Opinion

SATURDAY, AUGUST 19, 2017

NURTURING START-UPs

Union minister Jitendra Singh

Entrepreneurship potential of India which was not being realised (earlier)... is now being realised. So, that kind of milieu has been provided by the present government

Infosys board must keep founders at bay

If it can't do this successfully, it will be difficult for it to find, and then retain, the next chief executive

FOR SOMEONE WHO is constantly preaching the virtues of corporate governance, NR Narayana Murthy clearly doesn't believe it is necessary to practise some himself. Indeed, the fact that he demanded changes in policy and appointment of certain individuals to the board and threatened to 'attack' members in public if they didn't do his bidding, going by the board's note, reveal to what levels he is willing to go to get his way. It does not behove a man of Murthy's stature to be taking on the board and management in the media. That is not just in very poor taste, it is completely unacceptable. Indeed, the Infosys board—led by R Seshasayee and Ravi Venkatesan—has done well to back Vishal Sikka, who stepped down on Friday, and to expose Murthy's behaviour. It must now make sure it keeps Murthy, and any other founder who may try to create trouble, at bay while it searches for another CEO and restores confidence in other investors.

That is not going to be easy given the manner in which events have unfolded over the past year, and any potential candidate would be apprehensive of taking on the job. Nevertheless, by exposing Murthy, and going to the extent of revealing that Murthy had wanted his demands to be met "without attribution to him", the board has shown it is not going to be cowed down by anyone, not even a founder with a big stake and a big reputation. As Seshasayee said, it is important the board stands up for the values it believes in and handles the noise outside. This may or may not help assuage concerns of a prospective CEO but the board's stance has been commendable. It has acted with great restraint in the face of some very damaging allegations.

Critically, the co-chairmen must also ensure the board takes a unified stance on any issue; they must let go of any members who are not willing to go along with the rest. The decision not to offer Murthy a position in the company is a good one. Murthy is now a shareholder, just like any other shareholder, and it must be made clear to him he cannot expect any preferential treatment. Indeed, it is a sad day when the founder of a company isn't willing to consider the consequences of his actions on the performance of the company or the loss to other investors simply because his commands are not being obeyed. As Sikka said, the attack on him was becoming 'malicious' and was taking a toll on the organisation, resulting in an untenable situation. Murthy has not just done Infosys collateral damage by putting the company through this pain, he has also lost credibility by suggesting that world-renowned firms have connived with the board to sweep malpractices under the carpet. Even suggesting the board had overlooked payments of 'hush money" was shocking. In this context, co-chairman Seshasayee has done well to point out that all the whistleblower complaints received were anonymous and that none of them produced any evidence of wrongdoing. Unfortunately, the board has not been able to hold back Sikka who has done a tremendous job at Infosys. But its members owe it to shareholders to not let Murthy demoralise and demotivate another CEO.

Don't get swayed by solar

Costs dramatically understated, keep in mind NPAs

GIVEN HOW EACH successive auction of either solar or wind energy seems to be throwing up a lower price, it is easy to believe renewables will soon replace conventional energy like coal and, in the bargain, also play a big role in helping India reduce its carbon footprint. While the 175 GW target for 2022 is an aspirational one, chief economic advisor Arvind Subramanian has done well to inject a healthy dose of reality into this idyllic picture. For starters, he points to something everyone knows, but rarely build into their projections, that the costs of renewables are not the same as the bids that get reported—and the costs go beyond the considerable subsidies the government is giving even today. Since no grid can work on the basis of just renewables but also needs back-up power that can come on stream very quickly, for instance, the costs of building gas-based power plants—and keeping them on standby—also need to be built in; there are then costs of land, etc ... Subramanian cites studies comparing the cost of coal-based power and renewables and says that while renewables will become competitive, this is in the future, not right now—if emissions are valued at $50 per tonne of CO2, one study says, solar is marginally competitive relative to thermal power; the social costs of emissions in India, however, are closer to $2.25 per tonne and those in global markets is around $6.5 per tonne.

