FRIDAY, 27 SEPTEMBER 2019
18 pages in 1 section
MUMBAI (CITY)
₹8.00
VOLUME XXIV NUMBER 32

www.business-standard.com

Business Standard

THE MARKETS ON THURSDAY

		Chg#
Sensex	38,989.7▲	396.2
Nifty	11,571.2▲	131.0
Nifty Futures*	11,630.8▲	59.6
Dollar	₹70.9	₹71.0**
Euro	₹77.5	₹78.1**
Brent crude ($/bbl)##	61.4##	62.1**
Gold (10 gm)###	₹37,570.0▼	₹384.0

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

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E-CIGARETTE BAN: GOVT FACES FIRST COURT CHALLENGE

BACK PAGE P18

TRUMP ABUSED POWER, ALLEGES WHISTLE-BLOWER

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

RBI'S LIQUIDITY PANEL FAVOURS LONG-TERM LENDING OPERATIONS

An internal working group of the RBI to review the current liquidity management framework has said that the existing framework can continue with some minor changes. The panel, however, said the central bank can minimise its secondary market bond purchases, and instead use longer-term lending operations as a new tool to infuse liquidity into the system. This, the panel said, would help offset build-up of a large deficit or surplus. 4▸

COMPANIES P2

Dutch court administrator can now be part of Jet CoC

The NCLAT on Thursday allowed a Dutch insolvency court administrator to attend the committee of creditors meetings of Jet Airways, a ruling that could help fresh ground in cross-border insolvency proceedings. In doing so, the NCLAT set aside an order of the Mumbai Bench of the NCLT, which had said the Dutch court administrator had no jurisdiction in India.

COMPANIES P3

Indiabulls sells properties to Blackstone for ₹2,700 cr

Indiabulls Real Estate has sold its remaining stake in its Gurugram and Mumbai commercial properties to US-based private equity fund manager Blackstone for ₹2,717 crore. The acquisition would give Blackstone complete control and ownership in Indiabulls' commercial office portfolio of 5 million sq ft.

Pak uses terrorism as tool of statecraft: Jaishankar

Hitting out at Pakistan, External Affairs Minister S Jaishankar has said India cannot talk to a challenging neighbour that conducts terrorism as a "legitimate tool of statecraft" to put pressure on New Delhi to come to the table. "During an interactive session by think-tank Council on Foreign Relations in New York, the minister said "pre-August 5, Kashmir was in a mess".

'Tax rate cut will give more in the long run'

Amid a debate over the possibility of widening fiscal deficit because of the cut in the corporation tax rates, Revenue Secretary **A B PANDEY** tells **Indivjal Dhasmana** that the crucial parameter is whether the deficit number reflects disciplined fiscal behaviour of the central government.

Q&A ECONOMY PAGE 8

ECONOMY P8

Effective tax on companies still among the highest

The recent cut in the corporation tax may ease the burden on corporates. But more steps are required for making the country globally competitive from the perspective of corporation tax. Taking into account taxes on dividend and share buyback, the total tax on corporate profits works out to be 46.8 per cent for old manufacturing companies, and 41.1 per cent for new manufacturing firms not availing of any other incentives and tax breaks.
SACHIN P MAMPATTA & KRISHNA KANT write

Consumption is back, no liquidity issue: FM

Private sector banks to join govt's loan outreach programme

SOMESH JHA & INDIVJAL DHASMANA
New Delhi, 26 September

Demand is back in the system, Finance Minister Nirmala Sitharaman said on Thursday, expressing hope that it, along with increased lending, would perk up the economy in the second half of the current financial year.

The finance minister's statement came amid growing concerns about a slowing economy. The economic growth plunged to an over six-year low of 5 per cent in the first quarter.

"Things are looking forward and upward from here, and we hope to take this message across," Sitharaman said after holding a meeting with top executives of private sector banks, housing finance companies, and micro finance institutions (MFIs). Last week, she had met heads of public sector banks and asked them to go for an outreach programme to step up lending.

None of the bankers in the meeting on Thursday said they faced any liquidity issues. They, however, admitted there were some glitches, such as those related to know-your-customer (KYC) norms and co-origination of loans by non-banking financial companies (NBFCs) and others. They also said there was enough demand for loans, she added.

"On the whole, it was a very tonic-like meeting where I heard good things, positive things," she said, adding that "the message I got is that consumption is happening and there are no liquidity issues".

Finance Secretary Rajiv Kumar invited private sector banks to join the outreach programme in 400 districts for potential lending. The first phase of the programme will start in 250 districts from October 3-7, he said. The next phase will begin around Diwali. Maintaining that there was no liquidity issue, Kumar said the outreach programme was being organised to take advantage of the festival season.

"We see a huge opportunity in the outreach programme announced by the government. We feel that this is an opportunity for us to do our dharma," Kotak Bank Vice Chairman and Managing Director Uday Kotak said.

The finance minister indicated that the economic slowdown seemed to have bottomed out and the coming festive season would help the economy start looking up.

Bandhan Bank CEO Chandra Shekhar Ghosh said demand for credit was comparatively slow in the first two quarters of the year, but might pick up during Durga Puja.

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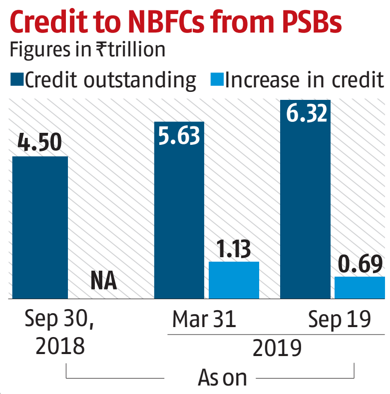
CREDIT FLOW SLOWS

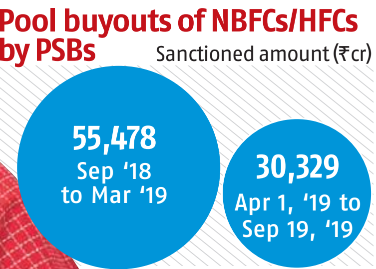
Credit to housing finance firms and non-banking finance companies from public sector banks has fallen in the last six months, compared to the six months following the IL&FS crisis

Credit to NBFCs from PSBs



Finance Minister Nirmala Sitharaman

Pool buyouts of NBFCs/HFCs by PSBs



Source: Finance ministry

GOVT MAY SEEK EXTENSION OF ECB TO BOOST NBFC CREDIT P4

PMC Bank chairman's HDIL link runs deep

Waryam Singh held 1.91% stake in HDIL till 2017

DEV CHATTERJEE & RAGHAVENDRA KAMATH
Mumbai, 26 September

S Waryam Singh, chairman of Punjab & Maharashtra Co-operative Bank (PMC Bank), held 1.91 per cent in real estate company Housing Development & Infrastructure (HDIL) till September 2017.

Singh, 67, who joined the HDIL board as director in 2005, quit to return to the bank as chairman in 2015, a position he had held between 1999 and 2005.

While Singh was a non-executive director at HDIL, he is listed as one of the promoters of the company and had relations, including shareholding, with several other entities controlled by the Wadhawans, the HDIL founders. He remained a director on the PMC Bank board during his tenure at HDIL.

ECONOMY PAGE 4
RBI INCREASES WITHDRAWAL LIMIT TO ₹10,000

The Reserve Bank of India (RBI) will investigate this link between the company and PMC Bank, which the regulator has placed under curbs. It has superseded its board and appointed an administrator.

Sources say the regulator will complete its investigation in three weeks.

PMC Bank's loan to HDIL has come under the regulator's lens. While the bank's auditor is said to have classified the loan to HDIL as standard, the RBI had flagged it as a stressed account, making it necessary for the bank to treat it as a non-performing asset and make provisions.

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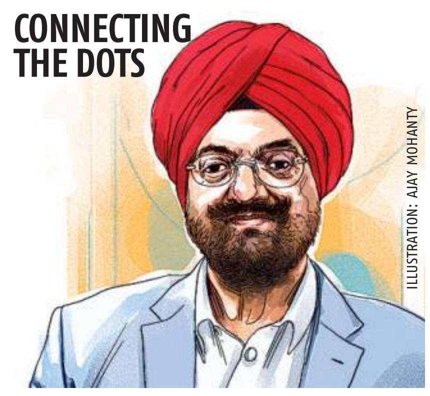
CONNECTING THE DOTS



S Waryam Singh & HDIL

Sept '05: Singh invests ₹4.7 crore as co-promoter to buy 650,000 HDIL shares

July '06: After two bonus issues, these become 11.7 mn shares

Aug: Transfers 5.48 mn shares for ₹5.48 crore; left with 6.22 mn shares

Jul '07: HDIL launches IPO at ₹500 per share

Jan '08: Value of Singh's HDIL stake crosses ₹1,000 crore

Aug: 2:7 bonus takes holding to 8 mn shares

Mar '16: Singh not listed as promoter

Singh's career graph

1999–2005: Chairman, PMC Bank

2005–2015: Businessman; non-executive director, HDIL

2015 onwards: Chairman, PMC Bank

NEW FRAMEWORK TO BAIL OUT STRESSED FINANCIAL COMPANIES LIKELY TODAY

Amid the crisis at DHFL, financial sector regulators are planning a new framework for resolving stressed financial conglomerates. The new framework, which the regulators will discuss at a meeting in Mumbai on Friday, would help adopt a uniform approach to bailing out such companies. The process is hampered now because of a lack of coordination and inter-regulatory issues. Sources in the know of the developments said the Financial Stability and Development Council, which includes the chiefs and senior officials of the RBI, Sebi, and the Insurance Regulatory and Development Authority of India, would meet at the RBI headquarters. **SHRIMI CHOUDHARY** writes 16▸

Central govt seeks steep cut in devolution to states

Finance Commission has written to ministry for a revised memorandum

ARUP ROYCHOUDHURY
New Delhi, 26 September

The central government, in its memorandum to the Fifteenth Finance Commission (15th FC), has sought a substantial decrease in devolution to states from the existing 42 per cent of the divisible tax pool. The Commission, on its part, has written to the finance ministry, asking for a revised memorandum in the light of the prevailing economic slowdown, tax trends, and the fiscal situation.

