

IN THE NEWS

Sebi amends guidelines for REITs, InvITs

SEBI ON Tuesday amended guidelines for Real state Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) to ease the process of public issue of their units, reports PTI. Now, these trusts can accept only Applications Supported by Blocked Amount. Among others, the manager will announce the floor price or price band at least 2 working days prior to the opening of the bid in case of an IPO.

RBI to inject ₹10k cr through open market ops

THE RESERVE Bank of India (RBI) on Tuesday said it would inject ₹10,000 crore into the system through purchase of government securities on January 17 to increase liquidity, reports PTI. The purchase will be made through open market operations (OMOs). RBI has so far injected ₹20,000 crore through OMOs in January.

10% quota: Govt to increase 25% seats in varsities

THE HRD ministry on Tuesday announced that it will implement 10% reservation for the economically weaker section of the general category from the 2019 academic session and increase around 25% seats in higher educational institutions and universities across the country, reports PTI.

Experts, however, say crude remains volatile and may lead RBI to wait and look at data for another quarter before reducing rates

THE BENCHMARK EQUITY index, Sensex, on Tuesday rallied nearly 465 points after falling retail inflation raised hopes of a rate cut by the Reserve Bank of India (RBI), leading to intense buying in rate-sensitive stocks. Private sector lender Yes Bank emerged the top gainer with 3.86% gain, followed by Infosys at 3.66%, Vedanta 3.03%, Reliance 3.02% and TCS 2.74%. The Sensex settled 464.77 points, or 1.30%, higher at 36,318.33, snapping three ses-

IT STOCKS LEAD RALLY

Sensex surges 465 pts on hopes of rate cut

TOP GAINERS

■ Yes Bank emerged the top gainer with 3.86% gain

■ Infosys, TCS notch up gains; Nifty IT index rose 2.3%

■ Wipro shares advanced 3.8% in their best intraday percentage gain since Dec 13

AGENCIES

Mumbai, January 15

December 13, after it said on Monday that a bonus share issue will be considered in its board meeting on Friday. Banks also cheered the inflation relief with most of them trading in the green. Bajaj Finance, Bharti Airtel, Tata Motors, Hero MotoCorp, HUL, Asian Paints, HDFC duo and ONGC were the other prominent gainers in the Sensex pack. Bucking the trend, Maruti, PowerGrid and ICICI Bank ended in the red. Market sentiment became upbeat after retail inflation dropped to an 18-month low of 2.19% in December, creating headroom for the Reserve Bank to ease monetary policy. Another set of official data showed that the wholesale inflation too eased to an eight-month low of 3.80% in December. This is the final price print before the central bank's Monetary Policy Committee meets next month to decide on rates.

GETTING DIGITAL

UPI: Banks bat for adding small merchants as peers

If proposal accepted, eligible merchants will not need to shell out MDR or fee charged by banks for offering payment acceptance

SHRITAMA BOSE

Mumbai, January 15

WITH A VIEW to driving digital transactions, banks have suggested to the government that smaller vendors be on-boarded as peers, thereby sparing them the merchant discount rate (MDR). Banks have asked the government to consider giving small vendors the status of peers for QR-based Unified Payments Interface (UPI) transactions. If the suggestion is implemented, the eligible merchants will not need to shell out the MDR, or the fee charged by banks for offering payment-acceptance infrastructure. The MDR for UPI transactions stands at 0.25% for transactions under ₹1,000 and 0.65% for all other transactions. An executive with a large private sector bank pointed out that small merchants were averse to transacting digitally because of the high MDR. "In UPI, conceptually, a small merchant can also be on-boarded as a peer. These will be vendors below a certain threshold, not the bigger ones," the executive explained. While UPI transactions have grown manifold since the launch of the payment mode in 2016, peer-to-peer (P2P) transactions account for an overwhelmingly large share of the pie. In December 2018, a total of 620 million transactions worth ₹1.02 lakh crore were made using the UPI channel.