Subramanian then builds upon an idea expressed in the latest *Economic Survey*, that even right now, if existing power plants are viable at a plant load factor of around 60%, nearly half the existing capacity is unviable—even today, around 70% of capacity can be considered to be stressed with an interest cover of less than one, with an associated vulnerable debt of over ₹3.6 lakh crore. According to an analysis by the ministry of power that Subramanian cites, if renewables capacity rises to reach 175 gigawatts by 2022, median plant load factors decline from 63% to about 50% by 2022. While this is something only terrified bankers have been looking at so far, both power minister Piyush Goyal and finance minister Arun Jaitley need to look at this additional cost due to renewables seriously. Subramanian has not, as yet, studied the impact of this on India's Paris commitments—do the commitments need to be scaled back due to this higher cost, for instance. The immediate task, then, is to study this impact—and, after factoring in all costs including those of creating standby power, take a final call on renewable targets.

FreshSTART

Incorporating the views and recommendations of start-ups is critical

GIVEN THAT THE sops and incentives announced at the glittering Start-up India event in January last year—aimed at ushering in a Silicon Valley-like entrepreneurial culture in India—have not yielded much, it is good that the government has changed track and has decided to involve start-ups in governance projects besides creating an ecosystem for their participation in decision-making. There is no doubt that the participation of start-ups in areas like healthcare, education, sustainable energy and skill development will be a win-win situation for both the government and the entrepreneurs. Therefore, prime minister Narendra Modi's call to 212 start-up founders on Thursday at a rebooted version of the earlier event, to join the government in implementing its ideas, has the potential to create a more meaningful government-start-up working model. The entrepreneurs' recommendations, made in presentations to the prime minister, on action points will be incorporated in the 15-year vision document that NITI Aayog is drafting.

What MobiKwik founder Bipin Preet Singh told *Business Standard* after the event is indicative of cautious optimism—and rightly so, considering the past experience. Singh pointed out that this time around, the government has assured them that their recommendations would be incorporated, feedbacks will be taken seriously and a forum would be formed. To make this process a continued affair, the event will be held annually so that there is a review of the results. But, the results obviously will depend on how seriously and effectively the government and the official machinery take the lofty talks to their logical conclusion by incorporating the views and recommendations of the start-ups. Along with the participation in governance, the start-ups also need a more conducive funding atmosphere, hire and fire, and also exit norms. The coordinated approach will have to ultimately ensure these critical needs.

MOVING ON

DON'T LET THE NOISE OF OTHER OPINIONS DROWN YOUR OWN INNER VOICE
HAVE THE COURAGE TO FOLLOW YOUR HEART AND INTUITION

Despite the noise, I wouldn't trade my time at Infosys

VISHAL SIKKA

Former MD &CEO, Infosys

IT IS CLEAR to me that despite our successes over the last three years, and the powerful seeds of innovation that we have sown, I cannot carry out my job as CEO and continue to create value, while also constantly defending against unrelenting, baseless/malicious and increasingly personal attacks.

Three years ago, I started this journey with a calling, to help reshape the company around innovation and entrepreneurship, to deliver breakthrough value for clients, and to help elevate our work, our standing, our selves, on the basis of a dual strategy, bringing together dualities of renew and new, automation and innovation, people and software, to show a new path forward in a time of unprecedented disruption within the industry and beyond. That time, around and before June 2014, was a difficult time. Our growth rates were low and attrition was high. There was a sense of apprehension all around and I came here to help enable a great transformation as our core business faced intense pricing pressure, and clients looked increasingly to innovative partners to help shape their digital futures. Now, a bit more than three years later, I am happy to see the company doing better in every dimension I can think of.

We have grown our revenues, from $2.13B in Q1FY15 to $2.65B this past Q1. We did so while keeping a strong focus on margins, closing this past quarter at 24.1% operating margin, beating some competitors for the first time in many years, and improving against most in our industry. Perhaps more importantly, our revenue per employee has grown for six quarters in a row. Our attrition has fallen, from 23.4% in Q1FY15 to 16.9% this past Q1, and high performer attrition is hovering at or below the single-digit threshold for a while now. We grew our $100M+ clients from 12 when I started, to 19, and increased our large deal wins from ~$1.9B in FY15 to ~$3.5B this past year. We have done all this while improving our overall utilisation, to a 10-yr high this past quarter, and an all-time high including trainees, while improving our cash reserves, rewarding employees with a new equity plan, and returning cash to our stakeholders. And we have done all this while improving our standing with clients to the highest ever in the 12 years since we've done our client satisfaction survey, and a jump of 22 points in CxO satisfaction.

