

PRESENSE

Spreading Positive Vibrations
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Cover Story of the Month



US-China Tariff War

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From the Desk of Editor-in-Chief

Greetings from all of us @ The Editorial Team to our readers.



When the month of September arrived, one was reminded of a time in the 1960s and 1970s when colleges held their public examinations in March. The students who failed to clear their exams in March, had another opportunity to clear them in the following September. Interestingly, a popular soundtrack then, called 'Come September', was a fond number that these students would hum to, when asked how they fared in their examinations in March.

This September, the Supreme Court of India made some significant landmark rulings to tag the month, like validation of the Aadhaar Card, decriminalising gay relationships, permitting women's entry into Kerala's 'men-only' Sabarimala Temple, and so on.

On the global front, September was blotched by an escalation in a dispute between two global giants, USA and China, as they are locked in a tariff war. This month's cover story examines this subject.

Technology today progresses by leaps and bounds. We take a look at how it is influencing our personal lives on a daily basis.

This year, India had a new and unusual star from the Asian Games which concluded in the first week of September. A village girl from the state of West Bengal, who dreamt big, brought home a gold medal. While this, by itself, is not news, the odds against which she struggled and won the gold, is what made it great news. Read about it in this issue, under Sport.

We are bound to find Indians in any and every corner of the world, so much so that it is joked that when Neil Armstrong first landed on the moon in July 1969, he found an Indian running a teashop there. Such is the reach and influence of the Indians and their culture, wherever they went. This month, we take our readers on a brief tour of a predominantly Indian locality in Singapore, called Little India and tell how they influenced the local trade there, as initial immigrants in the early 1800s.

On the cartoon page, Prince makes his unfailing presence as usual, with his signature satire.

I hope you will enjoy this edition. Please share your feedback with us at editor@corpezine.com. Your feedback is important to us.

Susan

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the third edition of the Digest titled PreSense130,
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Editorial

Bank Consolidation: Is Big Beautiful?

Small is beautiful, so goes a saying in English. But in banking, it seems small is not only not beautiful but is also not viable. 'The bigger, the more beautiful and more manageable' seems to be the buzzword in present day banking. Yes, we are talking about the recent Government announcement on bank mergers.

The consolidation of public sector banks (PSBs) to just around five or six big banks, has been on the cards for almost three decades now. It is a favourite topic of condemnation for bank employees and their unions, and opposition to it has always appeared in their list of demands over the years. The proposal for bank consolidation was first mooted by a former Governor of Reserve Bank of India (RBI), M. Narasimham, (much after he retired as RBI Governor in 1977), reportedly in a seminar paper in 1991, when he recommended a three-tier banking structure for India with i) three major banks with large international presence, ii) around 10 national banks and iii) a large number of regional and local banks.

Perhaps as the first step in the implementation of the larger mission, the Government of India announced that three public sector banks, viz. Bank of Baroda, Dena Bank and Vijaya Bank will be merged. At the present stage, when Indian banking system, especially with its huge public sector banking, is credited to be quite strong, considering that it was not adversely impacted by the global economic crisis of 2008, it is vehemently being debated whether such a drastic step is necessary and whether bigger banks are better. The Indian market itself has seen several smaller private banks of higher repute and valuation (in the stock market, in terms of managerial efficiency, in the scale of performing assets, and loan assessment methodologies) performing better than their larger peers.

Although the objective has been towards building larger scales, ie. of globally large scale, and strengthening the risk-taking ability, the trigger for the merger now, is the pile of bad assets under which some of the state-owned banks are likely to be buried. It is not known whether this first step (the "Big Bank Theory", as one newspaper put it) will ultimately end with just five or six big banks or not, triggering a dilemma in the common man or '*aam janata*', not knowing how to react to this largely economic initiative, vehement opposition by bank employees, and apprehension by analysts as a solution for reducing the bad loans.

