

MARKET WATCH

	04-07-2019	% CHANGE
Sensex	39,908	0.17
US Dollar	68.50	0.56
Gold	33,210	-0.49
Brent oil	63.58	0.80

NIFTY 50

	PRICE	CHANGE
Adani Ports	414.90	0.00
Asian Paints	1359.70	7.70
Axis Bank	808.85	2.65
Bajaj Auto	2894.80	-2.95
Bajaj Finserv	8537.55	107.10
Bajaj Finance	3732.50	17.10
Bharti Airtel	362.75	9.55
BPCIL	380.00	-1.20
Britannia Ind	2841.35	46.65
Cipla	551.55	-1.70
Coal India	251.10	0.15
Dr Reddys Lab	2602.40	5.70
Eicher Motors	19825.40	175.30
GAIL (India)	307.80	2.55
Grasim Ind	941.60	13.70
HCL Tech	1040.75	-10.45
HDFC	2280.25	3.05
HDFC Bank	2483.80	-5.85
Hero MotoCorp	2606.15	18.65
Hindalco	206.90	-1.80
Hind Unilever	1793.60	8.90
Indiabulls FHL	703.85	12.90
ICICI Bank	436.20	0.25
IndusInd Bank	1493.10	22.50
Bharti Infratel	263.10	-2.55
Infosys	733.80	2.50
Indian Oil Corp	156.55	0.40
ITC	277.65	0.95
JSW Steel	275.05	-2.35
Kotak Bank	1497.80	22.80
L&T	1571.70	-6.35
M&M	672.15	2.90
Mauriti Suzuki	6544.45	10.65
NTPC	143.45	0.20
ONGC	167.10	0.80
PowerGrid Corp	210.20	1.25
Reliance Ind	1284.00	1.45
State Bank	367.40	1.25
Sun Pharma	392.10	-3.60
Tata Motors	165.20	2.90
Tata Steel	495.30	-15.00
TCS	2242.65	5.00
Tech Mahindra	700.60	-0.50
Titan	1290.35	-38.10
UltraTech Cement	4645.35	84.20
UPL	698.35	46.55
Vedanta	171.05	-1.65
Wipro	283.85	1.00
YES Bank	96.25	-3.50
Zee Entertainment	356.45	-4.45

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on July 04

CURRENCY	TT BUY	TT SELL
US Dollar	68.31	68.63
Euro	77.11	77.48
British Pound	85.90	86.30
Japanese Yen (100)	63.38	63.68
Chinese Yuan	9.94	9.99
Swiss Franc	69.30	69.62
Singapore Dollar	50.37	50.62
Canadian Dollar	52.26	52.51
Malaysian Ringgit	16.53	16.62

Source: Indian Bank

BULLION RATES CHENNAI

July 04 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.5	(40.7)
22 ct gold (1g)	3255	(3274)

INTERVIEW | KRISHNAMURTHY SUBRAMANIAN

'FDI needed to spur the virtuous cycle in India'

Foreign savings can start investment, boost jobs, says CEA

TCA SHARAD RAGHAVAN

Foreign investment in India is needed to spur the domestic private investment cycle, says Chief Economic Adviser (CEA) Krishnamurthy Subramanian. Excerpts from a Q&A session:

Could you elaborate on what you mean about treating data as a public good?

Let me start with an example. Imagine a woman in a village accessing on her smart phone all the hospitals that are there in her vicinity. Not only can she access the hospitals but she can click on a particular hospital and get the quality of emergency care, let's say, of that hospital. And suppose, she can get this in the local language. Now, if someone falls ill in her village, she knows very well where to go. This is an example of ease of living that can be generated by bringing in data.

That is possible today and it can't happen without viewing data as a public good. While you have companies like Amazon, Google, etc. which utilise data, they do it in a particular area. They will only do it where there is profit, they are private entities.

Much like the government invests in public goods such as roads, ports, etc., these [data for public use] are areas where the private sector will not make investments. It can reduce inclusion and exclusion errors as well via Aadhaar.