A few days ago, Nitesh, Radha, and I met a client in our office in Palo Alto. It is one of the largest companies in the world—and the CIO was excited and proud about seeing automation come to life in their landscape. Her reaction to seeing many of our innovation projects, as well as our workspace itself, was thoroughly rewarding, and a testament to all we have achieved. She requested us to bring our innovative work and processes to everything we do with her team in a similar space, and even that we help them establish a similar presence for their company in the Valley! This is a sentiment I've often heard from clients who've visited our 12,000 sqft space here, that has seen 2,200 visits over its ~27 months; clients where we saw much faster than average revenue growth following their visits. So, as I look back on the three years as CEO, what brings me the most joy is the new roads that all of you have travelled, the new frontiers that all of you have enabled. From embracing the new ideas in education, teaching ourselves Design Thinking like no one else ever has, learning AI, new development processes, and more, to applying these learnings via Zero Distance (ZD), a one-of-a-kind programme of massive grassroots innovation, powered by education, by the amazing Zero Bench, and by your creative confidence. With 16,500+ ideas generated, 2,200+ of which have already been implemented, ZD is proof that innovation need not be the domain of a chosen few in some elite department, but is the prerogative of us all; proof that the extraordinary within each one of us can indeed be unleashed. To complement this grassroots innovation, we have launched 25+ new services that contributed 8.3% of our revenue last quarter, up from zero in April 2015. And our own new software business is now at 1.6% of revenue. Our AI platform, Nia, now with 160+ scenarios deployed at more than 70 clients, is helping drive both automation within the company, and breakthrough new business scenarios outside. Beyond new services and new software, we've ventured into new horizons, from our startup fund's investments in promising new businesses, to the work we've done in the last 3 years in local hiring around the world to the exemplary and inspiring work our US foundation has done in bringing computer science education and a culture of making, to the masses.

I was, and remain, passionate about the massive transformation opportunity for this company and industry, but we all need to allow the company to move beyond the noise and distractions.

Back in May 2014, when I first met many board colleagues, I thought of the road ahead as a road for the next 33 years of this iconic company. For Infosys is more than a company: it is an idea, a dream, a pioneering possibility. Back then I thought, just as I do today, that the time ahead called for a company that could show the way to a digital future, a future where our humanity, amplified by automation and software, would unleash our creativity, our imagination. Such an Infosys, whilst staying true to its core, to her values and timeless principles, would shine the light in an altogether different context, a different reality. Such an Infosys would be one where an individual's entrepreneurship, ability to imagine and create, ability to learn, and to amplify herself with software, with AI, would create a greater whole. Three years later, we can clearly see that the seeds of this idea have taken root.

Back in May 2014, I thought, just as I do today, that the time ahead called for a company that could show the way to a future where our humanity, amplified by automation and software, would unleash our creativity

For sure, this journey has been a difficult one. No one, especially me, thought it would be easy. Transformations are hard to begin with. A massive transformation, of such an iconic institution, with such groundbreaking achievements behind her, would be even tougher, and the exponential rates of change all around us, further amplified by geopolitical matters, would add that much more headwind. But all this was known, and clear, and in many ways added to the calling that I felt. For as the legendary architect Daniel Burnham said, "Make no little plans; they have no magic to stir man's blood."

But after much contemplation I have decided to leave because the distractions, the very public noise around us, have created an untenable atmosphere. I deeply believe in creating value in an atmosphere of freedom, trust and empowerment. Life is too short to engage in battles of opinions in the public, these add no value, take critical time and focus away from the business, and indeed add more to the noise, to the eardrum buzz. The founding principle of the strategy I laid out for our renewal was personal empowerment, working in an entrepreneurial environment. I need this for my own work as well. Steve Jobs, in his famous commencement speech at my *alma mater*, said: *"Your time is limited, don't waste it living someone else's life. Don't be trapped by dogma, which is living the result of other people's thinking. Don't let the noise of other opinions drown your own inner voice. And most important, have the courage to follow your heart and intuition, they somehow already know what you truly want to become."*

I now need to move forward, and return to an environment of respect, trust and empowerment, where I can take on new lofty challenges. Over the next weeks and months, I look forward to working with the Board and management to create a smooth transition. As I completed my three years recently, many people asked me if I have any regrets. This question is more apt today and the answer is a clear NO. Not for a second. However difficult the noise of the last several months has been, I wouldn't trade our time together for anything.

Together we have achieved a lot. Even in the midst of all of the distractions, even as the tendency was to return to the familiar, we still managed to persevere and make wonderful progress.

