

SECTOR SCAN
E-COMMERCE

Transparency on details of sellers among key features of draft guidelines

Dept of Consumer Affairs seeks stakeholders' feedback by Sept 16

PRABHA RAGHAVAN
NEW DELHI, AUGUST 5

IN AN effort to curb sale of counterfeit products online and “unfair” trade practices by e-commerce companies, the government has drafted guidelines aimed at making these entities and their sellers more transparent and accountable to consumers.

The guidelines formulated for this purpose include conditions mandating e-commerce firms to accept returns on “defective” and “spurious” products and measures directing them to display details of their sellers.

The e-Commerce Guidelines for Consumer Protection 2019 will be applicable on all business-to-consumer (B2C) e-commerce platforms, according to the Department of Consumer Affairs, which has sought feedback from stakeholders by September 16.

According to the draft, a copy of which *The Indian Express* has viewed, the government proposes to make it mandatory for e-commerce entities to accept returns in the event the products delivered are “defective, wrong or spurious” or if they do not have the characteristics or features advertised.

E-commerce companies will also have to display details about the sellers on their website.

These include identity of the seller's business, legal name, principal geographic address, products they sell, their website, email address and other contact information along with details on how customers can contact them.

The e-commerce firm also has to clarify what sort of business entity the seller is, the guidelines state.

Currently, several e-commerce sites, including popular shopping and restaurant platforms, do not furnish full details about their sellers and consumers have to return goods, regardless of whether or not they are counterfeited, within a specific timeline.

The draft guidelines also propose to increase transparency in contracts signed between e-commerce entities and the sellers, directing them to display terms of their contracts relating to aspects like return, refund, exchange, warranties and guarantees, delivery and shipment, mode of payments and redressing grievances.

This is to enable consumers to make “informed choices”, it states.

The draft has also sought transparency on the procedure followed to address complaints, directing e-

APPLIES TO ALL
B2C PLATFORMS

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■ According to the draft the Centre proposes to make it mandatory for e-commerce entities to accept returns if the products delivered are “defective, wrong or spurious” or if they do not have the features advertised

commerce companies to publish contact details of their grievance officers on their websites and setting a one-month timeline for them to redress issues from the time the complaint is registered.

E-commerce platforms will also not be allowed to “directly or indirectly” influence the price of the products and services they offer, according to the draft.

It also says they cannot adopt any trade practice “for the purpose of promoting the sale, use or supply” of any goods or services or use “unfair” and “deceptive” methods and practices that may influence the consumer's transactional decisions.

The guidelines also aim to restrict sellers from “falsely” representing themselves as consumers or posting reviews as well as misrepresenting and exaggerating the quality and features of products on their sites.

“Currently, most e-commerce platforms don't disclose seller details or their general terms with them, so the consumer has very little in their hands to hold them accountable in case a fake product is received or a return is rejected. These guidelines, if enforced, will change that,” said Sachin Taparia, founder of community engagement platform LocalCircles, which conducted the preliminary consumer consultations for these guidelines.

He expects the guidelines to be applicable to e-commerce businesses like inventory-based platforms, marketplaces for new and used goods, service-based platforms like ride-hailing applications, food delivery platforms, travel and hotel booking services, event ticketing platforms and online pharmacies.

FINANCE MINISTER MEETS HEADS OF PUBLIC & PRIVATE BANKS

Govt set to meet FPIs, industry, MSME players to revive growth

ENSECONOMICBUREAU
NEW DELHI, AUGUST 5

TO ADDRESS economic slowdown across a number of sectors, the government will start a series of consultations with financial market stakeholders, as well as industry leaders from automobile, real estate and MSME sectors, in order to amend policies and announce changes aimed at promoting growth. Top Finance Ministry officials will also meet leading foreign portfolio investors (FPIs) over a number of Budget issues including the surcharge on income tax that have led to outflows from equity markets and a sharp plunge in share prices.

Addressing reporters after a review meeting with heads of public and private sector banks Monday, Finance Minister Nirmala Sitharaman said the Centre is open to hear out concerns of FPIs and other sector-specific issues that are affecting the broader economy.

The government will come out with a “considered response after hearing out all the stakeholders,” she said, indicating that the government may announce policy changes aimed at addressing sector-specific issues and promoting growth.

The Centre also reviewed

EXPLAINED

Resolving tax surcharge issue a prime concern

IN THE Budget 2019-20, the government raised surcharge on income tax for taxable income between Rs 2 crore and Rs 5 crore, and for income above Rs 5 crore.

This is being seen as a major reason for relentless outflow of funds from Indian financial markets. Hearing out concerns of FPIs is among the measures that will help address issues that are affecting the broader economy.

credit growth of public sector banks and issue of transmission of lower policy rates into reduction in lending rates of banks.