Sources familiar with the developments said while the Centre's memorandum did not mention any specific percentage of reduction, the devolution to states would go down to 33-34 per cent if its 'wish list' was implemented.

"There is no explicit figure of what the Centre wants. But it has some requirements which are fairly substantive," said an official aware of the contents of the memorandum. "If one were to take all of the Centre's wishes into account, it will lead to a considerable decrease in the states' share of the divisible pool," the official added. The Commission's internal calculations show that the result of implementing all the requests of the Centre will be a reduction in the states' share to 33-34 per cent.

A second official told *Business Standard* that the 15th FC had recently written to the finance ministry with regard to a revised memorandum. Officials said the government's assessment and outlook of the economy in the memorandum, based mostly on its Budget projections, were unrealistic.

"A lot has changed since the finance ministry submitted the Centre's memorandum. We have asked for several clarifications in view of the moderation in nominal GDP (gross domestic product) numbers and tax buoyancy," the second official said.

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SQUEEZING STATES' SHARE

- Centre's memorandum contains 'substantive' requirements
- If requirements fulfilled, devolution to states will reduce to 33–34%
- Officials say govt's assessment on economy unrealistic in light of slowdown
- 15th FC seeks fresh assessment on economy from the Centre
- Response awaited from North Block

Saudi terror attack hits Indian kitchens

A shortfall in LPG supply from Aramco has led to huge booking backlog across states

SHINE JACOB
New Delhi, 26 September

This festive season, liquefied petroleum gas (LPG) delivery in the country is bearing the brunt of a recent terror attack at the Saudi Aramco facilities. A shortfall in assured supply from the energy major has resulted in a huge booking backlog across states such as Maharashtra, Karnataka, Punjab and Goa, according to industry sources.

The delivery of cylinders is taking 10 to 15 days in some of the states, LPG distributors said. Maharashtra is especially tricky as the state is going for Assembly elections on October 21. To meet the backlog, India has asked Abu Dhabi National Oil Company (Adnoc) for two additional cargos of LPG, but that may take another 10 days to reach.

The Ministry of Petroleum and Natural Gas is monitoring the situation on a daily basis and has already asked companies to take appropriate action to deal with the shortage.

India is the largest consumer of LPG after China. In 2018-19, India's overall consumption of the fuel was 24.9 million tonnes (MT), of which only 51.4 per cent or 12.8 MT was met from domestic production while the remaining was imported.

The shortage has become acute because of the recent shutdown in ONGC's Uran unit after a fire, a source pointed out. Even some units of Mangalore Refinery and Petrochemicals (MRPL) were shut last month, following a minor landslide in the area. There were shutdowns in some private refineries as well.

When contacted, an Indian Oil Corporation (IOC) official said consumers would not face any problem during the festive season. He confirmed that fresh cargo from Adnoc would be coming in soon.

Another official said poll-bound states—Maharashtra and Haryana — would be given special attention.

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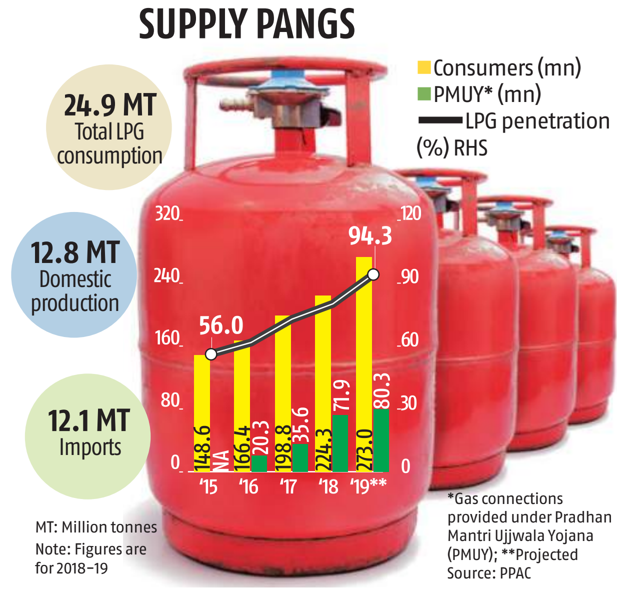
SUPPLY PANGS



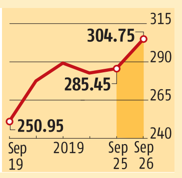
MT: Million tonnes
Note: Figures are for 2018–19

*Gas connections provided under Pradhan Mantri Ujjwala Yojana (PMUY); **Projected
Source: PPAC

STOCKS IN THE NEWS

* OVER PREVIOUS CLOSE

Hindustan Petroleum Corporation

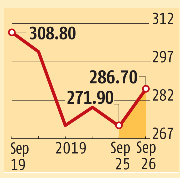


Top gainer among oil marketing companies

₹304.75 CLOSE

▲6.76% UP*

Zee Entertainment Enterprises

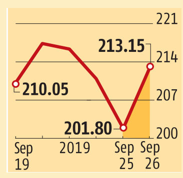


Essel Group promoters plan to sell non-media assets to repay debt

₹286.70 CLOSE

▲5.44% UP*

Hindustan Zinc

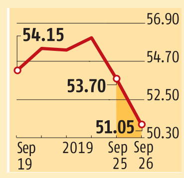


Govt looking for early resolution of case in the Supreme Court: Report

₹213.15 CLOSE

▲5.62% UP*

YES Bank

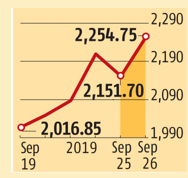


Hits 6-year low despite being 'on course' to raise growth capital

₹51.05 CLOSE

▼4.93% DOWN*

AstraZeneca Pharma India



DGCI approves anti-diabetic drug

₹ 2,254.75 CLOSE

▲4.79% UP*

IN BRIEF

Hope to start manufacturing TVs in India by 2020: OnePlus

OnePlus on Thursday unveiled smart TVs in the Indian market and said it hopes to start manufacturing locally by early next year. India is the first market where OnePlus is bringing its smart television. The company will retail its TV sets from ₹69,900 onwards. The firm has also launched OnePlus 7T smartphone priced from ₹37,999 onwards. PHOTO: PTI

Face of Trivago advertisements joins Paytm

Abhinav Kumar, face of travel search engine Trivago's advertisements in India, has joined fintech major Paytm as vice-president for product marketing. Kumar, who was the country development head (India) for the travel portal became an overnight internet sensation of sorts after he came in a slew of advertisements of the firm. PTI

Apollo Hospitals considers passing on tax cut to investors

Apollo Hospitals Enterprise is considering passing on the proceeds of corporation tax cuts announced last week to its shareholders, according to sources. Apollo might also use some of its tax savings to pay down debt and invest in the business, which operates 71 hospitals throughout India, said the people. BLOOMBERG

Ashok Leyland announces no-production days

Ashok Leyland has announced non-working days in September and October. The company has decided to declare September 28, 30 October 1, 8 and 9 non-working days. The firm said it has decided to continue the corrective actions to safeguard the interest of the firm. BS REPORTER

Samsung India launches digital lending platform

Electronics major Samsung on Thursday launched 'Samsung Finance+', a digital lending platform that will offer consumers finance options to buy its Galaxy smartphones. The move assumes significance ahead of the festive season, where handset makers are lining up a slew of devices . PTI

China opens doors for DRL's generics

First Indian firm to get contract for supplying schizophrenia drug to public hospitals there

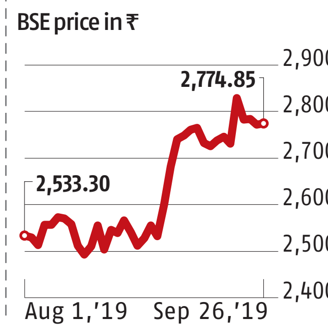
SOHINI DAS & UJJVAL JAUHARI
Mumbai/New Delhi, 26 September

AIMING HIGH

- Dr Reddy's is the first Indian firm and the second international generic firm to be selected in the bidding process in China
- After winning its first tender for a schizophrenia drug, analysts believe Dr Reddy's is targeting next big opportunity, participating in a tender for a drug used as blood thinner
- Company is targeting about 70 products in China with a market size of $8 billion as per analyst estimates
- Nomura Research arrives at a target price of ₹3,284 based on sum-of-the-parts valuations for stock trading at ₹2,774.85

MOVING UP

BSE price in ₹



Hyderabad-based Dr Reddy's Laboratories (DRL) is the first Indian company to get approval for supplying generic drugs to China's public hospitals.

It was among three bidders, the other two being Chinese companies. The drug that it would supply is called Olanzapine, used to treat schizophrenia and bipolar disorder. This is part of a plan by China's government for a nationwide experiment to change their drug procurement policy, to cut the cost of generic medicines. The trial began last December, in 11 cities, with drug makers asked to bid for supply of 25 common generic drugs to hospitals.

Dr Reddy's had not responded to a request for comments at the time of going to press. Deepak Malik, analyst with Edelweiss, said the opportunity was a small one, at $20-30 million, but a step forward for the company in the Chinese market. "This definitely boosts their presence, where it emerges now as a serious player," he said.

DRL's share price has gained about 11 per cent since its August low, on improving fundamentals. It is now the first Indian company and the second international generics one (after Sandoz) to successfully participate in a Chinese bidding process. The overall revenue gain for the Olanzapine contract could be $10-30 million, depending on market share gain, say analysts at Nomura. More important, though, is the ability to participate in other such tenders, more important for future prospects.

Another analyst noted: "The Chinese government is focussed on reducing spending on generic drugs. This has made many global drug majors re-think their China strategy. AstraZeneca had to cut its cancer drug price by 70 per cent or so last December. Similarly, prices of some common blood pressure medications had fallen recently. This is a good time for Indian players to raise their presence in the $137-billion Chinese market. Players like DRL have early-mover advantage."

Procurement prices in government tenders for hospitals are already lower by 20-25 per cent.

