.
- .. Besides finance, SME sector also suffers from a lack of adequate and reliable information.

Session IV: Roadmap for Digital Banking in Digital India

Special Address: Mr. T. V. Mohandas Pai, Chairman, Manipal Global Education Services Pvt. Ltd.

Speakers: Mr. Praveen Kumar Gupta, MD, (Compliance & Risk), SBI; Mr. Dipak Gupta, Jt. MD, Kotak Mahindra Bank Ltd.; Mr. K. R. Sudhakar, CEO, Online and Wealth, Aditya Birla Financial Services Group, & MD, Aditya Birla Money Ltd.

The following key observations were made by Mr. T. V. Mohandas Pai:

- .. Banking and financial services is an intermediation business, where digital technology has a key role to play.
- .. We have digital technology in India, but people must know how to use it effectively. The government can only provide the spark but it is the consumers who will need to subsequently fuel the digital fire.
- .. Access to a digital platform will eliminate the middlemen in the supply chain, and will help



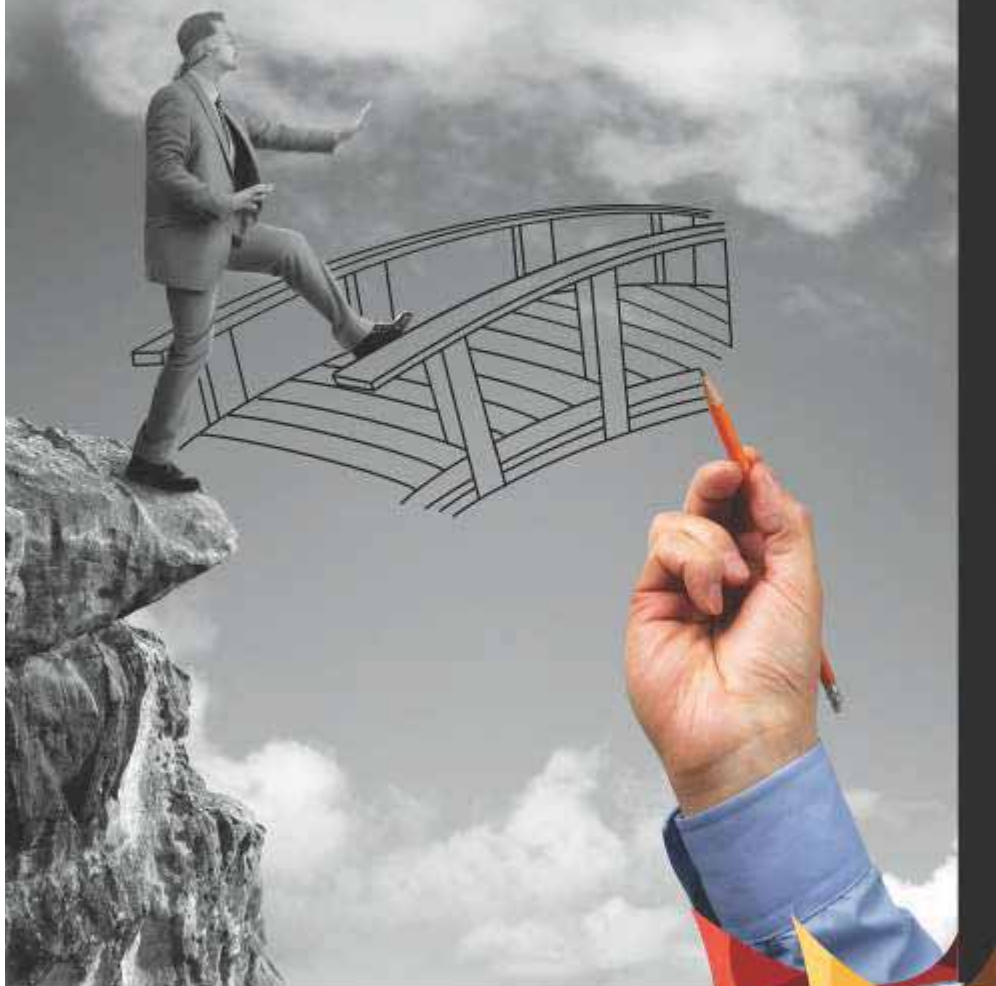
unify the country like nothing else.

- .. Globally we are noticing an increasing push towards digital services - cutting across industries and geographies.
- .. A unique set of players, who are essentially aggregators, are leading the global digital disruption. For example, Uber (the world's largest taxi company) owns zero fleet but operates (worldwide) a million cars and enjoys a valuation of \$ 62.5 billion.
- .. Digital disruptors are able to sign up millions of users practically overnight. The World Economic Forum is calling the digital revolution the fourth industrial revolution. The scope of its impact is across industries, and it is also affecting entire systems of production, management and governance. In this context, the financial services industry is one of the top ones to be disrupted.

