

MARKET WATCH

	08-05-2019	% CHANGE
Sensex	37,789	-1.27
US Dollar	69.71	-0.40
Gold	32,850	0.55
Brent oil	70.59	0.71

NIFTY 50

	PRICE	CHANGE
Adani Ports	369.80	-2.10
Asian Paints	1385.70	-2.10
Axis Bank	735.50	-6.35
Bajaj Auto	2957.75	-75.30
Bajaj Finserv	7345.75	-216.20
Bajaj Finance	2921.30	-95.75
Bharti Airtel	324.50	-0.45
BPCL	379.80	0.95
Britannia Ind	2649.50	-1.05
Cipla	558.00	0.05
Coal India	249.10	0.30
Dr Reddys Lab	2900.50	-41.95
Eicher Motors	20336.55	-16.65
GAIL (India)	337.50	-3.25
Grasim Ind	870.95	-1.40
HCL Tech	1132.60	0.85
HDFC	1930.75	-35.55
HDFC Bank	2307.25	-15.10
Hero MotoCorp	2499.70	-27.65
Hindalco	200.00	-0.45
Hind Unilever	1688.70	-8.80
Indiabulls HFL	673.00	-5.60
ICICI Bank	735.50	-6.35
Indusind Bank	1488.75	-27.05
Bharti Infratel	266.70	-1.30
Infosys	719.35	-5.20
Indian OilCorp	152.20	-1.25
ITC	300.65	-1.25
JSW Steel	289.25	1.15
Kotak Bank	1402.20	-5.95
L&T	1360.35	-6.25
M&M	621.65	-14.35
Maruti Suzuki	6650.15	-51.85
NTPC	130.80	-3.30
ONGC	168.90	-2.80
PowerGrid Corp	190.00	-1.55
Reliance Ind	1299.45	-44.05
State Bank	298.25	-7.20
Sun Pharma	439.15	-9.05
Tata Motors	185.10	-5.85
Tata Steel	522.65	-7.95
TCS	2152.85	0.90
Tech Mahindra	802.30	-12.35
Titan	1088.70	2.20
UltraTech Cement	4507.65	-23.60
UPL	961.65	10.50
Vedanta	159.40	-4.10
Wipro	290.85	-3.00
YES Bank	160.75	-4.00
Zee Entertainment	331.60	-37.55

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 08

CURRENCY	TT BUY	TT SELL
US Dollar	69.51	69.83
Euro	77.85	78.21
British Pound	90.45	90.87
Japanese Yen (100)	63.13	63.42
Chinese Yuan	10.25	10.30
Swiss Franc	68.24	68.55
Singapore Dollar	51.03	51.27
Canadian Dollar	51.65	51.89
Malaysian Ringitt	16.74	16.84

Source:Indian Bank

BULLION RATES CHENNAI

May 08 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.3	(40.2)
22 ct gold (1 g)	3030	(3017)

# ‘Firms missing from database will not affect GDP calculation’

Shell companies in MCA-21 submitting balance sheets regularly very much part of measurement, says former chief statistician

TCA SHARAD RAGHAVAN  
NEW DELHI

The deficiencies found in the MCA-21 database of the corporate sector, where more than a third of the sample companies were either untraceable, out of coverage, or closed, will not have a major impact on the calculation of GDP and GVA, according to prominent statisticians closely associated with the subject.

A recent report by the National Sample Survey Organisation titled ‘Technical Report on Service Sector Enterprises in India’ found that nearly 38% of the companies it surveyed using the MCA-21 database were unusable for data collection purposes. About 21% were designated “out of coverage”, 12% as untraceable, and 4.5% as closed. The government has started using the MCA-21 database to calculate the Gross Domestic Product and the

Gross Value Added. The deficiencies in the database have alarmed a section of economists, who pointed out that this weakens the integrity of the national accounts data. However, noted statisticians *The Hindu* spoke to said this was not the case.

“In the sample we took from the MCA-21 database, about 36% of the firms don’t exist,” Pronab Sen, former Chief Statistician of India said. “That doesn’t surprise me one bit. The reason is we know that the MCA-21 contains shell companies. But, when you have shell companies in the MCA-21, and they are submitting their balance sheets regularly, they are very much a part of what I am measuring.”