Meanwhile, DRL has expanded its China team and is conducting biostudies there. These take around a year and analysts say that from filing to approval, it can take 12-18 months. "In China, DRL is growing in strong double-digit (annually). It has already earmarked 70 products to be filed over three–four years," Malik said.

DRL is also in the process of expanding the capacity of a plant there with Kunshan Rotam. Edelweiss said, "Currently, DRL owns 51.3 per cent interest in its joint venture (JV) with Rotam but does not consolidate sales because board seats are divided 50:50. In the future, if DRL acquires a higher share of voting board seats, the company will consolidate, using the acquisition method." The JV has a sales and marketing team covering 5,000 hospitals in China.

In the first quarter of 2019, DRL got approval for a $1.6 bn anti-blood clotting drug (Clopidogrel) from the Chinese regulator. This was after a 11-year wait and would be DRL's biggest product in China in terms of addressable market. The drug is now undergoing generic equivalent assessment (China requires drug makers to conduct bio-equivalence studies). It is used primarily to prevent blood clots and help in related cardio-vascular problems. Product launch is still some way off.

China is the world's second largest single-country pharmaceutical market, after America. According to estimates, a fourth of drugs by value to Chinese hospitals are supplied by companies outside of China. The country is undergoing some market-friendly reforms which will expedite the generic approval timelines.

More on business-standard.com

Dutch insolvency court can be part of Jet CoC

AASHISH ARYAN & SUBRATA PANDA
New Delhi/Mumbai, 26 September

The National Company Law Appellate Tribunal (NCLAT) on Thursday allowed a Dutch insolvency court administrator to attend the Committee of Creditors (CoC) meetings of Jet Airways, a ruling that could break fresh ground in cross-border insolvency proceedings.

In doing so, the NCLAT set aside an order of the Mumbai Bench of the National Company Law Tribunal (NCLT), which had said the Dutch court administrator had no jurisdiction in India and therefore would not be able to take part in Jet's CoC meetings or raise claims over the airlines' assets. The NCLT had also held the Dutch insolvency court proceedings as 'null and void' in India. On September 20, Jet's Resolution Professional (RP) and the Dutch insolvency court administrator had told the NCLAT they had finalised the terms of cooperation between them.

Though the CoC had objected to the presence of the Dutch court insolvency administrator during the meetings, the appellate tribunal had rejected the contention.

"He should be there… he has to collate his claims. Both sides should go together… he must be there for maximisation of value of assets," NCLAT chairperson Justice S J Mukhopadhaya had said. The ruling is an exception rather than the norm, as in the absence of an international arrangement, there is no scope for interference with an insolvency proceeding in India on account of an insolvency proceeding in the Netherlands, said Ajay Shaw, partner at DSK Legal. "NCLAT's decision to allow the Dutch administrator to participate in the CoC proceedings of the Indian entity is with an intent to ensure cooperation and coordination between the RP and the Dutch administrator," said Shaw.

Jet is facing insolvency proceedings in the Netherlands, which was a regional hub for European operations of the airline. Jet was declared bankrupt in the Netherlands in response to a complaint filed by two European creditors, H Esser Finance Company and Wallenborn Transport, who had claimed dues worth ₹280 crore.

After this, the insolvency administrators had approached the NCLT with a plea that they should be allowed to access the firm's assets in India, which would enable them to recover amounts to pay off the two European creditors. The NCLAT had, while agreeing to hear the Dutch court administrator, also stayed a portion of the NCLT Mumbai Bench's order that held Dutch administrator's offshore proceedings were not maintainable and hence, they could not be allowed to access the airline's financial assets in India.

SpiceJet to launch 46 flights

Budget carrier SpiceJet announced on Thursday an expansion of its domestic network, adding 46 direct flights to various destinations in the winter schedule, which commences from October 27. Besides, the airline also announced the launch of Rajkot as its 54th destination, with a direct flight services to Gujarat's fourth-largest city.The new services include Pune-Jodhpur, Chennai-Durgapur (under Udan scheme), Mumbai-Jodhpur, Bengaluru-Guwahati, Chennai-Vishakhapatnam, Chennai-Jaipur, Vijayawada-Vishakhapatnam and Hyderabad-Aurangabad sectors, among others, said the release. In addition, SpiceJet will also launch services between Chennai-Patna, Ahmedabad-Jodhpur and Surat-Udaipur sectors, it said. PTI

GMR looks to foreign shores for expansion

ARINDAM MAJUMDER
New Delhi, 26 September

GMR Group is also looking to raise its stake in a JV with Terna Group, which is going to build and operate Heraklion Airport at Crete Island in Greece PHOTO: REUTERS

GMR Infrastructure is looking to expand its international footprints before its demerger, after which its airport arm would be listed as a separate entity.

The group has bid for the redevelopment project of U-Tapao Airport in Pattya, Thailand and Hang Nadim Airport in the Batam region of Indonesia.

The group is also looking to raise its stake in a joint venture with Terna Group, which is going to build and operate Heraklion Airport at Crete island in Greece.

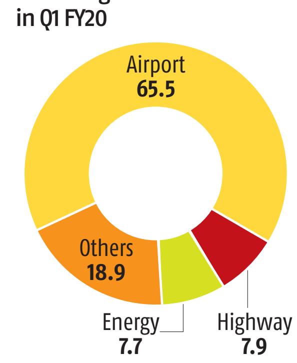
Currently, the group is fourth-largest airport operator in the world, handling around 325 million passengers annually. "We are bullish about our international projects. Along with good projects in India we will always keep looking for good opportunities outside," said an executive. The $94 billion redevelopment of U-Tapao aims to upgrade the airport as the third international airport of Thailand after Suvarnabhumi and Don Mueang. The expansion project is aimed at making the airport capable of handling 15 million passengers annually in the next five years and increase it to 30 million within 10 years. Currently, it handles around 2 million passengers per year.

In Indonesia, Batam's close proximity to the logistics hub of Singapore is an advantage for maintenance, repair and operating businesses, and its location farther north than Jakarta makes it easier to access other Southeast Asian nations.

"Crete is one of the most visited islands in Greece. This airport is the second-largest in Greece and its registered traffic growth at a compound annual growth rate of 10 per cent per annum over the past three years. The current airport is facing severe capacity constraints and will be replaced by the new airport," Saurabh Chawla, chief financial officer of GMR Group said in a recent interaction with analysts.

AIRPORT IS KEY REVENUE DRIVER FOR GMR

Percentage of total revenue in Q1 FY20



Source: Company

Swift execution of the Crete project will also bolster GMR's status as an operator in the European region, helping it to bid for projects in the future. "The Europeans are extremely choosy about who runs their airport. The Crete project will help us to boost that image," the executive said. To raise money for the projects, the group is looking to hive off its projects in the road sector.

The projects that have been put on the block are the Hyderabad-Vijayawada Expressway, Ambala-Chandigarh Expressway, Pochannpalli Expressway and the Chennai Outer Ring Road. The first two are toll projects while the others work on the annuity model.

The company, which owns and operates the international airports in Delhi, Hyderabad and Cebu in the Philippines, will shift focus to expanding its existing airports and securing new projects in the sector. "There is a management decision to focus on the airport sector and grow that business. No one is being able to make money in power and roads. We see the future in airports," the executive said.

Estimates back Flipkart, Amazon in shrugging slowdown blues

YUVRAJ MALIK
Bengaluru, 26 September

BUCKING THE TREND?

E-commerce gross GMV during festive days

	$ billion	Growth (%)
2015	0.6	–
2016	0.9	45
2017	1.3	40
2018	2.3	77
2019	3.7*	60-65

*estimated Source: RedSeer

Almost 32 million users are expected to buy from e-commerce firms during the coming mega Diwali sale, RedSeer Consulting has said. The firm claims the period will see users make 75 million transactions this year, against over 45 million in the last year.

The estimate is in sharp contrast to the prevailing economic scenario in the country, with every other industry blaming slowdown for affecting businesses. A few days ago, however, the two e-commerce majors — Flipkart and Amazon — shrugged off slowdown stories.

RedSeer's numbers show that might be true for the e-commerce sector. During this year's festive sale, e-commerce firms are expected to clock business of $3.7 billion, 60-65 per cent higher than $2.3 billion last year, according to its estimates. Forester Research also estimates $3.8 billion in overall e-commerce sales. However, its estimate of growth is 36 per cent, as it believes 2018 festive season sales were $2.9 billion.

"Our consumer and business research and prediction modellers clearly indicate the market is ready to grow significantly during the festive days of 2019," said Anil Kumar, founder and chief executive, RedSeer. "This will be driven by strong growth in shoppers, especially from Bharat, which in turn is enabled by multiple themes that industry has been focusing and investing on viz vernacular, credit availability, wide selection and fast shipping."

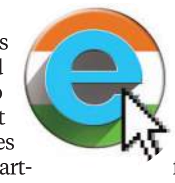
E-commerce majors host five-to-six-day annual flagship sales during Diwali, where they typically clock 10-15 per cent of their annual business. According to latest estimates, the e-commerce market may see gross business of $32 billion in calendar year 2019, 60 per cent higher than 2018, while total sales in the month of October is seen at $7 billion.

However, unlike previous years, mobile phone sales could be lower. Almost 29 per cent of the respondents of RedSeer's survey said they would not be buying mobiles this time. Both Amazon and Flipkart have announced dates for their respective events: Amazon Great Indian Festival will run from September 28 to October 4, while Flipkart's Big Billion Days Sale is scheduled September 29-October 4.

Flipkart Chief Executive Kalyan Krishnamurthy, in a recent interview to this paper, had said e-commerce is poised to boost consumption as the platforms have reached smaller towns and cities. "A great deal of consumption appetite is coming from tier-II and -III markets as well and the scale of this year's Big Billion Day will touch everyone," he said.

Sept 30 deadline for e-commerce compliance won't be extended

NEHA ALAWADHI & SUBHAYAN CHAKRABORTY
New Delhi, 26 September



The Centre will not extend the September 30 deadline for e-commerce marketplaces such as Walmart-backed Flipkart and Amazon to upload on their websites the reports from their auditors that they are complying with Foreign Direct Investment (FDI) rules.

