

**IMA**

Insight beyond information

# SHIFTING GEARS FOR THE NEXT PHASE OF GROWTH

IMA INDIA'S 24<sup>TH</sup> ANNUAL CFO ROUNDTABLE  
13-16<sup>TH</sup> FEBRUARY 2020, COLOMBO, SRI LANKA

Associate Sponsor

**G2FO**<sup>®</sup>



Conclusions Panel

# Conclusions Paper

## IMA India's Annual CFO Strategy Roundtable 13th-16th February 2020\* Colombo, Sri Lanka

---

### Contents

Section I	About IMA India
Section II	Agenda
Section III	Conclusions Paper
Section IV	List of Participants

## About IMA India

- The country's largest peer group platform for senior business executives
- More than 2,500 clients – CEOs and functional heads – from over 1,400 member companies, Indian and global
- Extensive capabilities in macroeconomic, industry and management research offering incisive analysis to decision makers
- A unique model that couples internal research with knowledge harnessed from practising managers and domain specialists
- Strong in-house editorial, research and organisational capabilities with a successful track record of over 25 years

**25+**  
Years in business

**2,500+**  
CXO clients

**1,400+**  
Member companies

**76%**  
of NSE 50 brands  
represented

**6**  
Cities of operations  
across India

IMA India provides research and business intelligence to senior management audiences through a combination of peer group forums, research engagements and thought leadership events.

### Forums



- Membership-based services for top business managers
- Provision of knowledge through briefings and research content
- Four forums run across 6 cities of India
- Affiliate services across the Asia Pacific
- Discussions led by authoritative speakers

### Research



- Incisive market and industry research
- Economic analysis; Benchmarking studies; CXO Interviews
- Proprietary studies for individual clients across issues and sectors
- Leveraging IMA India's vast network to gather insights and learnings

### Conferences



- Country conclaves dedicated to CEOs, CFOs, CHROs and CMOs
- Closed-door platforms for senior executives to debate cutting-edge business issues
- Driven by intensely-researched agendas, selective audiences and authoritative speakers and panellists
- With over 100 conferences held over past 24 years, IMA India provides one of the country's finest platforms for CXO discussions and exchanges

### Publications



- A first-of-its-kind monthly journal focussing on corporate strategy and finance – effective readership of 12,000 top executives

### Our Associate Partner



#### C2FO

Improve your bottom line and strengthen your supply chain with C2FO. As the world's only true dynamic discounting solution, C2FO enables early invoice payment for a discount to your suppliers to create additional, risk-free income for your company. Learn why India corporates and other Global Fortune 500 companies choose C2FO as their preferred partner at [www.c2fo.in](http://www.c2fo.in).

### Our Dinner Partner



#### PayU

PayU is a leading financial services provider in global growth markets. It uses its expertise and heritage in cross border and local payments to extend the services it offers to merchants and consumers. PayU's innovative technology, developed in-house as well as through investments and strategic partnerships, empowers billions of people and millions of merchants to buy and sell online, extending the reach of financial services. Its local operations span 18 growth markets across Asia, Central and Eastern Europe, Latin America, the Middle East and Africa. It delivers a fast, simple and efficient financial services technology that unlocks access to more than 2.3 billion consumers across the regions in which it operates.

---

# Helping businesses across the globe achieve their high growth plans

While you're focussed on creating experiences to exceed the expectations of your consumers, we're focussed on improving your margins and generating cost savings that benefit your bottom line.

Learn how you can achieve results from the working capital solutions of C2FO.

Visit [C2FO.in](https://www.c2fo.in)

Trusted by leading Indian companies



**Thursday, February 13<sup>th</sup>, 2020**

**7.30 pm onwards:** Welcome Dinner: *at pool side, Taj Samudra*

**Friday, February 14<sup>th</sup>, 2020**

**10.00 am – 10.30 am:** Registration, *At the Crystal Grand Ballroom*

**10.30 am – 12.00 pm:** What Next for the CFO: Personal Excellence and Success: *R Gopalakrishnan, CEO Mindworks, Executive Director, Tata Sons (retired)*

**12.00 pm – 1.15 pm:** Decoding India's Geopolitical Landscape: *Subasini Haider, Diplomatic Editor, The Hindu*

**1.15 pm – 2.15 pm:** Wellness Lunch

**2.15 pm – 3.45 pm:** Living Fully and Longer: *Rahul Bhasin, Managing Partner, Barings Private Equity Partners*

**4.15 pm:** A visit to the Buddhist Temple

**7.30 pm – 9.00 pm:** Inspiring Change: *Pradeep Sangwan, Founder and Promoter, Healing Himalayas Foundation*

**9.00 pm onwards:** Dinner

**Saturday, February 15<sup>th</sup>, 2020**

**9:00 am – 10:15 am: The Economy:** India in the Context of a Changing World: *Adit Jain, Editorial Director, IMA India*

**10.15 am – 11.30 am:** From AIDA to snakes and ladders: *Suman Srivastava, Founder and Innovation Artist, Marketing Unplugged*

**11.30 am – 12.00 pm:** Discussion Break

**12.00 pm – 1.00 pm:** The Genetics of a Unicorn: *Kerri Thurston, Chief Financial Officer, C2FO*

**1.00 pm – 2.00 pm:** Luncheon: at The Golden Dragon

**2.00 pm – 3.30 pm:** The Miracle Man: *Armstrong Pame, Deputy Commissioner, Tamenglong District, Government of Manipur*

**4.30 pm – 7.30 pm:** Leisurely Visit to Mount Lavinia

**8.00 pm onwards:** Cocktails and Dinner

**Sunday, February 16<sup>th</sup>, 2020**

**9.00 am – 10.30 am:** The CFO's Role in Data Protection: *Arun Prabhu, Partner, General Corporate Practice, Cyril Amarchand Mangaldas*

**12.00 pm - 2.00 pm:** Luncheon and Close

### WHAT NEXT FOR THE CFO: PERSONAL EXCELLENCE AND SUCCESS

R Gopalakrishnan, CEO Mindworks, Executive Director, Tata Sons (retired)

Successful CFOs are involved in all aspects of the business while focusing at the same time on becoming better managers, strategists, problem solvers and leaders. How should CFOs balance business and personal goals? What attributes do they need to inculcate to be able to manage dilemmas and make effective decisions? How can they groom younger leaders to take on higher responsibilities? R Gopalakrishnan, one of India's best known and most experienced business leaders, has been a professional manager from 1967. He spent 31 years at Unilever and 17 years at the Tata Group. In the last decade, Mr Gopalakrishnan has become a prolific writer, churning out insightful books on management and history. In his third innings, as the CEO of Mindworks, he mentors leaders, writes thought pieces and is actively engaged in both instructional and inspirational speaking. He also devotes a considerable amount of time researching and thinking about issues around leadership.

What Mr Gopalakrishnan finds in his latest research is a clear difference between being a *competent business leader* and being a *shaper of institutions*. It is only the rarest of leaders who manages not just to stay free of personal controversy but to also build a long-lasting institution. The mistake many people make is to believe that what worked for them in the past will continue to work in the future. CFOs who aspire to move to the next level must evolve to focus on developing a broader context, managing ambiguity, using judgement, honing people and relationship skills and being emotionally efficient.

*Moving from the functional to the corporate level requires engaging with multiple stakeholders*

#### THE 3 LEADERSHIP BALCONIES

There are, Mr Gopalakrishnan postulates, three 'leadership balconies'. Early on in a manager's career (the first 'balcony'), one's experiences are largely *transactional*. The focus is on solving problems and rallying the team to 'execute'. The second balcony ('corporate') is when the manager engages with a wider set of shareholders: business partners, employees and then with government and society at large. From the elevated perch of the third balcony, the focus shifts to monitoring, encouraging, supporting, even exploring deep philosophies, such as why the corporation exists. This involves dealing with matters larger than company and its operations. For CFOs to get to this stage, they may need to address certain internal gaps.

*Focus on increasing your breadth of experience*

#### CFO vs CEO: THE 5 COMPETENCY GAPS

##### *Holistic thinking*

CFOs are experts in the financial domain but often have limited general management experience. However, broad experience – which develops the ability to focus on the entire organisation, including the task of motivating employees rather than simply mastering the numbers – is a necessary skill, and CFOs aspiring to the top job should be able to take a more holistic view of the business. Specifically, they should spend time in operations and with customers, and by acting as the firm's external face to a broader set of stakeholders.