UPI transactions

■ Volume (million)

■ Amount (₹ crore)

13,144

1,02,595

620

No. of banks live on UPI

Source: NPCI

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SHORT BREAK

Jaitley flies to US for medical check-up

PRESS TRUST OF INDIA

New Delhi, January 15

FINANCE MINISTER Arun Jaitley unexpectedly left for the US for a medical check-up following a kidney transplant last year, sources said. Jaitley, 66, who had a kidney transplant operation and follow-up check-ups at AIIMS last year, left for the US on Sunday night for a "regular medical check-up", sources said, adding that he would be back by this weekend. This is Jaitley's first overseas visit since his kidney ailment was confirmed in April last year. He was supposed to be a key note speaker at the 7th CD Deshmukh Memorial Lecture organised by National Council of Applied Economic Research (NCAER) on Tuesday evening. Jaitley, who was last week named the publicity head of BJP for the general elections, is to present the BJP-led NDA government's sixth and last budget on February 1, before the general polls due by May. Though it is supposed to be an interim Budget, seeking Parliament's approval for government spending for first four months of 2019-20 fiscal year beginning April, it is widely expected that his speech would be a full-length Budget speech. The new government will present the Budget for the fiscal in July. Jaitley is unlikely to attend the World Economic Forum (WEF) annual meeting in Davos, Switzerland next week as his name does not figure in the latest list of registered participants. The earlier list had his name, including for an official session on emerging markets outlook. Jaitley on May 14, 2018, undergone a renal surgery and was out of the finance ministry for nearly 100 days. During this period, railway and coal minister Piyush Goyal was given additional charge of the finance ministry.

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Special Feature

Align tax saving investments with asset allocation strategy

List investment goals, time horizon, anticipated returns from different equity-linked and debt-related investments, then reap the compounding benefits and save tax, too

■ Personal Finance, P13

Quick Picks

Lanco Infratech liquidation: EPC firms face similar fate under IBC

THE LIQUIDATION of Lanco Infratech, which was posted for liquidation by NCLT on August 27 last year, would come as no surprise to anyone who has been tracking the fate of EPC firms under IBC. Unlike asset-heavy businesses where the land is owned or leased by the companies, the value of EPC firms is derived from intangibles, none of which survive the bankruptcy proceedings, anecdotal evidence suggests. The Lanco Infratech counsel made a similar point during hearings to determine whether the debtor should be admitted for proceedings under IBC, reports **Mitali Salian** in **Mumbai**. **PAGE 10**

GST: GoM to study 'composition scheme' for realty sector

THE GOVERNMENT on Tuesday said a seven-member panel of state finance ministers will consider the proposal of a 'composition scheme' for the real estate sector under GST and recommend a mechanism for the same to the GST Council, reports **fe Bureau** in **New Delhi**. The panel will be headed by Gujarat deputy chief minister Nitin Patel and will also have the finance ministers of Maharashtra, Karnataka, Kerala, Punjab, Uttar Pradesh and Goa as members. The group of ministers (GoM) is tasked with analysis of GST rate on the sector, including issues in view of the proposal for shoring up the sector. **PAGE 2**

STRONGER NET

Spotting tax evasion easier under GST

SUMIT JHA

New Delhi, January 15

AS A MULTI-STAGE levy, the goods and services tax (GST) was supposed to make evasion difficult, but the figures for the first nine months of the current fiscal show either evasion has increased or its detection has become more efficient under the GST regime. In April-December of FY19 (the first fiscal year in which GST existed right from the start), the Centre's machinery has detected evasion of GST and the central taxes (excise and service tax that got subsumed in it) of ₹48,555 crore, up 50% over comparable evasion detected in the whole of FY18. Of course the pre-GST and GST periods are not strictly comparable as state VAT also collapsed into GST. But it needs to be noted that the Centre's administrative jurisdiction over indirect taxes has only shrunk after GST launch (it now handles only 50% of the assessee above ₹1.5 crore turnover whereas in the pre-GST regime, all manufactures above ₹1.5 crore and service providers above ₹10 lakh turnover were under its administrative control). Tax experts say rather than an increase in evasion GST has allowed easier detection of such instances and more efficient recovery of the taxes because of the centralised database and the IT platform GSTN. The arrests made by tax officials across the country for GST evasion show a large part of such practices could be traced to companies dealing in metal scraps and ores.

