

# Business Standard

THE MARKETS ON WEDNESDAY		Chg#
Sensex	37,752.2	▲ 216.5
Nifty	11,341.7	▲ 40.5
Nifty Futures*	11,366.7	▲ 25.0
Dollar	₹69.5	₹69.7**
Euro	₹78.5	₹78.5**
Brent crude (\$/bbl)**	66.7**	66.3**
Gold (10 gm)**	₹32,250.0	₹195.0

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



## COMPANIES P2 SHOPPERS STOP BETS ON BEAUTY RETAIL IN QUEST FOR GROWTH

## COMPANIES P2 VW TO CUT 7K JOBS IN NEW SAVINGS DRIVE



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## FACEBOOK FACES FRESH CBI QUERIES ON DATA THEFT

The CBI has sent a second round of questions to Facebook, seeking further information in connection with the alleged theft of data of Indian users of the social networking site. This follows FB's initial replies on the matter to the CBI. The agency was not satisfied with the response, which was more about the processes regarding privacy of personal data, it is learnt.

## China blocks bid to list Azhar as global terrorist

In yet another setback to India's bid to designate Pakistan-based terror group Jaish-e-Mohammed's chief Masood Azhar as a global terrorist, China on Wednesday put a technical hold on a proposal in the UN Security Council to ban him following the Pulwama terror attack.

## BS SPECIALS ON THURSDAY



### STRATEGY: Best foot forward 16

Bata's image and product makeover seem to be paying off.

### PERSONAL FINANCE: Enter quality mid-caps with a five-year horizon 13

Mutual fund investors should maintain their asset allocation and continue SIPs in mid- and small-cap funds that have a sound track record.

### PRIVATE EQUITY: After Flipkart, Binny Bansal heavy on start-ups 6

## ECONOMY P4 PFC-REC merger may hurt discoms

Power generating firms have expressed concerns that outstanding dues from power distribution firms will budge as they are unable to borrow from Power Finance Corporation and Rural Electrification Corporation. SHREYAJI writes

## Rupee closes at two-month high

The rupee on Wednesday gained for a third straight session. It rose 17 paise to close at a fresh two-month high of 69.54 against the US dollar on sustained foreign fund flows.

### TO OUR READERS

The one-page commercial feature on GEZ: Global, being carried on Page 7, is equivalent to a paid-for advertisement. No *Business Standard* journalist was involved in producing it. Readers are advised to treat it as an advertisement.

# RBI puts auditors of banks on notice

### To hold quarterly meetings from April 1 on NPAs, governance, fraud

RAGHU MOHAN  
New Delhi, 13 March

In a first-of-its-kind move, the Reserve Bank of India (RBI) is set to hold formal meetings with banks' auditors on a quarterly basis from April 1, making sharper the regulatory spotlight on them. Now these auditors won't be able to claim they only get to have a post-facto and static view on banks' financials.

A classified communique from the RBI's Department of Banking Supervision's audit cell — marked to banks' chief executives, compliance departments, and auditors — said the quarterly interaction would cover areas pertaining to income recognition, asset classification, systems to track borrowers, dud loans, governance and exceptions, suspicious transactions, technology, cyber security, and frauds. The banking regulator will also seek the details of specific accounts from auditors. The meeting will be chaired by the RBI's senior supervisory authority in charge of individual banks. Officials of the banks concerned will not be present, though.

Currently, Mint Road holds an annual meeting with auditors — and as and when required — but there is no structured format for such interactions through the year. The new format will help the central bank get a real-time sense from auditors on what's going on in banks. It will also aid the RBI's central office to give a heads up to its on-site inspectors, and spruce up the inspection mechanism, including risk-based supervision — the off-site surveillance system.

## BETTER BOOKKEEPING

- Auditors to be under intense regulatory glare; cannot claim to have only a post-facto and static view on financials
- Meeting to be chaired by RBI's senior supervisory authority in charge of individual banks; bank officials won't be present
- Format will enable RBI to get a real-time sense from auditors on key parameters
- RBI can give a heads up to on-site inspectors; spruce up inspection mechanism,



including risk-based supervision

- Two-way process will enable auditors to sensitise RBI on barriers to audit

## RBI to swap \$5 bn with banks to aid liquidity

ANUP ROY  
Mumbai, 13 March

The Reserve Bank of India (RBI) on Wednesday offered a \$5-billion swap facility to banks to aid liquidity before the end of the financial year.