*Get an 'outside-in' perspective*

##### *Deeply contextual mindset*

To adopt a 'CEO mindset', CFOs must broaden their horizon and go beyond Finance and even beyond their organisation, viewing the larger

ecosystem of which they are a part. Given their more defined roles, they tend to be linear in their approach and cognisant of rules and regulations. CEOs, on the other hand, tend to see things from an ‘outside-in’ perspective, gauging the plethora of forces in action. For instance, when TCS was planning its IPO, the CFO presented a financial viewpoint – the impact on the balance sheet, cash flows and other financial parameters – while the CEO focused more on the impact on employees, suppliers and customers.

### *Tacit knowledge*

*Apply judgement to spot gaps in the bigger picture*

CFOs are experts of ‘explicit knowledge’ (hard numbers) while CEOs rely on tacit knowledge and judgement to spot gaps in the bigger picture. Drawing on years of experience, tacit knowledge includes not just know-how, but mental models and beliefs that lend an intuitive sense to decision making. Moving from explicit to tacit knowledge requires both commitment and a great deal of ‘internalisation’.

### *Managing ambiguity*

*Grow accustomed to managing ambiguity*

Given the relatively structured nature of work in Finance, CFOs are used to operating in a command-and-control mode, while CEOs thrive in an ambiguous and complex environment. Doing so requires the ability to be reflective and insightful, embrace different approaches, and the willingness to take responsibility when things fail. Tata Steel, for instance, wanted to set up a plant in Zimbabwe. The commercials clearly supported such a move, but environmental concerns – such as the threat it would pose to sea turtles – came in the way. The CEO decided to conduct an independent study, arrived at a series of measures to mitigate the impact, and took the final call to set up the plant. Today, it continues to operate successfully, and sea turtles are nesting in record numbers in the area.

### *Emotional intelligence*

*Hone your EQ by taking on general management responsibilities and collaborating cross-functionally*

Successful CEOs are high on EQ and exhibit high self-awareness, self-regulation, internal motivation and empathy. In comparison, CFOs tend to be high on IQ. To get to the next level, though, they must move beyond their technical, left-brain skills and develop additional competencies in the people- and relationship-oriented right-brain areas. By taking on general management responsibilities, they can broaden their engagement with others, build trust and work collaboratively. CFOs who want to become CEOs someday *must* be able to establish and articulate a vision to engage and inspire thousands of people who will then *want* to follow them. Studying the examples of successful CFOs who did *not* succeed as CEOs – from Doug Ivester of Coke to Richard Tolman of Xerox – reveals some common threads. Each was technically competent but not very good at managing people. Ultimately, CEOs need not be an expert in a particular field, but they *must* be able to manage relationships with various stakeholders, from customers and employees, to government, shareholders and the Board.

## DECODING INDIA'S GEOPOLITICAL LANDSCAPE

*Subasini Haider, Diplomatic Editor, The Hindu*

India's foreign policy is going through an intriguing phase. Externally, the landscape is shifting dramatically. This is evident in the rise of China, the retreat of the US, rising populism and the changing nature of global trade. Meanwhile, a more assertive domestic political ideology is finding resonance both at home and abroad. This was evident in India's robust response to terrorist strikes last year, the abrogation of Article 370 of the Constitution, the Citizenship Amendment Act and India's withdrawal from the RCEP.

### A SHIFTING GEOPOLITICAL CONTEXT

#### *The rise of China*

*China's economic and military rise comes with huge consequences for India*

The speed and scale of China's economic transformation is astonishing, and comes with huge consequences. China is accumulating hard power in all its forms. It is the world's manufacturing hub; has foreign reserves in the trillions of dollars; and is present across most global value and production chains. Analysts estimate that by 2030, China's economy will be twice as large as America's in PPP terms and going forward, China will remain at the top of India's foreign policy agenda. Most immediately, the USD 46 billion China-Pakistan Economic Corridor (CPEC) is a cause of concern for India, as is the Chinese naval presence in the Indian Ocean. India's policy towards it rightly balances strategic competition with continuous engagement, helping to steer the relationship away from overt conflict. The 2017 military confrontation at Doklam; India's naval engagement with Australia, the US and Japan in the Indo-Pacific region; and the 2018 Wuhan and the 2019 Malappuram bilateral summits with China all illustrate this competition-cooperation dynamic.

#### *The retreat of the US*

*A gradual retrenchment of the US from key regions and agreements creates economic and security concerns*

The US has a history of honouring the deals made by previous administrations and its policies have generally been guided by a singular vision. However, Donald Trump has turned this precept on its head. Values like 'Pax Americana' and the desire for a liberal, rules-based international order are no longer a given. The US has exited from UNESCO, the UN Human Rights Council and from the Trans-Pacific Partnership, has threatened to withdraw from the WTO, and to pull troops from Afghanistan. It has walked out of two key international multilateral agreements: the JCPOA with Iran and the Paris Climate Change Agreement. The Trump Doctrine is clear about 'America first' in both trade and foreign policy. This 'Trump effect' is evident in higher tariffs on Indian goods, rising trade disputes and a gradual reduction of the US presence in South Asia, including the Indian Ocean.

#### *The rise of nationalistic populism*

*Populism is on the rise and has anti-pluralist and anti-elitist undertones*

Populism is a serious threat nearly everywhere and is personified in the rise of Donald Trump, Emmanuel Macron, Boris Johnson, and in Brexit. The nature of populism is marked by anti-pluralist, anti-elitist, anti-immigration and anti-trade sentiments. This puts pressure on countries not only to restrict the movement of goods and people but also to walk away from global commitments on matters such as security and the environment, and

from regional arrangements like the European common currency. This shifting global political context will have a significant impact on India's foreign policy.

### KEY FOREIGN-POLICY DRIVERS

#### *India's geography...*

*India's strategic location could help it emerge as a more influential regional player*

India's strategic location, historic ties and economic interests could help it become a more influential player in the region. For that to happen, though, it has to engage more closely with its neighbours. To that end, its new 'neighbourhood first' policy is a step in the right direction. On the east, India has improved its relations with Sri Lanka, Bhutan, Myanmar and Nepal. On the west, it has adopted a policy of isolating Pakistan and is playing a bigger role in Afghanistan. However, unless it continues to assert itself regionally, India risks ceding influence to other powers, especially China.

#### *...trade policy imperatives...*

*Trade policy takes centre stage in India's foreign policy*

With the WTO system weakening, there is a growing focus on bilateral and regional trade agreements. Increasingly, the world is breaking up into free trade zones such as NAFTA, RCEP, GCC, EU, MERCOSUR and the Africa free trade area. In India's case, trade takes centre-stage in its foreign policy. It views FTAs as an important tool to enhance its trade and investment flows, and has signed a number of agreements with various countries/groups. In fact, India has more FTAs – either in operation or under negotiation – than any other country in Asia. Still, with the exception of the South Asian Free Trade Agreement (SAFTA) – which helped India make substantial gains in terms of exports – its experience with most of its major FTAs has not been very encouraging.

#### *...and shifting geopolitical calculations*

*New imperatives: court the major powers as well as smaller ones, and be more assertive abroad*

On the wider foreign policy front, India has been busy courting major powers – the US, EU, Japan, South Korea and Australia – but it is also reaching out to smaller countries and to the far-flung Indian diaspora. Broadly, the US is now viewed as a solid and major defence partner, but one that falls short of being classified as an 'ally'. On the other hand, China is clearly seen as an adversary. India's long-standing policy of non-alignment has been replaced with the one of 'multi-alignment', and there is now an unshielded ambition to win a place on the high table, both at the UN Security Council and the Nuclear Suppliers Group. Finally, India has shown a new willingness to flex its muscles, as was evident in the Balakot strikes but at the same time, there is a growing push to leverage its soft power, including through its diaspora.