Observations were made by other speakers:

- .. 95% of the IT spending of banks goes into ensuring that business proceeds as usual. Only 5% is left over for innovation related purposes.
- .. The non-retail space in the financial sector is where digital technology has a key role to play
- .. Banks should focus on identifying their core segments to develop their digital businesses
- .. Due to digital technology, the next 10 years will see more disruption and changes to the financial and banking industry than in the preceding 100.
- .. In India, mobile banking is changing the rules of the game and banks are vying with each other to build agile operating models, sometimes tailored for individual customers.
- .. Today, customers want a digital banking experience, and Indian financial institutions are rising to the occasion. Digital innovations have led to efficiencies creating a better customer experience through competitive pricing, speed and convenience.

Transformation of **Risk** to **Reward**



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IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARDS & IMC JURAN QUALITY MEDAL 2015



In order to recognise Excellence, IMC's Ramkrishna Bajaj National Quality Award (IMC RBNQA) Trust presented IMC Ramkrishna Bajaj National Quality Awards & IMC Juran Quality Medal on March 4, 2016. The award ceremony was held at YB Chavan Center. The awards were presented by the Chief Guest for the ceremony, Mr. F. C. Kohli, Former Dy. Chairman, Tata Consultancy Services.

Winners of the IMC Ramkrishna Bajaj National Quality Awards for 2015 were:

- ✦ Dr L H Hiranandani Hospital, Mumbai - Health Care Category

- ✦ Max Life Insurance Co Ltd, Gurgaon - Service Category

- ✦ Overseas Spinning Business (Indonesia), Purwakarta - Overseas Category

- ✦ Reliance Industries Limited, Hoshiarpur Manufacturing Division - Manufacturing Category

- ✦ Shree Vasu Logistics Pvt. Ltd., Raipur & Bilaspur Depots - Small Business Category

- ✦ Thakur College of Engineering & Technology, Mumbai - Education Category

The joint winners for the 2015 IMC Juran Quality Medal was Dr. Rani Bang & Dr. Abhay Bang, Founder, SEARCH, Gadchiroli.

Preceding the Awards ceremony was the Making Quality Happen : MQH Best Practices Competition held on March 3 & 4, 2016. The competition showcased best practices of participating organisations of the 2015 IMC RBNQ Awards. Each category of the award process – Manufacturing, Services, Small Business, Overseas, Education, Health Care and NGO had a trophy winner. The competition was well received by all the participating organisations and individuals.

WIN



Mr. Man Mohan receives the IMC RBNQ Award in Manufacturing Category from Mr F C Kobli

Mr. Niranjan Hiranandani, receives the IMC RBNQ Award in Health Care Category from Mr F C Kobli



HEALTHCARE



Mr. Thomas Varghese receives the IMC RBNQ Award in Overseas Category from Mr F C Kobli

OVERSEAS



Dr Abhay Bang received the IMC Juran Quality Medal

WINNERS

Mr. Rajesh Sud receives the IMC RBNQ Award in Service Category from Mr. F. C. Kohli



SERVICE



Dr. B. K. Mishra receives the IMC RBNQ Award in the Education Category from Mr. F. C. Kohli

EDUCATION

Mr. Atul Garg receives the IMC RBNQ Award in Small Business Category from Mr. F. C. Kohli



SMALL BUSINESS



YLF members
participating in this event

YLF at Everest Flavours

“Invest in a domain that is actively growing” said Mr. Siddharth Ladsariya, Director, Everest Flavours Ltd. at an interactive meeting organised by Young Leaders’ Forum (YLF) on February 5, 2016. Mr. Shriram Singh, Co-Chairman, YLF introduced Mr. Ladsariya to the members.

He shared his professional journey with the young professionals and entrepreneurs. Saying that Angel investors generally invest in unlisted equities.

Mr. Ladsariya mentioned that investors examine whether entrepreneurs have passion and are familiar about areas of business. He also observed that younger the founder, the more likely it is for them to invest in their business.

Questions relating to startups, angel investments and their criteria for investing in new startups were discussed. He mentioned that the key factor for startups is the timing which may determine the success of the business model.



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Board Of Directors

Kirti Rana

Naimesh Dhirwani

Amritlal Savta

Chairman

Hon. Secretary

Treasurer

Overview of Indian Economy and Business



IMC organised an interactive meeting with Mr. Sanjay Pugalia, Editor of CNBC Awaaz and CNBC Bajar Ltd. on April 5, 2016.

Mr. Puglia stated that India was saved by oil the last time, but this time it will have to be the monsoon. Mr. Puglia said that the situation is complex but the Government seems to be moving ahead confidently. Mixed signals are emanating from the economy and leading to confusion as to where we are heading. One can expect GDP to grow realistically by around 7 to 7.5%, regardless of the measurement of output employed, he added.

The NPA problem remains a major issue – we are still not aware of its true depth and magnitude. Infusing ₹ 70,000 crore in PSUs over the four years will do little to alleviate it. The whole process of de-clogging the banking system is problematic, and it remains an acid test of the success of this Government.

It is obvious that the political economy is weighing heavily on the PM's mind. Important reforms like GST and land acquisition are not occurring at the pace most of us would desire due to the political compulsions of the Government. However, it has to be said to their credit

that poverty reduction – a key item in their agenda – is making noticeable strides all over the country. Mr. Puglia expressed a cautious optimism that things will change for the better in about 6 to 9 months but depending much on the monsoons.

