

# Indian Industry & Economy

Volume 1, Issue 28

## Special points of interest:

- ♦ Big bank theory: Indian Bank and Corporation Bank may merge into OBC
- ♦ Government sets the ball rolling to create more jobs and attract investments
- ♦ Artificial intelligence adoption to raise productivity by over 2 times in India by 2021: Microsoft

## Opinion | The needle in the digital haystack

When Edward Snowden first revealed just how extensively the governments of the US and the UK had infiltrated our personal space, it was almost unbelievable. The National Security Agency (NSA) of the US in conjunction with the UK's Government Communications Headquarters (GCHQ) had tapped directly into the fibre optic cables running around the world, and the two were inter-

cepting, at source, the data flowing through the pipes of the internet. Operation Dishfire served up nearly 200 million text messages a day, while Operation Prism provided on-demand access to data in the servers of the largest tech companies of the world. Sophisticated tools like XKeyscore allowed them to pore through browsing and search histories, content of emails and

online chats as well as other forms of metadata while scores of decryption techniques were used to bypass traditional web encryption techniques.

[Click here](#) to read the complete summary.

## Indian IT professionals' interest in US tech jobs wanes

Foreign tech workers face higher hurdles to get a job in the US but that hasn't stopped their interest in working there.

The share of foreign job clicks for US based tech job postings rose to 9.6% in the first quarter of 2019 from 9.3% for the same period in 2018, according to a study published Wednesday by Indeed economist

Andrew Flowers.

"The US job market was strong a year ago and has only grown stronger. And that strong labor market is attracting steady interest in US tech jobs from abroad," said Flowers.

This uptick comes despite initiatives by the Trump administration to restructure immigration. However, some countries appear more

apathetic to work in the US than others. The number of clicks on US tech job postings dropped the most from job seekers in India, Pakistan and the UK.

[Click here](#) to read the complete summary.

## Retail e-payment transactions jump 95% in FY19: RBI report

### CARD USAGE AT ATM, PoS, ONLINE (FY 2018-19)

	Volume (mn)	Value (Rs cr)	Ticket Size (Rs)	Share volume (%)
Debit cards	9.77	4,533	4,639.19	0.10%
Credit cards	9,859.61	33,10,789	3,357.93	99.90%
Online				
Debit cards	1,762.59	603,348	3,423.08	28.54%
Credit cards	4,414.28	593,475	1,344.44	71.46%

**Earlier, the growth rates were 71 per cent in 2015-16, 65 per cent in 2016-17 and 51 per cent in 2017-18.**

Driven by efforts aimed at “higher financial inclusion and adoption of mobile payments”, India posted an accelerated growth rate of 95 per cent in the volume of retail electronic payment transactions in 2018-19, a Reserve Bank of India report said.

Earlier, the growth rates were 71 per cent in 2015-16, 65 per cent in 2016-17 and 51 per cent in 2017-18.

The high growth in FY19 was largely due to steep growth in Unified Payments Interface (UPI). “Card (debit and credit) payment is an important payment instrument which has replaced the use of cash at least in retail outlets and e-commerce sites,” the RBI’s ‘Benchmarking India’s Payment Systems’ report stated.

The volume of credit card

transactions at PoS (point of sale) terminals and online was 1,762.59 million, valued at Rs 603,348 crore, in FY19. In the case of debit cards, there were 4,414.28 transactions valued at Rs 593,475 crore.

[Click here](#) to read the complete summary.

## Big bank theory: Indian Bank and Corporation Bank may merge into OBC

*Indian Bank saw a net loss of Rs 190 crore in the March quarter, against a net profit of Rs 132 crore in the same period last year.*

With a heavy mandate to push reforms, the BJP-led government may soon kick-start the next phase of consolidation in the public-sector banking space with an amalgamation of three lenders — Oriental Bank of Commerce (OBC), Indian Bank and Corporation Bank.

Banking sources told FE that OBC has sought the finance ministry’s approval to combine with Indian Bank and Corporation Bank. The ministry will consider OBC’s proposal and take a view soon, one of the sources said. However, there is no formal announcement from

the finance ministry on the matter yet. Another source said the government may infuse `40,000-50,000 crore into public-sector banks (PSBs) this fiscal, having already provided `1,06,000 crore in FY19.