That's the basic idea. And it can be created within the framework of the privacy laws in the country because

Banks have cleaned up their balance sheets and credit to large firms has started going up

we have the necessary technologies to do that.

The main plank of your Survey is that investment will drive all the other factors of the economy such as growth and job creation. Where will this investment come from?

When we were writing this chapter, we had the choice of going into each of these details or focussing on the big picture message, which is what we need to do to get on that 8% growth path.

These are questions to which we have the answers, but we wanted to keep the Survey focussed.

I think some of the overhang from the previous period has unwound completely. Second, banks have cleaned up their balance sheets and credit to large firms has started going up.

Third, which I think is a very important opportunity that we have not tapped enough, is that if you look at the global environment in terms of liquidity and the surplus and the interest rate environment that has been prevailing, it is as benign as it ever was. There is a lot of flush liquidity that is looking for ave-

nues for investment.

If you have an economy that is going to grow at 8% growth rates, this money finds it profitable to be invested there.

In order to trigger this virtuous cycle, we have to rely on some of these foreign savings. They can come in and start investment, and once this happens, that will enhance productivity, which creates jobs, fosters exports and thereby, demand.

In the Survey, you have missed out on focussing on the banking sector or the problems affecting the NBFC sector. Why is that?

As I articulated, we wanted to focus on the big picture. We will be writing another Survey in six months, that will be presented on January 30. So, we had to make a choice. One thing we knew very well when we started working on the Survey is that this will be the Survey of a new government and therefore, a government that potentially has five years to implement policies.



'Shift focus to water productivity'

SPECIAL CORRESPONDENT CHANDIGARH

The Economic Survey 2018-19 has said as far as agriculture is concerned, the country should shift its focus from land productivity to irrigation water productivity and on devising policies to incentivise farmers to adopt efficient ways of water use.

This should become a national priority to avert a looming water crisis.

Agriculture remains the predominant occupation in terms of number of people employed. Also, agriculture is dependent highly on water. So, appropriate mechanism needs to be framed for economical use of water among small and marginal farmers, said the Survey.

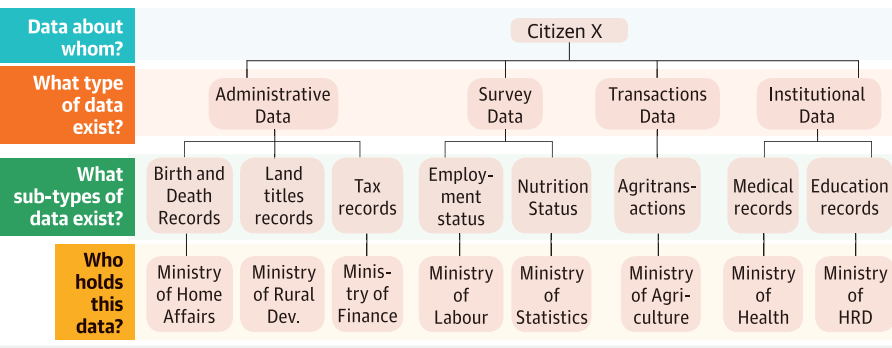
"The cropping pattern in India is highly skewed towards crops that are water-intensive. The incentive structures like minimum support price, heavily subsidised electricity, water and fertilizers have played a significant role in the misalignment of crop patterns in the country," said the Survey, adding that the water guzzlers, paddy and sugarcane, consume more than 60% of irrigation water available in the country, reducing water availability for other crops.

The survey said States such as Tamil Nadu, Karnataka, Maharashtra and Andhra Pradesh, which have high land productivity, tend to have very low irrigation water productivity, reflecting inefficient use of water and the need to recalibrate cropping pattern. "Adopting improved methods of irrigation and irrigation technologies will have a critical role in increasing irrigation water productivity," it said.