The interactive session revolved around the following:

- ④ Why is the economy not growing when taxes are rising, i.e. when the real cash collection is steadily improving.
- ④ The use of different GDP deflators (CPI vs. WPI) and their impact on the calculation of national economic output.
- ④ Why is investment not rising in India and why is there no job led growth in the economy despite FDI remaining at high levels.
- ④ The performance of the manufacturing sector and whether the manufacturing sector is really a key employment generator in the economy.
- ④ Whether RBI should reduce the interest rates more aggressively and the impact it will have on the economy.



(L-R): Mr. Deepak Premnarayen, Mr. Sanjay Pugalia, Mr. Dilip Piramal, Mr. Arvind Pradban, Mr. Jitendra Sanghvi and Mr. Sanjay Mehta



- ⊙ A 40% decline in the rupee-dollar parity and how the external value of the rupee has become a matter of political debate.
- ⊙ Timid and disconnected moves on the part of policymakers and how they impact economic performance.
- ⊙ A strategic use of technology and its employment generation potential in various sectors of the economy.
- ⊙ Need to focus more on developing the services sector as that is where India's real competitive advantage lies.
- ⊙ Lack of serious work on changing the system despite the widely held belief that this Government is different.
- ⊙ How it still remains difficult to get money back from outside the country, despite the Government's best efforts.
- ⊙ Whether the delivery system of the Government is working adequately and what could be done to enhance it.
- ⊙ Rising public awareness all over the country and its impact on policymaking at both the State and Central levels.
- ⊙ The use of technology to enhance social policy and ensure last mile connectivity all over the country.
- ⊙ Whether the PM is really carrying the individual States with him in important policymaking decisions.
- ⊙ Job creation not being up to the mark and how it could be given a boost.
- ⊙ Need to implement better with fixed timelines; a lot of ideas but poor implementation.
- ⊙ Need to reduce the dependence on the Government through changing our mindsets.
- ⊙ The success of this Government in poverty alleviation programmes *vis-à-vis* its predecessors.

Delivering the vote of thanks, Mr. Deepak Premnarayen, President-elect, IMC, said that Mr. Pugalia's insightful presentation helped to clear many doubts in the minds of the audience. He reiterated the Chamber's focus on the SME and MSME sector, as also the ease of doing business.



(L-R): Mr. Sachin Karnik, Mr. Arvind Pradban, Mr. Dushyant Dave, Mr. Varun Gupta, Mr. Vinod Murali, Mr. Sasha Mirchandani, Mr. Dilip Piramal, Mr. Dinesh Tiwari, Ms. Sangeeta Modi, Mr. Vikram Gupta and Mr. Amit Patni.

The Indian Merchants' Chamber's Private Equity Committee organised a seminar 'Meet the Investors' with the leading investors on raising private equity for entrepreneurs/start-ups at various stages of growth of their business on March 23, 2016. The seminar included sessions on Venture Capital funding and Growth Stage funding. The seminar was attended by 80 entrepreneurs/ start-ups.

Speakers included industry experts like Ms. Sangeeta Modi, Partner, Access Asset Managers; Mr. Sasha Mirchandani, Founder & Managing Director, Kae Capital; Mr. Vikram Gupta, Founder & Managing Partner, IvyCap Ventures; Mr. Sachin Karnik, President, Mumbai Angels; Mr. Amit Patni, Co-founder & Chairman, Nirvana Venture Advisors; Mr. Dinesh Tiwari, Managing Director, Multiples Alternate Asset Management; Mr. Vinod Murali, Managing Director, Innoven Capital India; Mr. Vishal Jadhav, Vice President, Equitace Capital and Mr. Varun Gupta, Country Managing Director, Duff & Phelps.

IMC President Mr. Dilip Piramal, in his welcome address referred to the recent McKinsey report on Private Equity and stated that, more than \$100 billion of Private Equity capital was injected into India in the past 13 years. It has played a pivotal role in the development of MSME sector and critical industries, spurred job growth, and are major contributors to India's economic development. He further reiterated that private equity's contribution to fund-raising has increased from 20% of total capital in 2001-05 to 46%

in 2011-14. Private-equity capital has proved to be a more stable source of equity funding than FII and IPOs funding.

Mr. Dushyant Dave, Chairman of Private Equity Committee, IMC, mentioned that the objective of the event was to connect entrepreneurs to India's leading investors. He also spoke about the importance of private equity funding for startup ecosystem in India.

The first panel on VC/seed funding was moderated by Ms. Sangeeta Modi. in which, Mr. Vikram Gupta mentioned that the new preferred industries for PE investment are education and healthcare. He said that the past 5 years have belonged to various e-commerce businesses to scale-up, but lot more work needs to be accomplished over the next 5 years in terms of more innovative consumer focused models in Healthcare, Agriculture, Technology, Data Analytics and IT sectors. He observed that in the next 15-20 years' things will move towards personalisation, namely in the education sector, which will see customised content.

Mr. Mirchandani said that thorough due diligence of any proposal is critically important since VC/PE receives thousands of plans a year. The entrepreneurs & start-ups need to get to the VC/PE through strong reference for healthy growth between Venture Capitalists and Seed Funding investors.

