

Luxury Cinema Concept Becoming a Big Hit

BUSINESS OF BOLLYWOOD >> 16

Spinning a Cotton Crisis, and How

POLICY >> 11

Adani Group to Invest \$15b in Seven Years

CORPORATE >> 6

ET INSTA POLL

Is the Lokpal Bill tabled by the govt good enough to curb corruption?

9% YES 87% NO 4% CAN'T SAY

TODAY'S QUESTION
Do you agree with the government's move on religion-based quotas?
<http://economictimes.indiatimes.com>

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Inside story

Govt may Need NDA Support to Get Out of Lokpal Jam

A day after the Lokpal bill was introduced in the Lok Sabha, pleasing none of the political parties and Anna Hazare, the government may have to take the help of the National Democratic Alliance (NDA) to get the bill passed.

The Political Theatre >>> 2

DRL Splits Marketing Division to Prop up Domestic Business

Drug maker Dr Reddy's Laboratories (DRL) has split a key marketing division into two parts in a bid to resurrect its ailing domestic business. But analysts remain skeptical if the move can help the company strengthen foothold in the intensely competitive domestic drug market.

Corporate >>> 4

As Verdict Nears, Vodafone Tax Case Gets Global Attention

The Supreme Court ruling on the Vodafone tax case, involving a tax demand of \$2 billion, will have a major impact on tax regimes of various countries seeking to introduce rules covering cross-border acquisitions of entities in their respective jurisdictions, senior tax officials say. The ruling is expected in a fortnight.

Corporate >>> 4

HC Dismisses Hindalco Plea Against IT Dept on Corporate Guarantees

The Bombay High Court on Friday dismissed the plea of the Aditya Birla Group flagship Hindalco Industries which had challenged the income-tax department's contention that tax should be levied on corporate guarantees issued by the company.

Corporate >>> 4

BT Readies to Exit Tech Mahindra, Two Nominee Directors Quit

In a precursor to the imminent exit of BT Group Plc from Tech Mahindra, two directors of the British telecommunications company on the board of the Indian firm resigned on Friday. Tech Mahindra informed Indian stock exchanges late on Friday that the two BT-nominated directors, Richard Cameron and Nigel Stagg, have resigned with immediate effect from the company's board.

Corporate >>> 5

SRK Delivers Another Blockbuster, Don 2 Rakes in ₹15 Crore on Day 1

Shah Rukh Khan's Don 2 collected around ₹15 crore on its release on Friday, as analysts predicted a strong Christmas weekend will help Bollywood close an unusually successful year with yet another big hit.

Corporate >>> 5

Lenders Squabble Over Provisioning for Air India Debt

Banks are bickering among themselves over way to rejig loans to Air India, the debt-laden flag carrier. The bone of contention is the amount each bank has to set aside as provision while they restructure the debt to keep the airline afloat.

Economy >>> 8

Expanded NREGA may Include Other Farm Activities

The rural development ministry has rejected suggestions to halt the government's flagship rural employment scheme during peak farming seasons, proposing instead to include some core agricultural activities in its ambit to address concerns of labour shortage.

Economy >>> 8

EPFO Fails to Decide on Interest Rate as Members Quarrel

Interest earnings of more than five crore provident fund subscribers for the year hangs in balance as the Employees Provident Fund Organisation, or EPFO, has failed to take a decision on the interest rate for the current year because of differences between members.

Economy >>> 8

Global Gloom a Party Pooper on New Year's Eve

TEAM ET

Where's the party this New Year's Eve? Don't be surprised if this regular year-end question elicits a residential address in response. With the economic slowdown, inflation and weakening rupee dampening consumer sentiment, more Indians seem set to usher in the next year at home rather than at a high-end bash or an exotic holiday destination.

From tour operators and hoteliers to restaurant owners and event planners, everybody is saying that business is either down or barely on a par with the previous years. This is evident in the decline in air travel and fewer bookings for the year-end parties at hotels and restaurants.

