

“Having been in business, President Trump would listen to lots of business leaders and then if we are seen as very critical to the success of US industry, I'm sure they'll factor that into their decision making”

— N R N MURTHY | FOUNDER, INFOSYS



“We have always admired America's capacity for reinvention. Let's be optimistic that the country and its new President will reinvent themselves”

— ANAND MAHINDRA | CMD, MAHINDRA GROUP



“Brexit and now Trump are the surprises of 2016. Trump's initial response was remarkable. For the first time there was poise and grace. Delivering on his election statements will be tough and it remains to be seen what he will prioritise”

— HARSH GOENKA | CHAIRMAN, RPG ENTERPRISES



“Trade and immigration policies of President-elect Trump will have a direct bearing on India, especially for IT and pharma sectors. India now needs to realign its policies with those under the new US President”

— LEO PURI | MD, UTIMF



“After listening to Trump's victory speech, I believe there's nothing negative for India...We will have to wait and watch”

— ADI GODREJ | CHAIRMAN, GODREJ GROUP



“Markets will consolidate at the current level as global uncertainties cap the upside and local fundamentals protect the downside. It's going to be a stock-specific market as existing models are disrupted and new ones created”

— NILESH SHAH | MD, KOTAK MF



## Investors See A Pragmatic Prez On Outsourcing & Immigration | Global Markets Bounce Back After Victory Speech

# For Indian IT, President Trump may not be as bad as candidate Donald

# After 1,700-pt currency shock, sensx recovers

## Hope Of Better Ties Under Republican Prez Contributes To One Of Sharpest Rebounds

TIMES NEWS NETWORK

**Bengaluru:** As with many things Trump, the road ahead for Indian IT in the new US dispensation looks uncertain. Some think he'll be good. Some feel he's trouble. But most feel he is unlikely to implement some of his more extreme anti-outsourcing promises during the campaign.

IT industry body Nasscom's president R Chandrashekar reflected the sentiment of many when he said 'candidate Trump' must be distinguished from 'President Trump'. "On the campaign trail, statements are not based on calculated assessments, on what is possible or what the impact will be. You could say you will eliminate H-1B visas, build a wall. But practically, you have to see what you can do to boost the economy, create jobs," he said.

He said Indian IT was a key enabler of productivity increases in corporate America and Trump would understand that. "There's no need for alarm at this stage," he said. The US accounts for 50-60% of the revenue

### RHETORIC & REALITY

#### Trump While Campaigning...

- ▶ Slammed outsourcing, especially IBM for allegedly firing 500 at Minneapolis and transferring jobs to India
- ▶ Warned of levying 35% tax on products made overseas
- ▶ Criticised 'abuse' of H-1B visa



#### What IT Cos Hope For...

- ▶ Trump may not be too negative as he had welcomed high-skilled immigration, accepting its need in Silicon Valley
- ▶ With his political base in Middle America where there's little tech, Trump's focus may shift from IT to protecting non-tech jobs
- ▶ Having leveraged global model in his own business, Trump may not block it
- ▶ Trump will realise Indian IT hiked output in America

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— R Chandrashekar | PRESIDENT, NASSCOM



of Indian IT companies.

Creating jobs in America and reducing immigration was a big focus of Trump during the campaign. He slammed outsourcing. He criticized IBM for allegedly firing around 500 people working at Minneapolis and transferring those jobs to India. He threatened to bar such companies from moving jobs from America and warned of levying a 35% tax on products made overseas by such companies. He was vocal about ending the "abuse" of the H-1B visa, a po-

pular visa used by Indian IT companies to transfer employees to work out of their US offices. He was generally critical of immigration, but in some speeches, he welcomed high-skilled immigration and specially acknowledged Silicon Valley's need for such immigration.

Wipro vice-chairman T K Kurien noted that Trump is a businessman and said he would understand the concept of compromise. "...to that extent I think he is neutral at worse and positive at best,"

he said. Kurien also noted that Trump's political base was basically Middle America, and there is very little technology in Middle America, unlike in the west and east coasts. He said Trump's focus would be to make sure that these (non-tech) middle class jobs would not go away from America.