What data can do for you

SOURCE: ECONOMIC SURVEY 2018-19

Integrating information in distinct datasets can help enhance ease of living, improve targeting in welfare schemes, uncover unmet needs and bring greater accountability in public services



Note: Names of some Ministries abbreviated. Data types and sub-types are illustrative examples and not exhaustive

Economic Survey moots central welfare database of citizens

'Information can be used to improve targeting in schemes'

SPECIAL CORRESPONDENT NEW DELHI

The Economic Survey 2018-19, tabled in Parliament on Thursday, pitched for setting up a central welfare database of citizens - by merging different data maintained by separate Ministries and departments - which can be tapped for enhancing ease of living for citizens, particularly the poor.

While the Survey pointed out that governments can create data as a public good within the legal framework of data privacy, it added that care must also be taken not to impose the "elite's preference of privacy on the poor, who care for a better quality of living the most."

Stringent safeguards

It also recommended granting access to select database to private sector for a fee, given that "stringent technological mechanisms exist to safeguard data privacy."

The Survey noted that there had been some discussions around the "linking" of datasets, primarily through the seeding of an Aadhaar number across databases such as PAN database, bank accounts and mobile numbers. However, it clarified

that the linking is "one-way." For example, banks can use the tokenised Aadhaar number to combine duplicate records and weed out benami accounts, but this does not mean that the UIDAI or government can read the bank account information or other data related to the individual. "While private sector does a good job of harnessing data where it is profitable, government intervention is needed in social sectors of the country where private investment in data remains inadequate," the Survey said.

These recommendations come at a time when India is working on finalising its personal data protection policy. "The principle is that most data are generated by the people, of the people and should be used for the people," it said.

The Survey highlighted that the governments already held a rich repository of administrative, survey, institutional and transactions data about citizens, but these data were scattered across numerous government bodies. Merging these distinct datasets would generate multiple benefits with the applications being limitless.

The government could utilise the information embedded in these distinct datasets to enhance ease of living for citizens, enable truly evidence-based policy, improve targeting in welfare schemes, uncover unmet needs, integrate fragmented markets, bring greater accountability in public services and generate greater citizen participation in governance, etc.

The datasets talked about inclusion of administrative data such as birth and death records, pensions, tax records, marriage records; survey data such as census data, national sample survey data; transactions data such as e-national agriculture market data, UPI data, institutional data and public hospital data on patients.

On granting access to the public sector, the Survey said, "Consistent with the notion of data as a public good, there is no reason to preclude commercial use of this data for profit... Although the social benefits would far exceed the cost to the government, at least a part of the generated data should be monetised to ease the pressure on government finances."

India could host 'Detroit' of EVs

The country sold 54,800 electric two-wheelers in 2018

SPECIAL CORRESPONDENT NEW DELHI

With the right policies, it's possible that one of India's cities could become the "Detroit of electric vehicles," the Economic Survey said in a chapter on enabling inclusive growth through affordable, reliable and sustainable energy.

India has a "National Electric Mobility Mission Plan 2020 (NEMMP)" in place to "achieve sales" of 60-70 lakh units of electric vehicles (that includes buses, two-wheelers and cars) by 2020.

In 2015, the Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme was launched to fast-track the goals of NEMMP with an outlay of ₹795 crore.

FAME India Phase II, with an emphasis on electrification of public transport, was also launched from April 1,

2019, with a total outlay of ₹10,000 crore over the next three years. Several states, had drafted EV policies.

Globally, the sales of electric cars have grown from just over 2,000 units sold in 2008 to over 10 lakh in 2017.

More than half of the sales were in China. The market share of electric cars is around 2% in China while it is around 39% in Norway. Electrification of two-wheelers and buses has also picked up. Global sales of electric buses were about one lakh and sales of two-wheelers were estimated at three crore, according to the chapter note.

In India, electric two-wheelers have been the major part of EV sales with sales of around 54,800 in 2018. Compared to this, sales of electric cars have been only around 2,000 in 2017, Indian market share in electric cars

is only 0.06%. According to the Society of Manufacturers of Electric Vehicles (SMEV), Uttar Pradesh topped the list of the States with highest EV sales of 6,878 units in 2017-18, followed by Haryana at 6,307 units and Gujarat at 6,010 units. Maharashtra reported a sales of 4,865 EVs while West Bengal came in fifth with sales of 4,706 units.