The growth in air travel has nearly halved from 15% in October, despite the fact that airfares have not soared as they normally do at this time of the year, says Ankur Bhatia, executive director of travel technology conglomerate Bird Group.

The depreciating rupee has hit outbound travel by 10-12%, with the total cost of foreign tours rising by over 20% over the past few months, says Rajji Rai, special advisor to the Travel Agents Association of India.

Delhi-based event planner Meher Sarid reports a similar decline in the year-end bashes. She says while there has been a decline of 10-15% in the number of parties this year, there is a steeper drop of 20-30% in the parties planned for the New Year's Eve. "The economic sentiment has made people more conservative in spending," she says. "International entertainers are not being flown in as before, and not many banquet parties are happening in hotels either."

Economists see this as inevitable fallout of slackening growth. "The services sector getting impacted is a natural consequence of the economy slowing down. The impact has been further worsened by the rupee's depreciation," says DK Joshi, chief economist with credit rating agency Crisil.

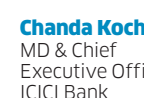
Re Fall Lures Foreigners >>> 3

The Who's Who of India Inc shared their plans for New Year's Eve with ET. Most would be ushering in 2012 at home, while a few are travelling abroad

In Mumbai •



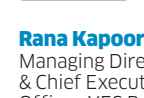
Anil Ambani
CMD of Reliance Group (ADAG)



Chanda Kochhar
MD & Chief Executive Officer, ICICI Bank



Uday Kotak
Executive Vice-Chairman & MD, Kotak Mahindra Bank



Rana Kapoor
Managing Director & Chief Executive Officer, YES Bank

In New Delhi •



Sunil Mittal
Chairman & Group CEO, Bharti Enterprises



Rajan Bharti Mittal
Vice-Chairman & MD, Bharti Enterprises

Going Abroad •



Kumar Mangalam Birla
Chairman, Aditya Birla Group, will be in London with wife Neeraja and three children



Nimesh Kampani
CMD of JM Financial and son Vishal will be in Dubai with their families



TDSAT TO HEAR PLEA BY AIRTEL, VODAFONE & IDEA TODAY

Mobile Cos Slam Govt for Banning 3G Roaming Pacts

OUR BUREAUS

MUMBAI | NEW DELHI

Open warfare has broken out in the country's telecom sector once again, with a clutch of top mobile operators taking on the government and accusing it of reneging on promises with "retrograde", "irrational" and "illegal" decisions.

A day after the department of telecom (DoT) declared 3G roaming pacts between mobile operators illegal and ordered them to end pacts within 24 hours, the country's top mobile phone companies hit back at the government, terming its actions as harmful to customers and to the cause of investments in the sector.

"This decision is tantamount to reneging on a promise," Bharti Airtel, the country's biggest mobile operator, said in an uncharacteristically harsh statement on Friday evening. The company said it was 'shocked' at the

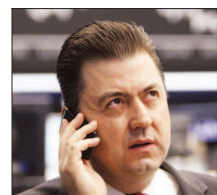
'retrograde' decision and warned that it will take "appropriate recourse to protect its rights".

Vodafone India termed the telecom department's actions as "completely unreasonable" and "totally irrational". Idea Cellular said it was dismayed and shocked by the government's decision, which it said would adversely impact investor sentiment.

Officials said Airtel, Vodafone India and Idea Cellular had approached the Telecom Dispute Settlement & Appellate Tribunal (TDSAT) to stay the telecom department's order. The case will be heard on Saturday.

The outbreak of open hostilities risks plunging the sector, once viewed as a poster child of the success of liberalisation and now riven by inter-company warfare, into further chaos. The sector is already at the centre of the political discourse in the country.