Keshav Murugesu, group CEO of BPO company WNS Global Services, noted that Trump had himself leveraged the global model in his business and that will augur well for the

IT/BPO industry. "The reality is India brings a great advantage to the IT and BPM industry and I'm pretty certain that irrespective of the political rhetoric, in the longer term, he will allow CEOs of companies in the US to take decisions around their businesses and their shareholders," he said.

Vivek Wadhwa, a Fellow at the Arthur & Toni Kempe Rock Center for Corporate Governance in Stanford University, feels Trump will be far more business than anyone. "The impact to Indian IT will be from the economy more than policy. If Trump moderates himself and doesn't cause trade wars, Indian IT should not be impacted too much," he said.

Research firm Gartner sounded the most pessimistic. It said the Indian IT sector, which has slowed down significantly in recent months, will now have to brace for further troubled times. The Trump administration's protectionist views will "have a further dampening impact on growth prospects, if the views were to crystallise into some serious policy implementations," it said.

**Mumbai:** A win by Republican Donald Trump in the US presidential election on Wednesday led to one of the sharpest rebounds in the history of the sensx. After falling nearly 1,700 points, or 6%, in early trade, the index closed just 339 points lower at 27,253 as Dalal Street now expects even better ties between India and the US under a Republican president. The recovery nearly made up for the crash in the market on the back of a government decision to withdraw Rs 1,000 and Rs 500 notes as legal tenders. On Tuesday night, after the government decision was announced, market players had expected a big fall in indices since most were unable to fathom the full impact of such a decision.

#### US stocks rise on hope of Trump boosting growth, P 26

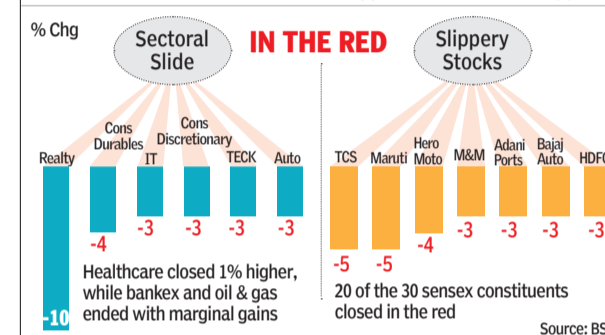
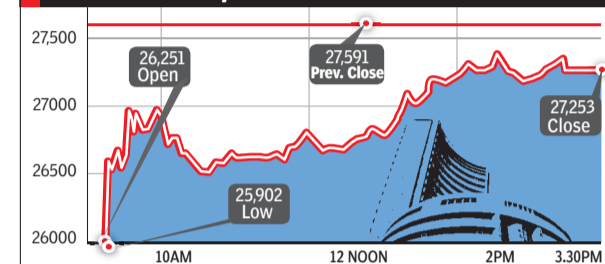
The day's session started with the sensx opening 1,340 points lower at 26,251 and then falling to an intra-day low at 25,902, down 1,689 points from its Tuesday close. However, after showing continued weakness during early trades, as news poured in about a possible Trump victory in mid-session, the recovery started with the sensx touching an intra-day high of 27,397. Among the 30 sensx stocks, 20 closed in the red.

The day's slide, which was led by foreign fund selling with a net outflow at Rs 2,095 crore, also left investors poorer by Rs 1.81 lakh crore with the BSE's market capitalisation now at nearly Rs 109 lakh crore.

On the implications for the Trump win, most market players are a divided lot. But on the government's move to curb black economy, fund managers strongly believe that it is a long-term positive for India.

