



**THE MARKETS ON FRIDAY**

	Chg#
Sensex	36,546.5 ▼ 424.6
Nifty	10,943.6 ▼ 125.8
Nifty futures*	10,957.3 ▲ 13.7
Dollar	₹71.3 ₹71.5**
Euro	₹80.9 ₹81.0**
Brent crude (\$/bbl)**	61.7** 61.6**
Gold (10 gm)**	₹33,060.0 ▲ ₹60.0

\*Feb. Premium on Nifty Spot; \*\*Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBSA

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## WORLD P5 US CONSIDERS WITHDRAWAL OF ZERO TARIFFS FOR INDIA

## WEEKEND SEPARATE SECTION INSIDE THE HOME OF INDIA'S NEXT CRICKETING HOPE

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## GoM FAVOURS 5% GST RATE FOR HOUSES UNDER CONSTRUCTION

The long-awaited struggle for the beleaguered real estate sector might end soon. A group of ministers (GoM) on Friday batted for a cut in the goods and services tax (GST) rates on under-construction houses. At its meeting, the panel headed by Gujarat Deputy Chief Minister Nitin Patel favoured lowering of GST rates on under-construction houses from 12 per cent with input tax credit to 5 per cent without input tax credit. Similarly, it pitched for reducing the rate for under-construction affordable houses to 3 per cent without input tax credit from 8 per cent.

## Tax concession limit for start-ups may be raised

The government is contemplating raising the investment limit for availing income tax concessions by start-ups and provide a more clear definition for the purpose, sources said. Giving relief to budding entrepreneurs last year, the government allowed start-ups to avail tax concession only if the total investment, including funding from angel investors, does not exceed ₹10 crore.

## BACK PAGE P24 FM says Budget was not election-oriented

Finance Minister Piyush Goyal on Friday said the measures announced in the interim Budget were not taken keeping in mind the upcoming Lok Sabha elections. "The Budget was not election-oriented, there were 100 things on the table... Issues of need and urgency could not wait," Goyal said.

## BREAKFAST WITH BS

### Taking on the world

Labels make ARUNA ROY cringe. The political and social activist tells Arundhati Dasgupta that she has learnt to turn a deaf ear to the epithets hurled her way.



## BS ON SATURDAY SPECIALS

### WEEKEND RUMINATIONS: Back to the future

Lurking hidden in the new bout of welfarism seems to be an admission that the state can't deliver anything other than cash. TN NINAN writes

### NATIONAL INTEREST: Modi's slipping on the Rafale slope

All the Modi gop needed to do was come clean on Rafale — we dismissed bureaucratic objections as we wanted deal done quickly for IAF, writes SHEKHAR GUPTA

### COMPANIES P3 Essar Steel's operational creditors move SC

Nearly 28 operational creditors of Essar Steel have moved the Supreme Court, challenging the National Company Law Appellate Tribunal's directions to the Ahmedabad Bench of the National Company Law Tribunal. The tribunal had said all the operational creditors could not be given a day-to-day hearing.

### COMPANIES P2 Tepid demand keeps car sales in slow lane

Car sales, a key indicator of the economy, continued to remain tepid in January due to poor demand. This was a result of high fuel price and insurance costs. Manufacturers, too, dispatched slowly to correct high inventory at dealerships. Data from the Society of Indian Automobile Manufacturers showed passenger vehicles reported a decline of 1.87 per cent in sales in January.

### ECONOMY P6 Congress demands JPC probe into Rafale deal

The Congress on Friday reiterated its demand for a joint parliamentary committee (JPC) probe into the Rafale fighter jet deal, following a news report that claimed the defence ministry had objected to the Prime Minister's Office (PMO) conducting parallel negotiations with the French to seal the deal in 2015. ARCHIS MOHAN reports

# Reliance Group blames NBFCs for share rout

Says sale of pledged shares by L&T Finance, Edelweiss illegal; the two firms refute charges

JASH KRIPLANI & SAMIE MODAK  
Mumbai, 8 February



Anil Ambani, Chairman, Reliance Group

Anil Ambani-promoted Reliance Group alleged on Friday that misconduct by certain non-banking financial companies (NBFCs), particularly L&T Finance and Edelweiss, had led to the recent slump in shares of some of its companies, and termed their action "illegal, motivated, and wholly unjustified".