DoT, Trai say Roaming Pacts Illegal >>> 3



Caught on the Wrong Foot

Roaming pacts let telcos sign up users even in areas they don't have 3G licence

DoT and Trai, backed by law ministry, said the pacts were illegal

On Thursday, DoT told telcos to end pacts within 24 hours

STATE GOVT PROBING CHARGES OF ILLEGAL MINING, MAY CLAMP DOWN

Odisha may have a Bellary in Backyard

ET EXCLUSIVE

MEERA MOHANTY

KEONJHAR

Illegal mining of iron ore beyond the permissible limits brought the mining industry in Bellary, Karnataka, to a grinding halt, causing huge losses to the steel industry and throwing thousands of people out of work. That scenario may now be repeated in Odisha, which produces a third of the country's iron ore, and where a state government team is investigating cases of mining contractors taking out and shipping ore illegally.

The culprit in both cases seems to be the abuse of 'raising contracts', agreements between mine owners and operators permitting an individual or a group of individuals owning a mine to outsource the extraction and sale of ore to a third party with expertise. In Karnataka, the Bellary brothers — Janardhana, Karunakara and Somasekhara Reddy — have been accused of abusing these contracts by forcing reluctant mine owners into agreements and producing and exporting large quantities of the ore beyond permissible limits. All these activities were done in the name of the mine owners, so very little could be traced back to the Bellary brothers, who interestingly, owned no mines in Karnataka.

An investigation later found that 45 of the 90 mining leases had violated norms, forcing the Supreme Court to order a suspension of mining activity, bringing the industry to a halt in that district.

A similar pattern has now been noted by Odisha officials in the state. Rule 37 of the Mineral Concessions Rules, 1968, permits raising contracts but without the transfer of ownership and financial control of the mine. But in Keonjhar and other districts of Odisha, that is exactly what seems to have happened, government officials say.

"Our team has submitted a report on eight such mines which we are studying. We have sent notices to three miners and will be auditing some more," a senior Odisha official of the mines ministry told ET recently. Eight more are to be scrutinised for similar violations. The state government suspects some contractors took over mines and shared profits with the original lease-holders. "It suits lease-holders who have been living far from the mines. They could make money without lifting a finger," says one of Keonjhar's older miners.

Odisha govt fears some contractors took over mines and shared profits with owners

Steel Industry would be Hit >>> 3

Is Odisha Another Karnataka?



AN IRON ORE MINE IN ODISHA

Like Karnataka and Goa, illegal mining is rampant in Odisha too

State govt alleges 104 mines are overmined, but Indian Bureau of Mines puts the number at 71

Irregularities are in the nature of mining beyond permissible limits. Some also operate without environmental clearance

Of 190 iron ore mines, only 35 are operational. Rest either face investigation or must seek fresh approvals

The clampdown on illegal mining will affect sponge iron makers and small steel makers

Irda Finally Junks Third-Party Motor Cover Pool

Driving into Trouble

The third-party motor insurance pool made private insurers bear disproportionate losses



New, smaller pool to help private insurers reduce losses, make state-run companies more efficient

OUR BUREAU

MUMBAI

The Insurance Regulatory and Development Authority has dismantled the four-year-old third-party motor insurance pool blamed by private insurers for their losses, but is replacing it with a smaller one that may force state-run companies to improve efficiency.

The new plan provides an option to insurance companies to choose the liabilities they would bear totally, meaning they would pay up 100% of the claims. Where they see high claims, such as on trucks, they can dip into the pool, where every insurer contributes depending on its market share.

"The existing Indian third-party motor pool shall be dismantled," the regulator said in a note on its website.

The third-party pool, introduced in 2007, has been criticised by private insurers saying they are forced to bear the bur-

den due to the sloppy due diligence done by public sector general insurers. But the state-run insurers say their presence across the nation, even in smaller towns unlike private ones that cherry-pick customers in cities, make them vulnerable to disproportionate claims.

"Earlier, everything was going to the pool," said Gaurav D Garg, managing director and CEO, Tata AIG General Insurance. "It had become the biggest insurance company in itself. Efficiency of managing claims was low. Now, overall size will reduce and become equitable."

The latest move by Irda will enable insurers to decide on whether they want to write the third-party liabilities in a policy involving a Maruti car, or a Mercedes Benz, or a Tata truck. They could choose to pay up claims in cities where accidents may be less frequent, while transferring to pool those coming from hinterland, where there are more accidents. This, in insurance parlance, is called 'declining risk pool'.