"The government's demonetisation drive will lead to lower interest rates in the economy earlier than expected and

### REGAINS 1,350 POINTS



20 of the 30 sensx constituents closed in the red. Source: BSE

Realty Bites		IT Losers	
Scrip	% Chg	Scrip	% Chg
Indiabulls Real Estate	-19	TCS	-5
DLF	-17	Tech M	-4
HDIL	-17	HCL Tech	-3
Oberoi Realty	-10	Infosys	-3
Unitech	-8	Wipro	-1

### Demonetisation hits jewellery, realty stocks

Even as gold prices surged to a four-month high on Wednesday, stocks of jewellery and real estate companies plunged on the bourses due to fears of the impact of demonetisation of Rs 500 and Rs 1,000 notes on the sector. While the Tribhuvan Bhimji Zaveri scrip nosedived 14% to Rs 68 on the BSE, the Thangamayil Jewellery stock crashed 12% to Rs 211. The PC Jeweller scrip fell by 9%, Gitanjali Gems and Jewellery 7% and Titan 5.3%. Nearly three-fourths of all jewellery purchases are with cash.

Real estate stocks also took a hit with Indiabulls Real Estate and DLF stocks crashing by 18.5% and 17.5% on the BSE, respectively. "Bullion and real estate sectors have not been reporting their incomes properly. The markets won't be comfortable in giving them valuations if they don't report actual income," said Deven R Choksey, MD, KR Choksey Shares and Securities. — M Allirajan & Aparna Desikan

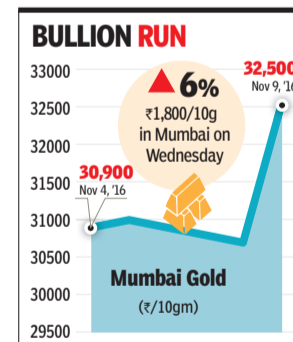
higher investments and capex," said S Naren, ED & CIO, ICICI Prudential MF. "Though there could be some volatility in the near term, the equity outlook for next two-three years and return potential has improved significantly. We believe at least for the next two years, India remains one of the best places in the world to invest."

On Wednesday, sectors which lost the most included realty, consumer durables and IT.

# Global jitters make gold glitter

TIMES NEWS NETWORK

**Mumbai:** Two opposing factors played out in the Indian gold market on Wednesday. On the one hand, the government's curbs on black money put pressure on the price of the yellow metal at home, on the other, the win by Donald Trump in the US presidential election led to higher bullion prices globally. Gold has become a safe haven across the world mainly due to the uncertainty associated with the Republican's economic and trade policies.



prices in the city were trading at over Rs 32,500 per 10gram mark, up about Rs 1,800 from its Tuesday close. The price in

the domestic market followed sharp gains of over 4.8% in the international market during the day.

The rally in the international market came on the back of investors' search for safe haven assets in times of uncertainty in the market.

In the run-up to the US election, gold prices gyrated as the prospects of Trump and Hillary Clinton as the next president of the US witnessed swings. While a higher chance of Hillary's win pulled gold prices down, rise in Trump's prospects led to a rally, market players pointed out.

# Tougher work visa norms may boost investment-linked immigration to US

TIMES NEWS NETWORK

**Mumbai:** With Donald Trump in the Presidential seat, work visa programs (H visas) are expected to take a beating—with more stringent regulations. The spotlight, according to some immigration experts, will shift towards the EB-5-based US immigration visa, which is investment-linked.

At present, such visas issued to Indians remain in the three-digit figure, but with it probably being the easiest route to set foot on American soil, the number of applications could go up significantly.

Mark I Davies, global chairperson of Davies & Associates, a US immigrant investor visa firm, says, "Trump's win in the Presidential Elections will be beneficial for EB-5 visa applicants. While some of our clients have expressed concern with a Trump victory, we believed that their concerns will be short-lived, it will cause more Indians to apply for an EB-5-based US immigrant visa."

Trump has previously used the EB-5 visa program as a source of funding for some of his real estate projects. It was popular among Chinese investors. "Trump clearly appears to be open to high-net-worth investors coming to the US and receiving a green card in exchange for a qualifying investment through the EB-5 pro-

### DEMAND SET TO GROW

Country	Number Of Visas	
	2015	2014
Mainland China	7,616	8,308
Vietnam	249	92
Taiwan	124	99
S Korea	89	162
India	71	55

17,300 pending applications at the end of fourth quarter of 2015

### EB-5 route for students?

Parents who can afford it and whose children are studying in the US are opting for the EB-5 route. They can include their spouse and unmarried children below 21 years for the green card application. This enables the children to stay back in the US on expiry of their student visa and find jobs in a highly competitive environment.

gram," adds Davies.