Excerpted from Mr Sikka's letter to Infosys employees. The letter, in full, can be viewed on his blog (goo.gl/CpKDCs)

Neo-Nazis expose Internet's weakness

If we want a reliable system, we will also have to abandon the idea of setting uniform rules for content

ELAINE OU

Bloomberg

AN OBSCURE INTERNET executive's decision to shut down a neo-Nazi website has rightly sparked a debate about how to govern the global computer network. On a technical level, though, it also demonstrates how vulnerable this supposedly resilient mode of communication has become.

The *Daily Stormer*, which spreads neo-Nazi propaganda using cartoon frogs and anime avatars, was far from the most beloved page on the web. The site had already relocated to a Russian domain after multiple US registrars cancelled its name registration. Then Matthew Prince, CEO of content network provider Cloudflare, delivered the decisive blow, explaining in a company-wide email that "the people behind the *Daily Stormer* are assholes and I'd had enough".

Cloudflare was capable of shutting down The *Daily Stormer* thanks to the critical role the company plays in our internet infrastructure. When you visit *Bloomberg.com*, you're not connecting to a server in New York—the site would be far too slow for readers on the other side of the globe. You're actually connecting to a content delivery network that caches copies of this site in data centres all around the world. By distributing traffic across hundreds of servers, such networks respond quickly to visitors while protecting sites against denial of service attacks—attempts to make a service unavailable by overwhelming it with junk traffic from networks of bots. These days, hackers can rent a botnet for as little as $20 an hour, which makes services like Cloudflare essential for sites that might provoke vigilante botnet attacks.

Although Cloudflare's terms of service allow it to terminate users at its own discretion—and it wouldn't be alone in doing so—the company has long sought to take a neutral stance. It has faced criticism for serving ISIS propaganda sites and enabling the spread of malware and pirated content, and has argued that its job was to maintain the pipes, not monitor them. Recognising that his approach toward the neo-Nazis represented a departure, Prince emphasised that the state of affairs was not optimal: "Literally, I woke up in a bad mood and decided someone shouldn't be allowed on the Internet. No one should have that power."

Indeed, this is not how the internet was supposed to work. It was designed to be a decentralised communications system with enough distributed capacity to survive a nuclear strike. But over the years, economies of scale have led sites and services to pile into just a few infrastructure providers like Cloudflare, leaving large portions of the internet vulnerable at multiple levels. Last October, an attack on a domain-name service provider disabled many popular sites for most of a day. More recently, a cloud-storage malfunction reminded the world that Amazon Web Services controls 31% of the global cloud infrastructure market. And now we see that the internet is vulnerable to the mood swings of a content delivery network CEO.

Prince recommends that a legal framework be established for content restrictions, so that censorship decisions aren't dominated by a handful of providers. This might make sense in an ideal world, but we should bear in mind that Donald Trump is president before suggesting that the government set rules for online discourse. Beyond that, if we create a content regulation framework, we may be resigning ourselves to an internet controlled by a few common carriers.

That would be unfortunate, because the whole point of the internet's distributed structure is to allow information to get around points of failure or blockage.

Recent attempts at online censorship have motivated the organisation of the Alt Tech Alliance, a movement to build alternative internet services for those shunned by mainstream providers. While we might disagree with their criteria for content acceptability, the availability of competing service providers makes the entire internet more resilient.

In other words, if we want a reliable system, we'll also have to abandon the idea of setting uniform rules for content—no matter how reprehensible some users may be.

LETTERS TO THE EDITOR

Helping PSBs get back on track

Apropos of the recent report "SBI post-merger Q1 net profit jumps to ₹3,105 crore", the banking sector in general, and more particularly, the PSBs, have been reeling under increasing stress because of mounting bad loans, diminishing and/or negative returns, eroding net worth, sluggishly-growing loan-books. Above all, they lost the confidence of investors and depositors. In order to lift the banking sector out of its current misery, RBI has asked many banks to opt for Prompt Corrective Action. While banks are initiating aggressive action for speedy resolution of the bad loans, at the same time, they should also be adequately recapitalised to make them capable of expanding their loan-book and improving returns and net worth. Fast execution of measures is needed to remove the persisting stresses in the major segments of the economy which have contributed significantly to the elevated levels of non-performing assets at banks. Scrupulous monitoring and follow-up of the corrective action regime by RBI is needed to regain the lost strength of the banks. The issues of consolidation and merger are in front of the government, and as such, it is better to look for other measures to improve the financial health of PSBs given the SBI example—look at increase in its bad loans potfolio after the merger. It is thus better to create a bad bank to absorb the bad loans of PSBs. Let the PSBs function independently. Support for PSBs will enable them to perform their role as engines of economic growth.