## LIVING FULLY AND LONGER

*Rahul Bhasin, Managing Partner, Baring Private Equity Partners India*

Healthy living and a balanced lifestyle are about a lot more than complicated diets, rigorous exercise routines, ‘balancing work and life’, and so on. It begins with a first-principles-based understanding of how the human body functions – why it weakens and how it can be strengthened. Now in his early 50s, Rahul Bhasin has always maintained an active lifestyle. He was on his university’s swimming and rugby teams, is an avid trekker and until recently thought of himself as being reasonably fit. 18 months ago, he found himself in the ICU after experiencing chest pains following a brisk, 1.5-kilometre swim. Tests revealed that while there was no plaque in his arteries, his troponin levels were highly elevated, indicating stress-related muscle damage in the heart. Given a family history of heart issues, Rahul was advised a 1-month break from work. During this time, he grew increasingly disillusioned with the conflicting and often ineffective advice thrown about by self-styled experts and even medical doctors. He therefore decided to invest his own time and energy researching this subject.

Genetics offered part-answers but he found greater resonance in epigenetics, which looks at how factors such as age, lifestyle and the environment affect our genetic make-up, and eventually our risk of developing certain diseases. Based on his research, Rahul has completely changed his lifestyle. He has gone vegan, no longer drinks alcohol and tries to get a full 8 hours of sleep each night – whereas earlier, he would make do with 3 hours, considering the 4-5 ‘lost’ hours of reading time to be a ‘waste’. Instead of the heavy medication he was prescribed, he relies on red rice, Indian gooseberry (*amla*) and flaxseed to reduce his cholesterol and hyper-tension. His intensive research has generated rich insights and today, Rahul is regularly called upon by some of India’s leading hospital chains to advise their doctors and medical staff.

*Duration, depth, continuity and regularity of sleep all matter*

### SLEEP

How well we sleep is a function of duration, depth, continuity and regularity. Research reveals that less than 5 hours of sleep a night is associated with a 40% drop in one’s ability to retain information. It also causes men’s testosterone levels to drop by as much as 40%, and for women’s levels to go *up*. Equally important is sleep continuity: two blocks of 4 hours each or catching a nap in the afternoon to ‘make up’ is less effective than a single 8-hour block. Finally, being regular about your sleeping patterns – going to bed and waking up at roughly the same time each day, whether a weekend or a weekday – is critical.

Over time, sleep deprivation is linked to feelings of loneliness, heightened suicide risk and a 45% increase in mortality risk at any stage in life. It causes shifts in the immune system, increasing the risk of contracting all sorts of viral diseases. A single night of bad sleep can cause the activity of NK (Natural Killer) cells – which help stave off viruses – to drop by 70%.

*Sleep in a cold, dark room, avoid screen-time, caffeine and alcohol*

To improve the quality of sleep, it is important to start have a completely dark room and keep the temperature as low as possible. Staying away from ‘blue screens’ an hour before sleeping is critical. Cutting out alcohol also helps: alcohol is a sedative but it does not make for restful sleep and often causes people to wake up at night. Avoiding caffeine – in either tea or coffee – later in the day is

important, because it has a half-life of 6 hours, implying that 25% of the caffeine one may have had at 10 am is still in the system 12 hours later. Napping helps some people but not others.

*Meditate, chant or do  
karaoke to de-stress*

### MANAGING STRESS

Stress can have a lasting impact on health and is something that can even be passed on between generations. For instance, the behaviour manifested by a woman during pregnancy can alter the genetic make-up of her unborn child. Meditation and chanting are both proven to affect a person's brainwave activity. 15 minutes of meditation can measurably reduce levels of cortisol, which is associated with stress. However, even things like group singing/karaoke can significantly reduce it. At a deeper level, stress is linked to one's innate sense of self – which is often driven by outward achievement. Finding one's true purpose in life, and looking beyond the traditional markers of 'success' all help control it.

*A balanced approach to  
exercise is important*

### EXERCISE

Some believe that exercising hard and as long as possible is the key to health – but the reality is that more and more exercise is not necessarily good. Balance is key. Precisely how much one needs depends on how long and how intensively one can exercise. An hour of brisk walking is good but 5 hours is even better: there is no trade-off involved here. People who jog regularly (but moderately) can expect to live 6 years longer and, in general, exercise protects against the risk of diabetes, heart disease, cancer and obesity. On the other hand, with high-intensity exercise, too much or too little are both bad. Too little of it brings no benefits, but beyond about 40 minutes, depending on the person's fitness level and other factors, it can be counter-productive. Among other things, high-intensity exercise can cause the heart to enlarge and heart-tissue to die. That is why dozens of people, including some in their early 20s, die each year while running marathons.

*Hours of sunshine and  
living close to nature both  
have an impact*

### EVOLUTIONARY IMPLICATIONS

Well maintained, the human body is designed to run for about 120 years. However, what helps decide how long we actually live is factors such as hours of sunshine received, living close to nature, our nutrition, and the inter-linkages between hygiene and immunity. Most people do not realise that they are deficient in Vitamin D – the result of not getting enough sunshine. Taking a daily, low-dose D3 supplement can help (the body finds higher concentrations harder to absorb) and it is also useful to take a B12 supplement. Most other supplements do little good – a well-balanced diet is more beneficial – and calcium tablets are actually harmful.

*Supplements should  
generally be avoided*

*Over-sanitised  
environments kill a range  
of 'good' bacteria and  
viruses*

We live in hyper-sanitised conditions today but rather than protecting us, this adversely affects our ability to fight off disease. There is no evidence, for instance, that multiple sclerosis (MS) even existed 100 years ago. People who contract the Epstein-Barr gut virus before the

age of 8 hardly if ever develop MS, but thanks to today's super-hygienic conditions, very few people have this virus in their gut. Similarly, the H pylori bacteria, which can cause ulcers if it lives too long in your body, is known to significantly reduce the risk of developing allergies and asthma. Many other natural bugs that cut down the risk of conditions like autism and depression have disappeared as the microbiome has become less diverse.

*Intermittent fasting can help the body heal faster*

### FASTING...

Intermittent fasting is strongly connected to autophagy, or the body's ability to clean out damaged cells and regenerate healthy ones. Fevers and infections tend to heal themselves if you fast, and fasting can also cut down the side-effects of chemotherapy. There are many different kinds of intermittent fasting – 16/8, 12/12, 5:2 (eating for 5 days, fasting for 2) – but the latter is not recommended, especially since it does not help with cholesterol. Perhaps the most sustainable approach is to maintain a daily, 15-hour fast. This means eating an early dinner and a late breakfast, thereby ensuring a 15-hour gap between the two.

*Humans are not designed to eat meat*

### ...AND NUTRITION

There are many myths about our ancestors being meat-eating warriors but the fossil evidence says otherwise. Human teeth are not built to cut flesh, only plant matter, and our gut is longer than that of any other carnivore, which makes it better suited to processing vegetables and fruit. Like herbivores, who need to be able to distinguish between various plants, we see in colour, whereas carnivores do not. All of this goes to say that we were not designed to eat meat, and were we to consume it raw, we would likely die of a parasitic infection. Further, the bacteria that feed on meat, fish, eggs and milk all excrete trimethylamine, which is associated with inflammation and is possibly carcinogenic. It is a myth that vegans are protein deficient. Kenyan marathon runners eat only coarse bread, beans and vegetables, and human milk has the lowest protein content of any animal. We should recognise that our bodies are smart. If we eat adequate quantities of healthful food, the body will convert it into what it requires.

*The ideal is to go vegan or at least diversify one's sources of food*

When it comes to nutrition, the general recommendation is to go vegan, or at the very least, to diversify the intake of food as much as possible. Modern diets tend to be very narrow in range and changing that can help build up our gut microbiomes, which is associated with better health. In terms of specific recommendations:

- **Cruciferous vegetables** like cabbage and cauliflower are rich in sulfinols, which help the body rid itself of heavy metals. However, many of their benefits are lost when they are cooked. Ideally, they should be chopped, left out in the open for about 45 minutes, and then eaten raw with mustard seeds.
- **Frozen vegetables** do not lose their efficacy and are good to have.
- **Raw onions** are highly beneficial. So are most **high-fibre and mildly fermented foods**.