There are two routes available, one is via direct investments, where the immigrant investor is required to set up his own enterprise in the US, with a minimum investment of \$500,000 in a targeted employment area (TEA) or rural area, or \$1 million in a non TEA. At least 10 US jobs (not including family members) have to be created within two years, else the investor loses his residential status. On the other hand, investment is also possible indirectly via regional centres, where the immigrant investor funds job creation—it

is a more popular route.

Davies explains: "The EB-5 Regional Center program was extended until December 9, 2016. It has also been extended multiple times in the past and while no one knows how the US Congress will act in December, many view that it is likely to be extended further, till a more permanent EB-5 authorising legislation can be agreed. On the other hand, the Direct EB-5 Program does not expire and does not require extension, so absent a separate act being passed in the future, it will continue forever." The RBI currently permits overseas remittance of up to \$250,000 per

individual per year. While China once dominated, India is being regarded as the hot spot for attracting investments. Davies & Associates predicts the number of such visas to Indians to be around 130 during this year, and 175 next year. In the future years, the figure may spike, is a commonly held view.

"I don't think we will see much difference in EB-5 based system under Trump. If anything, we might see an increase in the threshold investment amounts required. The EB-5 program is also fraught with delays and inconsistencies," says Rajiv S Khanna, US-based immigration attorney at Immigration.com.

Khanna says for a business-based immigration plan, the first option has been to explore the L-1A and EB-1C route that require no minimum investment and wraps up the entire green card process within a year.

"As to general immigration policy, if reasonable minds prevail, India should stand to gain, because over 40% of employment-based immigration is of the Indian origin. The influx is legal and, if considered to be good for the US economy, we are likely to fare better than under the previous regime. Especially under Trump, whose constituency is pro-business," sums up Khanna.

# Bonds, Re gain as mkt sees lower inflation

TIMES NEWS NETWORK

**Mumbai:** G-sec bond prices rallied on Wednesday as market players expect that PM Narendra Modi's surprise decision to contain black money will lead to lower inflation and higher tax collection in the economy—both positives for the bond market. As a result, the yield on the 10-year gilts softened by 13 basis points (100bps = 1 percentage point) to close at 6.67%, from 6.80% on Tuesday. Bond prices and yields move in opposite directions.

"At one end, the demonetisation move will ensure favourable demand-supply balance for gilts, resulting from lower fiscal deficit and more demand for G-secs owing to higher deposit mobilisation by banks. At the other, lower currency circulation will help inflation to remain under check," said Ram Kamal Samanta, VP (treasury), SBI DFHI, one of the leading bond houses in India.

He added, "This may help the RBI in further monetary easing to support fragile growth. Comfortable liquidity, further monetary easing and favourable demand-supply balance will ensure continued southward journey of fixed income yields," Samanta said.

A lower yield means lower rate of interest in the economy.

# Cyrus proposed legal action against Siva Siva Group Refused To Pay ₹694Cr Obligatory Part Of DoCoMo's Claims

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**Mumbai:** Six weeks before Cyrus Mistry was removed as Tata Sons chairman on October 24, he had convinced the board to take legal action against C Sivasankaran's Siva Group for refusing to pay its Rs 694-crore part of the Rs 8,450-crore claim on Tata Teleservices (TTSL) made by Japanese telecom major NTT DoCoMo.

Serial entrepreneur Sivasankaran had bought nearly 9% stake in the unlisted TTSL in 2005-06 and had a legal obligation to contribute Rs 694 crore towards the Japanese telecom major's claim. Mistry had asked for Tata Sons' approval for legal action at its board meeting held on September 15.

However, even before Tata Sons could initiate any legal proceedings or communicate the board's decision to Sivasankaran, the latter sent a legal

notice, also dated September 15, to Tata Sons and DoCoMo alleging mismanagement of TTSL and asserting the right to seek damages.