According to sources, some e-tailers have asked the government to extend the date. Arguing that it took time to streamline their business and to get it assessed after the latest FDI guidelines took effect in February. Commerce department officials, however, have refused to budge.

Another issue raised by the firms is lack of a clear format in which the report needs to be given. Amazon and Flipkart, the two largest players in the segment, were affected the most by the FDI norm change. However, both have reworked their internal structure to comply. According to sources, the e-commerce firms believe the government is using this exercise to take an unauthorised look into their financials, shareholding and operations. The commerce department justifies its action by saying many firms have operated with only a thin level of scrutiny from public agencies, due to the holding firm being based elsewhere.

The firms have also asked the government to not make public the audited reports; most entities are private limited ones. "There is no specified format for the (compliance) report but an auditor may be held liable for a wrong report if the firm is later found non-compliant. One confusion is the period for which Press Note 2 (PN2) has to be complied with, since it came into effect only on February 1. The issue is whether the report is for the months of February-March 2019 or from the date when PN2 was issued," said Atul Pandey, partner at law firm Khaitan & Co.

Eveready not under stress, says Khaitan

ISHITA AYAN DUTT
Kolkata, 26 September

Shareholders at the annual general meeting of Eveready Industries India voiced concerns over a proposed deal with Duracell for sale of battery business on a slump sale basis.

One of the shareholders points out that a slump sale will not benefit minority shareholders. "If the battery business is hived off and shareholders are issued shares in new firm then it will be different," he says.

Other shareholders, however, felt the business should be kept with the group as it would add value. "What would be left with the company if the battery business is sold," a shareholder questions.

Eveready Managing Director (MD) Amritanshu Khaitan, however, does not confirm a deal with Duracell but says the company continues to look at opportunities and discuss various joint ventures or strategic tie-ups. "If anything develops, we will inform," he says. He, however, reassures shareholders that any major decision will require shareholders' approval.

"It is not that only the promoters' votes will be enough to get any transaction through. Therefore, when we will discuss about protecting minority interest, all shareholders will be taken into confidence. In the end, the company is not only of the promoters but also of minority shareholders," the MD says.

Khaitan also says the management is fully committed to the company. "We are working day in and day out to see how we can revive profitability and deleverage the balance sheet. Hopefully, hard work should give good results. In the past also share prices moved from ₹8 to ₹400. So, business has its ups and downs."

Shareholders had expressed their concerns on the falling share prices. The Eveready stock on Thursday closed at ₹45.30 on the BSE.

More clarity regarding the ongoing restructuring of the Willamson Magor Group is expected over the next six to nine months, a top official has said.

Indiabulls sells properties to Blackstone for ₹2,700 crore

RAGHAVENDRA KAMATH
Mumbai, 26 September

Indiabulls sold 50 per cent in the same Mumbai properties to Blackstone for ₹4,750 cr at an enterprise valuation of ₹9,500 cr in March last year

After selling 50 per cent stake in its Mumbai and Gurugram commercial properties to Blackstone one and a half years ago, Indiabulls Real Estate sold the remaining stake to the US-based fund manager for ₹2,717 crore.

Indiabulls Real Estate has sold 50 per cent stake in Indiabulls One Centre and Indiabulls Finance Centre in Lower Parel (Mumbai), and a commercial property in Gurugram to Blackstone.

In March last year, Indiabulls sold 50 per cent in the same Mumbai properties to Blackstone for ₹4,750 crore at an enterprise valuation of ₹9,500 crore. Indiabulls said the equity value in the deal was ₹2,250 crore and the rest was the transfer of debt.

According to sources, it is Indiabulls' larger plans to exit real estate before its proposed merger with Laxmi Vilas Bank.

In June, Embassy Property Developments bought 14 per cent of the promoters' stake in Indiabulls Real Estate. Embassy has not yet bought the remaining stake in the company as planned earlier.

The acquisition of stake will give Blackstone complete control and ownership in the Indiabulls commercial office portfolio of 5 million square feet.

Indiabulls sold 50 per cent in the Gurgaon properties to Blackstone for an enterprise valuation of ₹464 crore. Later it bought Indiabulls' office park in Chennai for ₹900 crore.

According to sources, Blackstone could put the assets in a listed real estate investment trust (REIT). However, this could not be independently verified.

Indiabulls and its subsidiaries are also in the process of finalising a deal with Blackstone to divest its direct or indirect stake in commercial assets in Worli Mumbai; rights or a stake in K G Marg, New Delhi; and Sector 104 & Sector 106, Gurugram, the company said. "This has generated significant financial resources for the company towards achieving its goal of zero net debt in current financial year," the company said. Indiabulls Real Estate had a debt of ₹4,590 crore in FY19.

The deal is expected to help Blackstone consolidate its position as the largest commercial property landlord in the country and owns over 70 million square feet of commercial properties. It has invested more than $6 billion in commercial properties in the country.

It, along with its partner Embassy group, floated the country's first REIT and raised ₹4,750 crore. It has a portfolio of 33 million square feet in Mumbai, Bengaluru, and other cities. Two of Blackstone's other partners such as Mumbai-based K Raheja Corp and Bengaluru-based Salarpuria Sattva are also gearing up to float REITs in the country.

"Whatever help I can be, I offered, whether it's arbitration or mediation... I'll do whatever I can. You look at the two gentlemen (Modi and Khan) heading those two countries, two good friends of mine. Those are two nuclear countries, gotta work it out"

DONALD TRUMP, US President on Kashmir issue

"Our tax rates have become very competitive now and the government's move to lower corporate tax rates should help the country attract manufacturing units which we were losing to countries like Vietnam, Cambodia, Thailand, Indonesia and the Philippines"

DEEPAK PAREKH, HDFC chairman

"India now provides most competitive rate in the world and will attract fresh investment in manufacturing, which will catapult our country in the $5-trillion economy"

ANURAG SINGH THAKUR, minister of state for finance

IN BRIEF

Bank credit grows by 10.26%, deposits 10.02%: RBI data

Bank credit and deposits grew at 10.26 per cent and 10.02 per cent to ₹97.01 trillion and ₹127.22 trillion, respectively, in the fortnight ended September 13, according to the recent RBI data. In the year-ago fortnight, banks advances were at ₹87.98 trillion and ₹115.63 trillion. In the previous fortnight ended August 30, bank loans increased by 10.24 per cent to ₹96.80 trillion and deposits by 9.73 per cent to ₹127.80 trillion. In July, the non-food bank credit increased by 11.4 per cent on year-on-year (y-o-y) basis, as compared with an growth of 10.6 per cent in July 2018. Advances to the services sector decelerated to 15.2 per cent in the month from 23 per cent in the year-ago period. Credit to agriculture & allied activities rose by 6.8 per cent as compared with an increase of 6.6 per cent in the same month last year. PTI

Pawan Hans sell-off: Third extension in three months

The government has for the third time in as many as months pushed the deadline for submission of expressions of interest for Pawan Hans to October 10. The earlier deadline expired on Thursday. The government has been planning to exit the chopper services provider for some time now. PTI

GST Network starts online refund processing

GST Network on Thursday unveiled an online refund process as decided by the GST Council. With the deployment of online refund functionality, taxpayers can now file a refund application (in RFD 01 form) easily and tax officers can process the same online, GST Network said. PTI

FPIs settle P-notes disclosure case with Sebi

Key foreign portfolio investors (FPIs) Goldman Sachs and BNP Paribas have settled a case with market regulator Sebi pertaining to incorrect reporting of participatory note (P-notes) data. The case was settled under the consent mechanism, under which the alleged wrongdoer doesn't have to admit or deny the charge. BS REPORTER

IL&FS moves NCLAT for release of ₹145 cr held by GUVNL

Debt-ridden firm IL&FS has approached the National Company Law Appellate Tribunal (NCLAT) seeking the release of ₹145 crore held by Gujarat Urja Vikas Nigam (GUVNL). A two-member NCLAT bench headed by Chairperson Justice S J Mukhopadhaya has issued notice to the GUVNL over the IL&FS plea. PTI

Axis Bank raises ₹12,500 crore through QIP

Axis Bank on Thursday said it had raised ₹12,500 crore through qualified institutional placement (QIP) to fund business growth. The private sector lender is the second after YES Bank to raise funds through QIP this year. YES Bank mopped up ₹1,930 crore through the route. In 2017, state-owned State Bank of India had raised ₹15,000 crore through QIP. PTI

Will defer bypolls to 15 Karnataka seats: EC to SC

The Election Commission on Thursday told the Supreme Court it would defer the upcoming bypolls to 15 Assembly constituencies in Karnataka. The statement by EC's council came after a three-judge bench headed by Justice N V Ramana said that it would decide on the batch of petitions filed by 17 disqualified MLAs of Karnataka challenging the order of former Speaker K R Ramesh Kumar in disqualifying them from the House. PTI

INDIA RISES 4 PLACES TO 44TH IN DIGITAL COMPETITIVENESS

India has advanced four places to 44th position in terms of digital competitiveness in the world as the country has made improvement in terms of knowledge and future readiness to adopt and explore digital technologies, according to a global report. "India advanced four places to 44th position in 2019, with the biggest improvement in the technology sub-factor level, holding first position in telecommunications investment," according to the IMD World Digital Competitiveness Ranking 2019. PTI

Rank	Country
1	US
2	Singapore
3	Sweden
4	Denmark
5	Switzerland
6	Netherlands
7	Finland
8	Hong Kong SAR
9	Norway
10	Republic of Korea
44	**India**

Source: WDCR

RBI's liquidity panel favours long-term lending operations

Existing liquidity framework good enough, says internal committee

ANUP ROY
Mumbai, 26 September

An internal working group of the Reserve Bank of India (RBI) to review the current liquidity management framework has said that the existing framework can continue with some minor changes. The panel, however, said the central bank can minimise its secondary market bond purchases, and instead use longer term lending operations as a new tool to infuse liquidity in the system. This, the panel said, would help offset build-up of a large deficit or surplus.