“The question is whether this is wrong, and the answer is no,” Mr. Sen added. “Because, if I don’t measure their output, I am not capturing a part of GDP. Shell com-



**Checks passed:** MCA-21 gives audited data, but data collected from the field isn’t audited, says Mr. Pronab Sen. ■ R.V. MOORTHY

panies are benami companies where you have a legitimate company doing a legitimate business, but for tax purposes is routing a lot of transactions through the shell company. The value creation is happening. If I ignore that, I am saying value creation is not happening,

which is wrong.”

“Not being able to reach a company at a particular address means that the address is wrong, not that the production is not happening,” a senior government official associated with the Ministry of Statistics explained. Also, as growth rates are measured

over a period of time, the major factor that would affect them is the regularity with which the companies being measured file their returns, the official added.

Regularity in returns

“Growth rates are influenced more by the regularity with which people file returns,” the official, a statistician himself, said. “So, if a large part of your growth is essentially determined by a set of companies that file regularly, then the growth profile will be unaffected by the fact that there are a number of companies not being measured. But the level of the economy will be affected.”

The other factor to be kept in mind with the MCA-21 database is that it is a compilation of the audited financial returns filed by companies and this is reconciled with the corporate tax collected by the Income Tax Depart-

ment. “If the database was unusable, then they would not match up with the tax collections,” the government official said. “But they do. What is filed in the company accounts is reconciled with taxes paid.”

“The MCA-21 is giving me audited data, whereas the data collected from the field is not audited,” Mr. Sen said. “One would imagine that audited data would always be better than unaudited data. The MCA data is capturing value creation by an entity that is a registered corporate. Now where that value is coming from – whether from the company itself or it is merely a book entry from some other company, doesn’t matter as far as GVA is concerned,” Mr. Sen said.

However, existence of shell firms does create some lower-level problems, Mr. Sen acknowledged, especially with regard to growth

rates and levels of different sectors. “If I have a manufacturing company that has set up a shell company that is shown as a trading company, then what will end up happening is that the GVA that would have been counted in manufacturing would actually get counted in trade,” Mr. Sen said.

Former officials in the Ministry of Statistics point to the mechanisms in place within the Central Statistics Office to account for errors of this sort. P.V. Mohanan, former member of the National Statistical Commission said, “Companies change addresses but not in the official database, or the way it is registered, if it is registered for one activity but is doing another. But the National Accounts people make some adjustments to make sure that the data they are using is for factories that are there and operating.”

## Income support, UDAY driving fiscal slippages: RBI

15th Finance Commission holds meeting with central bank Governor Shaktikanta Das

SPECIAL CORRESPONDENT  
MUMBAI

The Reserve Bank of India (RBI) has voiced its concern over government schemes such as income support, revival package for power distribution companies and farm loan waivers as such schemes led to fiscal slippages.

In a presentation to the 15th Finance Commission, the RBI said the UDAY scheme, recent income support schemes of the government and farm loan waivers could drive fiscal slippage in the revised estimate for 2018-19.

The Commission, headed by Chairman N.K. Singh, on



N.K. Singh

Wednesday held a detailed meeting with RBI Governor Shaktikanta Das and deputy governors.

In the Interim Budget presented in February, the government announced a cash

transfer scheme, for small and marginal farmers with landholdings of up to two hectare, of ₹6,000. The government had allocated ₹75,000 crore towards the scheme for financial year 2020.

The RBI made a detailed presentation to the Finance Commission on State government finances for 2019-20.

Significant deviation

“Fiscal deficit of States is budgeted to be lower in 2019-20 BE (budgeted estimates), but RE (revised estimates) and actuals deviate significantly – reflecting poor fiscal marksmanship,” a statement issued by the government af-

 The RBI made a detailed presentation to the panel on State government finances

ter the meeting said. The central bank noted that outstanding debt as percentage of GDP had been rising despite moderation in interest payment as percentage of revenue receipts.

Expenditure codes

Some of the other issues that were discussed during the meeting include public sector borrowing requirements and continuity of the Finance Commission and de-

velopment of expenditure codes, especially given that expenditure norms vary from State to State

On the continuity of the Finance Commission, the government statement said “felt that this was required more in view of the fiscal management requirements of the States, especially given the absence of mid-term reviews of awards granted by the Finance Commission, as it used to happen earlier with the awards granted by the Planning Commission.”

During its two-day visit to Mumbai, the Finance Commission is also meeting banks, financial institutions and economists.

## Tata Communications Q4 net loss widens

For FY19, the firm cuts its loss to ₹82 cr.