L&T Finance and Edelweiss refuted the allegations and said they had followed the due procedure.

Sources said while lenders were within their rights to sell the shares, the manner in which the share-sale was conducted was the real bone of contention. L&T Finance and Edelweiss might approach the Securities and Exchange Board of India early next week to clarify their position on the allegations, the sources said.

The share prices of Anil Ambani group firms fell sharply during the past week, after Reliance Communications said it would seek debt resolution through the National Company Law Tribunal (NCLT). The sell-off prompted L&T Finance and Edelweiss to sell pledged shares to make up for the fall in collateral value.

The Anil Ambani group issued a strongly worded statement against the NBFCs from whom it had availed loans against shares.

"A few NBFCs, substantially L&T Finance and certain entities of the Edelweiss group, have invoked pledge of listed shares of Reliance Group and made open market sales of the value of approximately ₹400 crore," said the statement. "The illegal, motivated, and wholly unjustified action by the above two groups has precipitated a fall of ₹13,000 crore, an unprecedented nearly 55 per cent in market capitalisation of Reliance Group over just these four short days."

L&T Finance said its sale of Reliance Group companies' shares was in accordance with its contractual rights and, therefore, legal. The Edelweiss group also affirmed that its actions were within the legal boundaries, and dismissed the allegations levelled against it as "false".

## SHARE SHEDDING Entities that have sold shares of Anil Ambani group companies in bulk deals

Company	Date	Selling entity	Value (₹ cr)
Reliance Infra	Feb 6, '19	STCI Finance	37.0
Reliance Infra	Feb 7, '19	L&T Finance	59.3
Reliance Capital	Feb 7, '19	L&T Finance	96.5
Reliance Power	Feb 7, '19	L&T Finance	67.8
Reliance Comm	Feb 7, '19	L&T Finance	10.3
Reliance Naval and Engineering	Apr 26, '18	Ecap Equities*	9.8

\*Subsidiary of Edelweiss Financial Services according to annual report

## MARKET CAP PLUNGES

Company	M-cap (₹ cr)		Chg
	Feb 1	Feb 8	
Reliance Infra	7,021	3,105	-55.8
Reliance Capital	4,780	3,266	-31.7
Reliance Power	7,392	3,058	-58.6
Reliance Comm	3,208	1,485	-53.7
Reliance Naval and Engineering	872	608	-30.3

Sources: Capitaline, exchanges

During the past week, Reliance Infrastructure, Reliance Communications, and Reliance Power lost more than 50 per cent of their market cap. For Reliance Capital and Reliance Naval & Engineering, the market cap erosion was more than 30 per cent.

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## NPCI PROPOSES HIKE IN INTERCHANGE FEE

The National Payments Corporation of India (NPCI) has recommended a hike in the interchange fee for cash withdrawals, according to a letter reviewed by Business Standard. This comes when the cash-management industry is facing a surge in additional costs because of security guidelines issued by the Reserve Bank of India (RBI) and the Ministry of Home Affairs (MHA). Interchange fee is the amount charged by ATM operators for every transaction. The MHA guidelines, which include requirements such as GPS-enabled vans, and rules on timing, the number of personnel and their training, came into force on Friday. However, the industry, which comprises banks on both acquiring and issuing side, ATM operators and cash in transit (CIT) companies, is divided over who would bear the additional cost burden. ATM players have been vocal about the interchange fee being lower than the underlying cost of an ATM transaction, especially because of the compliance cost of the additional guidelines. Interchange fee is decided by an NPCI Steering Committee, which primarily comprises banks. NIKHAT HETA VKAR writes



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# Consumer, retail lenders make 93% of FY19 market cap gains

Both sectors combined account for 35% of market cap, up from 12.2% in March 2008

KRISHNA KANT  
Mumbai, 8 February

Consumption-oriented stocks are leading the charge on Dalal Street, with the government shifting its focus back to consumer demand to spur economic growth. In the last one year, stocks from the consumer and retail lending space have accounted for 93 per cent of all the market capitalisation gains for the listed companies.

The combined market cap of the top 55 consumer stocks in our sample was up ₹1.63 trillion, retail lenders saw their market cap rise by ₹1.3 trillion, and the total market cap was up by ₹3.15 trillion.