“I have made it absolutely clear that if there are FPIs who want to tell me something about, I am quite open to hearing out what they have to say. We have not just left it at that. The list of meetings that the Finance Secretary (Rajiv Kumar) spoke about, in that, the stock market and investor representatives are also meeting us,” she said.

Moreover, Department of Economic Affairs Secretary Atanu Chakraborty would hold discussions with representatives of FPIs to address their concerns.

In the Budget 2019-20, the

government raised surcharge on income tax from 15 per cent to 25 per cent on taxable income between Rs 2 crore and Rs 5 crore, and from 15 per cent to 37 per cent for income above Rs 5 crore. It would also be applicable for FPIs operating as trusts or as association of persons.

This is being seen as the key reason for relentless outflow of funds from Indian financial markets since tabling of the Budget on July 5. Equity markets have been under pressure and it has been led by FPI outflows.

While they pulled out a net of Rs 12,418 crore in July following the Budget announcements, they have pulled out another Rs 7,538 crore in August taking the net out-

flow between July and August at Rs 19,956 crore.

On another issue resulting in negative sentiment in equity market, the Securities and Exchange Board of India (Sebi) will hold consultations with market players on Budget proposal of raising minimum public shareholding norm to 35 per cent from 25 per cent. Any final view on its roll out will be taken after these consultations.

“On 25 per cent to 35 per cent shareholding, I think the Sebi had come out saying they are initiating consultation to hear the views much before a position is taken and this mention was there in Budget speech not as a part of decision which has been made already,” the FM said. The government is yet to initiate the proposal.

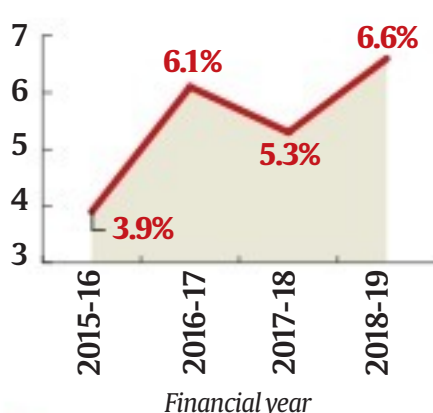
A higher public shareholding requirement is seen as increasing supply of shares in the market, thereby depressing prices.

On a question related to sovereign bonds, Sitharaman said “nothing more has been done” apart from the announcement in the Budget as the Ministry was busy in dealing with three bills, including amendment to the Insolvency and Bankruptcy Code (IBC). The government has announced it would start raising a part of its gross borrowing programme from external markets in foreign currencies.

Gross NPA ratio of NBFCs at 6.6% in FY19

NBFCs form a key link between India's banking sector and customers, especially in hinterland. The liquidity crisis being faced by certain NBFCs, mainly due to asset-liability mismatches, has been a cause for concern

AS PER RBI data, gross NPA ratio of NBFCs (deposit-taking and Systemically Important non-deposit-taking NBFCs) in last four fiscals are as under:



NUMBER OF REGISTERED NBFCs UNDER REGIONAL OFFICES OF RBI

Regional Office	No. of NBFCs as on June 23, 2019
Ahmedabad	253
Bangalore	133
Bhopal	103
Bhubaneswar	20
Kolkata	4,541
Chandigarh	215
Chennai	331
New Delhi	2,013
Guwahati	118
Hyderabad	155
Jaipur	198
Jammu	32
Kanpur	143
Mumbai	1,214
Patna	35
Thiruvananthapuram	139
Total	9,643

Source: Reserve Bank of India

NO. OF REGISTERED HFCs UNDER NHB AS ON JUNE 24, 2019

State/UT	No. of HFCs
AP	1
Delhi	19
Gujarat	5
Haryana	3
Karnataka	5
Kerala	2
MP	1
Maharashtra	40
Manipur	1
Mizoram	1
Rajasthan	6
Tamil Nadu	15
West Bengal	2
Total	101

Source: National Housing Bank

‘JAMMU AND KASHMIR LOSING FINANCIAL AUTONOMY MAY NOT AUGUR WELL FOR FISCAL FEDERALISM’

With J&K status change, 15th FC will have to redo math

PVAIDYANATHAN IYER
NEW DELHI, AUGUST 5

WITH JAMMU and Kashmir set to lose its statehood, it would not be eligible for any share of tax devolution from the Centre's divisible pool as decided by the Finance Commission, leaving fund allocation entirely in the hands of the central government.

“Jammu and Kashmir will lose its financial autonomy, and it does not augur well for fiscal federalism,” said an ex-member of the previous finance commission. Funds for union territories (including Delhi, Puducherry, etc) are decided by the central govern-

ment in the Union Budget and voted by Parliament.