New India Assurance had plunged into losses last year for the first time in 91 years due to third-party motor pool. The current pool is likely to see around 4 lakh claims this year, and is forecast to get a contribution of around ₹5,400 crore.

New Pool Structure a Big Change >>> 3

Health Policies not to Come with Age Cap

PREETI KULKARNI

MUMBAI

Health insurers can no longer refuse to renew medical policies for seniors. The insurance regulator has directed many insurers to pull out plans that set an age limit beyond which policies are not renewed, three people familiar with the move said.

In the past few weeks, the Insurance Regulatory and Development Authority has declined to approve health insurance products of companies such as Future Generali, L&T General Insurance and ICICI Lombard, said the people who sought anonymity.

"The regulator is not approving products that come with an exit age," said Gaurav D Garg, MD & CEO, Tata AIG General Insurance. "The new products are allowed to specify a maximum age at entry, but not an exit age." To compensate for insuring the aged, insurance companies may raise the premium on health policies across the board.

For long, health insurance policyholders have complained about insurers refusing to renew policies after a certain age, when people need it the most as ailments begin to take toll. Many health products do not allow renewal beyond 70, 80 or 90 years, making premiums paid until then seem futile.

Now, the scenario could change with Irda cracking the whip on insurance companies. Insurers say the regulator is granting approval to only those products that offer life-long renewal.

"The rationale is that withdrawing the cover when policyholders cross a certain age defeats the very purpose of health insurance," said an executive at a general insurer who did not want to be identified. "So, products that are launched henceforth cannot turn down renewal requests, unless there is strong reason to believe the proposal is fraudulent." But for those who already have a policy where there's an age limit, the new directions of the regulator may not apply.

Indians Pitch in with Moolah, Edits to Keep Wikipedia Going

Campaign for donations with local faces pays off with ₹1.1 cr in the kitty of world's largest encyclopaedia

JAYADEVAN PK

BANGALORE

Open any of the 20 million articles on Wikipedia and the face on the banner making an appeal for donations for the world's largest encyclopaedia will not be that of Jimmy Wales but Sengai Podhuvan.

Podhuvan, 76, urges users to "consider pitching in ₹100, ₹200, ₹300 or whatever you can" to "keep Wikipedia free" in a tugging-at-the-heartstrings appeal that is the first of its kind by the US-based Wikimedia Foundation that runs the world's most popular source of general reference on the Net.

This sort of appeal by a Wikipedia author is not standard practice: founder Wales is almost always the face of fund-raising. Moreover, Wikipedia has enlisted several Indians to be the standard-bearers for its fund-raising efforts for 2011-12. And for the first time, it is accepting donations in rupees. "When users see the faces they will realise that anyone from India can contribute, not necessarily money. But if it works and everything suggests it is working, next year will have many more," says Hisham Munday, who leads the Wikimedia Foundation's operations in India. Wikipedia, which does not accept ad-

vertisements and is funded entirely by donations, describes itself as the fifth most popular website on the planet with more than one lakh contributors worldwide and 12 billion page views every month. From India, there are some 2,000 contributors and 227 million monthly page views.

Another Indian contributor who is helping Wikipedia raise funds is Karthik Nadar, an 18-year-old student and part-time accountant from Mumbai. On the evening of the bombings of the city in July 2011 that killed 26 people, he captured the horror on his phone and kept updating Wikipedia. In his nearly two years as a contributor, he

has helped write 2,000 articles. "I get a kick out of being able to share information and learning," he says.

Wikipedia's tactic of widening the base of its fund-raisers stems from a belief that Wales' appeal is waning. "In 2010, we began to see indicators of banner and Jimmy fatigue," the Wikimedia Foundation wrote in its 2011-12 plan ending in June, for which it hopes to raise \$30 million (₹150 crore).

The Indian touch, it seems, is paying off. Halfway through the fund-raising campaign, the foundation has raised ₹1.1 crore from India. Comparatively, in the whole of last year, it raised less than ₹1 crore from India.