India's adoption of electric vehicles, the report said, was part of its larger thrust towards increasing the share of renewable energy and reducing carbon dioxide emissions. The share of renewables (excluding hydro above 25 MW) in total power generation was around 10% in 2018-19 compared with around 6% in 2014-15. India stands fourth in wind power, fifth in solar power and fifth in renewable power installed capacity.

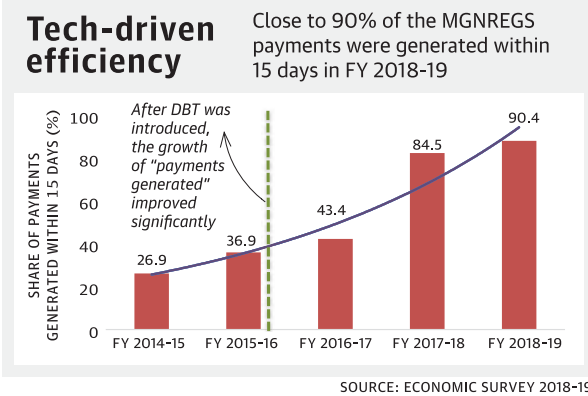
'Aadhaar aided MGNREGS beneficiaries'

Other welfare schemes must also implement Aadhaar-based payments: Economic Survey

SPECIAL CORRESPONDENT NEW DELHI

Refuting criticism of Aadhaar-linked payments and the direct benefit transfer system, the Economic Survey 2018-19 has used the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as a case study to show the benefits of the use of technology in improving targeting and efficiency in welfare schemes, especially for the most vulnerable groups.

Going forward, the Survey recommends that digital technology and the JAM trinity - Jan Dhan, Aadhaar and Mobile - be expanded to other welfare schemes. The Survey cites data on the timeliness of wage payments, worker turnout, demand and supply of work under the scheme before and after Aadhaar-linked payments (ALP)



SOURCE: ECONOMIC SURVEY 2018-19

were implemented as a proof for its benefits.

Data show that in 2014-15, less than 27% of wage payments were generated within 15 days. Direct benefit transfers were introduced two years later. By 2018-19, more than 90% of wage payments were generated within 15 days. "Payment delays drive away farmers in genuine dis-

stress, while others not in distress take the benefits. A person undergoing economic distress needs immediate and certain liquidity. Working for uncertain promised wages, which are likely to be realised with a substantial lag, presents an unattractive proposition for a person in distress as delayed payments effectively imply zero wages

in adverse times," says the Survey. The Survey also compared the MGNREGS performance in blocks affected by drought versus other blocks, using drought as a proxy for distress. In drought-affected blocks, the number of persons demanding work increased more than 20% after the implementation of ALP, while there was no effect in other blocks. A similar trend is seen in the supply of work. Muster rolls, which are work site attendance registers, show a 19% increase after ALP implementation in most blocks. In drought-affected blocks, muster rolls increased by 44%.

"It appears that before the implementation of ALP, the rural poor treated MGNREGS as an option to earn additional income during good times rather than a shock absorber during bad times. This ac-

tually defeated the purpose of the programme. Post implementation of ALP, there is a reversal of trend, wherein an increase in demand for work under MGNREGS is observed in drought-affected areas," says the Survey, arguing that effective targeting has been possible because of ALP.

The Survey suggests that going forward, "demand for work under MGNREGS may be used to develop a real-time indicator of distress at the granular district or panchayat level." The Survey also recommends that other welfare schemes implement the lessons learnt from Aadhaar linkages in MGNREGS.

Scholarships, pensions, and subsidies for food, kerosene, and gas cylinders should be next in line to implement Aadhaar-based payments, it said.