- Everyone should aim to add **one salad a day to their diet**, mixing in as many greens as possible. Sprinkling **vinegar** – especially apple cider vinegar – increases nitrous oxide production, and improves cardiovascular dilation. **Drumsticks** are a magic food, rich in sulfinols, minerals and flavinols.
- Eating **mushrooms** at least twice a week helps boost immunity. **Beans** of all kinds – *dal*, *rajma*, etc – are highly recommended. They contain diverse microbiomes and prevent glycaemic shock.
- **Fruits** are an important component of any diet and they should ideally be eaten on an empty stomach. **Apples** should be consumed whole, including the core and seeds. The core contains more microbiomes than the rest of the apple.
- **Oils** are high on calories and cause inflammation. The ideal is to cut out oils completely, as have the residents of places like Loma Linda, California, which is home to some of the world’s healthiest, longest-living people. Those who live on the so-called ‘Mediterranean diet’ do better when they eliminate fish and oil. Most oils, in fact, were only invented in the last 100 years, and there is no research to back up claims about the health benefits of even *ghee*. All in all, it is better to eat foods that naturally contain oils (like peanuts), instead of segregating it and cooking foods in it.
- Have **probiotics** during and for 3 weeks after any course of antibiotics.
- **Flaxseeds** should be ground and roasted – otherwise they are not absorbed by the body.

## THE ECONOMY: INDIA IN THE CONTEXT OF A CHANGING WORLD

*Adit Jain, Editorial Director, IMA India*

After nine straight years of growth, the global economy is showing signs of fatigue and a recession is possibly around the corner. Advanced economies are under stress and whilst the US appears to be in good shape, there are darker undercurrents to be watchful of. All of this assumes greater significance in the context of global trade wars, shifting geo-political equations and continuing stress within the Chinese economy. Within India, a slowdown is now firmly in place and is likely to take several quarters to play itself out. To better manage this environment, CFOs will need to re-examine business strategies and develop suitable responses.

*Consumption and investment are subdued*

*FY20 growth is likely to be 4.5-5% – which is to be expected, given a slowing world economy*

*Several factors explain the current downturn...  
...weak credit growth...*

*...a decline in the money supply-GDP ratio...*

### A SHARP DOWNTURN AT HOME...

Plainly, domestic sentiment is subdued, demonstrating a lack of inspiration on the economic outlook. Gross Fixed Capital Formation (GFCF) has fallen substantially, from 36% of GDP in 2011-12 to about 28% today. Exports are no longer contributing to growth and are currently at a 14-year low. IMA India's BCPI index, which correlates strongly with GDP growth, stood at a barely-positive 50.4 in January, though it did improve from a five-year low of 45.7 in the previous quarter. Meanwhile, a negative wealth-effective has caused consumption to collapse. Capital goods manufacturers and firms that sell goods worth more than Rs 15,000 are bearing the brunt. All in all, these trends suggest that growth is likely to linger in the 5% range in the short term – much lower than previously forecast. However, this is to be expected, given that the global economic cycle is turning. Europe has hit the buffers, China is slowing and Germany and Japan are in recession. Growth is slowing nearly everywhere except the US, and it is hard to remain an outlier when the global economy is changing gears. Anecdotally, businesses are reporting weak sales and shrinking margins. It will probably be 3-4 quarters before the domestic cycle turns up again.

### ...AND ONE WITH VARIED ROOTS

A number of factors have contributed to the recent growth slowdown:

- **A lack of credit:** Like blood in the veins, credit must keep flowing for an economy to remain healthy. In India's case, with the banking sector and NBFCs both in trouble, credit has largely stopped moving. After grinding to a halt during demonetisation, bank credit was starting to revive (~11-12%) but is now slowing again, with only personal credit still growing. Meanwhile, loans from NBFCs – which serve an important function by funding areas such as real-estate, last-mile loans and other niche segments, that banks are unable to service – have evaporated after the IL&FS crisis. From 40% of total loans to industry, NBFCs now account for only 25%.
- **Sluggish M3 growth:** The problems in the banking system left many institutions effectively bankrupt. With very little risk capital available, the broad money supply as a share of GDP has been shrinking for the last five years. To compensate, the RBI might have opted to issue more bank licences, including to NBFCs and foreign banks, and to privatise PSU banks; and deepened the debt markets. It has not done so and, consequently, real interest rates remain very high. While core inflation is in the range of 2.5%, even the top corporates have to pay 9.5-10%

*...an auto- sector  
slowdown...*

*...weak consumption  
in the hinterland...*

*...poor market  
sentiment...*

*...and subdued  
investment*

*The focus of the  
government should shift  
to the three factor  
markets: land, labour  
and capital*

rates of interest, while most others pay 12-15% – implying a real interest rate of over 10%.

- **An auto-sector downturn:** India's broader economic slowdown began in the auto sector, which entered a downward spiral in mid-2018 from which it is yet to recover. (That said, segments such as tyres – which have to regularly be replaced for wear-and-tear, are doing well.) Passenger vehicle, commercial-vehicle and two-wheeler sales growth all remain low or negative today. While new norms on third-party insurance was one trigger, the problem is much deeper. The impending shift to Bharat VI emission norms caused consumers to delay purchases in the hope of discounts later in the year, while from a longer-term perspective, the industry is getting Uberised, reducing the overall demand for new cars. As a rule of thumb, if 1 million new cars are bought for ride-sharing purposes, it may reduce the demand for rides by as much as 4 million units.
- **Slowing rural consumption:** Distress in the rural economy has caused tractor sales to decline for 9 months in a row. More broadly, consumption in rural areas has turned negative, growing more slowly than in urban areas – a reversal of historical trends.
- **A negative wealth effect:** Issues in the financial sector pulled the markets down but the government has not done much to revive sentiment – which it could have by up-talking the markets. The market has headed downwards, creating a negative wealth-effect that has impacted discretionary spends such as holidays and restaurant dinners that are highly correlated with notional wealth.
- **Weak investment:** With capacity utilisation rates subdued and inflation moderate, investment is unlikely to revive strongly in the near-term. Typically, investment starts flowing when capacity utilisation exceeds 80% and inflation is above 5% - both of which signal rising demand. Industry tends to build capacity ahead of demand since it can take 2-3 years for it to come online. Currently, the two indicators point to weak investment appetite, though lately, the 6-month-moving-average of proposed investments has turned upwards.

### **THE NEED FOR BOLD REFORMS**

#### *Land, labour, capital...*

Policymaking in the coming five years will be about incrementalism rather than bold reforms. Decision-making will remain centralised and largely run by the PMO with help from the bureaucracy. India needs high levels of investments – which is a function of land, labour and capital – to spur economic growth and move people out of poverty. It is, therefore, critical to ensure these three markets remain efficient, transparent and accessible. Land and labour are largely state subjects; the Centre can tweak the policies but cannot radically reform. Evidently, early efforts at reforms have failed and were not repeated. Capital, on the other hand, is more amenable to federal diktat. Structural changes like demonetisation and GST have led to greater financialisation and this should continue.

*India has a very low tax-GDP ratio, and getting more people to pay tax would help fund its ambitious social spending programmes*

### *...and tax*

Official estimates suggest that India's total potential base of tax assesses is currently no more than 100-105 million people. After demonetisation, the actual base jumped to about 80 million and is on course to hit the natural ceiling in a few years. However, taxes account for just 11% of GDP, compared with about 20% in China and Vietnam, 16% in Malaysia, and over 30% in the US and the UK. Few developing countries, however, match India in terms of the quantity of welfare spending, and unless it finds ways to fund these programmes, it will not be able to afford them for long. The most feasible way to achieve this is to tweak India's tax policy. Getting everyone to pay tax – even farmers and the less-well-to-do, albeit at a much lower rate – would cause collections to jump and ensure that the entire tax burden does not continue to fall on a small set of taxpayers.

*Account for emerging risks*

### **RISK FACTORS AHEAD**

There are several emerging risks on the horizon:

- The global spread of **coronavirus** is now approaching worrisome proportions. The impact of the disease is worsened by the fact that production in China, the epicentre of manufacturing to which the rest of the world is tethered, is incapacitated. Businesses in India need to factor in an impact, and possibly downgrade their forecasts.
- A **possible spike in commodity prices** because of tensions in the Middle East and its twin impact on the **current and fiscal deficits**.
- The risk of **capital flight**, should India's fiscal deficit exceed targets – and the consequent risks of a downgrade by rating agencies. Foreign investors have started doubting the sustainability of the India story. Further, if interest rates rise in the US, capital could flow out.
- **Budget imbalances** are likely to be higher than the government's generous assumptions. This raises the risk of foreign investor panic and serious outflows.