Mr. Patni stated that a lot more PE/VC money is flowing to e-commerce companies at high valuations but the next phase belongs to sold product companies,



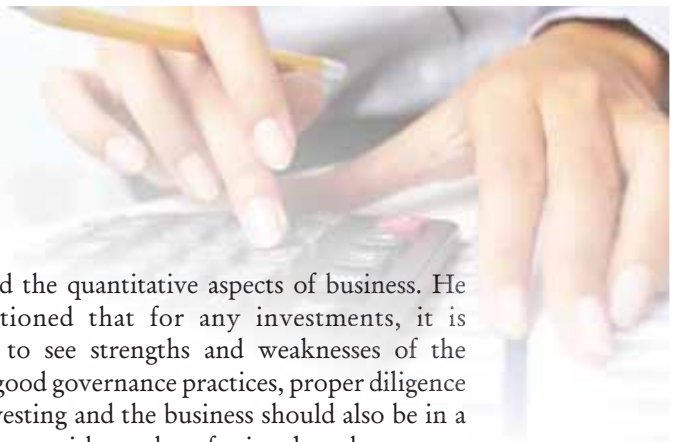
(L-R): Ms. Sangeeta Modi, Mr. Sachin Karnik, Mr. Sasba Mirchandani, Mr. Vikram Gupta and Mr. Amit Patni.



(L-R): Mr. Varun Gupta, Mr. Dinesh Tiwari, Mr. Vishal Jadhav and Mr. Vinod Murali.

big data enterprises, cloud computing, and pure play market places.

The second panel on growth funding was moderated by Mr. Dinesh Tiwari. In which, Mr. Vishal Jadhav said that business models entrepreneurs bring to PE/VC investors are weak and prone to failures. Today, in India, the disruption and inefficiencies in basic human needs is an excellent opportunity for start-ups. He mentioned that sectors like Healthcare, Education and Retail have emerged as fantastic business models. There are changes in the expectations of the entire PE industry which has only matured in last 5-10 years in India; hence entrepreneurs need to work harder to explain intrinsic value of their businesses, since VC's only



understand the quantitative aspects of business. He also mentioned that for any investments, it is necessary to see strengths and weaknesses of the business, good governance practices, proper diligence before investing and the business should also be in a growing stage with good professionals and managers willing to work in that company.

Mr. Vinod Murali spoke about three macro investment cycles and difficulties in getting VC funding. VC investors in last investment cycle invested irrationally to cause lot of volatility. The key questions being asked nowadays relates to fundamental base of the business, ability to showcase product markets and allows business to build sensibly and reasonably. He mentioned that VC/ PE ecosystem has matured in last 5 years.

Mr. Varun Gupta mentioned that lots of funds have lost money in emerging markets and now they have become pickier and more choosy. The PE funds also need to focus on adding alpha to increase value of their investee companies.

Mr. Dinesh Tiwari dwelled on how PE funding is different in the way that it would make those availing it also accountable for all the decisions made.

The venture capitalists noticed an increasing change in the business proposition trend with customisation being the key focus and the availability of instant information with just a click of a button that has attracted investor's interest in a big way.

Private equity and venture capital is an increasingly important source of finance for India's high-growth potential companies. The goal of private equity and venture capital is to help numbers of businesses achieve their ambitions for growth by providing them finance, strategic advice and information at critical stages of their development.

The seminar ended after active floor participation, exchange of knowledge with upcoming entrepreneurs. The discussion provided an excellent opportunity to interact with well-known Private Equity Funds & Fund managers.

INDIAN DAIRY INDUSTRY



(L-R): Mr. T. Nanda Kumar, Mr. R. S. Sodhi, Mr. Dilip Piramal, Mr. R. N Bhaskar, Mr. Mahesh Pathak and Mr. Madan Sabnavis

The Indian Merchants' Chamber and *The Free Press Journal* jointly organised their monthly panel discussion under FPJ-IMC Forum on 'Indian Dairy Industry and its Relevance to the Economy' on March 22, 2016. Dairy was chosen as a part of this series of discussion as it forms an integral part of the economy whereby unlike other agricultural crops where income is largely seasonal, milk provides a regular cash-flow on a daily or fortnightly basis.

IMC President, Mr. Dilip Piramal, in his inaugural address stated that the demand for dairy products in India is likely to grow in the coming years. It has been considered as one of the activities aimed at alleviating poverty and unemployment especially in the rural areas. Dairy, in effect, could become a great tool for equitable growth and income distribution. Thus, it is necessary to give impetus to this industry to continue reaping its economic benefits.

A panel comprising industry heads included Mr. T. Nanda Kumar, Chairman, National Dairy Development Board (NDDB); Mr. R. S. Sodhi, Managing Director, Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF which markets products under the Amul brand); Mr. Mahesh Pathak, Principal Secretary, Animal Husbandry, Dairy Development & Fisheries, Government of

Maharashtra and Mr. Madan Sabnavis, Chief Economist, CARE. They provided an insight into the competitive landscape of the dairy sector. This discussion was moderated by Mr. R. N. Bhaskar, Consulting Editor, *The Free Press Journal*.

Mr. Nanda Kumar pointed out that the cooperative sector of this industry has been growing over 19.6% CAGR, while the processed milk industry has been growing at 22%. The Dairy industry currently contributes to around 33% of the value of agricultural production in India. He also stated that the Prime Minister's vision of doubling the farmers' income by 2022 was possible only if dairy income were added to his other agricultural income sources.