SPECIAL CORRESPONDENT  
MUMBAI

Tata Communications’ fourth quarter consolidated net loss widened to ₹198.8 crore compared with a net loss of ₹120.97 crore in the year-earlier period due to equity loss of ₹173 crore picked up in the STT, Singapore data centre business. The loss came on the back of a 5% increase in revenue to ₹4,243.51 crore.

For FY19, the firm cut its net loss to ₹82 crore compared with ₹329 crore in the previous year. The annual loss was posted on a 1.5% dip in revenue to ₹16,525

crore. The revenue was primarily driven by strong growth in the data business despite headwinds as data business revenue grew at 10.4% to ₹12,655 crore, accounting for more than 76% of the total revenue.

“The strong growth in our data business has helped us deliver consistent financial performance and create momentum for our future growth. Growth Services continue to scale up and adoption of these platform services is enabling deeper engagement with customers,” said the firm’s MD and CEO Vinod Kumar.

## Indices slump for sixth straight session

Investors turn cautious on U.S.-China trade war escalation, domestic earnings

SPECIAL CORRESPONDENT  
MUMBAI

Indian benchmark equity indices lost ground for the sixth consecutive session on Wednesday as a mix of global and domestic factors made investors jittery even as foreign investors turned net sellers in the last few trading sessions.

On the global front, the escalation of U.S.-China trade war has led to a selling spree across equity markets globally, while on the domestic front, a largely lacklustre corporate results season has made investors cautious ahead of the election results.

The 30-share Sensex lost 1.27%, or 487.50, points to close at 37,789.13. The benchmark had lost nearly 1,280 points in the last six sessions.

This is also the lowest close for the Sensex since March 25, when it closed at 37,808.91.



■ GETTY IMAGES/ISTOCK

On Wednesday, the broader Nifty lost 138.45 points, or 1.2%, to close at 11,359.45.

Poll outcome

Market participants are of the view that the ongoing weakness in the markets had led to many investors and traders being wary of taking fresh positions, especially since the election results are only a few trading sessions away.

“Momentum failure at higher levels has had a signif-

icant impact on the broader markets,” said Sahaj Agrawal, head of derivatives, Kotak Securities.

“Breach of intermediate support at 11,550/11,450 is expected to aggregate short-term selling pressure. On the downside, 11,000-11,100 is expected to be tested before we witness an aggressive recovery,” he added.

Volatility index

Incidentally, the India VIX, which is considered as a barometer of near-term volatility, is trading near its 52-week high of 27.84, which it touched on May 6 with a single-day gain of 10%. On Wednesday, it closed marginally lower at 26.37.

Meanwhile, global markets continued to trade weak with the benchmarks of China, Hong Kong, Japan, Taiwan and Indonesia all ending the day in the red.

Back in India, 1,857 stocks lost ground on Wednesday which was nearly three times the number of gainers at 634.

Within the Sensex pack, heavyweights such as Reliance Industries, Tata Motors, State Bank of India, Vedanta, Yes Bank and Sun Pharmaceuticals, among others, ended in the red.

Rupee drops

The rupee fell against the dollar for the third consecutive session amid escalating the U.S.-China trade tensions and sell-off in the domestic stock market. The rupee dropped 28 paise against the dollar on Wednesday to close the day at 69.71.

It weakened by 49 paise, or 0.71%, this week after the U.S.’ threat to increase tariffs on \$200 billion of Chinese imports triggered a global sell-off in riskier assets.

## Act fast on Fani claims: IRDAI to non-life insurers

‘Disburse payments at the earliest’

SPECIAL CORRESPONDENT  
HYDERABAD

Insurance regulator IRDAI has directed general and health insurance companies to ensure that all claims arising from loss due to the Fani cyclone are surveyed immediately and the payments disbursed at the earliest.

In any case, time taken to settle the claims should not exceed the stipulated timeline, a circular from Member (Non-Life) Sujay Banarji said. It also listed the steps insurers need to take, including immediately engaging adequate number of surveyors in the affected areas.

“There is an urgent need for insurance industry to take immediate steps to mitigate the hardships of the affected insured population by ensuring immediate registration and settlement of

 IRDAI wanted the firms to launch an extensive awareness campaign

eligible claims,” the communication to heads of general and standalone health insurance companies said.

IRDAI, which had also issued an advisory separately for life insurers, wanted the firms to launch an extensive awareness campaign on the steps taken by them in the the cyclone-affected States.

