

SMALLER HARVEST

After a bumper season in the previous year, agricultural production is expected to decline in 2018-19. This will be driven by a fall in production of pulses and coarse cereals. Production of foodgrains, coarse cereals and pulses hit a record high in 2017-18. The fall in 2018-19 is due to a disappointing kharif season when production of all major crops is estimated to have declined. The rabi season is also expected to be unsatisfactory

PRODUCTION Estimated decline in 2018-19 (in %) | Production in 2017-18 (in million tonnes)



Production in 2017-18 (in million bales)



Note: A bale is 170 kg

Source: CMIE, Department of Agriculture, Cooperation and Farmers Welfare

Shares, M&A deals to get a bit costlier due to new levy

Amendment Will Result In Stamp Duty On All Equity Pacts

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New Delhi: Purchase of listed shares and mergers & acquisitions is set to get a tad expensive, with the government proposing to bring all transactions within the ambit of the amended Indian Stamp Act in the interim budget as part of a revamp of the 120-year law, which was seen to be ridden with loopholes.

The reforms, which are part of the Finance Bill moved by Piyush Goyal on Friday, have sought to bring transactions involving demat shares, which were hitherto exempted from payment of stamp duty, as well as derivatives (including commodities, currency and interest rate) within ambit of the law, while also centralising several functions. So far, demat shares are exempted from stamp duty, while those

RATE CARD

Instrument	Stamp duty (%)
Issue of debentures	0.005
Transfer/re-issue of debentures	0.0001
Issue of security other than debentures	0.005
Transfer of shares (delivery)	0.015
Transfer of shares (non-delivery)	0.003
Derivatives	0.0001-0.003
Repo on corporate bonds	0.00001
G-secs	0

Source: Finance Bill

In physical form attract a levy. Even in case of M&As, where shares were transferred through depository slips, there will now be a levy.

Under the proposed centralised collection system,

stock exchange or depositories will collect the stamp duty on sale or transfer of securities and then transfer the money to states. "This will result in a lot of efficiency in the entire process of collection of stamp duty and reduce instances of evasion across the country. It will have a positive impact on the stamp duty collection across the country," said Anshul Jain, partner at consulting firm PwC.

Market players said there was widespread evasion in several states, which will now be checked. At the same time, stamp duty rates for issuance of shares and debentures have been reduced to a large extent, although exemption available to non-marketable debentures and debentures issued after a mortgage deed has been taken away. The move is widely seen to be aimed at rationalising the process,

reducing litigation and putting a check on misuse of the facility.

Some of the changes, where the Centre has the power to levy stamp duty, would come into force immediately. But for cases which come under jurisdiction of states, the impact would be subject to amendments by the states under their respective laws and schedules, consultants said. For instance, stamp duty on issue of shares or transfer of debentures is currently collected by states, this is now proposed to be levied by stock exchanges and depositories.

"While the process of collection of stamp duty seems to be streamlined, we do await clarity on the interplay of allocation of stamp duty between the Centre and state governments," said Amrith Shah, partner at Deloitte Haskins & Sells LLP.

Blackstone to own 100% in Aadhar Housing Fin

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Bengaluru: Blackstone will make a fresh capital infusion of Rs 800 crore in Aadhar Housing Finance and also buy out the 17% stake held by World Bank arm IFC for about Rs 400-500 crore, according to sources familiar with the matter, as it closes its first major financial services deal in the country. The fresh capital infusion will double the net worth of Aadhar and cut its debt-to-equity ratio by half.

This would also give Blackstone a 100% stake in the company, in which 80% was owned by troubled NBFC player DHFL and its promoter group Wadhwan Group. The deal has valued the affordable housing-focused Aadhar at around Rs 2,700 crore, which has assets of around Rs 10,000 crore, and a network of 316 branches across 19 states.

₹800CR FRESH INFUSION

Blackstone pipped Baring Private Equity Asia and Hero FinCorp to acquire Aadhar by moving quickly after reports of alleged fraud at DHFL last week. This caused DHFL shares to fall by nearly 50% during the week, and Blackstone emerged as a white knight by submitting a fully negotiated contract as bids closed on Thursday. Blackstone's total Rs 3,500 crore investment comes in as a confidence booster for the NBFC space, which has been hit by a liquidity crunch following the IL&FS crisis. "Most NBFCs of scale are always listed and this is a very rare opportunity as Aadhar is the largest player in the affordable housing finance segment," said Amit Dixit, senior MD & head of India Private Equity at Blackstone.

Amazon fills up cart with new sellers

Over Half A Dozen Entities Take Up Major Part Of Key Players | Delivery A Worry

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Bengaluru: After removing critical alpha-sellers in which it owned a stake like Cloudtail and Appario to comply with FDI rules, over half a dozen new sellers have emerged on Amazon India. These sellers are now moving a significant part of Cloudtail and Appario's inventory but delivery timeliness remains a concern for the local arm of the Seattle-based e-tailer, as these items are taking 4-5 days as compared to 1-2 days earlier.