— VSK Pillai, Kottayam

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NO PROOF REQUIRED

In India we have a monetary authority that admits it does not understand inflation—but persists in damaging an already weak economy because it does not understand. Madness?

Madness again in monetary policy?

SURJIT S BHALLA

Contributing Editor, *The Financial Express*, and Senior India Analyst at Observatory Group, a New York-based macro policy advisory group. Views are personal

IT IS MORE than four years since my column "Tell me I am Mad," *The Financial Express*, June 22, 2013, was published (*https://goo.gl/hLGFGx*). I said that I found "the economic debate in India, as conducted by the RBI, professionals, and the media, extremely unenlightening. The economy has literally collapsed yet we are not looking for causes and cures." I left it to the reader to judge whether I was mad, or the policy-makers.

I repeat the challenge today. This is in the interests of a healthy debate on economic policy, as we have a healthy argument on political and social policy. None of us are very deferential (nor we should be) when it comes to criticising politicians, or those making policy on such diverse subjects as the films we should not see, the beef we should not eat, the cesses we should pay, etc. No one is exempt from criticism—not the PM, not the FM, not the Chief Economic Adviser, no one. Good.

But the moment we criticise RBI for its monetary policies, we are asked, requested, to "cut it some slack." Writing in *Mint*, eminent economist Vivek Dehejia asks for restraint, given that RBI/MPC is only doing its job, and, in his opinion, doing it well. (By implication, the others we criticise, all of them, are either not doing their job, or doing it badly.)

This is what Dehejia states: "What the critics seem to be missing is that an inflation-targeting monetary policy regime, and inflation forecasting in particular, of necessity occurs in an environment of uncertainty and long and variable lags of the impact of policy on economic outcomes, all of which conspire to make monetary policy under such a regime an exercise in minimising error, not in achieving a hypothetical optimal outcome." (August 14, 2017).

I know—it sounds confusing, and in my opinion, was meant to be. What Dehejia would really like to say is that the MPC (embarrassingly) does not have a clue as to what is going on with inflation. Which is a tragedy of large proportions because their mistaken policy of keeping interest rates high is costing the economy dear, very dear.

I wish Dehejia had been more honest. As former governor of RBI, D Subbarao, was at a function in Hyderabad four years ago, when he said: "...Most importantly, we also chase monsoon like millions of farmers across the country. So, the monsoon outlook, the monsoon performance is going to be the important factor in determining the RBI policy in the next three months." (quoted in *Tell Me I am Mad*).

Subbarao was honest in expressing his inability to understand the dynamics of inflation. Unfortunately, honesty about data, or inflation forecasting, or interpretation of data is not something we can "accuse" the present MPC/RBI. Lack of an honest debate on inflation and monetary policy is hurting India's growth, and hurting it badly.

Quite honestly, I am tired of cutting slack for individuals when they are so, so, wrong. Proved wrong not by ideology, but continuously by their own forecasts. The entire sustained decline in inflation from 5+ inflation levels has been missed by RBI. Last 12 months average inflation of 3.4%, with the maximum of 5+ observed in August 2016. The MPC's response—we will investigate, and write a report! Meanwhile, because of our admitted lack of understanding, we will punish the economy by keeping rates high in order to lower inflation. I ask you—who is mad?

The tragedy is that many are, and only in India. Atop the high perch of a Deputy Governor in charge of monetary policy, Viral Acharya opines: "Higher real rates are justified in the meantime as absent efficient transmission, attempts to address symptoms of balance-sheet problems with aggressive monetary easing get wasted and can even backfire by misallocating investments, fuelling asset price inflation, creating false hopes of a growth boost, and relaxing the pedal on deeper structural reforms."

This needs less translation than Dehejia's comment but still needs some. What Acharya is saying is that high real policy rates (close to 4%) are justified for 99% of all borrowers so that the 1% heavily indebted (balance sheet borrowers) cannot benefit from lower rates! Which they cannot—by definition. So why punish the 99%?