*Prepare for an upturn and stay cash-rich*

### **RESPONSE STRATEGIES**

Ups and downs are part of the business cycle and a fact of life. What companies should do is position themselves for a post-recession scenario, which could take 3-4 quarters to unfold. They should also look to win market share during this period and use it as an opportunity to fix systems and rationalise costs that may have swollen during the boom-time. Those that will do best are well-capitalised companies that do not depend too heavily on bank credit. Staying cash rich will also be critical, even if it comes at a price. Lastly, those in a position to do so should also secure as much debt as they can. Today, it is best to have arsenals of credit in place, rather than panicking when the funds run dry.

## FROM AIDA TO SNAKES AND LADDERS

*Suman Srivastava, Founder & Innovation Artist, Marketing Unplugged*

Consumer behaviour has changed dramatically in the last decade. No longer do purchases follow a fixed pattern. Instead, consumers are irregular and non-linear in their shopping decisions, often guided by emotion. To secure the most leverage for their products, marketers must understand this shift and adapt to it. The AIDA (attention, interest, desire and action) model of the customer journey is becoming irrelevant and innovative ways to reach the consumer must now be found. The product itself need not be the selling point – rather, it is the *story* weaved around it that will have the greater appeal. This, essentially, is the ‘nudge theory’ in practice, which involves getting people to do what you need with a bit of subtle persuasion, and through the power of out-of-the-box thinking.

### HOW CONSUMER BEHAVIOUR HAS CHANGED...

*The customer journey is like a game of snakes and ladders*

Consumers are savvier now than they were when concepts such as ‘AIDA’ were invented. Today, they can easily predict most of the ‘moves’ a marketer might try; they no longer have brand loyalty; and brand differentiation is no longer about the product. Marketers have to think of the customer journey as a game of snakes and ladders. It is their role to strengthen the ‘ladders’ and remove the ‘snakes’, all using a string of marketing interventions at different points along the customer’s journey.

### ...AND HOW TO WORK WITH THESE CHANGES

*Marketers should work with system 1 of the consumer brain, including by building rituals around the brand*

#### *Build rituals around the brand*

Often, consumers do not think ‘rationally’ or ‘logically’ when making buying decisions. Psychologist and Nobel Prize Winner Daniel Kahneman famously talked about the two parts of the brain – System 1, which is fast, unconscious and error-prone; and System 2, which is the logical, thinking side of the brain. Marketers should try to appeal more to the System 1 within their consumers’ minds, than to System 2. To achieve this, they should seek to build rituals around the brand, which are often very effective at reaching out to System one. A good example is the ritual around drinking tequila as a means of celebration. So strongly has Hollywood popularised this idea that today, no celebration is complete without drinking shots of tequila, accompanied by lemon and salt. Tanishq introduced a ‘karat metre’ at all its outlets to check the purity of gold, and invited customers to walk in with any piece of jewellery and measure its purity for free. The move was accompanied by a sustained media campaign and resulted in gaining people’s trust. Similarly, when Oreo entered the already-crowded Indian biscuits market, it built a ritual around dunking the cookies in milk before eating them. This was an alien concept to India, but Oreo managed to change the game and emerge as a leader in its category.

*Sell issues and emotions, not the product itself*

#### *Go beyond the brand*

Companies that create successful brands – Infosys, Intel, Apple – tend to continuously innovate. What is common to these three brands is that they sell issues and emotions that often have nothing to do with the product. In its initial days, Infosys, for instance, would talk frequently about India in its brand communication. By taking a similar approach, Havells has been able to generate sales worth Rs 5,000-6,000 crores in every category it has launched. Ben and Jerry puts activism at the heart of its marketing

campaigns. The ice cream maker has long promoted its progressive social mission, speaking out on issues including democracy, growth hormones in milk, marriage equality and climate change.

#### *Let choice not confuse*

Marketers tend to believe that choice is important to consumers. Research proves, however, that this is not always true. The more choice one has, the more confused one becomes – and this impacts one’s decision-making ability. (e-Commerce sites, for instance, may be offering *too much* variety.) Steve Jobs realised this when he returned to Apple to find 23 different product lines. He eventually brought the number down to four – and while he lived, Apple would only sell *one* model of the iPhone at any point in time. In 2011, Apple had an overall market share of just 13%, but a 75% share of the total profits in its category. CMOs must carefully decide how much choice they wish to offer their customers.

*Offering the customer fewer choices helps him make decisions*

*Steve Jobs built profitability around limited choice*

*BPCL cut out a premium variety of petrol*

Closer home, Bharat Petroleum used to sell 3 types of petrol – Unleaded, Speed and Speed 97. Few people bought Speed 97 (the most expensive), and 24% of sales came from the regular variety of Speed. BPCL thus decided to do away with Speed 97, making it easier for people to choose between the two, while also ramping up its own revenue.

#### *The endowment effect*

When you receive something, even on loan, you might soon be tempted to think of it as ‘yours’. This so-called ‘endowment effect’ can have profound implications for marketers. Online jewellery brand Caratlane leveraged it well, offering consumers free trials at their home. Many ended up buying what they liked. Although much training and effort went into the exercise, it paid off in the end. Women started buying jewellery online, a concept that had seemed unlikely to ever take off in India. This proves that with the ‘right actions’, marketers *can* create desire – and once desire has been created, people *will* buy.

*Caratlane leveraged the endowment effect to build an online market for jewellery*

## THE GENETICS OF A UNICORN

*Kerri Thurston, Chief Financial Officer, C2FO*

Today, we are in the midst of technology revolution where start-ups are building constructive as well as disruptive ideas. This has spawned a new generation of entrepreneurs and business leaders who seem to share a few common attributes: high levels of energy, a large risk appetite, a healthy disregard for conventional wisdom and, above all, the spirit of innovation. US-based fintech company C2FO, which specialises in working capital loans, is an example of a successful start-up that recognised the limitations of financial institutions in providing working capital. Valued at over USD 1 billion, C2FO has created a marketplace for a seamless match between debtors and creditors to enable riskless provisioning of working capital. The teen-aged company's story offers learnings to all companies, young and old.

*C2FO developed the world's first working-capital market...*

### THE EVOLUTION OF THE WORLD'S FIRST WORKING-CAPITAL MARKET

In creating the world's first working-capital market, C2FO was guided by the principle of buyer and supplier collaboration. Founded by Sandy Kemper in 2008, it created an electronic trading platform for accounts receivables, where buyers and sellers could negotiate early payment of invoices in exchange for discounts. Suppliers could take control of their cash flow, while buyers could increase margins. This allows them to earn a better return on short-term cash, improving the financial health of their supply chains. Today in its 12<sup>th</sup> year, C2FO's platform manages over USD 1 billion in funding each week to business borrowers.

*...which has seen hyper growth since 2010*

Since its first transaction in May 2010, C2FO has generated more than USD 245 billion in working-capital flow volumes, and more than 912 million days of accelerated payment. The company received its first round of funding in 2011, followed by subsequent rounds in 2012, 2014, 2015 and 2018. In 2019, it raised USD 200 million from Softbank, Temasek and Union Ventures, bringing its overall valuation to over USD 1 billion. This last round of funding has enabled it to focus on global expansion. Today, it has 180+ India-based and multinational corporations as suppliers on its platform. By 2020, it aims to double its team size in existing geographies such as the US, Canada, UK, India and China; launch in new markets, such as Turkey, the UAE, South Africa, Taiwan and Malaysia; and explore new regions, such as South America.

*7 strategic imperatives...*

### THE CORNERSTONES OF A HIGH-PERFORMANCE CULTURE

The best-performing companies typically display a set of cultural attributes that align with the company's strategy and reinforce the right employee behaviours. To that end, C2FO has seven strategic imperatives that form the cornerstones of a high-performance culture.

*Openness and honesty help build trust*

#### *Build trust*

Leaders at C2FO foster a culture of trust by encouraging employees to be open and honest about their professional goals. Encouraging a candid conversation about people's career paths and opportunities, listening to each team member, and understanding them on a human level help build trust. On their part, leaders facilitate transparency by sharing information and addressing concerns upfront to ensure that everyone is aligned to the company's goals and mission.