'Recovery under IBC higher at 43%'

SPECIAL CORRESPONDENT MUMBAI

Recovery by financial creditors has seen a significant rise after the Insolvency and Bankruptcy Code (IBC) kicked in compared with the previous recovery regimes like Debt Recovery Tribunal, Lok Adalat and SARFAESI Act, the Economic Survey for 2018-19 pointed out.

Between 2007 and 2017, recovery from all those other sources was 23% while the same was 43% under the IBC between 2017-19. "These earlier mechanisms have resulted in an average recovery of 23% to lenders as against nearly 43% under the IBC," the Survey said. The overall recovery in resolved cases is nearly ₹74,497 crore for the financial creditors, the Survey said.

'Reward top taxpayers, shame defaulters'

Allowing fast-lane access, naming of roads, buildings after top taxpayers mooted

YUTHIKA BHARGAVA NEW DELHI

Rewarding top taxpayers with 'diplomatic' type privileges, fast-lane access, expedited boarding at airports and even naming of building and roads after them are some of the suggestions laid out in the Economic Survey 2018-19 to push tax compliance in the country.

The Economic Survey advocates the application of the behavioural principles to enhance tax compliance "as people often indulge in conspicuous consumption to convey their social status..."

The Survey recommended that top 10 highest tax payers within a district can be highlighted and accorded due recognition. "This may take



First in queue: The Survey recommended expedited boarding at airports, among others, for top taxpayers. *K. GOPINATHAN

the form of expedited boarding privileges at airports, fast-lane privileges on roads and toll booths, special 'diplomatic' type lanes at immigration counters, etc."

It added that the highest taxpayers over a decade could be recognised by naming important

buildings, monuments, roads, trains, initiatives, schools and universities, hospitals and airports in their name.

Honour 'clubs'

"The idea is to create exclusive membership of 'clubs' that exude not only social status but also

honour. Such steps can also help propagate the social norm that "paying taxes honestly is honourable," the Survey said. Another use of behavioural principles suggested in the Survey is public shaming of individuals who don't pay taxes to "reduce non-compliance if they are reintegrated immediately." It, however, added that persistent public shaming can be detrimental to compliance because of stigmatisation effects.

"If cheats feel that the probability of their detection has increased, voluntary disclosure programmes for tax payments can increase tax evasion incidence as these programmes may offer the possibility to avoid strict punishments," it said.

Survey calls for tax cuts, space for hotels in infra boost to tourism

Need to sensitise States on sector's push in rolling out jobs

SPECIAL CORRESPONDENT NEW DELHI

The Economic Survey 2018-19 has recommended a series of measures to boost the tourism sector, which saw a "sharp slowdown" last year.

The recommendations include increased budgetary allocation for development of infrastructure, making land available for hotels, and reduction in taxes.

The Survey, which was tabled in Parliament on Thursday, added that there was a need to strengthen the coordination mechanism of various Ministries and stakeholders to resolve issues in promotion of tourism in the country.

Additionally, the State governments need to be sensitised about tourism being a major driver of employment



and poverty alleviation, it said.

Pointing out that the sector experienced a sharp slowdown in 2018, the Survey stated that the foreign tourist arrivals (FTAs) in 2018-19 stood at 10.6 million compared with 10.4 million in 2017-18.

"In terms of growth, the growth rate of FTAs declined from 14.2% in 2017-18 to 2.1%

in 2018-19." Likewise, foreign exchange earnings (FEEs) from tourism stood at \$27.7 billion in 2018-19 as compared to \$28.7 billion in 2017-18. "In terms of growth, the FEEs declined from 20.6% in 2017-18 to -3.3% in 2018-19."

"Land should be made available for hotels and reserve land for hotels in all new townships under planning... Fast-track clearances for hotel projects... Increase skill development efforts to train more persons... Make the taxation regime on hospitality industry globally competitive," the Survey said.

The Survey also showed that FDI in hotel and tourism also declined from \$1,132 million in 2017-18 to \$1,076 million in 2018-19.

Yes Bank gets 9.47% stake in Eveready

SPECIAL CORRESPONDENT
MUMBAI

Yes Bank has acquired 9.47% stake in Eveready Industries by invoking pledged shares, the lender informed the exchanges.