Bank of Baroda, whose deposits are more than twice as large as the other two merging banks combined, can now stake a claim to being the country's third largest bank. Whether this size will yield the desired result (whatever it is!) and whether this is a good strategy, is a moot point. The combined entity will have Non-Performing Assets (NPAs) of about 13%, worse than Bank of Baroda's 12.4%.

The prime strength of PSBs lies in their large branch network, especially outside metropolitan areas. According to officially reported statistics, about 62% of India's savings' deposits are in the smaller cities, towns and villages, and 78% of household deposits of the nation are with PSBs. If the combined new bank (by whatever name it will be called) is to ensure growth, it should do it through securitisation ie. in a process transforming bad loans into good ones by realising from their illiquid securities, making them 'liquid'. Most of the smaller banks, regional and local banks by virtue of their professional relationship with their borrowers, have acquired expertise in loan assessment and asset recovery. Hence, it is criticised that the merger of banks might not yield the results anticipated in this area. Even



in the case of recovery of large NPAs ie. the bad loans of huge corporate houses, it is not certain if 'the bigger the bank, the better' policy could be successful. Recent experience has shown that the merger of the associate banks with State Bank of India (SBI) has not proved beneficial.

Following the merger, gross NPAs of SBI have jumped from 7.23% of its advances, to 9.04%. The merged entity reported a loss of Rs.3,300 crore (Rs 33 billion) last March, as against profits reported earlier by SBI. But this is a short-term assessment.

Banking in India has already seen many mergers, like Bank of Madura with ICICI Bank, Bank of Thanjavur with Indian Bank, Bank of Tamil Nadu and later Bharat Overseas Bank with Indian Overseas Bank and even the public sector New Bank of India with another bigger PSB, Punjab National Bank. In all these cases too, there was criticism and opposition initially. But all the banks were able to stabilise comfortably later on.



Therefore, this move of merger is perhaps stated to be not so much for better efficiency but one for survival of the weaker banks, and to deal with their huge NPA problem. This merger has created a risk for the government as loss-making smaller banks merge to form a large loss-making entity. Quite interestingly, one analyst called the merger move as 'putting lipstick on a pig'!

Looking at the issue, purely from a public perspective, the financial stability of PSBs is not threatened as depositors do not run the risk of losing their money (as long as these Banks remain PSBs with the majority shareholding with the Government of India). The justification for the merger can be for managerial efficiency and cost cutting. Soon after this official announcement of Bank of Baroda, Vijaya Bank and Dena Bank getting merged, there have been reports that Punjab National Bank, Andhra Bank and Oriental Bank of Commerce are next in the list of mergers.

Antagonists argue that the need of the hour is financial inclusion, especially in view of the government's initiatives of direct credit of various incentives, subsidies and grants to the public, and less-cash economy, and not just mergers. However, mergers will certainly bring about cost-cutting, reduction of fixed expenditure from closure of branches (ie. where branches of the merged banks are located in the same commercial complexes or in very close proximity with one another, as continuance of banks in the same name in such close proximity will not be desirable). It is hoped that the merger will yield benefits in the long run, since these were PSBs and will continue to be.

by V.Rajendran, Editor



Cover Story

The US-China Tariff War



(Source of Image: Times Now)

News of a trade war between the American President, Donald Trump and the Chinese President, Xi Jinping has been doing the rounds in the media, especially in the past few months. Trump has been alleging unfair trade balances between USA and China, and in his attempt to fix China's "long-time abuse of the broken international system and unfair practices" as promised in his election campaign, has imposed higher tariff on Chinese imports to dissuade importers from the Chinese market, while Xi has retaliated with corresponding hikes in the US goods for China.

Recently, when the Japanese Foreign Minister appealed to the two countries to resolve the issue through negotiations instead of retaliatory actions, he also expressed the concern that besides the economies of the two countries, it was bound to impact other countries too. This statement has aroused curiosity among the onlooking people, about what this unusual warfare was about and what its background and implications were. Your e-magazine, PreSense has attempted to bring about some clarity about the contentious issue in the following article, for the benefit of its readers.