How different is Dr Acharya from Dr Subbarao in his assessment of inflation and prescription of policy? And remember, Subbarao was facing a high inflation economy, and MPC is facing a low, deflation-prone economy—so low that the MPC is honest to admit that they don't know why it is low, and how did we get there, but are more than willing to prescribe monetary policy that is just plain wrong. (This criticism obviously does not apply to the one MPC member, Dr Dholakia, who has consistently warned about the dangers of low inflation and high real rates costing jobs.)

The tragedy, or madness, is that the MPC, or Acharya, are not alone in not understanding the dynamics of inflation and the importance of real interest rates. In India, but only in India, they have company. Let me relate two other pieces of evidence, and you be the judge. If I am mad, say so; equally, if others are mad, please say so.

At the release of the edited book by Rakesh Mohan, one of India's leading economists, and thinkers, there ensued a panel discussion on what policies were needed to get India growing again. The eminent panel fully recognised that the economy, particularly the manufacturing sector, was in a complete funk, and that something needed to be done. The panel rightly discussed the nature of the problem (losing jobs to Bangladesh, etc) and discussed exchange rate policy at some length. (But the panel did not dare note that the strong rupee may have been caused by the irresponsible MPC.) They also discussed the importance of sun-spots affecting jobs; what was rather surprising is that the discussion did not involve one mention of the abnormally high RBI mandated policy rates of interest.

The median real policy rate in emerging economies is 0.8%; many economies (including Bangladesh and Vietnam) have negative real policy rates. Excluding Brazil and Russia, India has the *highest* real policy rate *in the world*, and the Russian rate is only 50bp higher. Did bad (or mad?) monetary policy not deserve even a mention?

Just a few days later after this panel discussion (and perhaps emboldened by it), Madan Sabnavis, Chief Economist at Care Ratings, authored an article in *The Financial Express* (*https://goo.gl/kWekjx*; August 5) with the following "pointer" on page 1: "When the problem is of demand, rate cuts don't really help." This kind of statement is unheard of (except in India). What the (non-Indian) policy-makers do recognise, and say, is that they don't know how effective monetary policy will be in generating demand at zero, or negative real rates. But they have to try and generate demand through various other attempts to bring borrowing rates down (for example asset purchases).

The logic, and uncertainty, that is applicable at zero or real rates is *not* applicable at a real rate of 4%. Not appropriate when inflation is well below target, when growth is considerably below potential, and with RBI's capacity utilisation estimates stuck in the low 70s for over two years.

One of the members of the Rakesh Mohan panel was Chief Economic Adviser Arvind Subramanian who apparently was censored by the ministry of finance for being blunt about facts pertaining to RBI's policy-making. He felt restrained to say anything at the panel (on interest rates), but has opened up with a detailed analysis about what ails RBI, and the economy.

One final question about madness: Why is it that monetary policy makers at RBI can delve into something outside their domain, fiscal policy, and get cheered for doing so; but when fiscal policy makers comment on monetary policy, they are restrained from talking? RBI is right in talking about fiscal policy; and Subramanian is equally right in criticising monetary policy. Let truth win.