The pledged shares were invoked since one of the group companies, McLeod Russel, defaulted.

"Shares have been acquired pursuant to invocation of pledge of shares of Eveready Industries India Limited subsequent to default/breach of terms of credit facilities sanctioned by Yes Bank to McLeod Russel India Limited which is a group company of BM Khaitan Group," Yes Bank said.

Eveready had a consolidated turnover of ₹1,541.86 crore in FY 2018-19.

Adani Power buys GMR unit for ₹4,792 cr.

PIYUSH PANDEY
MUMBAI

Adani Power has signed a definitive share purchase agreement with GMR Infrastructure Ltd. (GIL) to buy its 47.62% stake in GMR Chhattisgarh Energy Ltd. (GCEL), held by its wholly owned subsidiary, GMR Generation Assets Limited (GGAL).

The company will buy the remaining stake from lenders as the consortium of lenders of GCEL adopted "change in management" as a resolution plan (RP) in accordance with the guidelines issued by Reserve Bank of India. The deal was executed at an enterprise value of ₹4,792 crore. The lenders followed a detailed bidding process.

ArcelorMittal bid for Essar Steel okayed

NCLAT rejects Ruia plea challenging eligibility; proceeds of the sale to be shared among creditors

STAFF REPORTER
NEW DELHI

The National Company Law Appellate Tribunal on Thursday approved steel tycoon Lakshmi Mittal-led ArcelorMittal's ₹42,000-crore bid for the acquisition of bankrupt Essar Steel.

Resolution plan tweaked

The tribunal, however, modified the Resolution Plan submitted by ArcelorMittal to safeguard the rights of the operational creditors and other financial creditors of Essar Steel. It said the proceeds of the sale were to be shared among the creditors.

A Corporate Insolvency Resolution Process was initiated in 2017 against debt-ridden Essar Steel Limited to recover ₹54,547 crore of unpaid dues to financial len-



Profits generated during pendency of insolvency proceedings can't be given to ArcelorMittal, the NCLAT said. •AFP

ders and operational creditors. The tribunal also clarified that any profits of Essar Steel generated during the pendency of the insolvency proceedings would al-

so be distributed among the creditors on a pro rata basis.

It said the profit cannot be given to the successful resolution applicant ArcelorMittal as it had not invested any

An issue settled by the Supreme Court [eligibility of ArcelorMittal] can't be re-agitated again and again

JUSTICE S.J. MUKHOPADHAYA

money during the insolvency process.

The tribunal also rejected the application by Prashant Ruia, the promoter, and Essar Steel Asia Holdings Limited, challenging the eligibility of ArcelorMittal as a bidder.

"An issue which has been settled by the Supreme Court i.e., eligibility of ArcelorMittal India Pvt. Ltd. as a resolution applicant for Essar Steel India Ltd., cannot be re-agitated again and again," the tribunal headed by Justice S.J. Mukhopadhaya said.

Mr. Ruia had challenged the March 8, 2019 order of the Ahmedabad Bench of the National Company Law Tribunal approving ArcelorMittal's bid for the takeover of Essar Steel.

He had contested ArcelorMittal's eligibility on the ground that it had suppressed facts by stating that Mr. Lakshmi Mittal had completely exited from the Indian businesses of the Mittal family, more specifically, Gontermann Peipers India Ltd., GPI Textiles Ltd., and Balasore Alloys Ltd.

ArcelorMittal had argued that it was a mala fide attempt to derail the corporate insolvency resolution process. It also submitted that Mr. Ruia had no locus standi as his settlement plan was disallowed.

Ineligibility under Sec. 29A not considered: Essar

May move SC against NCLAT order

PIYUSH PANDEY
MUMBAI

The National Company Law Appellate Tribunal's (NCLAT) decision to approve ArcelorMittal's bid for debt-laden Essar Steel has not gone down well with Essar Group promoters.