All non-life insurers, (including standalone health insurers), were advised to nominate a senior officer who would act as a nodal officer for the affected States. IRDAI also wanted the companies to submit information on insurance claims, related to Fani, daily.

## ‘Refund GST on cancelled flat bookings’

PRESS TRUST OF INDIA  
NEW DELHI

Builders will have to refund the GST paid by home buyers in case they cancel the flat booked in the last fiscal, and will be allowed to avail credit adjustment for such refunds, the Central Board of Indirect Taxes and Customs has said.

The clarification has been issued to clear the air over the migration provision, which permits real estate players to shift to 5% GST rate for residential units and 1% for affordable housing without the benefit of input tax credit (ITC) from April 1, 2019.

For ongoing projects, builders can either continue in the 12% GST slab with ITC (8% for affordable housing), or opt for 5% GST rate (1% for affordable housing) without ITC.



IN BRIEF



**L&T buys Mindtree shares worth ₹368 crore**  
NEW DELHI  
Infrastructure major Larsen & Toubro on Wednesday bought shares of Mindtree worth about ₹368 crore through open market transactions. According to bulk deal data available with the NSE, L&T bought over 37.53 lakh shares, or 2.28% stake, worth ₹367.8 crore, with the average price being ₹979.96 per scrip. Meanwhile in a separate transaction, one Rekha N. Shah sold 26.84 lakh shares of Mindtree for ₹263 crore. PTI

**CPCL registers net loss of ₹46.47 crore in Q4**  
CHENNAI  
Chennai Petroleum Corporation Ltd. (CPCL) has reported a standalone loss of ₹46.47 crore in the fourth quarter ended March 2019 against ₹174.43 crore profit in the corresponding quarter of the previous year, due to an increase in input costs. During the period under review, total revenue from operations grew to ₹12,765.15 crore from ₹12,710.10 crore, said the company in a filing.

**Alvogen's chest pain drug gets USFDA nod**  
HYDERABAD  
Natco Pharma's marketing partner Alvogen has received the US Food and Drug Administration's (USFDA) final nod for the abbreviated new drug application (ANDA) for nitroglycerin sublingual tablets USP, 0.3 mg, 0.4 mg and 0.6 mg. These tablets are used to treat episodes of angina (chest pain) in people, who have coronary artery disease (narrowing of the blood vessels that supply blood to the heart).

# HDFC to auction Jet's office space

Move comes after cash-strapped airline defaults on repayment of ₹415 crore

SPECIAL CORRESPONDENT  
MUMBAI

Mortgage lender Housing Development Finance Corporation (HDFC) has decided to put office space of grounded airline Jet Airways in Bandra Kurla Complex on the block after the company defaulted on loan repayment. According to a public notice issued by the lender, a 52,775 sq ft office space in a commercial building named Godrej BKC would be auctioned on May 15 at a base price of ₹245 crore.

**Developed by Godrej**  
The Godrej BKC building was developed by Godrej Properties in partnership with Jet Airways which owned the land. Jet Airways owes about ₹415 crore to HDFC.



**Clipped wings:** Jet Airways was grounded last month after banks refused to infuse funds. ■ PRASHANT WAYDANDE

“The borrower has failed to repay the amount due to HDFC Ltd. Accordingly HDFC Ltd. has become entitled to enforce its mortgage over the immovable property,” the notice said. The cash-strapped airline

was grounded last month after banks refused to infuse funds. A State Bank of India-led consortium had put the airline for sale and binding bids were invited. The bids would be opened

**Office space measuring 52,775 sq ft will be auctioned on May 15 at a base price of ₹245 crore**

later this week. Jet Airways founder and promoter Naresh Goyal had expressed the hope the airline would fly again after the completion of the bank-led resolution plan, in a letter to the staff on the occasion of 26th anniversary of the airline. Mr. Goyal, who stepped down as chairman from Jet Airways, had said he made available ₹250 crore from a group company to the banks with the hope for recapitalisation and had even pledged his shareholding in the debt-laden airline.

## E.I.D. Parry fourth quarter net rises 5.7%

Board okays ₹300 crore NCD issue

SPECIAL CORRESPONDENT  
CHENNAI

E.I.D. Parry (India) Ltd., a Murugappa Group firm, has reported a 5.7% rise in its standalone net profit for the fourth quarter ended March 2019 to ₹129 crore from ₹122 crore registered during the year-earlier period. Revenue from operations rose to ₹569 crore from ₹432 crore. The board of directors approved the issue of secured/unsecured non-convertible debentures (NCDs) of ₹300 crore on a private placement basis.