*Leaders' actions must match their words*

***Act with integrity***

A culture of integrity exists when employees perceive top managers as trustworthy and ethical. It is therefore crucial that leaders' actions match their words. At C2FO, top management actions, policies and behaviours are consistently aligned to the company's values. Its high ethical standards are visible in dealings with suppliers and vendors.

*Make every decision keeping the customer in mind*

***Do what is right for the customer***

C2FO's culture is customer-centric, which means that every decision is made with the customer in mind. Everyone in the organisation knows how they impact the overarching customer service strategy as well as the entire customer experience. Policies and procedures are made customer-focused and people are then trained on that culture. The bottom line is doing the right thing for the customer even if that calls for bold action. For instance, C2FO let go of its first Fortune 500 buyer when it learnt that the client was not operating in the best interest of its customers.

*Balance global and regional culture by translating values into desired behaviours*

***Know why you are here***

C2FO set its goals in collaboration with its people, who are also involved in decision-making. This creates a higher sense of purpose and provides employees with a secure environment in which to learn and experiment. To embed such cultural values into its DNA, the company goes beyond oral and written communication by translating values into desired behaviours, and ensuring that senior management demonstrates role-model behaviours. This has enabled the company to be agile and to balance its global and regional culture. In fact, this is a key part of its current mandate of integrating companies acquired abroad, such as Priority Vendor in India.

*Think beyond siloes and functions*

***Company before team, team before self***

Many companies are a conglomeration of several 'micro-cultures' that are not necessarily in line with the overall cultural framework. At C2FO, teams are encouraged to think beyond their functions and siloes to put the company first. Individuals are encouraged to put their teams before themselves. This has been instrumental in ensuring a sense of ownership and collaboration among employees.

*Create a fail-safe environment*

***Encourage employees to speak up***

Leaders and managers encourage people to take risks and voice their opinions. The company believes that having a fail-safe environment encourages innovation. Leaders also expect people to be friendly to each other and give space to other's opinions. To that end, the company hires people who are smart, empathetic, passionate and willing to debate.

*Encourage employees to take time off*

***Embrace employees' personal lives***

C2FO has a 'family first' mantra that embraces employees' personal lives. Its people are encouraged to take regular time off to ensure their mental and physical health as well as to raise their productivity and performance. Leaders need to lead by example. For instance, Kerri was sent on a ten-day vacation by her CEO after the hectic series-F funding round.

## THE MIRACLE MAN

*Armstrong Pame, Director, Youth Affairs & Sports, Government of Manipur*

In 2012, Armstrong Pame, an IAS officer, who subsequently came to be known as the ‘Miracle Man’, used crowd-funding to build a 100-kilometre road connecting Manipur with Nagaland and Assam. The son of a school-teacher, and one of 8 siblings, he grew up in a village from which it would take two days by foot just to reach the district headquarters. Until 2012, it even lacked electricity. Armstrong shared the inspiring story of how he went about building a paved road where only a dirt-track had previously existed. Just as inspiring are his personal journey and the numerous initiatives he has taken up since then, with support from the private sector and civil society.

*From early on,  
Armstrong wanted to  
make a difference*

### THE ‘ONE STONE THAT HITS THE GOLIATH’

As a child, Armstrong always wanted to be part of the solution rather than the problems he grew up around. He decided early on that he wanted to become a District Magistrate, not so much for his own sake but to be able to inspire others back home. At the age of 24, he joined the IAS with a clear plan: working within the ‘system’, he would do a bit extra *beyond* it. Much of his time, he knew, would be spent on statutory work, including law-and-order, the delivery of social services and tasks such as the decadal Census. He also knew that the government’s resources, particularly in a state like Manipur, were limited. Budgetary requests for new ideas – such as a road – would go to the Centre. Even if approved, the funds would only arrive with a long delay, by which time Armstrong himself may have been transferred to a new job. His strategy, then, would be to throw as many ‘stones’ (i.e., launch small, positive initiatives) as possible, hoping that at least one would hit the ‘Goliath’ that is poverty and under-development.

*Inspiration came from  
speaking with villagers  
who had lived their lives  
cut off from the world*

### BUILDING THE ‘PEOPLE’S ROAD’

What motivated Armstrong to build his now-famous road? Back in the 1980s, a road *had* been commissioned for the Tusem sub-division of Manipur but – since there was no industry in the area – it was soon abandoned for being commercially unviable. However, there were a lot of people living there and it would take them 14 hours to reach the nearby towns. Armstrong convened a village council meeting, where people told him how tired they were of having to walk long distances. One 92-year-old said that he had been walking all his life, often with a bag of rice on his back. Before he died, he wanted to see a road built so that others would not have to do the same. He offered to contribute 5 months’ of his pension to the cause, inspiring Armstrong to start work.

*Crowd-funding on  
Facebook did  
moderately well...*

The most immediate goal was to connect the villages of Tusem and Tamenglong to a rail-link 30 kilometres away. It was unclear how much this would cost or where the money would come from. Armstrong decided to raise funds on Facebook. He had 2,000 friends on the platform, and reasoned that even if half of them contributed Rs 1,000 each, he would generate Rs 1 million. Adding in his own savings, and contributions from his family, he managed to put together another Rs 500,000 of ‘seed money’.

*...until a ToI article  
came out*

Armstrong’s big break came in November 2012, when an article appeared in the Times of India. Within a few hours, 3 million people had read his story,

and money started pouring in. Tired of hearing about scams, people were happy to see a positive story; one NRI even donated USD 5,000. As the work accelerated, Armstrong continued to post on Facebook and the story went viral, drawing in money from 25 countries. In all, he was able to raise Rs 20 million. A village that had never seen a vehicle before suddenly had 200 arriving at once. Although he was reprimanded by his seniors for side-stepping the normal procedures, Armstrong eventually managed to complete the 100 km 'People's Road.' He believes it would never have happened if not for how the private sector and civil society responded.

**REACHING OUT: Building connectivity...**

Since then, Armstrong has gone on to launch a number of successful public-private initiatives. In 2017, he was posted as District Magistrate in an area where the phone network was almost non-existent: one had to travel to the district headquarters just to catch a signal. The two dominant telecom operators had no money to invest in towers but Armstrong had read about Reliance Jio and its huge expansion plans. He had no way of directly contacting Mukesh Ambani, so he wrote him an open letter on Facebook. Within 2 hours, he got a call from Mr Ambani's office promising that 'something would be done'. Three days later, he got another call from the closest Jio office, and a meeting was set up. Armstrong took care of the land acquisition and other issues, and within 3 months, 6 towers were up and running. When the 2019 Cricket World Cup came along, villagers were able to watch it live on their Jio phones in their paddy fields. More recently, Armstrong has led an effort to offer free, satellite-enabled coaching classes for entrance tests (IAS, NEET and IIT). Over 150 people across 7 remote locations are now able to participate, via a live link with classes in Delhi.

*Tapping into social media again, to get Reliance to invest where others would not*

*...enabling banking access...*

In 2018, Armstrong learned that the single bank branch in his district was planning to wind up. In addition to making things more difficult for locals, this would have slowed the work of government: almost all funding, including for development work, needs to be channelled through banks. He decided to write a business plan and approached several banks. Finally, Canara Bank agreed to set up a branch, which it did in just 3.5 months. The benefits have been huge, helping local people – including a young widow with several children – to tap small loans, such as through the Mudra scheme, that allow them to start businesses.

*Working with Canara Bank to develop local solutions...*

*...and turning around a failing bank*

Armstrong has carried this work forward in his new posting, where he holds additional responsibility for administering a failing urban bank. Under his watch, NPAs have come down from 65% to under 50%, and new lines of business – including stock-market brokerage – have been initiated. Small loans are also now being given to self-help groups, allowing the bank not only to make a profit but also contribute to social justice. Separately, thanks to his efforts, close to two dozen girls from the North-East were able to study nursing for free at the Narayana Health College.