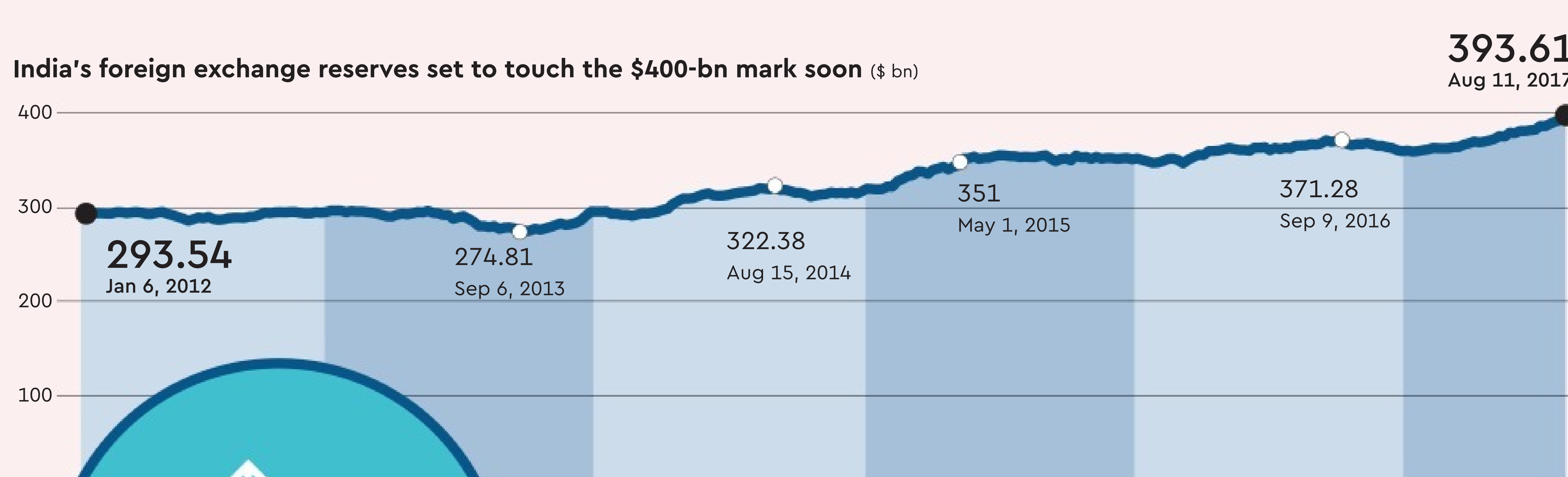
DATA DRIVE

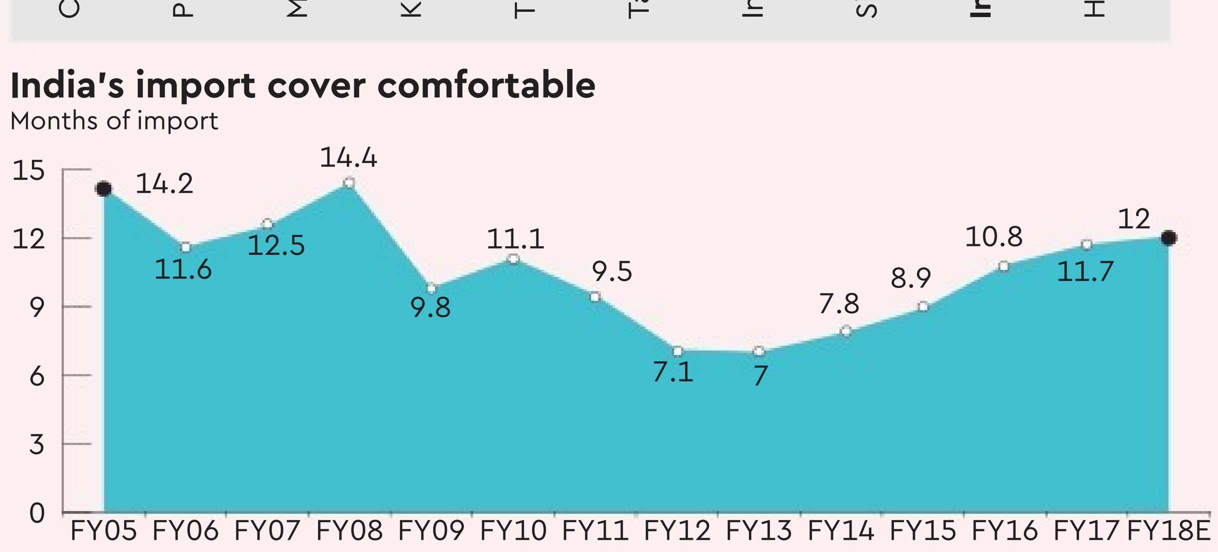
Forex rise

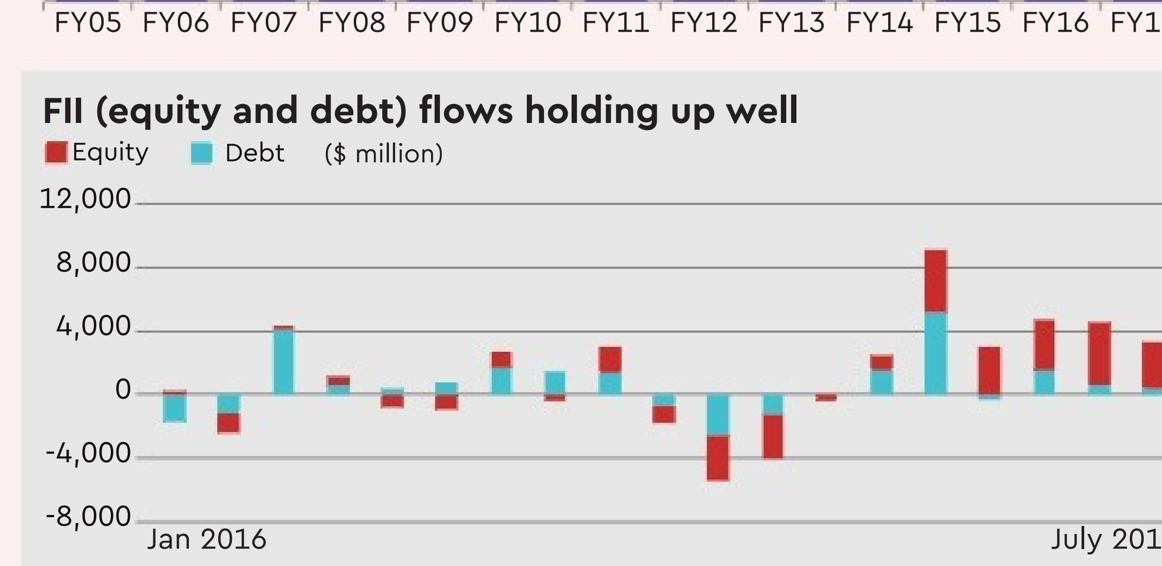
INDIA'S FOREIGN EXCHANGE reserves are set to hit the $400-billion mark. It already touched a new high of $393.61 billion as on August 11, 2017, and the pace of forex reserves accretion has been the strongest since 2005. The gain in the country's forex reserves has been one of the strongest in Asia in the past 12 months.

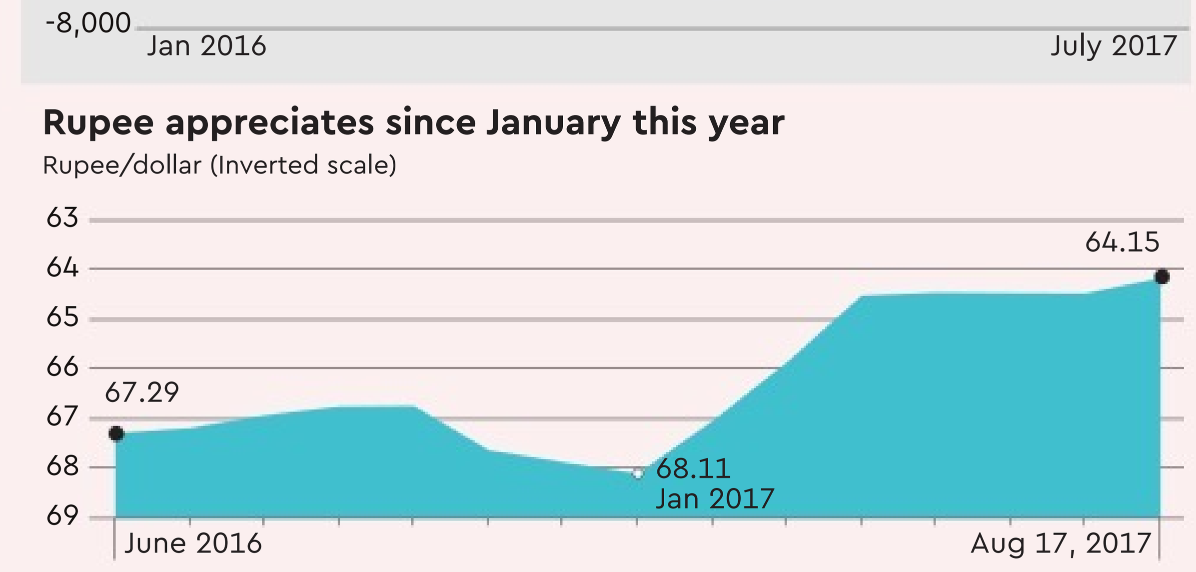
India remains among the top-ten countries in forex reserve position and has a comfortable import cover of 12 months, as against the norm of three months. India's forex reserves touched an all-time low of $5.8 billion at end of March 1991, which could barely finance three weeks' worth of imports. It led the Centre to airlift national gold reserves as a pledge to the IMF in exchange for a loan to cover balance of payment debts.

The rise in forex reserves has been because of robust foreign direct and institutional investment flows, which made the rupee appreciate over 6% since January this year. As a result of high forex reserves, the *Economic Survey volume 2* has highlighted that most reserve-based external sector vulnerability indicators have improved.









Source: RBI, DIPP, Bloomberg, Citi Bank, Morgan Stanley