[Click here](#) to read the complete summary.

## SpiceJet boss Ajay Singh says policymakers should take part blame for Jet failure

*About the overall industry sentiment after the Jet Airways crisis, Singh said in the short term, the airline suspending operations helps other carriers.*

The failure of Jet Airways should be a “wake up call” for the aviation industry and at least part of the blame should be at the doorstep of the policymakers as the cost structure is high, SpiceJet chief Ajay Singh has said.

Low-cost carrier SpiceJet is expanding its operations and is set to take on lease

30 planes that were flown by Jet Airways, which suspended operations in April due to cash crunch. SpiceJet has at least 100 aircraft in its fleet now.

Noting that the grounding of Jet Airways was “very sad”, Singh said that internal factors and high costs were among the reasons for its failure.

“Jet Airways grounding is

something which is very sad and it should be a wake up for all of us in the aviation sector and the policymakers.

[Click here](#) to read the complete summary.

## Government sets the ball rolling to create more jobs and attract investments

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In its second term, the Narendra Modi administration has set up two cabinet committees to prioritize and seek solutions to two critical issues: creating new jobs and boosting investments.

The National Democratic Alliance (NDA) government, which returned to power last month with a landslide victory, wants to address economic headwinds head-on as it enters the budget session of Parliament that begins on 17 June.

A government official confirmed on Wednesday

the setting up of the ministerial panels on "investment and growth" and "employment and skill development" that are led by Modi. An official notification was expected to be issued over the next few days, said another government official. Both of them spoke on condition of anonymity.

[Click here](#) to read the complete summary.

## HUL sees a stable demand in FY20

FMCG major Hindustan Unilever sees stable demand in this fiscal helped by government initiatives such as increases in minimum support prices but the challenge of an expected below-normal monsoon will have to be navigated. Besides, the company expects premiumisation of products to continue in FY2018-19. "The demand trends in the markets is stable and the government initiatives such as increases to Minimum Support Price (MSP), provision of health insurance, direct income distribution etc will lend further impetus to the rural economy," said HUL Chairman and Managing Director Sanjiv Mehta.

[Click here](#) to read the complete summary

## Opinion | Cashless India could be a model for the world

India aims to curb cash – but this time it wants to do it properly.

A cashless society wasn't the original goal of the country's draconian currency ban in November 2016. But when an acute shortage of banknotes gave a fillip to digital wallets, that purpose was added as an afterthought to justify an act of farcical state overreach.

The real innovation in mobile pay-

ments in India began a few months prior to the cash ban. It's called a unified payment interface, or UPI. The name is clunky, but the idea is simple. One smartphone owner who's a customer of Bank A can request a payment from, or initiate a payment to, another owner who has an account with Bank B. Neither party needs to know anything more than each other's mobile number or a virtual ID. They don't even need to use the same mobile app to transact.

In this, India was ahead of even Asian money centers like Singapore and Hong Kong. With more than 140 Indian banks sharing the interface, and Alphabet Inc.'s Google and Facebook Inc.'s WhatsApp offering instantaneous payment services on it, UPI has become a keenly watched experiment.

[Click here](#) to read the complete summary.

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## Artificial intelligence adoption to raise productivity by over 2 times in India by 2021: Microsoft

Adoption of artificial intelligence is expected to help double the rate of industrial innovation, and may result in over two times jump in employee productivity in India by 2021, a study by tech giant Microsoft said Monday. The study, conducted by research firm IDC on behalf of Microsoft, said organisations that have adopted AI saw tangible improvements in the range of 8-22 per cent in areas like customer engagement, margins and competitiveness.

"By 2021, artificial intelligence (AI) will more than double the rate of innovation at organisations (2.2 times) and employee productivity (2.3 times) in India," the study titled 'Future Ready Business: Assessing Asia Pacific's Growth Potential Through AI' said. However, only one-third of the organisations (respondents) in India said they have embarked on their AI journeys. The study found that India business leaders and workers hold positive viewpoints about the AI's impact on the future of jobs.

[Click here](#) to read the complete summary.



***About 64 per cent of business leaders and 63 per cent of workers believe that AI will either help to do their existing jobs better or reduce repetitive tasks***