*Building football training centres, and a CoE, with help from the Tata Trust*

*...and fostering excellence in sport...*

Many Indians do well at sports such as football at the national level but few go on to become international stars. What is often missing is the type of rigorous, scientific training that produces a Messi or a Ronaldo. As Director of Youth Affairs and Sports in the Manipur Government since last year, Armstrong decided to tackle the problem. With support from the Chief Minister – himself an ex-footballer – he launched 30 grassroots football centres. However, the funds were limited, which made it hard to provide young students with a healthy, free breakfast. Reaching out to the Tata Trust, he found a positive response and managed to secure funding for footballs, uniforms and food for 50 students – at least a quarter of them girls – at each of the 30 centres. Going a step farther, the Trust agreed to fund a Centre of Excellence – with professional coaches (including foreign ones) – that would cost upwards of Rs 40 million a year to run. The 100 most promising students are now housed there and 10 of them have even been sent on to Madrid for advanced training.

*Public private partnerships are the way forward*

#### **THE ROAD AHEAD**

Having worked in the public sector for years, Armstrong remains a firm believer in government – which, he feels, is the most effective channel for improving lives and making an impact. The private sector alone is not designed to do this but equally, the government needs support from it. Encouragingly, many young people – including high-achievers from comfortable backgrounds – are entering public service. Hopefully, this trend will continue. For his part, Armstrong is going about his work with enthusiasm and pride, taking satisfaction in the ‘little successes’ that arise when the government and civil society join hands.

## THE CFO'S ROLE IN DATA PROTECTION

*Arun Prabhu, Partner, General Corporate Practice, Cyril Amarchand Mangaldas*

The impending enactment of a data protection law in India promises to fundamentally change the operating regime for businesses in this market. Once that happens, it will change how both the government and the private sector collect, process and store data. Loosely based on Europe's General Data Protection Guidelines (GDPR), the new regulatory regime will be far stricter, impacting how business is conducted in India. For businesses, this will have profound implications requiring changes to everything from digital and social media marketing strategies to cross-promotions and big data analytics. As the ultimate custodian for compliance, ethics and integrity, it falls upon the CFO to understand how to prepare the organisation for this emerging paradigm and set the rules of engagement well in advance.

### THREE FUNDAMENTAL CONCEPTS OF THE PDP BILL

At the heart of the new law are three principles that define both its reach and how it will play out in practice:

*Going forward, data can only be used for the purpose for which it was collected, or for incidental or ancillary purposes*

**Purpose limitation:** Data can only be used for the purpose for which it is collected, or for an incidental or ancillary purpose *that would be fairly evident* to the person giving the data. For instance, if a hospital patient shares information about his/her sleep or exercise habits, it may be used to determine the type of healthcare they receive or their insurance coverage. However, if the same data is used by an unrelated entity to profile the individual or to deny them care, that goes beyond the purpose for which they shared the data. This is a fundamental shift from how information is treated today, when everyone from the local corner store to major corporations use data for whatever purpose they think fit, often collecting, storing, bundling, even selling it to someone else.

*Businesses will be able to collect only the data needed for a given purpose...*

**Minimisation:** A natural corollary to this first principle is the idea of data minimisation, which holds that any entity must collect the minimum amount of data necessary to achieve a given purpose. For instance, to check a person's cardiovascular health, a hospital might run a blood test or measure blood pressure, but it cannot, say, take a bone-marrow sample. Similarly, a courier service does not need to check a person's Aadhar number for each delivery.

*...and will have to delete the data once its purpose has been served*

**Storage limitation:** Finally, once the purpose for which a certain piece of data has been collected has been served, that data should be deleted. Hoarding data – either collecting more than is required, or holding on to it longer than needed – serves no purpose and is restrictive of one's fundamental right to privacy.

*The onus of responsibility for managing data has shifted*

In so many words, the law says, *'Collect only what you need, use it only for the stated purposes, and delete it once it has served its use.'* These three principles found expression in Aadhar rulings, where the courts argued that collecting ID numbers can help deliver state subsidies, and to an extent, streamline the direct-taxation system. However, they held that allowing private agencies, banks and telecom companies to use Aadhar numbers for KYC purposes is an overreach and should therefore be struck down. The courts went on to recommend to the government that it frame a

comprehensive law guaranteeing the right to privacy of personal information. Subsequently, the Justice Srikrishna Committee was appointed, and its recommendations formed the basis for the draft legislation. Having been sent to a Joint Parliamentary Committee in 2018, the law remained in cold storage for over a year, until the government laid a revised draft before Parliament in December 2019.

### THE GDPR: SIMILARITIES AND DIFFERENCES

*Much overlap but a few key differences, too*

The Indian PDP Bill is as significant, stringent and rigid as the European GDPR. However, in the GDPR's case, a group of experts provided inputs and guidance over a period of two years, on various aspects of data and privacy protection before the law was finalised. This was not the case in India. One notable difference between the two laws relates to how data breaches are handled. In India, only the data protection regulator can decide whether to issue notifications about such breaches, whereas in Europe, individual organisations are permitted to do so. Another difference relates to the 'right to be forgotten', which in India will involve a longer process. Finally, India has made the 'right to object' to automated decision-making a fiduciary obligation.

### CONSENT AS THE BASIS FOR DATA SHARING

*User consent will be needed to collect and process data*

Going forward, user consent will serve as the primary basis on for sharing data. Being able to attain consent is thus critically important. The terms must be clear, concise, easily comprehensible and the granting of consent must be free, informed and most importantly, capable of being withdrawn. To that end, organisations will need to start maintaining a 'consent score card' that can help identify those who indulge in questionable practices. For instance, someone thinking of subscribing to a matrimonial site should be able to see the consent scores it has earned before deciding whether to proceed. Further, companies can no longer assume that they own the data in perpetuity and will need to send consent notices immediately or soon after obtaining data. All data compromises will need to be reported to the authorities and to data owners.

*Companies need to send notices after obtaining data*

### ANONYMISATION AND DE-IDENTIFICATION

*Two possible work-arounds are firstly to anonymise data...*

Since the PDP Bill applies to personal data that can be used to identify an individual, by definition, it does not cover data that *cannot* be used for identification purposes. Potentially, two processes – de-identification and anonymisation – can generate data that falls outside the ambit of the new law while remaining useful to business. The law requires 'irreversible anonymisation' – or data that cannot be reverse-engineered to reveal personal identities. However, data scientists and mathematicians would argue that, by throwing enough processing power at a dataset, nearly *any* form of anonymisation can be reversed.

*...or to de-identify it*

De-identification is similar to anonymisation, with one crucial difference: the entity conducting the de-identification has the ability to re-identify the data from it. It involves, for instance, removing any identity markers ('Mr X') from the data, replacing it with a code ('number 231'), and storing the linking data elsewhere. (Under US health-data rules – the HIPAA++

standard – datasets are considered de-identified if 18 specific markers are purged.) This reduces both the footprint of the data and the potential damage that might be caused by a data breach.

### **BEST PRACTICES AND THE WAY FORWARD**

*Know what data you have, and how you are using and storing it*

First and foremost, it is important to know what data a company already possesses and how it is using and storing it. Significantly, the law will apply to both online and offline data. This means that, say, a hospital or an insurance TPA with warehouses full of patient files will need to take stock of what they are holding. Meanwhile, nearly *everyone* will need to closely look at what they are collecting and categorise it into sensitive-personal, personal and non-personal data.

*Set up suitable processes at all stages of the data life-cycle...*

Next, it is important to implement suitable processes across the entire data life-cycle. At the point of collection, this will include consent notices – which should be compliant with domestic as well as international standards, and framed on the basis of a ‘privacy by design’ policy.

*...from collection to processing and access...*

In terms of data processing, it is vital to see what is being processed and what permissions are in place. Data will need to be treated as both a liability and an asset. Resultantly, only those people within the organisation who really *need* to access the data should be allowed to do so – and ‘privacy by design’ will become a key ask.

*...storage and localisation*

Data storage, retention and, for specific sectors, data localisation, will require foresight and planning. Information security and fraud prevention systems may need to be ramped up.

*Work with the new, very powerful regulator, not against it*

Finally, any company operating a business that deals with significant amounts of data will need to contend with a new and very muscular regulator fairly soon. The data protection authority will arguably be more powerful than most sector regulators, covering everyone from the local *kirana* shop to the biggest foreign MNC.

At this stage, the draft Bill seeks regulatory harmonisation between the data protection authority and specific sector regulators. As the rules and regulations get firmed up, firms should work closely with both sets of regulators to ensure there is no dissonance in this respect. The data protection authority is required to consider sector-specific regulations and guidance, specifically in terms of defining ‘privacy by design’ policies, consent forms and other such requirements. All of these requirements will lean on existing regulations, including from the RBI, the IRDA and potentially the healthcare regulators.