**Depressed prices**  
“The performance of the firm for the year was largely impacted due to depressed sugar selling price. This was

## RBI withdraws mandate on IL&FS NPAs

SPECIAL CORRESPONDENT  
MUMBAI

Following the National Company Law Appellate Tribunal's (NCLAT) decision to allow banks to declare non-performing assets of Infrastructure Leasing & Financial Services Limited (IL&FS) and its group entities, the Reserve Bank of India (RBI) has now withdrawn its circular that mandated to disclose bad loans of the IL&FS group in its notes of accounts. Last month, RBI had asked banks and financial institutions to disclose the NPA from their exposure to the troubled infrastructure conglomerate and its group entities in notes to accounts of their fourth quarter results.

## SAP comes out with experience management software

Firms can spot problems in real time

YUTHIKA BHARGAVA  
ORLANDO

German enterprise software solutions provider SAP on Tuesday announced a slew of ‘experience management’ solutions aimed at helping businesses deliver improved customer, employee, product and brand experiences.

The move comes three months after the software giant completed an \$8 billion acquisition of Qualtrics – a U.S.-based experience management (XM) software provider. XM is the process of monitoring every interaction stakeholders have with a company in real time to spot the problems. Speaking at the company's Sapphire 2019 conference, it's CEO Bill McDermott said till now businesses were dependent on operational data [O-data – numbers such as costs, accounting, and sales] for business decisions.

“But to understand why things happen, you need to understand the thoughts and emotions of the people involved.” This information is known as experience data (X-data). The experience management software enable businesses to combine X-data and O-data to take business decision based on both facts and the intangibles.

**New offerings**  
The 10 new offerings announced – four for customer experience, three for employee experience and three in market research – would embed experience data directly into an enterprise's applications such as customer relationship man-



Bill McDermott

agement (CRM), enterprise resource planning (ERP) or human capital management (HCM) systems. Ryan Smith, co-founder and CEO of Qualtrics, said, “... the companies that will win will be those who understand how X-data and O-data work together to tell the story of what is happening in an organisation, why it's happening and how to act in real time to deliver breakthrough business results.”

On opportunities in India for XM, Mr. Smith said, “It's early days. “We obviously have some customers in India. But as far as taking on that market, we just accelerated that by five years by joining forces with SAP... And it's not just India, but China, Latin America...”

Separately, SAP also announced the extension of it's partnership with Apple, under which Apple's on-device machine learning technology (CORE ML) would be made available as part of former's cloud platform software development kit, SDK. (The writer is in Orlando at the invitation of SAP)

## U.S. firm Alorica to scale up expansion in India

Sets aside \$500 mn to fund growth

MINI TEJASWI  
BENGALURU

California-based customer experience solutions firm Alorica Inc. has announced its India foray. The company will take a combination of organic and inorganic routes to rapidly scale up in the country. Alorica CEO Andy Lee told *The Hindu* that his company had already shortlisted three digital technology firms that focus on data science, artificial intelligence and analytics for possible acquisitions. “We are exploring suitable buyouts to rapidly scale up in India. Some of these firms we identified have few thousands to over 5,000 employees with a strong focus

on digital. We might look at multiple acquisitions, each in the ticket size of \$100 million. We have set aside a kitty of \$500 mn to fund our inorganic and organic activities in India,” said Mr. Lee. On Alorica's people mandate for India, Bhaskar Menon, chief transformation officer, said: “We will have 50,000 people in India in five years. Once our Bengaluru operation is in the 2,500-5,000 people size, we will expand to other cities.” Alorica, that has a global employee base of 1,05,000, had posted a revenue of \$2.5 billion in 2018. The company has opened an innovation lab and digital business processing management centre in Bengaluru.

## P&G Hygiene profit climbs 8% during Q3

SPECIAL CORRESPONDENT  
MUMBAI

Procter & Gamble Hygiene and Health Care reported an 8% rise in net profit to ₹90 crore for the quarter ended March 31, 2019. Sales during the third quarter was pegged at ₹699 crore, up 23% from the year-earlier period. The company follows a financial year from July 1 to June 30. Both feminine care and healthcare businesses recorded double-digit growth, the company said. “We have delivered strong double-digit growth for the third consecutive quarter this year driven by robust volume growth, category development and execution excellence,” said Madhusudan Gopalan, MD.



S. Suresh