Mr. Sodhi spoke about the tremendous relevance of the Amul model in this country. He pointed out how the milk co-operatives in Gujarat remain the only industry in the world which gave back almost 80% of the market price of milk to the farmer as against 30% globally. Other milk co-operatives also ensured that the farmer got a return of around 70% of the market price. This incentivised farmers to produce more milk and earn higher. This has enabled to meet the rapidly growing demand for milk.

Mr. Pathak said that Maharashtra was confronted with the urgent need for good quality fodder and the



need to promote integrated dairy plants. He bemoaned the poor quality of milk being supplied in some urban areas on account of malpractices like adulteration, by some unscrupulous elements.

Mr. Sabnavis spoke about the 4 pillars which made the dairy industry both unique and relevant to India. The first pillar was milk output which has been growing at a healthy pace. The second pillar was the surging demand for milk, which in turn went hand in hand with increased milk production. Demand had been growing both because of increasing population on one hand, and increasing prosperity on the other, which made people focus more on nutritional intake. Milk remained one of the primary sources of nutrition in India. The third pillar is the enormous

employment that the backyard cattle rearing model provided in India. This in turn provided livelihood to countless millions. The fourth pillar is that even though milk prices have kept increasing, it has been done in a planned manner—gently and consistently - which in turn has ensured that there is little consumer resistance against such price increases.

Mr. G. Chandrashekhar, Director, IMC-ERTF, on the other hand cited that it is essential that milk becomes cheaper else we would not be able to fight malnutrition at an accelerated pace. The policy makers need to examine this, he added.

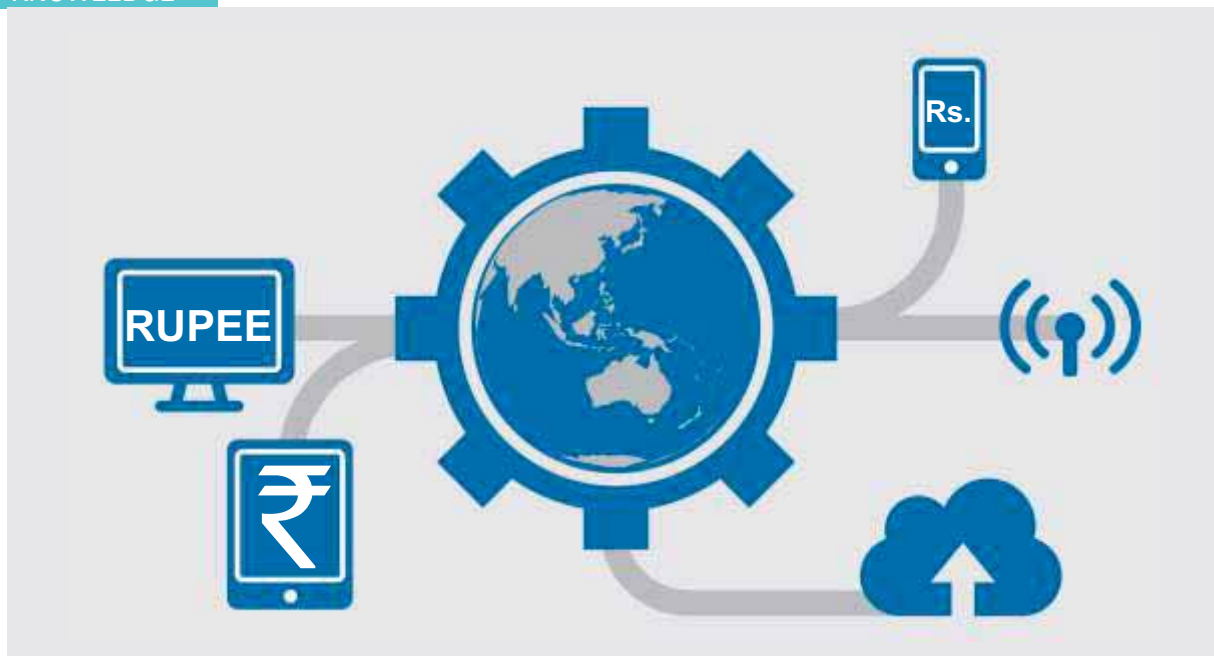
The panellists further discussed the expansion of cooperative milk industry to Uttar Pradesh, Jharkhand, and to East and Northeast India. Across the spectrum, technology is bound to play an important role in bringing transparency and improving the quality of management at the collection centres. Technology would make milking of cattle easier and more hygienic for farmers. Modern technology along with remunerative prices would in turn encourage more production of milk. Thus, good procurement, remunerative pricing of milk for farmers, and good distribution of milk to consumption centres is the need of the hour.

The panel also believed that milk could play a significant role in the coming months and years towards enhancing rural prosperity.



Mr. Dilip Piralal addressing the audience





Digital Banking and Financial Inclusion

Getting more than a billion people – the majority of whom have never seen a bank or opened an account – into the financial system is no mean task. The goal of digital banking is to bring financial services cost-effectively to hundreds of millions of citizens, many of them poor and disadvantaged. Traditionally, financial inclusion has been seen as a CSR activity of banks, rather than a worthwhile business opportunity taking advantage of the digital revolution sweeping the country today.