In many ways, therefore, the ecosystem for doing business in India will shift irreversibly with the new law, and businesses must adapt themselves.

## List of Participants

(In alphabetical order of company represented)

Adobe	Raghuram Krishnan, <i>Chief Financial Officer</i>
Adobe	Shivani Chauhan, <i>Head - Finance</i>
Altimetrik	Chandan Kumar, <i>Chief Financial Officer</i>
AMD	Swetang Vin, <i>Corporate Vice President &amp; Regional CFO</i>
Anviti Insurance Brokers	Amit Agrawal, <i>Chief Financial Officer</i>
Ashiana Housing	Vikash Dugar, <i>Chief Financial Officer</i>
Barings Private Equity Partners	Rahul Bhasin, <i>Managing Partner*</i>
BGGTS-GE Energy	Prabhakar Kenguva, <i>Chief Financial Officer</i>
Bridgestone	Jyotsna Sharma, <i>Chief Financial Officer</i>
BSH Household Appliances	Sathanarayanan Viswanathan, <i>Executive Director and Chief Financial Officer</i>
C2FO	Kashif Kidwai, <i>Director – Business Development</i>
C2FO	Priyanka Bisen Shah, <i>Director – Marketing</i>
C2FO	Ravi Tanniru, <i>SVP – Enterprise Sales India</i>
C2FO	Kerri Thurston, <i>Chief Financial Officer*</i>
Capita	Yatish Doshi, <i>Director - Finance</i>
Century Textiles	Snehal Shah, <i>Chief Financial Officer</i>
Cipla	Kedar Upadhye, <i>Global Chief Financial Officer</i>
Coloplast	Ritesh Kumar, <i>Head of Finance</i>
Creaeigis	SM Sundaram, <i>Chief Financial Officer</i>
CredAble	Ram Kewalramani, <i>Co-Founder, Executive Director and Chief Financial Officer</i>
Crompton Greaves Consumer	Sandeep Batra, <i>Chief Financial Officer</i>
Cyient	Ajay Aggarwal, <i>Chief Financial Officer</i>
Cyril Amarchand Mangaldas	Arun Prabhu, <i>Partner, General Corporate Practice*</i>
DCM Shriram	Sanyog Jain, <i>Vice President - Finance</i>
DDB Mudra Group	Anurag Bansal, <i>Group Chief Financial Officer</i>
Deloitte India	Burzin Dubash, <i>Partner</i>
DHL	Rajesh Seshadri, <i>Chief Financial Officer</i>
DLF Commercial	Navin Kedia, <i>Chief Financial Officer</i>
Dream11	Navin Agarwal, <i>Chief Financial Officer</i>
Elior India	Rohit Sawhney, <i>Chief Financial Officer</i>
ENIL	N Subramanian, <i>Executive Director and Group Chief Financial Officer</i>
Euronet	Piyush Sharma, <i>Chief Financial Officer</i>
EY	Sandip Khetan, <i>Partner &amp; Leader - Financial Accounting Advisory Services, EY</i>
G4S Corporate Services	Pawan Khandelwal, <i>Finance Director India</i>
Gates Unitta	Sandeep Taneja, <i>Director - Finance</i>
GE Digital	Kalpesh Maheshwari, <i>Chief Financial Officer</i>
Government of Manipur	Armstrong Pame, <i>Deputy Commissioner, Tamenglong District*</i>
Häfele	Ashish Sinha, <i>Head Finance</i>

Harman	Vivek Khemka, <i>Vice President - Finance</i>
Healing Himalayas Foundation	Pradeep Sangwan, <i>Founder and Promoter*</i>
ICICI Home Finance	Vikrant Gandhi, <i>Chief Financial Officer</i>
IMA India	Adit Jain, <i>Editorial Director*</i>
Indian Oiltanking	SR Ganeshan, <i>Director - Finance</i>
Invesco	Nishant Mohta, <i>Director - Finance</i>
JK Fenner	Amit Agarwal, <i>Chief Financial Officer</i>
JK Paper	Ashok Gupta, <i>Vice President - Finance and Accounts</i>
Khushi Advertising	Parimal Modi, <i>Chief Financial Officer</i>
KPMG	Manish Kapur, <i>Partner</i>
LeasePlan	Nitu Samra, <i>Finance Director</i>
LM Wind Power Blades	Nagesh Bailur, <i>Chief Financial Officer</i>
Manipal Cigna	Manoj Naik, <i>Chief Financial Officer</i>
Marketing Unplugged	Suman Srivastava, <i>Founder and Innovation Artist*</i>
Mindworks	R Gopalakrishnan, <i>CEO*</i>
Nandos	Vishal Gupta, <i>Chief Financial Officer</i>
NIIT	Sanjay Mal, <i>Executive Vice President - Head of Finance and Corporate Strategy</i>
Nspira	KS Sastry, <i>Chief Financial Officer</i>
NTT Netmagic	Alok Bajpai, <i>Global Chief Financial Officer</i>
PayU	Maneesh Goel, <i>Chief Financial Officer</i>
PayU	Nameet Potnis, <i>Vice President - Marketing</i>
PayU	Nupur Batra, <i>Associate Director Corporate Sales</i>
PayU	Shubham Tandon, <i>Director - Sales</i>
Portescap	Amitava Sur, <i>Managing Director and Chief Financial Officer</i>
Portescap	Pragnesh Shah, <i>Director Finance and Chief Financial Officer</i>
Praxair	MV Pavan, <i>Vice President - Finance</i>
PSIPL	Vimal Ladha, <i>Chief Financial Officer</i>
Radhakrishna Foodland	Girish Deshpande, <i>Chief Financial Officer</i>
Raymond	Sanjay Bahl, <i>Group Chief Financial Officer</i>
Sai Life Sciences	Jayant B Manmadkar, <i>Chief Financial Officer</i>
Samsonite	Prameesh Barlota, <i>Director Finance (Chief Financial Officer - India and Middle East)</i>
Sansera	Vikas Goel, <i>Chief Financial Officer</i>
Saregama	Vineet Garg, <i>Chief Financial Officer</i>
Savita Oil	Suhas Dixit, <i>Whole Time Director and Chief Financial Officer</i>
Schueco	Bhalchandra Kadam, <i>Head Finance and IT</i>
Shell India Markets	Padma Char, <i>India Country Finance Manager and Director Finance</i>
Societe Generale	Puneet Malhotra, <i>Chief Financial Officer</i>
Sodexo	Rohit Bahety, <i>Country President and CFO - India</i>
Stanley Black & Decker	Shreyas Kumar, <i>Head - Finance</i>
Synchrony	Ramesh Kambhampati, <i>India Finance Controller</i>
Target	Anand Venkateswaran, <i>Vice President - Finance</i>
TE Connectivity	Joydeep Nag, <i>Director - Controller</i>

Terumo  
The Hindu  
Times Innovative Media  
Times Internet  
Toyota Kirloskar  
TransUnion CIBIL  
TVS Motor

Virender Bansal, *Director Finance, Supply Chain, IT and Legal*  
Suhasini Haider, *Diplomatic Editor\**  
N Shekhar, *Chief Financial Officer and Director - Operations*  
Joy Basu, *Chief Financial Officer*  
Swapnesh R Maru, *Vice President - Finance and Legal*  
Rajeev Mantri, *Chief Financial Officer*  
SG Murali, *Advisor*

*\* Speakers at the Roundtable*



**A Healing Himalayas Initiative**

# **INVITING CSR CONTRIBUTIONS FROM CORPORATES**

It's the only home we have. Its  
future is in our hands.

---

**LET'S KEEP THE PLANET  
CLEAN AND GREEN.**

Garbage is one of the most challenging factor that pollutes the environment everywhere. We have decided to clean this mess in all the major hill stations starting with Manali as our Pilot Project.

We organise special activities, mass clean-ups and events in the community and schools to create the awareness level of the society towards restoring the environment.

**Pradeep Sangwan | +919278626960**  
**[www.healinghimalayas.org](http://www.healinghimalayas.org) | [Pradeep@healinghimalayas.org](mailto:Pradeep@healinghimalayas.org)**