The group's promoters made a last minute bid of ₹54,389 crore to pay all creditors, financial and operational, compared with ArcelorMittal's ₹50,000 crore, which includes funds that it promised to pump into the Indian steel maker.

An Essar spokesperson said, "It appears that new facts regarding ineligibility under Section 29A, which emerged only after the previous judgment of the Supreme Court, have not been

given due consideration. We are awaiting the detailed order and will decide our course of action thereafter."

Essar's promoters can still move the Supreme Court against the tribunal's order, a source in the know of the development told *The Hindu*. "We can decide our course of action only after getting the detailed copy of the order." Essar promoters contested that the proposal of ArcelorMittal India was in violation of IBC code as the proposal if approved negates the right of 'Subrogation of the Guarantor'.

An ArcelorMittal spokesperson said, "We need to review the full written order to understand any implications on completion of the transaction."

Patel admits RBI was slow to take timely steps

Current capital buffers not enough to tackle huge amount of stress, he says

PRESS TRUST OF INDIA
MUMBAI

A failure on the part of banks, the government and the regulator till 2014 has got us into the current bad loan mess and the resultant low capital buffers, Urjit Patel, the past Reserve Bank Governor, has said, asking all to resist the temptation of going back to status quo.

In his first comments after resigning as the RBI Governor on December 10 last year amid sharp differences with the government, Mr. Patel said banks indulged in over-lending while the government did not 'fully play' its role.

He also conceded that the regulator should have acted earlier.

Speaking at an event in Stanford University, Mr. Pa-



Urjit Patel

tel listed out the areas of concern for the country's banking sector, including high non-performing assets (NPAs), especially with state-run lenders, and current capital buffers being "over-stated" and insufficient to tackle the huge stress.

"How did we get here? Plenty of blame to go

around! Prior to 2014, all stakeholders failed to play their role adequately. Banks, the regulator and government," he said in the presentation.

It can be noted that after 2014, which saw a change of guard in government, the RBI, under the governorship of Raghuram Rajan, started an asset quality review that led to the recognition of the huge pile of hidden stress in the system and an attempt at resolution through the introduction of bankruptcy laws.

Sagging growth

These actions led to a sharp decline in banks' ability to fund the needs of the economy, where growth had been sagging.

Mr. Patel, who spent over five years at the RBI, including in his role as the Deputy

Governor, advised stakeholders to stay the course even in the face of difficulties.

"Temptation to reset 'back to the past' should be eschewed," Mr. Patel said, adding that 'episodic concerns' on stability are possible if there is 'foot dragging, or, worse, back-peddalling'.

"Short-cuts/sweeping the problem under the carpet is unlikely to work, but will only delay unlocking of capital, and come in the way of financing future investment efficiently," he warned.

On the Supreme Court striking down the February 12, 2018 circular, which was also a major bone of contention between him and the government, Mr. Patel said only time will tell whether a system of 'extend and pretend' will make a comeback.

CCI to probe Maruti Suzuki for discounting practices

'Resale price maintenance' banned as it affects competition

REUTERS
NEW DELHI

India's antitrust body on Thursday said it had ordered an investigation into how Maruti Suzuki, the country's biggest carmaker, controlled discounts its dealers could offer.

Reuters reported in May that the Competition Commission of India (CCI) was looking into allegations that Maruti forced its dealers to limit the discounts they offer, effectively stifling competition among them and harming consumers.

Carmakers, at times, set a limit on discounts to ensure there is no price war among dealers but Indian law says the practice, described as



Pricing battles: Carmakers, at times, set a limit on discounts to ensure there is no price war among dealers. •REUTERS

"resale price maintenance," is prohibited if it causes "appreciable adverse effect on competition in India."

Need for detailed probe
The CCI on Thursday said a detailed probe was needed to assess the methods used

by Maruti as the "allegations, prima facie, reveal a fit case for investigation in respect of the alleged resale price maintenance arrangement".

Maruti, majority-owned by Suzuki Motor Corp., did not immediately respond to a request for comment.