This is slightly contrary to what RBI Governor Shaktikanta Das had said on the June 6 monetary policy committee (MPC) that the existing framework, while serving well for years, needed a review considering the complexities that have arisen over the years.

The market was expecting the framework to be strictly rule-based, where the central bank would clearly state what would be the course of action — open market operations (OMO) in bonds, and even policy rate actions — if the systemic liquidity surplus or deficit crossed a certain level. RBI does OMO to buy and sell bonds from the secondary market to infuse or remove liquidity from the system.

The report suggested that the 'corridor' system, or lending banks at repo rate (5.40 per cent now) and parking excess money at reverse repo rate (5.15 per cent), should continue. Such corridor system "affords the desired flexibility to manage situations of liquidity deficit as well as liquidity surplus and given that the repo rate is the policy rate set by the MPC," the report said.

According to a senior bond market participant, this would mean that the liquidity will continue to influence policy rate decision as before, but only by the collective judgment of the six MPC members, half of whom are from the RBI, including the governor.

"The bond yields will harden, as the report is clearly stating that long-term repo be used instead of OMO to minimise hardening yields disruption. The bond market has no reason to cheer without OMO support," said the bond trader.

The group recommended that as an alternative to OMO purchases, "longer-term variable rate repos, longer than 14 days and up to one-year tenor, be considered as a new tool for liquidity injection if system liquidity is in a large deficit. Similarly, longer-term variable-rate reverse-repos could be used to absorb excess liquidity. As these are possible substitutes for OMOs, these instruments should be operated at market determined rates."

The group was constituted with a view to simplifying the framework and suggesting measures to clearly communicate the objectives and the toolkit for liquidity management.

The main guiding principle of the working group was to ensure the call money rate remained close to the policy rate, should be consistent with the policy rate, and should not undermine the price discovery in the inter-bank money market.

The group said the call money rate, which is the interbank rate for borrowing and lending funds, should continue as the target rate of the liquidity management framework. However, banks should have the incentive to trade among themselves rather than only with the central bank. This can be done by enabling banks to borrow in the inter-bank money market at rates not higher than the repo rate and should be able to lend in the inter-bank money market at rates not below the reverse repo rate.

While the framework requires the system liquidity to be in a small deficit of about 0.25-0.5 per cent of the banking system deposit base, "if financial conditions warrant a situation of liquidity surplus, the framework could be used flexibly, with variable rate operations, to ensure that the call money rate remains close to the policy repo rate."

However, the current provision of assure liquidity of up to 1 per cent of deposit base would no longer be necessary since the proposed liquidity framework would entirely meet the system's liquidity needs.

"Thus, liquidity operations shall take into consideration prevailing conditions, based on which the required tools will be used to achieve the objective of the liquidity management framework," the group said. "RBI should stand ready to undertake intra-day fine-tuning operations, if necessary; however, such operations should be the exception to address unforeseeable intra-day shocks rather than the rule," it said.

Therefore, RBI should minimise the number of operations to improve the efficiency goal of the liquidity framework. Thus, there should be one single overnight variable rate operation in a day, supported by fine-tuning operations, if required. Build-up of large deficit or surplus should be offset through durable liquidity operations. Apart from the OMOs, and forex swaps, longer term repo operations can be considered, it said.

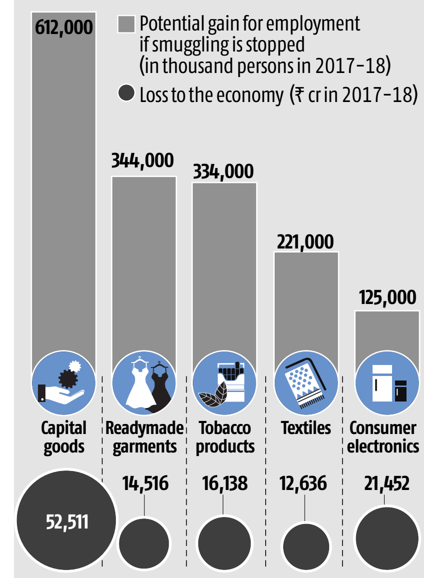
RECOMMENDATIONS

- Existing rate corridor system should continue
- Call money should continue to be the target rate
- 14 days to 1-year repo should be a new tool
- Use of instruments such as OMOs should be minimised
- Framework should be flexible, RBI should be ready to infuse liquidity

INDIAN ECONOMY LOSES ₹1.1 TRN TO SMUGGLING

Indian economy loses ₹1.17 trillion due to smuggling in five key sectors, revealed a study. The study, conducted by the Federation of Indian Chambers of Commerce and Industry (Ficci) and the Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE) measures this impact through impact of smuggling in five areas — textiles, tobacco products, readymade garments, capital goods, and consumer electronics — taking into consideration their backward and forward linkages.

COMPILED BY INDIVJAL DHASMANA



Source: Ficci-CASCADE study

RBI hikes PMC Bank withdrawal cap to ₹10K

ANUP ROY
Mumbai, 26 September

The Reserve Bank of India (RBI) on Thursday increased the withdrawal limit for depositors in Punjab and Maharashtra Cooperative Bank (PMC) to ₹10,000 from ₹1,000 earlier.

"The relaxation has been granted with a view to reducing the hardship of the depositors. The Reserve Bank is closely monitoring the position and shall continue to take further steps as are necessary to safeguard the interest of the depositors of the bank," the RBI said in a statement.

The amount is the maximum one can withdraw in six months, and includes the ₹1,000 withdrawal allowed earlier. So the additional the customer can withdraw now is ₹9,000. This was done "on a preliminary assessment of the bank's latest depositor and liquidity profile as furnished by the administrator," the RBI said. With the relaxation, "more than 60 per cent of the depositors of the bank will be able to withdraw their entire account balance," the RBI said in a statement.

The statement said the RBI was forced to clamp down on deposit withdrawal from the bank "on account of major financial irregularities, failure of internal control and systems of the bank and wrong/under-reporting of its exposures under various off-site surveillance reports to RBI that came to the Reserve Bank's notice recently."

RBI had not elaborated on the reasons earlier, but its sudden decision to limit withdrawal to only ₹1,000 caused a huge panic among depositors. RBI maintained that this was done to protect depositors' interest. Depositors from all branches in Mumbai gathered around the Sion branch in the morning to protest against the move. At the same time, the bank staff, including branch managers, protested outside the residences of senior officials of HDIL, including that of Waryam Singh, chairman of PMC Bank and former director of HDIL.

The bank had lent more than ₹2,000 crore, out of its total loan book of ₹8,383 crore, to HDIL and related entities, which is now in bankruptcy.

Interestingly, even HDIL was taken to the bankruptcy code by the lenders, PMC Bank drew two pay-orders on August 31 totaling ₹96.5 crore for HDIL promoter Sarang R Wadhawan to repay non-convertible debentures of HDIL invested by Bank of India.

The bank's now suspended managing director and chief executive Joy Thomas said this was done to safeguard PMC Bank's own interest as HDIL being in the bankruptcy court would mean its assets would be attached by other lenders as well.

JB Bhoria, RBI-appointed administrator in the bank, said on Wednesday the bank had enough assets to honour the due to depositors, and told them not to panic.

Some customers have filed a police complaint against senior officials of the PMC Bank at the Sion police station. BJP leader Kirit Somaiya said he filed a complaint against the bank with the Economic Offences Wing of Mumbai police PHOTO: KAMLESH PEDNEKAR

No need to get into this now: Sitharaman

Finance Minister Nirmala Sitharaman said the RBI as a regulator was handling the PMC Bank issue and also provided some relaxation. "I don't think I'll get into this at this stage. Will wait, let there be some kind of comprehensive picture emerging post which certainly government will have to see what best can be done...," she said.

The government's intention is to have a stable environment, she said. RBI has raised cash withdrawal limit for PMC Bank customers to ₹10,000 per account from ₹1,000 earlier over the next six months. SOMESH JHA

RBI officers' society has ₹105-cr FD in PMC Bank

SUBRATA PANDA
Mumbai, 26 September

Among the many depositors hit by the curbs on the beleaguered Punjab and Maharashtra Cooperative (PMC) Bank are some employees of the Reserve Bank of India (RBI).

The Reserve Bank Officers Cooperative Credit Society, which caters to the credit needs of RBI officers posted all over India, has a fixed deposit (FD) of ₹105 crore in the bank.

The annual report of the society says the FD in PMC Bank is the largest it has with any bank

The annual report of the Reserve Bank Officers Cooperative Credit Society for 2018-19 says the fixed deposit of ₹105 crore in PMC Bank is the largest that it has with any bank. The society also has fixed deposits or short-term deposits of ₹478.64 crore in different cooperative banks.

The society has a fixed deposit of ₹100 crore with Bharat Co-operative Bank, ₹85 crore with Thane Bharat Sahkari Bank, ₹50 crore with Solapur Janata Sahkari Bank, and ₹85 crore with Apna Sahkari Bank. They also have fixed deposits in various cooperative banks.

According to the RBI, "The directions were necessitated on account of major financial irregularities, failure of internal control and systems of the bank and wrong/under-reporting of its exposures under various off-site surveillance reports to RBI that came to the Reserve Bank's notice recently".

DeMo cases: CBDT extends taxman's deadline to Dec 31

The Central Board of Direct Taxes (CBDT) on Thursday extended the deadline up to December 31 for the Income-Tax department to complete the final assessment of about 87,000 entities that made suspicious deposits post-demonetisation.

The existing deadline of September 30 is being "extended" by three months after considering "various difficulties" being reported by the field offices of the department in finalising assessments in OCM (operation clean money) cases, a senior official said.

This is the second extension given by the Board after the first deadline of June 30 was extended up to September, the official said. PTI

Decision on BSNL revival pushed back

A meeting convened by PK Mishra, principal secretary to the Prime Minister, on the revival of Bharat Sanchar Nigam (BSNL) on Thursday ended without any conclusion, mainly on the question of whether the revival is possible or not.

It is learnt that the group of secretaries has been asked to study that matter in four-five days. According to a source, "If the meeting of secretaries decides for revival, then method of funding like creating a special purpose vehicle will be discussed and decided."