The Bigger Picture?

The total business from China to US is US\$505 billion, while that from US to China is US\$127 billion. US is therefore the net importer by a great margin. US wants equal trade balance between the two countries. This might not be a feasible expectation as the types of products imported and exported between the two countries are different and essential for the respective countries. While US wants China to change its business model, it is believed that it is concerned about a more contentious issue - US wants China to respect intellectual property rights. In March this year, Trump accused the Chinese government of stealing intellectual property by forcing American companies to share their valuable secrets and sign joint venture agreements with local firms if they wanted to operate in China. The intellectual property rights in China are poor. Much of the technology US gives China is duplicated by China and sold back to US and to other countries at cheaper rates. Therefore, any product can be pirated/duplicated and in Hong Kong and Taiwan, any product is duplicated in 6 hours. US fears that in 5 years, with the well-trained personnel in China, China might take over the world trade in a dominant way.

Another matter of concern for US is the 'Made in China 2025', which is a strategic plan of China issued by Chinese Premier Li Keqiang and his cabinet in May 2015 in an attempt to move the country's manufacturing up the value chain and become a major manufacturing power with 40% of the world goods and 45% of the world business for itself, in direct competition with the United States.

The Chinese President, Xi Jinping has proposed a major global project called the One Belt One Road (OBOR), also known as the Belt and Road Initiative (BRI). Its objective is to build trade routes between China and around 60 countries in Asia, Europe, Africa and Indo-Pacific littoral countries. China is thus hoping to become the gatekeeper for a new platform for international trade cooperation and integration.



The Tariff War

Coming back to the tariff war, in March 2018, Trump imposed a 25% duty on steel and 10% duty on aluminium imported from China. These are infrastructure goods. By imposing a higher tariff on Chinese goods, local steel and aluminium (made in USA) becomes cheaper for purchase by the American buyers. While the long-term impact of this move is yet to be known, it is feared that any hiked tariff will increase consumer cost and weaken the demand. Whatever tariff is imposed by America will have to be borne by the American consumers, thus increasing the inflation while simultaneously decreasing the demand.

More goods have been included under revised tariff from September 24th 2018. China is retaliating by imposing increased tariff on American imports. And the war continues.



Thus, we find that protectionism is being re-introduced in the two countries. Since 1995, world organisations as WTO (World Trade Organisation) has been promoting globalisation and reduction of protectionism for the benefit of all the countries, from the global perspective. But in May 2018, World Bank itself had come out with the statement that globalisation was not working.

When we look back, we find that over the years, there has been a migration from communism, to socialism, to capitalism, to globalisation. State communism (state owning the assets) has lost its relevance, with the German Wall coming down and Russia disintegrating. The bipolar world has migrated into a unipolar world. Meanwhile, capitalism has gone in a big way, and one of the factors in capitalism, is rising inequality. It is reported that a few big houses (corporates) own most of the world's overall wealth. The aggregate wealth of these big houses is humungous when compared to the assets even of the State. With the current tariff war, are we now taking a re-look into a new model?

Economists across the world seem to suggest that globalisation is unsustainable. The best way to restrict globalisation is to restrict imports by imposing quotas in the quantum imported. But how far is this practical? For example, when a country manufactures a garment, it has to import the zip from Taiwan, which is the only country in the world manufacturing it. It would be impractical to stop these imports. Countries are therefore, bound to be interdependent, at least to a certain extent.

Trump's latest strategy with China is not as per the WTO (World Trade Organisation) norm, which has a Dispute Resolution Mechanism. The matter about steel is being sold at cheaper prices, could have been escalated with WTO to resolve. Trump has resorted to imposing corrective steps himself as promised by him in his election campaign to bring employment back to his American people. His latest move might create more employment in US in the short term but it is not expected to sustain in the long term.