People aware of the matter said Sigma Online is one of the new largest sellers and there could be about six such alpha-sellers who would be critical for Amazon under the new regulations.

Amazon India country head Amit Agarwal is believed to have held discussions with senior executives over the new norms reducing Amazon's day-to-day sales by 20-25% over the weekend. Since Friday, Amazon had to remove lakhs of products from its marketplace across core categories that drive sales from Amazon Echo products to smartphones to apparel.

The new policy puts a series of curbs on how both Amazon India and Flipkart operate—restricting discounts, no ownership in sellers on the marketplace platform and disallowing exclusive product launches—forcing them to restructure operations and take a hit on sales. Incidentally, promotional messages claiming exclusivity of certain

products have also vanished in the last two days.

While Flipkart seems to be relatively less impacted by the new rules so far, both Amazon and Flipkart have held talks with large distributors for inventory management for new sellers and their warehousing requirements. Sigma Online is scaling up on Amazon but there are several smaller sellers like A to Z Supermart and Saharwal Super Market

research firm Marketplace Pulse, Cloudtail and Appario were among Amazon's top 20 sellers globally. Over the weekend, Amazon's day-to-day sales were hit by about 20-25%. Cloudtail is a JV with Narayana Murthy's investment firm Catamaran and Appario Retail is a JV with Ashok Patni family office

COMING ON BOARD

- The FDI clarifications effective February 1 have forced Amazon and Walmart to rejig operational structures
- The inventory of Cloudtail and Appario (where Amazon is JV partner) is being moved via new set of sellers
- Sigma Online has emerged as one of the new large sellers on Amazon
- According to e-commerce

- research firm Marketplace Pulse, Cloudtail and Appario were among Amazon's top 20 sellers globally
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- Cloudtail is a JV with Narayana Murthy's investment firm Catamaran and Appario Retail is a JV with Ashok Patni family office

that have just been launched in the last 24-48 hours, selling grocery and FMCG products for Amazon Pantry, which had stopped selling products on Friday.

"Sigma Online is moving our products right now which was procured by Cloudtail. They have identified about five to six such new sellers who would be listing these products that were removed on Friday," a senior executive of a leading fashion brand said. The ownership structure of these new seller firms is still unclear.

For brands like Xiaomi, which relies on online chan-

distributors of traditional retail conglomerates to avoid any hiccups in the coming months, once the existing inventory runs out," this person added.

Typically, e-tailers buy products for about six to eight weeks in advance from various brands and manufacturers to have adequate stock. "We do not comment on speculation nor comment on behalf of sellers," a spokesperson of Amazon said. Flipkart said it had no comments to offer. Cloudtail CEO Sumit Sahay—where Amazon is a JV partner; declined to comment.

Goyal will address RBI board on Feb 9

New Delhi: Finance minister Piyush Goyal is scheduled to address the customary post-budget meeting of the central board of the RBI on February 9. The meeting will take place two days after the sixth monetary policy review which is expected to take a call on policy rates.

According to sources, the board meeting would also take up request of the government for interim dividend for the current fiscal. The government expects Rs 28,000 crore from the RBI as interim dividend for the current fiscal based on the financial position of the first half of the central bank. The RBI, which follows July-June financial year, paid Rs 40,000 crore as dividend for the current fiscal. [A9CVC13](#)