Digital banking is especially important in a country like India, which has a large unserved population and thus, a huge scope for enhancing financial penetration. Using digital channels, transaction costs could be lowered *vis-à-vis* traditional channels by up to 90%. Given that the high transaction cost in the banking sector is adversely affecting Indian industry's competitiveness, there is no alternative to adopting newer technological tools to reduce it at the earliest. Apart from the high cost of finance in terms of interest rates, many public sector banks are charging various add-on costs, which need to be reviewed carefully in the light of global competition and facilities available elsewhere in the market.

The Government's initiatives in digital banking are gradually laying the foundation for a digital economy, keeping in mind the increasing exposure of Indians to the internet and the steady rise in online data traffic in the country. The inclusion of small finance banks in a formal banking set-up will enable them to reach out to the hinterland. If financial inclusion is to be aggressively promoted using digital channels, India's emerging digital ecosystem holds the key to it. In this context, smartphones are likely to lead digital growth in India, considering their phenomenal penetration all over the country.

To turn digital, banks will need to focus on the development of cost-effective electronic platforms, with data/information as their core strength and the presence of physical branches only as secondary appendages. Data is the new oil, and it is the key to understanding consumer psyche and developing appropriate financial products for them – for example, mobile money. However, even more than the technology, the main problem is dismantling the existing organisational structures and changing mindsets.

Whether Indian bankers and banks will adapt in time to thrive in a digital world remains debatable ... however, what is certain is that the end-user will get a far better deal than what they are currently getting. Few things will advance financial inclusion more than a genuinely digital banking ecosystem. With the constant lowering of transaction costs, banking transactions will (probably) eventually become free and banks will need to make money through innovative value-added services offered to their clients. Human interactivity will reduce and remote interactivity will increase. This will also help to reduce corruption in the system.

Only the future can reveal whether digital banking will turn out to be a game changer as envisioned by the regulators. However, it will definitely increase competition, thus creating better end-products for consumers. We have all seen some of the recent global trends in financial technology disruption. However, due to our regulatory constraints, the same may not be witnessed here. That does not mean that the larger benefits of digital banking will not accrue to the masses. The new players would not have legacy issues like the current ones as they would arrive with relatively flexible mindsets and delivery models. Therein lies hope for genuine financial inclusion.


While excessive risk-taking is bad too little of it is not desirable either. Needless to say, for digital banking to

really take off, there are a host of issues outside the banking sector which need to be first sorted out to the satisfaction of all stakeholders. As the NPA scenario shows, there are definitely large pockets of deep stress all over the economy, and some banks will undoubtedly have a challenging time in making the digital transition. The state of banking reflects the state of the economy. While NPAs have not gone away – and will not, at least anytime soon – good policymaking can certainly unclog the system by reducing the tendency to create new sticky loans.

Technology changes are often dramatic – think Uber and Ola – and many technology companies are moving from being backroom operators to primary drivers of the economy. In this scenario, one can also expect some banks and financial institutions to become full-fledged technology companies and conversely.


There is no doubt that digital banking has tremendous potential in India. Technology has gradually becoming embedded in the way India – particularly urban India – has been banking for over a decade now, and digital banking will only be its logical extension. Economic growth is not a zero sum game, and given the right policy framework by the Government, digital banking can work wonders by promoting financial inclusion better than any other method.


- Dr. Dhananjay Samant, Director & Chief-Economist




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*Mr. Dalbir Virdi
addressing the audience*

Business Process Automation

IMC's Information Technology Committee organised a seminar on 'Business Process Automation for Office Operations' on March 11, 2016.

Dr. Lalit Kanodia, Chairman, IT Committee, IMC, extended a very warm welcome to the speakers and participants.

The speakers for the event were Mr. Manoj Barve, Ex CFO, Alfa Level; Mr. Ameya Kamat, Business Unit Head – ECM, IBM; Mr. Rajesh Agarwal, VP, Process Engineering Cell, Datamatics; Mr. Amit Mahajan, Head Information Products and Procurement, BSE; Mr. Vivekanand Jha, Head Technology & Products, BARC India; Mr. Deepen Shah - Research & Planning, BARC





India; Mr. Suresh A. Shanmugam, Head Business Information Technology Solutions, Mahindra and Mahindra Financial Services Ltd. and Mr. Mahendra Mayekar, Delivery Head, Exchange Technologies, Financial Technologies.



Mr. Ameya Kamat

The key points discussed at the seminar included: ‘Business Process Automation’ refers to the automation of an organisations’ business process; All companies have voluminous documents such as Order to Cash; Procure to Pay; Contracts; HR Records; etc.; Documents in banks include trade finance, data related to customers, loan applications, etc.