Impact on India

While it remains to be seen how far the retaliatory tariffs between US and China will affect the other countries, it is bound to impact global growth and investments across borders. One possibility is that suppliers from across the world may dump their products into India (which is a large market), at lower prices because of the lowered global demand. This should benefit the importers. However, for the same reason, our exporters could face the brunt.

India's exports to USA is to the tune of US\$77 billion in the form of goods and especially of services, while its imports from USA is US\$50 billion. USA's protectionism especially in its visa policy is beginning to hit India adversely as Indians are finding it increasingly difficult to get their visas to work in USA. Even those already working in USA on projects as part of the services to USA, are not assured of renewed visas to continue working there. The current trade surplus that India enjoys with USA would then be hit.

For now, it is a watch-and-wait for the rest of the world as USA and China play out their respective moves in the current Game of Tariffs between them.

By Dr Prabhakar Krishnamurthy, Editorial Advisor



Technology

Wearable Devices

Of late, the mobile handset, ubiquitous and more popular than the plain cell phone because of its additional features, has become essential for almost every person. Except where its use is restricted for security or courtesy reasons, the mobile handset is carried by every person and often extravagantly and extraneously flaunted as a status symbol, depending on the model, unique features and the cost of the handset.

These devices started off with the humble 'pager', which was the first *avatar* of the messaging service. Then came the cordless phone, as an extension to the landline phone, before the advent of the omnipresent device called the cell phone. Technologists argue that within the next few years, cell phones will give way to wearable devices with a technology that can be worn on the human body. It would be small, almost the size of a wristwatch or even a ring. Companies competing with one another, are coming out with innovations that feature devices with higher capabilities in miniscule sizes. At seminars and conferences, we get to know of such evolving technology and models from big brands like Apple iWatch and Google Glass and even smaller companies too.

The technology used in this type of devices includes Bluetooth, Wi-Fi, sensor and transmission techniques, to enable such capabilities as reading the pulse, the blood pressure and other features of a human body. One of the common uses of a wearable device would be tracking a user's vital signs or data related to health, fitness or even emotions exhibited by the person's physical features. Depending on the technology and features of the device, the cost could vary from low-end to high-end.



Some believe that these devices could replace the cell phone and the credit/debit cards. The wearer of this gadget, using the Bluetooth technology, would be able to attend to phone calls, gain access to rooms and halls, use it as a credit/debit card to pay and if the high cost raises the blood pressure, the blood pressure reading can be checked immediately too! Then, of course, orders for suitable medicines could be placed through an online purchase, or a cab could be booked through the device to leave the place for home or the hospital! If the health parameters show alarm, messages could be sent to the next of kin, or medical advice could be sought immediately, using this device.

On the flip side however, we know that the moment we started using a cell phone and other devices using GPS and Wi-Fi or any other form of connectivity, we lost much of our privacy. And now with these progressive devices, we are bound to lose more of our privacy like compromising even on our confidential information like critical health records and health parameters.

But then, that is what technology is all about – risking the threats of disruption and invasion as it becomes an essential and indispensable part of our lives.