The Finance Commission recommends how tax revenues collected by the central government should be shared between the Centre and the states.

Further, the panel also recommends inter se distribution of these resources among states.

For the five years ending 2019-20, the Union Finance Ministry had agreed to the Fourteenth Finance Commission's recommendations that 42 per cent of tax collections (compared with 32 per cent recommended by the Thirteenth Finance Commission for the previous five years ending 2014-15)

by the central government should go to states. Of the states' share, the Commission had recommended that Jammu and Kashmir should receive 1.854 per cent from 2015-16 till 2019-20. This was higher than 1.551 per cent the state received during the previous five years.

Jammu and Kashmir was one of the few states that was accorded a special category status by the central government.

Almost 30 per cent of the devolution was earmarked for these states. Further, they received favourable treatment in terms of the grant versus loan mix compared with other states.

The Fourteenth Finance

Commission did not have make specific recommendations for these states with special category status, but accounted for their special characteristics by assigning weightage to forest cover and international border lengths in allowing for higher devolution. “Special category status is not really a Constitutional category,” said another former member.

According to sources close to the development, the Fifteenth Finance Commission chaired by NK Singh may have to rework its calculations for horizontal devolution (sharing of resources among states) with the change in status of Jammu and Kashmir's statehood. The state is proposed

to be organised into two union territories – Jammu and Kashmir (with Legislative Assembly) and Ladakh (without Legislative Assembly). “Instead of 29 states, devolution would be for 28 states. They will have to redo the arithmetic,” said a source, who did not wish to be named.

The Union Cabinet had on July 17 approved a proposal to extend the tenure of the Fifteenth Finance Commission by six more months. It is expected to now submit its report by November-end 2019. Members of the Commission have completed visits to various states for consultation with stakeholders, including state government functionaries.

Have to take growth to 9-10% level: Uday Kotak

ENSECONOMICBUREAU
MUMBAI, AUGUST 5

KOTAK MAHINDRA Bank vice chairman and MD Uday Kotak on Monday said the economy needs to grow 9-10 per cent to make the country a \$5 trillion economy in the next couple of years.

“The economy needs to grow by 9 per cent in the next 20 years to get India where China is today. We need to grow by 10 per cent in the next couple of years,” Kotak said while delivering the Lalit Doshi Memorial Lecture. When asked whether India will be able to become a \$5 trillion economy as projected by the government

in the wake of the ongoing slowdown in the economy, Kotak said, “We got to make it happen. We have to take the growth to the 9-10 per cent level.”

GDP growth fell to 5.8 per cent in the March quarter and growth of eight core industries dropped to a 50-month low of 0.2 per cent in June as against 4.3 per cent in May. Last week, L&T Chairman Naik had said, “Growth is going to be not more than 6.5 per cent this year. My feeling is that though they (government) claim it is 7 per cent plus, if we can maintain 6.5 per cent, we will be lucky.”

On the current liquidity issue in the financial sector, Kotak said, “It's not a systemic issue.”

Rupee plummets 113p to 70.73 against USD; Sensex falls 418 points

J&K uncertainty, global currency jitters, yuan diving past 7/dollar hit sentiment

ENSECONOMICBUREAU
MUMBAI, AUGUST 5

INDIA'S FINANCIAL markets – stocks and the rupee – on Monday took a heavy beating as political uncertainty over the Article 370 in Jammu and Kashmir as well as the sharp fall in Chinese yuan hit the sentiment.

The rupee declined sharply by 113 paise, the biggest single-day drop in past six years, to close at a five-month low of 70.73. Following jitters in global currency markets, the sharp fall in yuan, capital outflows and the J&K issue, the benchmark BSE Sensex plunged by 418 points. After falling over 700 points in intra-day trade, the 30-share index pared losses to close at 36,699.84, still down by 418.38 points, or 1.13 per cent. It hit a low of 36,416.79 and a high of 36,844.05.

The Nifty lost 134.75 points or 1.23 per cent to close at 10,862.60 points, even as the Centre abolished Article 370 which gave special status to Jammu and Kashmir, and moved a separate bill to bifurcate the state into two separate union territories of Jammu and Kashmir, and Ladakh.

“Chinese yuan lost 1.4 per cent while the rupee which lost more than Yuan was down by 1.66 per cent against the dollar, being the worst performer among other Asian currencies. The panic across asset classes is evident. There is a flight to safety towards US Treasuries, gold and carry currencies like euro and Japanese yen,” IFA Global said.

Gold prices, meanwhile, hit a six-year high in global markets while futures surged to record highs in India.