Indirect taxes*

(₹ crore)

■ Evasion detected

■ Recovery

23,619

32,205

13,908

FY17

FY18

FY19 (April-Dec)

Source: Parliament

*Administered by the Centre's machinery, FY17 data of central excise and service tax; FY18 and FY19 figures are of GST, excise and service tax

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MS Dhoni scores the winning run against Australia during the second ODI in Adelaide on Tuesday. Skipper Virat Kohli termed the unbeaten 55 off 54 balls 'an MS classic'.

Not finished yet

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KARNATAKA ON BOIL

Two MLAs withdraw support to HDK govt

Nagesh from Mulbagal, released letters addressed to the governor stating their withdrawal of support. Both have suggested dissatisfaction with the Congress-JD(S) coalition as the reason for pulling out, though it is unlikely to affect the coalition government. The Congress's 80 MLAs and JD(S) with 37 enjoy a clear majority in the 224-member Karnataka Assembly, where the halfway mark is 113.

EXPRESS NEWS SERVICE

Bengaluru, January 15

A DAY AFTER Congress minister DK Shivakumar alleged MLAs were being lured to topple the Congress-JD(S) government in Karnataka, two Independent MLAs on Tuesday withdrew support to the government led by HD Kumaraswamy. The two Independent MLAs, R Shankar from Ranebennur, who was dropped from the state Cabinet in December, and H

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Trade jitters

FE BUREAU

Deficit shrinks, but exports still a concern

Merchandise export growth slowed for a second straight month to just 0.34% in December 2018 while imports contracted by 2.44%, the first drop since September 2016, narrowing trade deficit to \$13.1 billion, its lowest since February 2018. ■ P2

■ Trade deficit (\$ bn)

(% change, y-o-y) RHS

Exports

Imports

21.1

12.4

0.34

-2.44

13.1

Dec 2017

Jan

Feb

Mar

Apr

May

June

July

Aug

Sept

Oct

Nov

Dec

2018

Source: Ministry of commerce

WIDENING GULF

Qatar Airways says Jet supported by 'enemy', rules out stake buy

ARUN NAYAL

Mumbai, January 15

QATAR AIRWAYS CEO Akbar al-Baker on Tuesday said that the company will not buy a stake in the cash-strapped Jet Airways as a 24% stake in the airline is held by Etihad Airways, whose owner Abu Dhabi is an "enemy" of Qatar. Abu Dhabi is part of the United Arab Emirates (UAE) that cut ties with Qatar in 2017 over accusations of supporting terrorism. Doha denies the charges. The UAE together with Saudi Arabia, Egypt and Bahrain have banned Qatar Airways since June of that year as part of the dispute. "We would definitely look at it (Jet Airways) if a 24% stake was not held by Etihad," al-Baker said on the sidelines of an aviation conference in Mumbai. "How can I take a stake in an airline which is owned by our adversary?" Etihad is currently planning to increase its stake in Jet Airways to 49% which is looking for fresh fund infusion. Once Etihad takes its stake beyond the current 24% it will need to make an offer and the current 51% stake of promoter-chairman, Naresh Goyal will decline and he will lose the controlling position in the carrier. Al-Baker said Qatar Airways would be "delighted" to take a stake in low-cost carrier, IndiGo, "but not in an airline where substantial ownership is by the enemy of my country", he said, referring to Jet. Qatar Airways has previously also expressed an interest in investing in IndiGo. On Tuesday it also said it is in talks with IndiGo and GoAir for code share agreements to enhance its presence in the Indian aviation market. A code share agreement allows airlines to tap passengers on each other's network. Akbar al-Baker also said he is interested in having a fully-owned airline in India but regulations do not permit this under the current foreign direct investment in the aviation sector.

■ Qatar Airways continues to be interested in picking up stake in IndiGo

■ Currently, it is exploring code share agreement with it & GoAir

■ Qatar wants to have a fully-owned airline in India

■ However, aviation sector FDI regulations do not permit this