The auction will happen on March 26 and the buy/sell swap will run up to March 28, 2022, or for a three-year duration. The system liquidity is dry to the tune of little more than ₹1 trillion, but

it will be acute in the coming days as advanced tax outflow (estimated at ₹1.5 trillion) and the goods and services tax (GST), which is estimated at ₹1 trillion, will suck out liquidity from the system.

This liquidity will return only in the next financial year as the government starts spending. Till then, rates may shoot up if adequate liquidity support is not given to banks, experts say.

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# Premji raises philanthropic contribution to \$21 billion

PEERZADA ABRAR  
Bengaluru, 13 March

Billionaire Azim Premji has announced he has raised his commitment for philanthropy by renouncing more of his personal assets and earmarking them to his Azim Premji Foundation endowment.

The Wipro chairman has done this by additionally earmarking all economic benefits for philanthropic purposes in about 34 per cent of the shares in Wipro (current market value at ₹52,750 crore or \$7.5 billion), held by certain entities controlled by him, the Foundation stated. Premji is also chairman of the Foundation.

This is in addition to his earlier donations, which included Wipro's shares and other assets owned by him. With the latest action, the value of the philanthropic endowment corpus contributed by Premji is about



Wipro Chairman Azim Premji has earmarked all economic benefits for philanthropic purposes in 34% of Wipro shares held by him

₹1.45 trillion (\$21 billion), which includes 67 per cent of the economic ownership of Wipro, said the Foundation.

The Foundation works directly in the area of education; it also supports other not-for-profits in specif-

## OTHER GLOBAL EXAMPLES

- **\$35.8 billion**  
Amount donated by Bill Gates to his charitable foundation
- **\$18 billion**  
Shifted by George Soros in 2017 to his philanthropic network
- **\$27 billion**  
Worth of contributions by Warren Buffett in the last decade

ic areas through multi-year financial grants. The Foundation's extensive fieldwork in education has been in some of the most disadvantaged parts, to help improve quality and equity of the public (government) schooling system. Turn to Page 17

# SpiceJet set to ask for damages from Boeing

ARINDAM MAJUMDER & ANEESH PHADNIS  
New Delhi/Mumbai, 13 March

SpiceJet will seek compensation from Boeing and demand credit on maintenance, repair, and overhaul for the 12 grounded 737 MAX aircraft. The airline, which had an aggressive expansion plan that banked on the delivery of the Boeing 737 Max, will now look to lease old planes.

SpiceJet had bet its fortunes heavily on the new version of the 737, of which it has 13 planes in its fleet and 192 on order. The fuel-efficient and longer range 737 MAX provided an opportunity for SpiceJet to control its cost and plan new foreign routes, the future of which looks uncertain now.

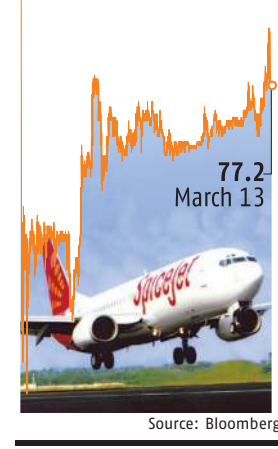
The airline's stock slipped 2.09 per cent to ₹77.15 on the BSE on fears that the grounding of Boeing 737 MAX 8 aircraft would hurt the airline's revenue.

"We will seek compensation from Boeing for the grounding of the planes. We will also seek recompensa-

## AIR TURBULENCE

BSE price in ₹

78.8  
March 12



Source: Bloomberg

## US GROUNDS BOEING 737 MAX

US regulators reversed course on Wednesday and will ground Boeing's top-selling 737 MAX family of airliners, amid safety concerns about the crash of one of the planes in Ethiopia on Sunday, President Donald Trump said. "The safety of the American people and all people is our paramount concern," Trump added. "Hopefully they will quickly come up with the answer but until they do the planes are grounded," he said at the White House. BLOOMBERG

# Govt considering ₹13,000-cr bailout package for BSNL

MEGHA MANCHANDA  
New Delhi, 13 March

The Department of Telecommunications (DoT) is considering a ₹13,000-crore bailout plan for state-owned Bharat Sanchar Nigam Ltd (BSNL), which is struggling to stay afloat amid a precarious debt situation. The proposal includes a voluntary retirement package of ₹6,365 crore and an equity infusion of ₹6,767 crore towards the allotment of 4G spectrum.