Deepak Jasani, head of retail research, HDFC Securities, said, “Markets resumed the downturn on Monday. A bounce back in the afternoon session helped to curb the losses. The weakness came on the back of rising tension in Jammu and Kashmir and weak global markets triggered by intensifying trade tiff between US and China. The Nifty has now given up all the gains of 2019 with foreign portfolio investors continuing their selling spree.”

The Chinese yuan slipped to 7.03 level against the US dollar, which investors consider as a key threshold, amid reports that Beijing was devaluing its currency to support exporters, and neutralise US President Donald Trump's decision to impose fresh 10 per cent tariffs on \$ 300 billion

Gold prices at all-time high

Mumbai: Gold prices Monday rose by over 2 per cent to record levels, as prices soared in overseas markets and the rupee fell sharply.

Gold futures hit an all-time high of Rs 36,970 per 10 gram, taking their gains to more than 17 per cent in 2019. However, traders said demand has fallen due to higher prices with dealers offering a discount over official domestic prices, the highest since August 2016.

The domestic price includes a 12.5 per cent import tax and 3 per cent sales tax. India's gold consumption declined 1.5 per cent last year to 760.4 tonnes, below a 10-year average of 838 tonnes, according to data compiled by World Gold Council. **ENS WITH PTI**

in Chinese goods.

Ajit Mishra, vice president, Religare Broking, said, “The markets started the week on a negative note led by on-going tensions in Kashmir and unsupportive global cues. However, the Nifty reversed some of its losses but still ended lower by at 10,859 levels.”

“The broader markets ended largely in line with the benchmark with BSE midcap and BSE Smallcap ending with losses of 1.3 per cent and 1.7 per cent respectively,” he added. Among sectoral indices, except IT and telecom which ended with gains, all other indices ended with losses, with banking, consumer durables and realty being the top losers.

“Going forward, we expect volatility to remain high in the near term and maintain our cautious stance on Indian markets. Given the comforting inflation data and declining growth, expectations are rife for a fourth consecutive rate cut of 25 bps by the RBI in its policy meet on August 7. However, the commentary on growth and inflation would be more important factor in deciding the course of the markets,” he said. Further, the on-going turmoil in Kashmir may induce volatility in the markets, Mishra added.

In a highly volatile trade, the rupee opened at 70.20 at the interbank forex market and touched a low of 70.59 and a high of 70.18 against the American currency before closing at 70.73.

BRIEFLY

Indian Bank Q1 net profit jumps 74.5%

Chennai: Public sector Indian Bank posted a 74.55 per cent jump in its net profits for the April-June quarter, at Rs 365.37 crore, the bank's MD and CMD Padmaja Chunduru said on Monday. **PTI**

Razorpay acquires Thirdwatch

Mumbai: Payments solution firm Razorpay made its first acquisition as it took over Gurgaon-based Thirdwatch, which specialises in big data and machine learning for real-time fraud prevention. Details of the transaction were not disclose. **ENS**

‘China stops buying US farm products’

Beijing: China's Commerce Ministry said Tuesday that Chinese companies have stopped buying US agricultural products, and that China will not rule out imposing import tariffs on American farm products that were bought after August 3. **REUTERS**

SOURCES SAID DEPRECIATION AIMED AT PREVENTING RISKS, INCLUDING TENSIONS WITH US

‘Yuan’s slide past 7/dollar had policymakers’ blessing’

KEITH ZHAI & ZHENG LI
SINGAPORE/SHANGHAI, AUGUST 5

CHINESE MONETARY authorities let the yuan slide past the key 7-per-dollar level so that markets could finally factor in concerns around the Sino-US trade war and weakening economic growth, three people with knowledge of the discussions said on Monday.

The yuan tumbled 1.4 per cent and past 7-per-dollar level for the first time in more than a decade on Monday, following

two days of weaker than expected midpoint settings by the People's Bank of China (PBOC). Those fixings on Friday and Monday followed US President Donald Trump's announcement that he will impose 10 per cent tariffs on the remaining \$300 billion of Chinese imports from September 1, abruptly breaking a brief month-long ceasefire in a long-running trade war.

“We have had serious internal discussions, including issues such as the timing of the announcement, how to guide the market, and made some arrangements on such issues,” a policy



People sit in front of a board showing market information at a securities brokerage house in Beijing, China, on Monday. **Reuters**

source told *Reuters*. “The regulators had a half-resisting, half-allowing idea for the yuan to fall past 7 to the dollar.”

The PBOC had no immediate comment on the report, but earlier in the day said it was confident and capable of keeping the yuan basically stable at reasonable and balanced levels.

Meanwhile, US President Donald Trump on Monday slammed China's decision to let its yuan breach the seven-per-dollar level for the first time in over a decade, calling it “a major violation” and jabbing the US Federal Reserve. **REUTERS**