The top stocks from sectors such as fast-moving consumer goods (FMCG), passenger cars, two-wheelers, consumer durables, fashion, retail and fast-food restaurants now account for a record 27 per cent of the market cap of all non-financial and non-oil and gas firms in the country, up from 21.5 per cent in FY14 and 9.3 per cent in FY08.

Including retail bank and non-

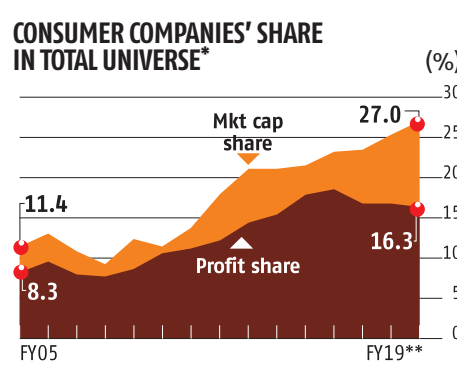
bank lenders, the consumer sector accounts for 35 per cent of the combined market cap of all listed companies, up from 25.4 per cent at the end of FY14 and 12.2 per cent in March 2008.

Analysts attribute this to a combination of higher fiscal spending boosting consumer demand and a lack of corporate capex in the economy. "Consumption is the only sector in the economy that continues to grow while investment remains flat. The latest interim Budget has further skewed the balance by giving cash handouts to farmers and tax breaks to the middle class while simultaneously cutting capital expenditure," says G Chokkalingam, founder & MD, Equinomics Research & Advisory Services.

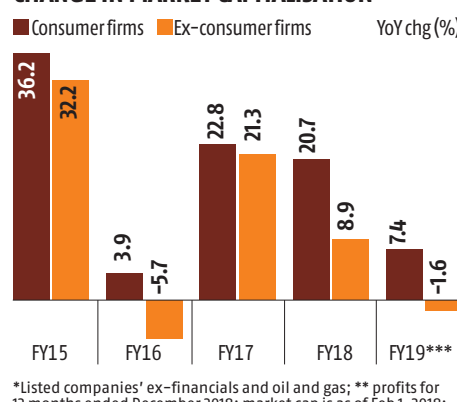
The 55 consumer goods companies in Business Standard's sample had a combined market capitalisation of ₹23.8 trillion at the end of trading on the Budget day (February 1, 2019), against ₹22.1 trillion at the end of March 2018 and ₹10.5 trillion at the end of March 2014.

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## LEADING THE CHARGE



## CHANGE IN MARKET CAPITALISATION



\*Listed companies' ex-financials and oil and gas; \*\* profits for 12 months ended December 2018; market cap is as of Feb 1, 2019; \*\*\* change between March 18 and Feb 1, 2019. Source: Capitaline

## TRADE CONCERNS, TATA MOTORS DRAG MARKETS LOWER

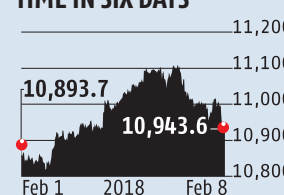
The benchmark indices posted their biggest single-day fall of the year on Friday on the back of renewed trade concerns between the US and China. The 18 per cent plunge in the shares of Tata Motors, after reporting its biggest quarterly loss, weighed on the market's performance. The Sensex ended the day at 36,546, down 425 points, or 1.15 per cent — the most since December 21. Ending its five-day gaining streak, the Nifty declined 126 points, or 1.14 per cent, to 10,944. Most Asian markets dropped on fears that US-China relations could worsen as another round of tariff hikes kicks in. The fall in the markets came a day after the RBI cut interest rates. All 19 sectoral indices ended with losses, except realty and telecom. Domestic institutional investors pulled out ₹960 crore from equities, even as foreign institutional investors bought shares worth ₹844 crore.

SUNDAR SETHURAMAN

## ASIAN MARKETS DECLINED amid fresh US-China trade concerns

Country	Chg %
Japan	-2.01
South Korea	-1.20
India	-1.15
Malaysia	-0.41
Indonesia	-0.23
Hong Kong	-0.20

## NIFTY FALLS FOR THE FIRST TIME IN SIX DAYS



## TOP NIFTY LOSERS

Company	Chg %
Tata Motors	-17.6
Indiabulls Housing	-5.9
Vedanta	-5.7
Eicher Motors	-4.8
Grasim Inds	-4.6

## TOP SECTORAL LOSERS

Sector	Chg %
BSE Metal	-3.42
BSE Auto	-3.37
BSE Capital Goods	-1.97
BSE Power	-1.90
BSE Oil & gas	-1.72

Compiled by BS Research Bureau

# Dorabji Trust challenges tax relief denial

SHRIMI CHOUDHARY  
New Delhi, 8 February

The Dorabji Tata Trust has challenged the income-tax department's decision to withdraw tax exemption to the organisation. The trust has moved the Commissioner of Income Tax (CIT) Appeals, considered to be the first appellate authority to hear a tax grievance.