The meeting was held to find a solution to the financial woes of the beleaguered PSU. MEGHA MANCHANDA

Govt might seek extension of ECB to boost NBFC credit

May ask RBI for relaxed co-origination norms

SOMESH JHA
New Delhi, 26 September

The government may ask the Reserve Bank of India (RBI) to allow co-origination of loans for deposit-taking non-banking finance companies (NBFCs) as well in a bid to boost credit in economy.

Currently, the RBI has in place guidelines on co-origination of loans by banks and non-deposit-taking NBFCs in the priority sector.

Further, the government may also put forward demand by lenders to allow external commercial borrowing (ECB) for all housing projects. At a meeting with Finance Minister (FM) Nirmala Sitharaman on Thursday, lenders raised concerns about some of the regulatory restrictions hampering the growth of the housing finance sector. One of them was the RBI's move to allow ECB window only for low-cost affordable housing projects.

"Currently, lenders are allowed to do ECB only for low-cost affordable housing projects. One of the demands was to allow ECB for other projects as well," said a top executive of a housing finance company, who was a part of the meeting.

Sitharaman held a meeting with the management of private banks, non-banking financial companies (NBFCs), small finance banks, and housing finance companies on Thursday.

The banks apprised the FM that they were reaching their lending limits to NBFCs and asked the government if the same could go up. The single borrower limit for NBFCs for banks is at 10 per cent.

The RBI had given a window of six months to banks, from October 2018-March 2019, to increase the single borrower limit for NBFCs (not financing infrastructure) from 10 per cent to 15 per cent of capital funds.

Small finance banks raised some operational issues with the FM, Equitas Small Finance Bank Senior President (retail assets and outreach banking) Raghavan HKN told Business Standard. "Lending to NBFCs is not considered as a priority sector lending. We demanded if this could be looked into. Rest, from our side, we told the FM that liquidity is not a problem and the festive season will pent up growth," Raghavan said.

Lenders further flagged the need for self-declaration of present address in respect of borrowers who are eKYC-authenticated to enable hassle-free lending and improve the co-origination of loans by banks and NBFCs.

"The minister gave a patient hearing of two hours to listen to our demands. We raised issues related to KYC (know your customers), migration of population, and the government said they would work with concerned departments to resolve these issues," V Vaidyanathan, CEO of IDFC First Bank said.

Concerns were also raised on credit outflow to smaller NBFCs, according to a person who was a part of this meeting.

Effective tax on firms still high

Considering levies on dividend and share buyback, total tax on profits works out to 46.8 per cent

SACHIN P MAMPATTA & KRISHNA KANT
Mumbai, 26 September

The recent cut in the corporation tax rates may ease the burden on corporates. But more steps are required for making the country globally competitive from the perspective of corporation tax.

Effective tax rates applicable to companies in India are still among the highest if one includes taxation on dividends and other means of returning surplus cash to promoters and shareholders. Taking into account taxes on dividend and share buyback, the total tax on corporate profits works out to 46.8 per cent for the existing firms, and 41.1 per cent for new manufacturing units not availing any other incentive and tax break.

Among major economies, India is followed by France with a statutory corporation tax rate of 34.4 per cent and Brazil at 34 per cent, shows an analysis of the figures sourced from the Paris-based Organisation for Economic Co-operation & Development (OECD).

India had a tax rate of 48.3 per cent before the latest cut, the highest among the 94 jurisdictions in the OECD database. The 2019 numbers have not been updated. But a comparison with the previous year's numbers shows India may not be entirely tax-competitive.

The tax outflow for India after the recent cuts was calculated with the help of tax consultancy EY India. According to the calculation, if a company in India earns a profit before tax of ₹100, only ₹53.2 accrues to the owners or shareholders of the firm, assuming that the firm distributes its entire post-tax profits to them.

"In case all the profits of the business are repatriated to its owners, the effective tax outgo, including those on repatriation of funds to promoters, includes a corporate tax of 25.17 per cent, an effective dividend distribution tax of 20.56 per cent (effectively 12.76 per cent on base profit), and an additional levy of 14.25 per cent (effectively 8.84 per cent on the base profit)," said Surabhi Marwah, tax partner at EY India.

Post the latest cut in the base tax rate, a company with annual pre-tax profits of ₹100 now pays ₹25.17 as corporation income tax, plus ₹12.8 as dividend distribution tax (DDT), if post-tax profits are distributed among its owners. The owners, in turn, pay ₹8.8 as their tax liability on the dividend income received from the company. This translates into a combined tax liability of ₹46.8 on a profit before tax worth ₹100.

For new manufacturing companies, the headline corporate tax, including cess, is now ₹17.16 per cent, but the additional tax on dividend takes effective tax rate to 41.1 per cent.

Earlier, companies could escape tax on dividend by opting for share buyback to return surplus cash to their shareholders. That route is now closed due to the imposition of 20 per cent tax on share buyback, announced in this year's Budget.

"Considering tax on dividend is borne by companies in India, the combined tax on profits in India becomes higher when compared to other countries. As companies pay dividend distribution tax, foreign companies with subsidiaries in India do not get tax credit in their home country, making India a high-tax regime for global multinationals," says Vikas Vasal partner and leader Tax Grant Thornton. According to him it would be appropriate to re-consider the tax regime relating to the DDT and move to the classical system of taxation where dividends are taxed in the hands of shareholders.

The effective tax rate for companies in Vietnam is 20 per cent; several firms are relocating there from China following its trade dispute with the US. Many manufacturers are also setting up shop in Thailand, which also has a 20 per cent tax rate.

EFFECTIVE TAX ON CORPORATES

(in %)

India (existing cos)*	46.8
India (new mfg units)**	41.1
France	34.4
Brazil	34.0
Japan	29.7
South Africa	28.0
South Korea	27.5
US	25.8
China	25.0
Indonesia	25.0
Russia	20.0
Vietnam	20.0
Thailand	20.0
UK	19.0

Note: OECD rates based on the 2018 numbers consider combined taxation for corporates at the top marginal rate. *India's rate given is the lowest applicable to current companies; **For new domestic manufacturing units
Source: OECD, EY, Business Standard research

'Tax rate cut will give much more in the long run than the revenue foregone'

Amid debate over the possibility of widening fiscal deficit because of the reduction in the corporation tax rates, announced last week by Finance Minister Nirmala Sitharaman, Revenue Secretary **A B PANDEY** tells **Indivjal Dhasmana** that the crucial parameter is whether the deficit number reflects disciplined fiscal behaviour of the central government. This is what, he says, investors and the markets will be looking at. Edited excerpts:

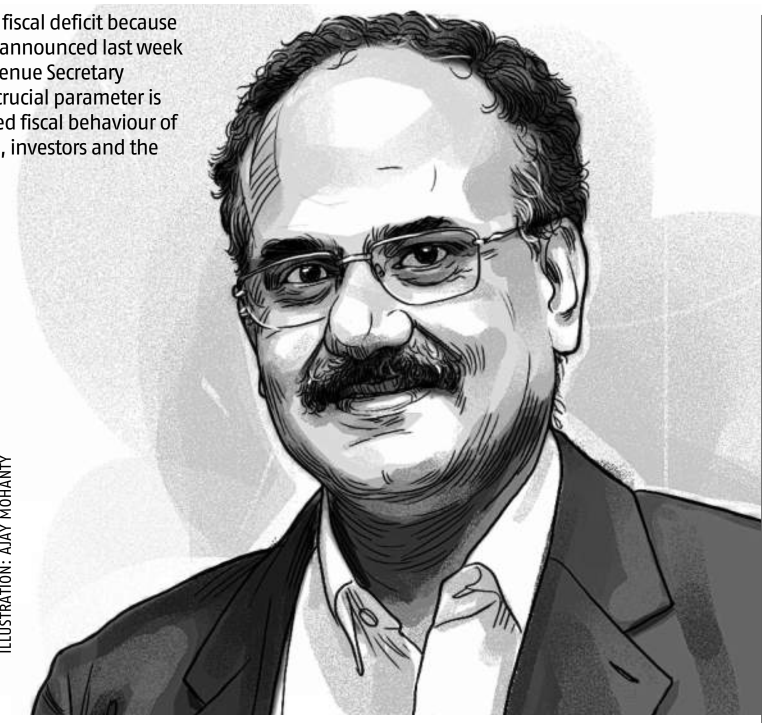


ILLUSTRATION: AJAY MOHANTY

Why did the finance ministry decide to go for such an extensive step of steep corporation tax rate cuts?
It is the time we understood that in a country of 1.3 billion people, we cannot keep our eyes shut to what is happening at the global level. The whole world has gone to a lower corporation tax regime over the last 10-15 years. So as a policy, we, too, cannot have very high corporation tax rates. Also, our neighbours and others have reduced tax rates. We have free-trade agreements with countries, from where goods can come into our country at zero duty. In such a scenario, we have to have attractive rates to attract companies to set up businesses here, and manufacture here, instead of relying completely on goods manufactured somewhere outside and then imported.

The finance minister's announcement on tax cuts will make India a low tax destination, and bring in a culture of compliance.

Will low taxes automatically lead to high compliance?
If you lower the tax rate, the risks of being non-compliant and rewards of being compliant are both high. At the same time, we are also strengthening the compliance structure using today's technology. We are linking Aadhaar with PAN, and with GST registration. We are collecting information from various sources, doing information sharing between the Goods and Services Tax Network and the Income Tax department, and between banks and the tax authorities; we are using data analytics. These are non-obtrusive ways of increasing compliance.

India has been a high tax country for quite some time. The rate reduction could have been announced in the Budget as well. Why now?
There is always an appropriate time for doing things. The time had come (for the corporation tax cut).

You have brought down the corporation tax rates. Would a similar measure be taken regarding goods and services tax (GST) rates?
These are not comparable to each other. One has to analyse. What are the revenue requirements of the Centre and states, and what are the rates available, fiscal impacts, and so on? The government has to collect minimum taxes and also ensure that people are not burdened. In the GST Council, these things are always discussed in detail and depth. Also, we have to see our commitment towards the expenditure side and have to take states onboard. Decisions are taken in the Council with consensus. For example, we have lowered tax rates for hotel tariffs, outdoor catering, job works, and many other items at the meeting last Friday.