Govt expects fisc deficit to be better than estimate

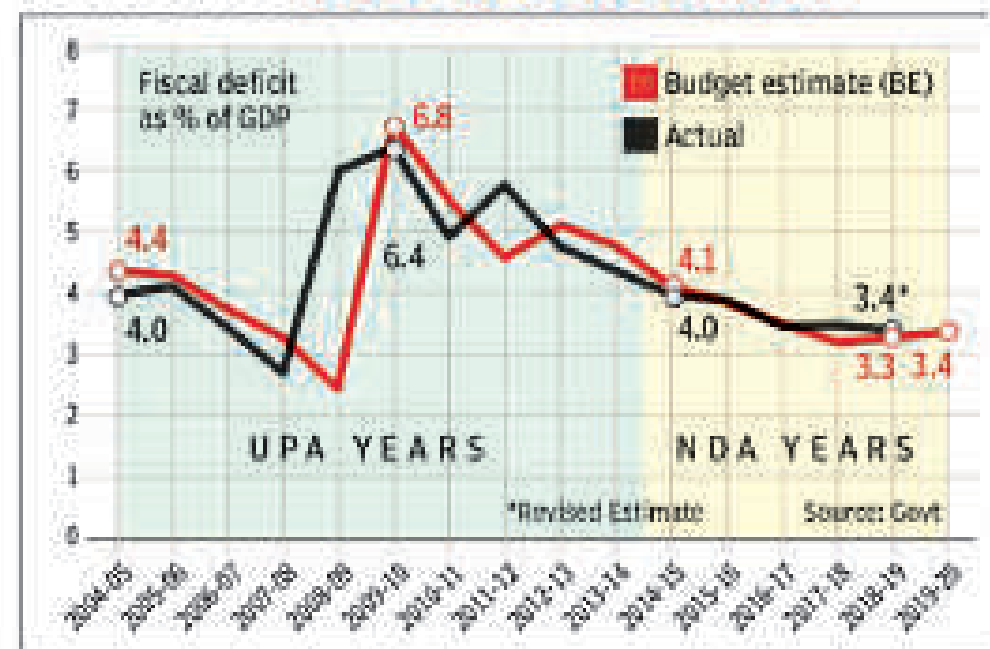
TIMES NEWS NETWORK

New Delhi: The revised GDP estimates are expected to help the government close the current financial year with a fiscal deficit of 3.2% of GDP with the figure expected to dip further to 3.1% in 2019-20.

In the budget documents, the government has estimated that the economy will grow 15.5% on a nominal basis to Rs 270 lakh crore during 2019-20 compared to Rs 184 lakh crore in the current financial year. But, with the Central Statistics Office revising the estimates for 2017-18 on over of the budget, the government now estimating growth to be higher in the subsequent years. Economic affairs secretary S C Gang had said that GDP for 2019-20 was now expected to be around Rs 255 lakh crore, which will help the government show a lower deficit.

Although the government has faced lull for "missing" the 3.3% fiscal deficit target during the current fiscal and esti-

NEED FOR FISCAL PRUDENCE



imated the difference between spending and receipts and loan recoveries at 3.4% of GDP in the budget papers, officials said, the divergence is not significant.

"We were mindful of the fiscal headroom and political leadership was on board. There is hardly any deviation from the fiscal roadmap as was the

case earlier," said an officer. While governments have been targeting fiscal deficit of 3% of GDP barring 2007-08, when the GDP numbers helped meet the target, the actual number has usually been higher. In fact, during 2008-09 the UPA government reported fiscal deficit of 6%, which went up to 6.4% in the next fiscal.

Essel seals pact, gets time till Sept

Mumbai: The Essel Group said on Sunday that it has sealed a formal agreement with its lenders to keep it afloat, under which it gets time till September to deleverage or pay its debt.

The agreement is with those lenders who have taken pledged shares of the group flagship and listed entities, Zee Entertainment Enterprises and Dish TV India. On January 27, the group had confirmed that an understanding with the lenders had been achieved, which was finalised Sunday.

The agreement was not to declare the company a defaulter as it had admitted that it could service the debt only up to December. "As per the consent, the lenders have agreed that there will not be any event of default declared till September 30, 2019, due to the movement in the stock price of Essel Group's mentioned listed corporate entities," the company said in a late evening statement. [A9CVC13](#)

3 state-run insurance cos' merger not likely soon

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New Delhi: The merger of three state-run insurance companies is unlikely to happen anytime soon, with the government preferring to move carefully on the issue, while the department of investment and public asset management (DIPAM) is not averse to take on the task of stake sale in public sector banks, a top official has said.

FM Arun Jaitley in his 2018-19 budget speech had said that the three public sector general insurance companies—National Insurance Company, United India Assurance Company and Oriental India Insurance Company—will be merged into a single entity and subsequently be listed.

The plan was part of the overall government strategy for consolidation in the public sector enterprises space.

"Mergers take time and you should take time in mergers anywhere. I am telling you with experience mergers have natural obstacles in

CAUTIOUS MOVE

terms of culture and manpower if nothing else. So, once you align the business then you should start aligning the culture and manpower and you have to go to the last man to be able to do so. Mergers are one of the difficult transactions, it calls for skills, which are not available in abundance," DIPAM secretary Atanu Chakraborty told TOI. "I am not able to put a timeline be-

cause I have not reviewed it. I intend to do so," he said.

DIPAM had asked the department of financial services to get the issue of merger of the three companies examined and prepare a fresh road. There is a view within the government that the issue needs to be thoroughly examined before rushing into a merger.

Chakraborty also did not rule out taking over the task of stake sale in state-run banks within the parameters of the policy now in place. "Last year has not been the best for banks. So, we have not examined that issue in detail. Any disinvestment shakes up the company. We want them to be healthy before we take any decision," he said.

Banks power cashless campuses

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Bengaluru: For class attendance to samosas at the canteen, banks have tied up with educational institutions for debit-cum-NFC cards that function as a regular debit card and can be used for micro-payments.