Besides, the ministry is looking at the monetisation of BSNL's real estate assets.

"Banks are now reluctant to give even short-term loans to BSNL. The company's total loss in FY19 is estimated at ₹7,000 crore, including ₹4,000-crore operational loss due to depreciation," a company official said on condition of anonymity.

BSNL has not paid salaries to its employees for the past two months, a first in the company's history. Turn to Page 17

## REVIVAL PLAN

₹6,365 cr  
Voluntary retirement package

₹6,767 cr  
Equity infusion towards 4G spectrum allotment

₹7,000 cr  
BSNL's estimated net loss for FY19

# 'Absence of law on social media an issue'



The Election Commission (EC) might have to deal with cases of surrogate advertising in the upcoming Lok Sabha elections, says Election Commissioner ASHOK LAVASA. In an interaction with Arup Roychoudhury & Neha Alawadhi, Lavasa says there is no doubt on the credibility of electronic voting machines (EVMs), and that all social media platforms have given their commitment to the EC to take steps towards ensuring free and fair elections. Edited excerpts:

**How are you going to deal with surrogate advertising, especially on social media? How can you tell private people not to do this type of advertising, without impinging on their freedom of expression?**

What we have been able to do is to obtain from these social media platforms certain commitments, which they have undertaken to fulfil. First, they will appoint their own vigilance personnel. Second, they will employ tools for fact-checking, and third, whenever a complaint is given to them, they will immediately get into action and either remove that content or take whatever action is required to be taken in accordance with their policy or our directions. Also, they will not take any political advertisement that has not been certified by the EC. So every political advertisement is supposed to carry a pre-certification number, which they will satisfy themselves about before uploading. The expenditure incurred in those forms part of the political expense incurred by a candidate or political party.

If you have a personal social media account but are repeating an advertisement of a party or a candidate which is pre-certified, then you can easily be blocked because you are using exactly the same ad.

**I can say this is my freedom of expression to support a candidate. That is a question the EC will have to deal with.**

That happens because there is an absence of law governing social media and elections. This matter is already before the Bombay High Court. Let us see what the verdict of the court is in this matter.

There has been a

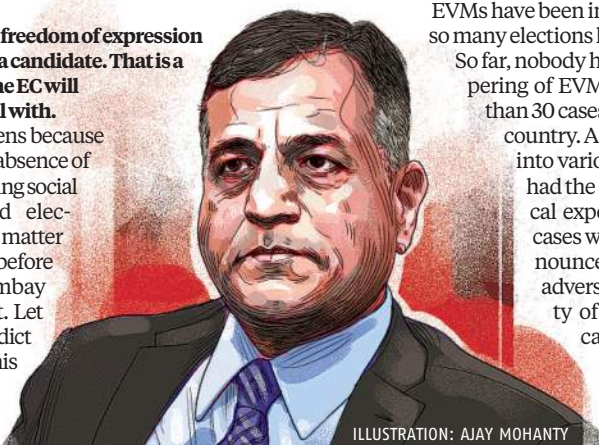


ILLUSTRATION: AJAY MOHANTY

**lot of noise about the credibility of EVMs, and aspersions have been cast on the EC's independence. How would you respond to that?**

It is a free country, people are free to say whatever they want. I don't think it is for the EC to keep issuing statements regarding its independence. We are doing a job according to the rulebook. At the same time, our expectation is that people should make informed comments and not those which have no basis as far as the ground realities are concerned.

EVMs have been in use for two decades. And so many elections have been held with them. So far, nobody has been able to prove tampering of EVMs. There have been more than 30 cases filed in courts around the country. All these courts have looked into various allegations. They even had the assistance of some technical experts, and in each of those cases where verdict has been pronounced, no court has made any adverse comment on the integrity of the machine. Yes, there can be malfunction, for which the EC has a very elaborate arrangement.

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