Q&A

But the items which saw GST rate reduction were all small, whereas the main demand was for automobiles?
Please look at the reduction in the GST rates in the last two years. Already reductions to the tune of ₹1 trillion per year have been made. It is not that every GST Council meeting would announce major rate cuts, which may put fiscal prudence in jeopardy. Also, the recent corporation tax rate cut is across the board, which includes automobile companies.

From where will you get ₹1.45 trillion, which is a hit to the exchequer, particularly this year when direct and indirect tax collections have been growing at a muted pace?
The finance minister has already said the government will look at the numbers and reconcile. There can always be efficiency gains on the expenditure and revenue collections. We have our commitment to the expenditure. We cannot go back on it. However, there is a scope to make efficiency gains on the expenditure side without reducing our essential outlays. At the same, there shall be efficiency gains in revenue collections by plugging evasions and leakages through the use of technology.

Are you confident of meeting the tax revenue target projected in the Budget for this year ?
We are committed to fiscal discipline, and we cannot deviate from it.

Does this mean you are committing to fiscal deficit at 3.3 per cent of GDP for FY20?
Whatever number we arrive at, we have to look at whether it reflects our disciplined fiscal behaviour and that is what investors will be looking at, and that is what the market will be looking at. Investors will see India's economic strengths, including a competitive labour market and a highly favourable tax structure.

You have reduced the corporation tax rates but not surcharges and cess. Don't you think it is lopsided against states which will get less devolution?
We have reduced surcharges as well. Surcharge at the highest slab was up to 12 per cent, but now it is around 10 per cent. Also, India is one country. The Centre and states are partners in the development. Where would new investments come in? They will all come to states.

Critics say you have taken supply-side measures all along, but the economy is facing suppressed demand. Where are demand boosting measures?
I don't think these are only supply-side measures. This is so because we are promoting investments. Greater investments will bring in more jobs and higher salaries, which will increase consumption and demand.

One of the reasons for economic growth plunging to over six-year low of 5 per cent during the first quarter of FY20 is that private investments remained lacklustre. How far the tax cut will revive these investments?
Of course, private investments will revive. We have announced a 15 per cent tax rate for new manufacturing units. What makes you think they (investments) would not come? We have also given a 22 per cent tax rate to others. Why will they not expand their businesses?

Have you made any estimation as to how much will the GDP growth rate increase due to these measures, say, in the remaining second half of FY20?
These measures will improve the confidence of Indian investors and also foreign investors... Once investments start flowing in, naturally it will help our economic growth story.

Understanding the process of ageing

Can we reverse the effects of ageing to extend potential lifespan?

QUANTUM LEAP

DEVANGSHU DATTA

There have been many stunning advances in the biosciences but the process of ageing remains mysterious. Life expectancy has increased in most places due to better nutrition, improved hygiene and healthcare, buttressed by new medicines and genetic research that tackles previously incurable diseases and conditions.

The average person can expect to live longer, and maintain better health than in any previous era. But can the longevity of the species itself increase? Every historical era has produced the odd individual who lived 80-90 years, or longer, in times when average life expectancy was less than 40.

We can certainly hope that more people will attain longer lifespans. Life expectancy across the EU exceeds 80 years, and Japan, Singapore and Switzerland are 85-plus. (India is 69). But is it possible to extend lifespans to say, 120 years, or longer? Some people think so.

There are therefore, two related but different goals, for researchers and policymakers. One is to create a policy environment where more people live longer, and remain healthier. The other, more ambitious goal is to understand ageing, and reverse its effects to extend potential lifespan.

There are around 500,000 people aged 100–plus at the moment. This number will roughly double in every future decade. A statistical analysis in Sciencejournal (The Plateau of Human Mortality *https://science.sciencemag.org/content/360/6396/1459*) suggests there may be no obvious limit to lifespan.

Italian demographers Elisabetta Barbi and Francesco Lagona, and the Italian National Institute of Statistics, looked at the records of 3,836 people, aged 105 or older in Italy, between 2009 and 2015. As we know, intuitively, as well as statistically, the risk of dying increases for every adult. That is, a 21-year-old is slightly more likely to die in the next 12 months, than a 20-year-old, and that risk continues to rise with every year.

Oddly, this study indicates that the risk "plateaus" after 105 – the risk of dying in any given 12 month period seems to stay at around 50 per cent after the age of 105. This could be a statistical, or methodological quirk, or it could indicate some biological phenomenon where cell-repair processes balance off ageing effects.

The XPRIZE Foundation, which has supported space research and robotics, among other things, recently became interested in longevity research. One of the XPRIZE Board members, Sergey Young, has raised $100 million for a Longevity Vision Fund. This will invest in biotech startups, researching longevity-related areas.

Young believes lifespans can be increased to 200 years and that the technologies to enable this can be made available to over 1 billion people. X-PRIZE founder, Peter Diamandis is more measured but upbeat in saying, "Adding 20 to 30 healthy years on a person's life is likely to be the largest market opportunity on Earth. The convergence of genome sequencing, AI and cellular medicine will enable breakthroughs that will make 100 years old, the new 60."

XPRIZE recently held a longevity conference and released a road map, which listed 12 areas, where breakthroughs or improvements could promote better health and increased life expectancy. According to The Lancet, over 70 per cent of deaths are due to chronic age-related diseases. The list includes cancer, Alzheimer's, heart disease, liver disease, etc.

The 12 listed breakthrough areas include creating big databases that collect real-time ageing data from individuals, creating a list of universally accepted biological markers as a global benchmark for ageing research, replicating and fine-tuning studies that indicate calorific restriction could prolong life, tools or tests to provide early warnings of at least three ageing-related diseases, any cycle of rejuvenation that works with animals, postponing the emergence of at least three ageing-related diseases with broad-spectrum treatments, analysis and insight into the capacity to process nutrients, a quantified "theory of ageing" that ties all the mechanisms of ageing together, and easy exercise systems, or biomedical systems that replicate the positive effects of exercise.

These are ambitious but understandable areas for study. The three "science fiction" objectives are: First, "arresting ageing by completely stopping the ageing process for at least one year". This would have to be demonstrated first on mammals and then on humans. The second is creating a model of the human body which is detailed and accurate enough to replace experimentation with human subjects. This could circumvent current restrictions on research, which could be of potential benefit but likely to be dangerous to the subject. The third is "ageing circumvented: A method to move the brain — with or without the entire head — of one person to the body of another, or to a non-human vessel, for over a year, while maintaining conscious thought or (in the case of cryonics) demonstrating that consciousness can be recovered after a time".

Achieving this would effectively mean immortality.

CHINESE WHISPERS

BMS takes on government

The Bharatiya Mazdoor Sangh (BMS), the Rashtriya Swayamsevak Sangh affiliated trade union, has upped the ante against the Narendra Modi government in the last couple of weeks. On Thursday, the BMS offered support to the strike by the Airports Authority of India (AAI) employees against privatisation of airports. It said it opposes the Centre's announcement to privatise profit making airports of Varanasi, Raipur, Indore, Bhubaneswar, Amritsar and Trichy. It called upon the government "to stop the process of handing over Trivandrum, Guwahati and Jaipur airports and restrain" from privatising the rest. The BMS said it believed further privatisation of airports "may lead to declare AAI as a sick PSU". The union also rejected the new amendment to the Employees' Provident Fund law to convert Employees Pension scheme, or EPS, to the National Pension Scheme (NPS) at a consultation meeting with the union labour ministry. It said NPS is a "risky market linked" scheme and return in EPS is much more than NPS according to the study of EPFO and has more benefits to family members of employees.

Spelling mistake

While some leaders of the ruling Bharatiya Janata Party are working hard to popularise the use of Hindi as a primary language of official communication, things might not be moving in the right direction in some of the BJP–ruled states. During a function in Lucknow organised by the Uttar Pradesh Hindi Sansthan, which was being attended by Chief Minister Yogi Adityanath and Union HRD Minister Ramesh Pokriyal 'Nishank', the very first word (*yugpravartak*) on a banner that formed a backdrop for the speakers on the dais had a glaring spelling mistake. The event in question was a three–day national conference on "Mahayogi Gorakhnath", whose teachings form a key part of the canons of the Nath community. Adityanath is also the chief priest of the Gorakhnath temple.

Shivpal to return?

Are the Samajwadi Party (SP) and the Pragatisheel Samajwadi Party Lohia (PSPL) ready to bury the hatchet? SP President Akhilesh Yadav hinted as much when he said in a recent meet that all party leaders and family members who had parted ways were welcome back. The SP and the PSPL, floated by Yadav's estranged uncle Shivpal, had fought the 2019 Lok Sabha polls separately, but ended up doing each other more harm than good. Although the PSPL has denied rumours of Shivpal's "ghar wapsi" — which might also entail disbanding his outfit — attributing them to those who were responsible for causing the spilt in the family, it has caused a flutter among senior leaders of the two units.

Growing crisis of the educated unemployed

When you put the reports by HRD ministry and CMIE survey together, you are looking at a simmering volcano

YOGENDRA YADAV

While Indians were busy celebrating the country's global triumph and commiserating about its terrestrial adventures, two important reports went almost unnoticed. The eighth annual All India Survey on Higher Education 2018-19 was released by the Ministry of Human Resource Development last week. It coincided with the release of four-monthly report "Unemployment in India — A Statistical Profile" for May-August 2019 by the Centre for Monitoring Indian Economy.

Put together, both these surveys point to a simmering volcano of educated unemployment. This could be the visible face of the economic slowdown and could well become a political challenge to the regime.

Strange as it might look, the quality of statistics available for our higher education institutes has been much poorer than our statistics on school education. Sensing this gap, the central government instituted AISHE (All India Survey on Higher Education) in 2011-12. We now have official (self-reported and unverified) statistics on the number and nature of higher education institutions, student enrollment, and pass-out figures along with the numbers for teaching and non-teaching staff. Sadly, this official survey does not tell us much about the quality of teaching, learning or research. There is no equivalent of Pratham's ASER (Annual Status of Education Report) survey or the NCERT's All India School Education Survey.