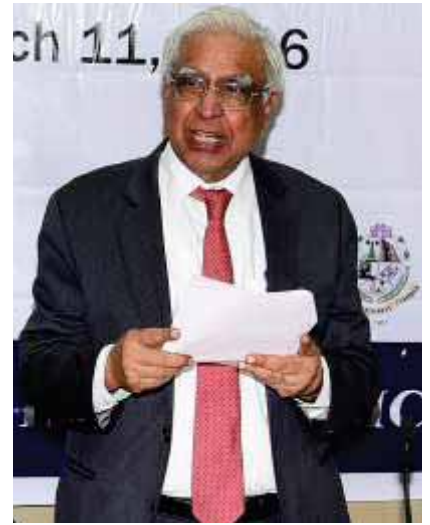
On the one hand, we need to reduce documentation and on the other hand, we need to use technology, both for documentation itself and the

analysis, processing and retrieval of documents and records.

We need to accelerate our speed of doing business, to be able to improve our economic growth. Thanks to our legacy and bureaucracy, documentation and papers generated in India, both in the Government and in businesses, are amongst the highest in the world.

Productivity has the key to raise the current GDP and per capita income of our country.

The speakers made the session very interactive and interesting by conducting it in a programme format. The speakers cleared all the doubts and queries of the audience in an interactive manner with examples of how I.T can impact all business processes.



Dr. Lalit Kanodia



Mr. Deepak Premnarayan



Doing Business WITH People's Republic of China

Indian Merchants' Chamber's International Business Committee organised a B2B meeting of IMC members with a business delegation from the People's Republic of China on March 10, 2016.

The Chinese Business delegation was led by the Consulate General of the People's Republic of China, and included Chinese companies from sectors of electronics, metal spinning products, steel structure engineering, membrane structure engineering, network, engineering, water and electricity valve, power engineering construction installation, interior decoration, integrated installations of wall screens, furniture, landscape, art, mechanical and electrical equipment, power equipment, and fast fashion brand.



Chinese delegates interacting with IMC members

ICELAND – Perspectives & Possibilities



(L-R): Mr. Gul Kripalani, H.E. Mr. Thorir Ibsen, Mr. Dilip Piramal, H.E. Madam Unnur Orradottir and Mr. Arvind Pradban

Indian Merchants' Chamber's International Business Committee organised a talk by H.E. Thorir Ibsen, Ambassador of Iceland to India and Hon. Unnur Orradottir, Ambassador, Directorate for External Trade & Economic Affairs on "Iceland – Perspectives & Possibilities" for IMC members on April 7, 2016.

Ms. Orradottir presented Iceland as a preferred business destination for Indian companies. She spoke on the opportunities and business potential existing in Iceland for Indian companies and why should they invest in Iceland. According to Ms. Orradottir, the sectors that Iceland is strong are fishery, tourism, power intensive industries, aluminium smelters, renewable energy, etc. She says that there is more to Iceland than the Northern lights that it is famous for. Their economy is doing very good. There is a 4% GDP growth, no unemployment, and current account surplus.

She reiterated the fact that they are a European country, but not part of the European Union. They are part of the EFTA states like Norway, Switzerland and Liechtenstein. They participate in many European programmes. They have FTAs with US, Canada, and with around 40 countries outside Europe.



H.E. Mr. Thorir Ibsen



Hon. Unnur Orradottir

They are in the process of negotiating an FTA with India. This is not finalised yet. Any new foreign company interested to invest in Iceland, can apply for exemption from Capital Control. The sectors of co-operation between India and Iceland could be in the sectors like IT, start-ups, biotechnology and other hi-tech sectors. She forwarded an invitation to IMC to take a delegation of members to Iceland.

Spirituality for Healthy and Happy Senior Citizens



Mr. Swaminathan addressing the Sr. Citizen Wing of Navi Mumbai

IMC Navi Mumbai organised a presentation on the topic 'Spirituality for Healthy and Happy Senior Citizens' by Mr. E. V. Swaminathan on February 15, 2016. Mr. Swaminathan has addressed more than 150 National Level Conferences of Engineers, Doctors, Media, Transport, Youth, Education, Nurses, Environment, Researchers and Spiritualists. He has the unique distinction of conducting sessions on mind management at the highest battle school of the world – Siachen Battle School (SBS) – which prepares its soldiers, the Siachen glacier.

Mr. Swaminathan explained that spirituality is the way you find meaning, hope, comfort and inner peace

in your life. Many people find spirituality through religion. Some find it through music, art or a connection with nature. Others find it in their values and principles. The body, mind and spirit are connected. The health of any one of these elements will affect the health of the others.

For a happy and healthy life, your lifestyle should include meditation for stress free life including exercise and a balanced diet.

Mr Swaminathan demonstrated techniques to connect to one's near and dear ones through spirituality as well as other techniques to be positive and healthy.

World Trade Centre & Raheja District II Industrial Park



(L-R): Mr. Jayant Ghate, Mr. R K Jain and Mr. Ganeshan Pillai

IMC Navi Mumbai, on February 23, 2016 witnessed a presentation on the upcoming World Trade Centre (WTC) & Raheja District II Industrial Park in Navi Mumbai. WTC Navi Mumbai has recently become partially operational in terms of its services, such as trade information and trade education. Located opposite Juinagar Railway Station, the WTC NM, promoted by Raheja Universal Group puts Navi Mumbai region on the international map of the WTCA (NY) and WTCs Network having the mission of "Prosperity through Trade and Investment".