The September 15 date of Tata Sons' board decision as well as Siva Group's legal notice prompted Mistry to write a mail to the company's senior management, asking "how this came just after our decision at the Tata Sons board to go legal? We need to check this out". Tata Sons received the legal notice on September 19.

The relationship between Sivasankaran and the Tata Group dates back more than a decade. Papers available with TOI establish that in 2005-06, Sivasankaran invested Rs 884 crore to buy the nearly 9% stake in TTSL. Of this, Rs 650 crore was financed by Standard Chartered Bank for which the same TTSL shares were kept as collateral. This loan was guaranteed by Tata Sons. Another

Six weeks before Tata Sons removed Mistry from its chairmanship on Oct 24, he had asked the board to take legal action against Sivasankaran's Siva Group



AT LOGGERHEADS: Former Tata Sons chairman Cyrus Mistry (left) and serial entrepreneur C Sivasankaran

eight days after Sivasankaran bought his stake.

In a mail to Mistry, Ratan Tata on October 8, 2013 said that Sivasankaran was offered TTSL shares not "because TTSL was in dire need of funds" but because "he believed that the telecom sector was fast growing and that he could sell his stake at a sizeable profit".

In 2008-09, DoCoMo bought a 26% stake in TTSL through a combination of new shares and sale by existing shareholders. In this transaction, Sivasankaran sold over 2 crore shares at Rs 117.8 per share.

During this time, the selling shareholders agreed to share liabilities for the DoCoMo stake in case the Japanese telco exited TTSL in future.

In 2014, DoCoMo decided to exit TTSL and asked the shareholders to cough up the previously agreed exit price of Rs 8,450 crore (\$1.2 billion). Since this exit clause did not meet the rules, DoCoMo and Tata Sons approached the court. The case is being fought in various international jurisdictions. However, Tata Sons and other Tata Group shareholders have deposited the money with the Delhi high court.

Sivasankaran, on the other hand, is yet to pay his share of DoCoMo's claim, which is Rs 694 crore. Tata Sons is pursuing all legal options to recover the amount, a Tata Sons spokesperson said.

# E-wallet transactions surge, cos look to tap merchants

TIMES NEWS NETWORK

**Bengaluru/ New Delhi:** A day after the demonetization of Rs 500 and Rs 1,000 notes was announced by the Prime Minister, digital payment platforms witnessed a significant surge in number of transactions and adoption as consumers looked for alternative ways to make payments. Companies like Paytm, PayU, Freecharge, Mobikwik, among others, registered a huge spike in adoption from new users while taxi aggregator Ola said recharges through its Ola Money wallet went up 1,500%.

Paytm, which typically sees an average of Rs 1.5 crore being added hourly to its wallets, witnessed users topping up Rs 15 crore every hour on Wednesday, sources privy to these numbers told TOI. The mobile commerce and payments firm registered a traffic increase of 435% since Tuesday evening when the ban

on bank notes was made public. The Paytm app also got a big push with a 200% increase in downloads in the past one day.

"We are seeing a massive adoption for offline payments, which will solve major problems in a situation like this. Offline payments have grown 400% compared to other days

### LESS-CASH PUSH

and it should cross a million mark by end of the day," Vijay Shekhar Sharma, CEO, Paytm, said. The company has asked a part of its sales team to act on the ground and add offline merchants. It plans to hire temporary workforce from third-party agencies to speed up merchant on-boarding focused on offline transactions, Sharma said.

PayU India's CEO Amrith Rau said that they registered

about 80% growth in number of transactions in the first few hours on Wednesday compared to a day before. Other senior executives of digital wallets and payment gateway firms have welcomed PM's announcement terming it as a game changer.

While digital payment platforms have emerged rapidly in India, getting offline small and medium merchants on board has been a pain point for these companies. "We have to add more merchants from the offline space who are not transacting digitally. This is the best time to get them on board, which is why sales team has been asked to focus on this drive," Sharma said.

Upasana Taku, co-founder of Mobikwik, said the company saw three-fold growth in merchant on-boarding. "App installs increased 40% while the overall inbound interest from merchants and users grew two times.