The cards can serve as identity card (with the student's name, photograph, roll number) or a prepaid/debit card or library membership card (tracking readership, books borrowed) or attendance card (access to gym, classes, labs) or billing card (usage of college facilities such as canteen, bus, shuttle).

DCB Bank, Visa and money management app Slonkit together have issued a multipurpose card as a prepaid card—linked to a mobile wallet, which also lets students check their balance, and budget their monthly expenses. The mobile wallet/app also helps educational insti-

CARD FOR CONVENIENCE

Participating banks | ICICI, Karur Vysya, City Union Bank, DCB

Campuses	Usage by students
VIT Engineering, IIT-Madras, ISB and SASTRA University	Can pay at the Canteen. Also serves as an ID card for attendance and library membership

tutions to send push notifications to students regarding exam dates, fees, etc.

"We have 12 colleges, which have signed up with us...polytechnic colleges, arts & science and engineering colleges in Mumbai and Delhi. We have 75,000 students on our network and handle 2 lakh transactions a month since we rolled this out in April-May 2018," said Praveen Kuttu, president, head retail & SME banking, DCB Bank. "The average volume of transactions a week is 2.5 transac-

tions, with students spending on average between Rs 800-3,000," he added.

ICICI Bank first turned its own campus cashless with "Tap-N-Pay" cards, before starting work at Infosys and Indian School of Business. "The semi-closed prepaid card solution works like a unified stored value smart card. Existing ID or access cards issued to employees, teaching staff or students can be used for cashless transactions," said an ICICI Bank representative.

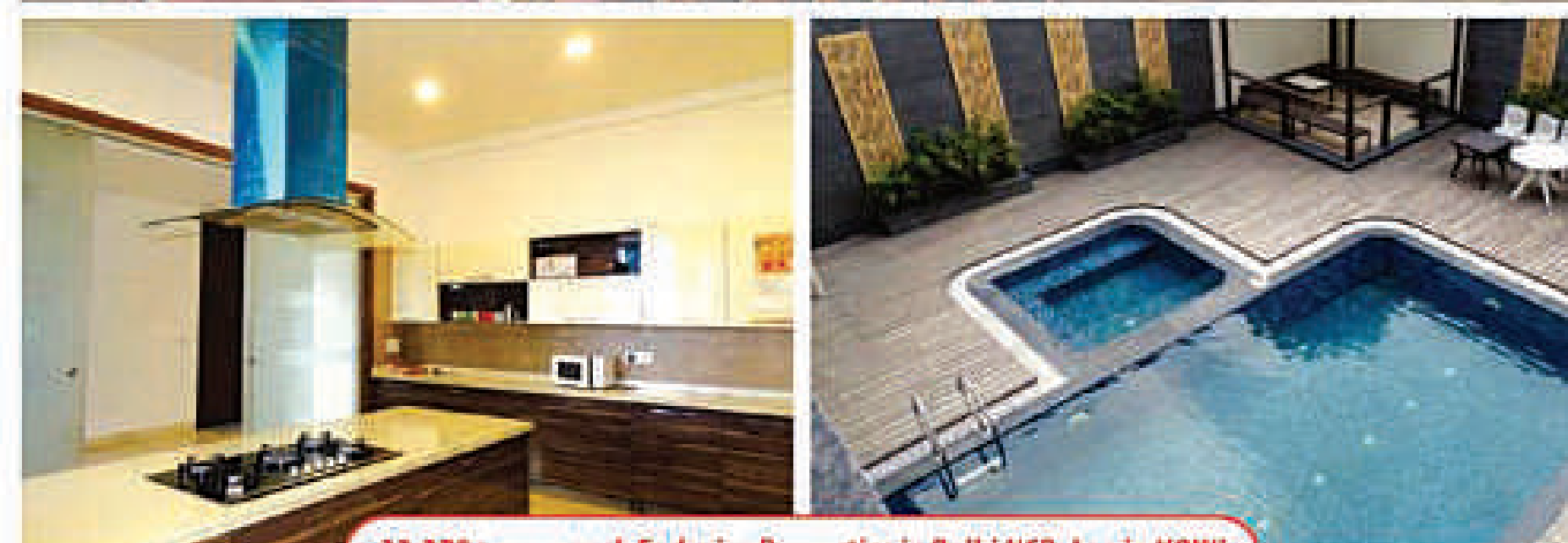
The card can be instantly loaded by sending an SMS to ICICI Bank or by topping it via UPI. "It reduces transaction time at the counter during lunch hour and coffee breaks. It also provides for seamless settlement between merchants," said ICICI Bank. Tamil Nadu-based Karur Vysya Bank has helped many educational institutions, including VIT Engineering, Vellore, go cashless. The card proved particularly helpful during cyclone Varuhal.



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