WTC NM, when completed, will provide a wide range of multidimensional services /facilities to promote trade & investment. These include: Trade Information, Education and Research Advisory which are knowledge-based and Office Towers, Exhibition/Display Space, Convention / Conference Rooms, Business Centres & Incubation, Retail, Food

Courts, Club etc. which are space-based. Business/Industry & Service Sector, Government Agencies and Academia, and other Stakeholders in the region will find these extremely beneficial in their efforts of globalisation.

WTC NM provides access to the 330 WTCs located in over 92 countries in the world. The WTC Network is connected with as many as 750,000 businesses and other organisations and 15,000 professional experts. It is indeed the powerhouse of international business and Reciprocity of Services - the hallmark of all the WTCs.

Raheja District II Industrial Park, located in Navi Mumbai, and spread across 27 acres, represents a unique opportunity for MSMEs, positioned as it is on a key parcel of land, strategically sited between the Port, Airport and the Business District, offering a high quality, purpose built facility.



Highlights of Union Budget 2016-17

Global growth has slowed down from 3.4% in 2014 to 3.1% in 2015. The International Monetary Fund has hailed India as a 'bright spot' amidst a slowing global economy. The World Economic Forum has said that India's growth is 'extraordinarily high'. IMC Navi Mumbai organised a presentation on Highlights of Budget 2016-17 by CA Narendra Mangal on March, 9, 2016. Some of the highlights of the Union Budget 2016-17 are as below:

DIRECT TAX

- ⊙ No change in Income Tax slabs
- ⊙ New grading system of imposing penalties (u/s 270A and 271)
- ⊙ Corporate Tax – New manufacturing companies registered on/post March 01, 2016 – option of tax 25% surcharge + cess
- ⊙ Lower Corporate tax for small companies at 29% surcharge + cess
- ⊙ Presumptive tax extended for
 - ⊙ professional earning up to Rs 50 lakh @50%
 - ⊙ Business earning up to Rs 2 crore @8%

- ⊙ Start-ups to get 100% tax exemption for 3 years from 5 years except MAT
- ⊙ 15% surcharge on income tax for those with incomes exceeding 1 crore pa
- ⊙ Krishi Kalyan Cess of 0.5% on all taxable services
- ⊙ 10% dividend on earnings over 10 lakh
- ⊙ Deduction of skill development will continue upto 1st April 2020
- ⊙ Tax at source @ 1% on purchase of LUXURY CAR exceeding value of Rs.10 lakh

INDIRECT TAX

- ⊙ Fiscal deficit for Financial Year 2016-17 targeted at 3.5%
- ⊙ The fiscal target will be retained at 3.9 for 2015-16, and 3.5 for 2016-17
- ⊙ Service tax another surcharge from 01st June 2016- "Krishi Kalyan Cess" – 0.5 %. Thus Service tax now effectively will be 14%+0.5%+0.5% = 15%



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Suhana Safar

A musical journey

Impact 2016

*International Women's Day
Celebration*



The Ladies' Wing of the Indian Merchants' Chamber marked an early celebration of **International Women's Day at IMPACT 2016**. The annual gala, held at the Nehru Centre, Worli, was one of the biggest events in the Ladies' Wing's calendar.

The theme for the Impact 2016 was **"Make peace with music"**, as music is undeniably one of mankind's greatest healing modalities and a source of joy and inspiration.

Immensely talented and legendary singer **Ms. Anuradha Paudwal** was felicitated with **Woman Achiever Award** and **Mr. Shравan Kumar Rathod** with **Music Legend Award** respectively at the do for their outstanding contribution to the Indian music industry for decades.

On a different note, delivering an inspiring address on Importance of Women Empowerment **Mrs. Amruta Fadnavis, the Chief Guest** for the event addressed the do and spoke about the various initiatives and projects undertaken by her for the welfare of the women.

Famous Bollywood superstar **Mr. Jeetendra** was the **Guest of Honour** for the event; he wooed the audience with his ever charming personality and aura.

The celebration was not over without a dose of music, famous singer **Dr. Rahul Joshi and his team** topped off the evening with a scintillating musical performance.

The highlight of the evening was the raffle draw where many members won exciting prizes.





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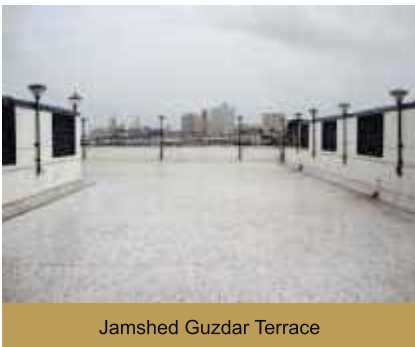
Walchand Hirachand Hall (4th Floor)



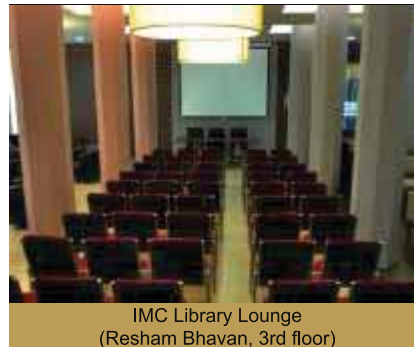
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Jolly Conference Room (4th Floor)



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Ramona Taru Lalwani Board Room (Resham Bhavan, 3rd floor)

For Further information contact:

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