On December 31, 2018, the I-T department had issued an order denying exemption to the Trust for alleged violation of certain conditions relating to "significant compensation" paid to Managing Trustee R Venkataraman.

"The trust has challenged the assessing officer's order in the CIT appeals. It has also sought a stay on the tax demand raised against it," according to an I-T official privy to the development. Tata Trusts declined to comment.

In the appeal, the Trust is learnt to have contested the findings of the assessing officer, saying the 87-year old Trust deed provides for the compensation to its trustee.

Typically, any matter with CIT Appeals takes six months to one-year to finalise. And if the order upholds the plea of the Department, the assessee can approach the income tax Appellate Tribunal.

The assessing officer in the order had pointed out the compensation of Venkataraman (referred to as Venkat) was beyond the permissible limit under the I-T Act. The order also raised objection on the Trust's deed, terming Venkat's payment "excessive".

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# NSSO survey shows formalisation of jobs on the rise

Share of regular, salaried workers in total employment increases in 2017-18; mixed trend in proportion of self-employed in urban and rural areas

SOMESH JHA  
New Delhi, 8 February

The share of regular salaried workers in employment was on the rise in 2017-18, the National Sample Survey Office's (NSSO's) latest jobs survey shows.

The rise in the proportion of regular salaried workers was more in rural areas than in urban parts. It rose to 13.1 per cent in rural areas in 2017-18 from 8.1 per cent in 2011-12 and 7.1 per cent in 2004-05. In urban parts, it went up to 47 per cent in 2017-18 from 43.4 per cent in 2011-12 and 39.5 per cent in 2004-05.

There was, however, a mixed trend in the proportion of the self-employed in urban and rural areas. The share of the self-employed among workers went up by almost two percentage points to 57.8 per cent in rural areas and fell by 3.7 percentage points to 38.3 per cent in urban areas in 2017-18 compared to 2011-12. "This is a welcome trend as the

## DYNAMICS OF WORKFORCE



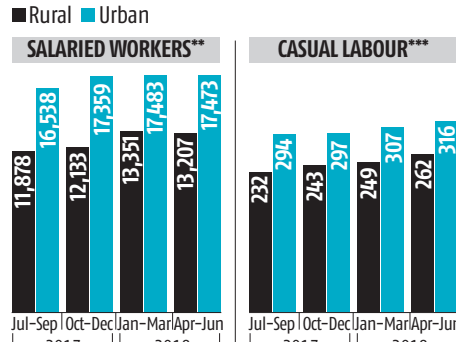
monthly income earned by regular workers is generally more than what is earned by self-employed persons. It is a good sign as the salary of regular workers is higher and predictable," said Amit Basole, head of the Centre for Sustainable

## CATEGORIES OF WORKERS (in %)\*

Category	RURAL			URBAN		
	2004-05	2011-12	2017-18	2004-05	2011-12	2017-18
Self-employed	60.2	55.9	57.8	45.4	42.0	38.3
Regular wage/salaried	7.1	8.8	13.1	39.5	43.4	47.0
Casual	32.8	35.3	29.1	15.0	14.6	14.7

\*This is for usual principal and subsidiary status; \*\* monthly earnings; \*\*\* daily earnings

## AVERAGE WAGE (in ₹)



Source: NSSO's periodic labour force survey

decline compared to other sectors, even as more workers moved to the services segment of the economy.

These are part of the findings of the NSSO's periodic labour force survey — the first annual survey on employment-unemployment in the country — conducted between July 2017 and June 2018. The government has termed it a draft report, even as the National Statistical Commission gave its final approval in December.

According to the report, the proportion of casual workers receiving wages on a daily or periodic work contract-basis went down sharply in villages, from 35.3 per cent in 2011-12 to 29.1 per cent in 2017-18.

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## ECONOMY P4

Unemployment rises across religions, social groups: NSSO