by V.Rajendran, Editor





PRince

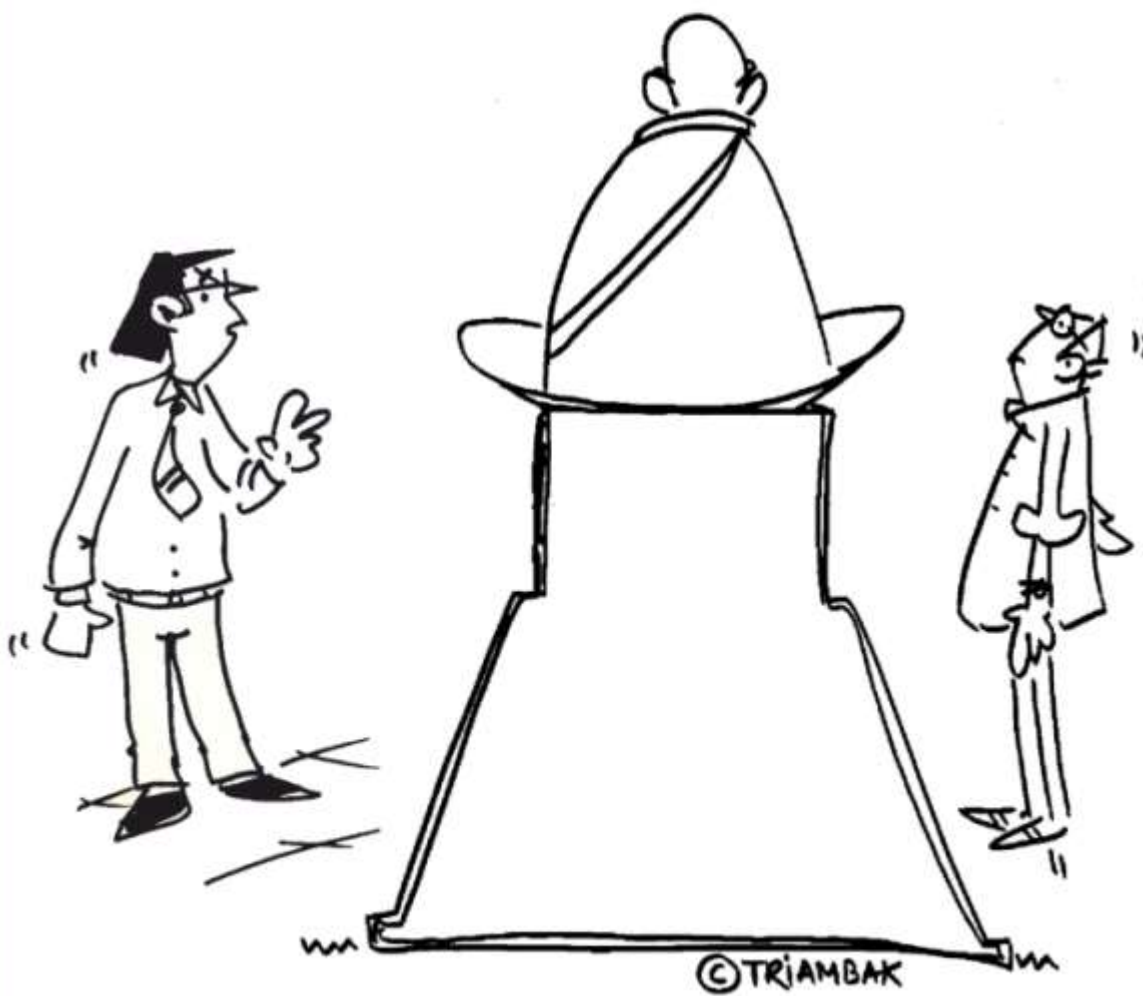
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Global

Little India in Singapore – History and Culture

A Sunday morning walking tour in Singapore took me to the backstreets and alleys of one of the ethnic localities that tell rich stories of its heritage – Little India. A local tour guide, who accompanied us, threw light on how Indians, mainly from South India, found their way into Singapura of the 19th century, to establish themselves in various trades that flourished with the local communities.

The small and economically strong country of Singapore, located north of the Equator under the shelter of the Peninsular Malaysia and the Indonesian archipelago, is populated by multiracial people, mainly of Chinese, Malay, Indian and Eurasian descent.

Founding of Singapura

In order to understand the multiracial and multicultural complexion of the country, one needs to trace its history back to 1819 when Sir Stamford Thomas Raffles landed and founded Singapura ("City of Lions") as a free trading post under the British colonial regime. This encouraged free inflow of immigrants from abroad. Over a period of time, in order to improve the system and governance, the British created ethnic enclaves or "*kampong*" (villages) to facilitate communication and trade among the ethnic locals. Thus, the enclaves of Chinatown for the Chinese, *Chulia Kampong* for the ethnic Indians, Bugis for the ethnic Malays, were formed, along with the Civic District where the British predominantly resided.

Trades of Immigrant Indians

It is interesting to note that when Indians first came into old Singapura during the early 1800s, they inhabited a region called Serangoon around the Singapore River. Those Indians were mainly cattle herders and therefore lived near the river to cater to the cattle's needs. However, with the development of the free trade, the river became crowded and polluted, with ships that occupied them for trading. By 1860, these Indians moved away to another locality near two other rivers called Kallang and Rochor. This is the Little India of modern Singapore.

The Indians who migrated to Singapura went mainly into trading. These Indians were initially buffalo and cow herders. These animals were used for transportation and for milk, supplied mainly to the British, for whom milk was part of their staple diet. This area of Little India has roads called Buffalo Road



and Kerbau (meaning buffalo in the Malay language) Road, adjacent to each other. The cowherds used to walk their cows down the streets, milking the cows on demand, and selling the milk fresh. They would "pull" the fresh milk by pouring it from one can to another to cool it before selling. This is the origin of the word, "Tarik" (meaning 'pull' in the Malay language) in "Teh Tarik" and "Kopi Tarik", which are popular local tea and coffee served at the local restaurants.

Since the British were into horse-racing as a pastime, the Indians capitalised on the opportunity to sell fruits and vegetables along the sidewalks, for the crowds visiting the race course. The Indians later diversified into flower-selling, laundry services (*Dhobi*) and fortune telling. It is interesting to note that in contrast to the traditional Chinese who lived in old Singapura as bonded labourers for a long time, Indians were able to survive as flourishing traders, catering to specific demands in the local market, or creating a demand in the market with their wares.

Localisation of Art and Culture

Many of the side walls of shop-houses in Little India have murals that tell the tales of the trades that the Indians were in, as well as the culture and tradition of the South Indian race. Temples, catering to the religious sentiments of the local Indians, are abundantly seen in this locality.

While the inhabitants of Little India are typically South Indian, it also had some inhabitants of the *Peranakan* (of mixed Chinese and Malay descent) ethnic group, living in mansions of elaborate architecture. These mansions of the rich *Peranakan* inhabitants displayed exclusive styles that blended the inter-racial cultures (European-styled windows, Chinese-styled scaffolding, Malay-styled roofs, and Chinese motifs). Incidentally, the recent Asian movie called 'Crazy, Rich Asians', popular in the theatres in Singapore, is based on the lifestyle of the *Peranakan* group of people. Peranakans were rich and elaborate in their culture, fashion and customs, and these used to be displayed especially in their social events such as their weddings, which were celebrated for twelve days.

The row shops along the streets of Little India have narrow pathways for pedestrians to walk while scanning the shops. These pathways are called the five-foot way ("*Kaki Lima*" in the Malay language). Along one of its *Kaki Lima* is the Komala Vilas Restaurant of the Komala's group, which the Indian Premier Modi had visited with the Singaporean Premier, Lee Hsien Loong for breakfast, during the former's visit to Singapore.

A Shoppers' Stop

Little India has a main market place called the Tekka Centre which has an entire floor of garments' shops, and another floor for other Indian products. It also houses a wet market on its ground floor, as well as stalls of Indian food. A very popular shopping complex among Indian tourists and expatriates is "Mustafa", which sells almost everything Indian and foreign at competitive prices under its single, multi-storied roof.

A surprising feature observed as one walks down Little India is that in spite of Singapore being a clean, organised city, Little India reflects an Indianness with litter on the streets, and heavy crowds of people bustling along the pavements, roads and shops. It is little wonder that it is aptly called Little India.

by Susan Koshy, Editor-in-Chief



Sports

Swapna Barman – Her Motivation Defied Her Challenges



The recent Asian Games which concluded in the first week of September 2018 in Indonesia, had an unusual spotlight for India when its athlete, 20-year-old Swapna Barman won the gold medal in the heptathlon event, as the first Indian to do so. (The women's outdoor heptathlon consists of the following events: 100 metres hurdles; High jump; Shot put; 200 metres; Long jump; Javelin throw; 800 metres).

Barman won the gold against all odds and the improbability of winning the gold. Barman has not only risen to be the star of the Games for India but a source of inspiration for many budding athletes.

Barman as an aspiring athlete and champion had almost everything going wrong for her:

- She is from a financially backward tribal family, her father being a rickshaw puller, who suffered a stroke to become paralysed and incapable of working to earn a living. Her mother is a housemaid who doubles up as a tea garden worker, to make up for the father's incapacity and to augment the meagre income for the family of six.
- Being financially disadvantaged and her potential not recognised yet, Barman could not afford to treat or deal with her physical challenges – twelve toes as against the normal ten, which required special shoes to fit them, and which she could not afford or get sponsorship for. She had to compete, wearing normal shoes, thus squeezing her feet and hurting her while running. She had knee, back and ankle troubles too in the course of her sports training. Her short, stocky stature helped little in her running and jumping events.



- Just before the Games, a bout of excruciating abdominal pain, followed by her hamstring playing up, almost threatened her participation. During the Games, she suffered from acute dental pain as her root canal was inflamed. She had to resort to tapes on her cheek to control the pain. Even then, it hurt badly when she did her run-up for her jumping event. She continued to suffer from discomfort in her knees, ankles and footwork.

But Barman as a focussed athlete and aspiring champion, leveraged on opportunities even in the challenges.

- Although her family background was not conducive to ideal conditions to groom a world class athlete, she focussed on her dream, and worked towards it with dedicated hard work in training. As the saying goes, "When the disciple is ready, the master appears", Barman met the mentor and trainer who understood her – Subhash Sarkar. Recognising the unusual fire and potential in her, he coached her from the age of 13 years. He understood her so well that he even advised her to take up heptathlon as her prime event, as against competing in just the individual events. Sarkar stood by her during her frustrations, her setbacks and her physical challenges. In turn, Barman respected and abided by her coach's training and advice, choosing him over foreign coaches.
- Even when the going was rough and tough for Barman – she had the handicap of a troubling knee, awkward footwork because of her extra toes, nagging dental pain that taunted her, and a short stature that was not conducive to ideal athletic prowess – Barman worked round these handicaps and focussed on the magic aggregate figure of 6100 points (which would assure her the gold in heptathlon at the Asiad), just as Arjun in the story of the Hindu mythology, *Mahabharata*, had his focus, as an ace archer, on the bird's eye in order to shoot it down. Barman had scribbled the magic number of '6100' points in her diary in the beginning of the year 2018 as the target for her to achieve. At the Asian Games, she scored 6026 points which was enough to win her the gold medal. One needs to aspire tall and high without compromise, to achieve one's goal.
- India has never before had a heptathlon gold medallist. The former heptathlon champions were silver medallists – Soma Biswas and Sushmita Singha Roy – who were tall girls with athletic traits, unlike Barman who was not that tall and was stocky. Barman therefore turned her focus and attention to the national record holder, Harishankar Roy from her own village, who was also not particularly tall. She observed and learnt his techniques to finetune hers. Her drive took her to the top of the victory pedestal, and stand to India's national anthem at the Asiad in Indonesia. She ignored the negatives and concentrated on the positives. "When you sincerely and ardently want something, the universe conspires to make it happen for you."

The future now holds mixed challenges for Barman. While her overnight recognition makes life a little easier for her to get the medical attention and sports facilities she deserves, she would need to also learn to discern the superficial glamour, media glare and promotions, and big money that she will be tempted with, that might dilute her concentration on her sports.

In the meantime, she has become the role model for many aspiring athletes, especially young girls from small villages and challenging circumstances. Barman has become a household name to mean "Dream, Strive and Achieve".

by Susan Koshy, Editor-in-Chief



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