Degree holders without skills

The recent AISHE 2018-19 survey flatters to deceive. It tells us that the number of universities in the country is now 993, more than 50 per cent up from the 642 universities the country had in 2011-12. The fine print brings bad news: the increase is fuelled primarily by mushrooming of private universities. Of the 351 universities added in the last eight years, 199 were private universities approved by state governments. The report tells us little about the quality of education in these private universities. As someone who sat on the University Grants Commission (UGC) for a while, I can say that many of these are low-grade teaching shops that only bring disrepute to the idea of education. Their growth is not good news.

In terms of enrollment, we now have 37.4 million students doing something or the other in higher education; the number stands at 33.4 million if we consider only those who are pursuing proper, regular courses and not the joke that happens in the name of distant learning. This might look impressive unless we remember that this is only 26 per cent of our population aged between 18 and 23. So, about three-fourths of those who should be in higher education are still not there. Our higher equation system awards a little less than one crore degrees (9.092 million to be precise) every year.

Most of these (about 6.5 million) are students who get an undergraduate degree. Most of the students with such degrees learn very little in terms of knowledge, life-skills or any other skills relevant to employability. For a country of our size, we produce less than two lakh MPhil/PhD degree holders annually who presumably have some research skills. Our higher education faces both a quantitative and a qualitative challenge.

One good feature of the report is that it gives social breakup of students and teachers. At least in quantitative terms, women have nearly bridged the gender gap: nearly 49 per cent of students enrolled in higher education are women. In terms of overall enrolment, the real crisis is not among the Scheduled Castes (14.9 per cent of students, compared to 16 per cent share in population) or even Scheduled Tribes (5.5 per cent, compared to 8 per cent share in population), both slightly below their population share, but among Muslims (5.2 per cent) the share in higher education is about one-third of what it should be as per their share in the population (14.2 per cent as per last Census). The same situation prevails among the teachers too, where even the SCs (8.5 per cent) and STs (2.3 per cent) continue to be seriously under-represented despite legally mandated reservations. We also have the challenge of equity in educational opportunities.

Educated but unemployed

Now match this information with the latest estimates generated by the CMIE survey on unemployment. The latest report for May-August 2019 points to a steady increase in the unemployment rate, which has risen from 7.03 per cent in May to 8.19 per cent at the end of August. (The methodology adopted by CMIE is a little different from that adopted by the official National Sample Survey Office, hence the estimates tend to vary). This is much above the current global average of 4.95 per cent as estimated by the International Labour Organisation.

What is most striking here is that unemployment levels rise rapidly with a rise in education level. Unemployment is negligible among the uneducated and those who did not go beyond primary school, mainly because they cannot afford to remain unemployed. The unemployment level jumps to 15 per cent, roughly double the national average, among those who are graduates and above.

This level of educated unemployment in India is alarming by any standards. The CMIE tells us that there are a little over 100 million graduates in the country, and of them 63 million are in the "labour force", that is,. willing and available for work. Of these, 53.5 million have some kind of employment. That leaves nearly one crore (9.4 million to be precise) persons, mostly youth, with graduate or higher degree who do not have any job whatsoever. The same survey also tells us that while more women are getting education, the rate of unemployment among women is 17.6 per cent, more than double the rate for men (6.1 per cent). So, more women in higher education could soon become bad news.

A ticking time bomb

Now put both the reports together and you are looking at a perfect explosion. Nearly one-sixth of highly educated youth are unemployed. To this pool of about one crore educated unemployed, we add another one crore every year — those who pass out with degrees from higher education institutions. This pool has more women than ever before. Consider the fact that most of these graduates are not just unemployed, they are also unemployable as they bring little knowledge or skills to the market. Add economic slowdown to this equation and you know why this could be a ticking time bomb. Far from taking in new recruits, companies are retrenching their existing employees. So, these fresh degree-holders with aspirations but without skills are being pushed into a market that is not ready to receive any more.

This is exactly the kind of situation that has led to social unrest and street riots in many parts of the world. Instead of any serious attempt to address this brewing crisis, we get all kinds of distractions. We are concerned about triple talaq, Kashmir's integration, Chandrayaan landing and Howdy, Modi! Finance Minister Nirmala Sitharaman is busy managing headlines and pleasing the corporates. But we hear very little about any serious initiative to tackle the growing crisis of the educated unemployed. Are we waiting for the crisis to erupt? Or, is it time to say 'Howdy' to our youth?

(By special arrangement with ThePrint)

The author is national president, Swaraj India. Views are personal

INSIGHT

Loan *mela* comeback: Missed history lessons

AMOL AGRAWAL

Finance Minister Nirmala Sitharaman announced that public sector banks will put up *shamianas* (colourful tents) in 400 districts to provide loans to retail, agriculture and SMEs. The policy was initiated to fight the slowdown but has brought back memories of similar loan *melas* from 1980s. These *melas* not just got Indian banks in serious trouble but also created a highly reckless credit culture in India whose effects continue till date.

In 1982, Prime Minister Indira Gandhi appointed Janardhan Poojary as Minister of Finance for state. The PM had nationalised 20 banks but was unhappy with their progress in rural India and asked Poojary to look into the matter. *RBI History* volume 4 (1981-97) notes that the trickle-down theory was not working and there was a need to target and prioritise credit to the vulnerable sections for a more just distribution.

Poojary narrates how he decided to tour bank branches in disguise (*https://janardhanapoojary.com/loan-mela-a-revolution/*). He observed that the poor were ignored not just for bank services but also for loans. On being asked why, the bankers gave the age old reply that the poor did not pay back loans. The minister argued that it was large corporates that were behind most of the unpaid loans and the poor had a better track record for paying back loans.

Poojary then developed the idea of loan *melas* (which he called "revolutionary") where the banks were pushed into giving uncollateralised loans up to ₹5,000. He ordered all the bank chairpersons to be present at the *melas* across the country. His phone calls had to be answered by the bankers, irrespective of the time of the call.

The loan *mela* met with a lot of criticism (and threats) from not just bank unions but also sections of media and rival politicians. M V Kamath wrote (*Indian Post*, December 30, 1987) that "loan *melas* threatened to cripple the Indian banking system" and the lavish public expenditure was gross abuse of trusteeship of banks. Karnataka's Janata Party president, M P Prakash asked the PM and the RBI to postpone the proposed loan *mela* in Bengaluru, or face a massive confrontation (*The Patriot*, December 3, 1987, Patriot). In another case, the Tripura CPI (M) deemed loan *melas* as bribing voters ahead of the legislative assembly elections (*The Telegraph*, December 24, 1987). An *Economic and Political Weekly* piece (July 1987) noted that (then) PM Rajiv Gandhi could not stop the loan *mela* spree, as he himself inaugurated the first loan *mela* before becoming the PM!

Kamath (and other critics) were proven right. RBI's *Currency and Finance Report* (2006-08) points the return on assets of nationalised banks declined from 0.56 per cent in 1980 to just 0.15 per cent in 1990. Most of the other banking indicators indicated a crisis. There were other factors apart from loan *melas* such as administered interest rate regime, other directed credit programmes etc, that played a role in the crisis.

One cannot justify irresponsible loans to lower income people based on the assumption that it is large industries that do not repay loans. Two wrongs do not make a right! These policy interventions abuse the market discipline in a much larger way over time. The *RBI History* points that these targeted programmes "generated a feeling among borrowers that they did not need to worry about discharging their debt" and loans were given to those with political backing and waived-off "especially on the eve of elections".

The teething problems of the industry finally merged with the 1991 crisis and ushered in the subsequent reforms in the overall economy including the banking sector. Having said that, despite 25 years of reforms, some of the banking legacies of the earlier era continue even today such as debt waivers before elections, politicisation of the banking system, role of small borrowers versus big borrowers in NPAs and so on.

It is not clear why the government has taken a leaf from the loan *mela* book of the 1980s when banks are already suffering from high NPAs. Moreover, the government wants to signal that it is cleaning up the banking system but this move indicates just the opposite.

I want to end with some banking history. Poojary hailed from South Canara region which saw the emergence of five banks (Canara, Corporation, Syndicate, Vijaya and Karnataka). These banks showed one can provide loans to the poor without any push from the state and yet grow into large and profitable banks. Yet, the government first nationalised these banks and has now reduced them to just two in the recent spate of bank mergers. The history of Indian banking could have been very different if our politicians had heeded lessons from the South Canara banks. But we continue to look at history of a different kind.

The author teaches at Ahmedabad University

LETTERS

Services inflation

This refers to "Walking a tightrope" (September 24). "Low inflation and low growth environment is the new normal": This might be true for the developed countries, but in the Indian context, there is low growth but not low inflation. First, while calculating inflation, we are not considering fuel inflation that has increased substantially. Food inflation has also been up and down, albeit seasonally, but it affects the purchasing power of the common man. Second, till now we are calculating only goods inflation; we have to calculate services inflation as well. No one is calculating that. Recently, after GST implementation, services costs have increased drastically. The minimum increase in services inflation may be to the extent of 18-28 per cent with the GST rates. Everybody is feeling the heat and the services inflation might be one of the reasons for the current slowdown.

Anand Deshpande Pune

B Prasanna responds:

Consumer Price Index (CPI) inflation, which is used as the current measure for retail inflation, proxies for fuel inflation through the petrol and diesel prices, unsubsidised LPG, among other components. Recently, global crude prices have been coming down since their peak in October 2018 and this is reflecting in headline inflation. While food prices are volatile, driven by fruits and vegetables, food surplus in the last few years and buffer stock management by the government has reduced the risk of substantial overheating in food prices.

Core inflation (excluding food and fuel) includes services as well. Services inflation has a weight of approximately 28 per cent in CPI and while it includes some goods, it does cover a big component of services including transport, health, education and personal care. These components have also been showing low inflation for the past several months, which is in line with the continued slack in the economy.

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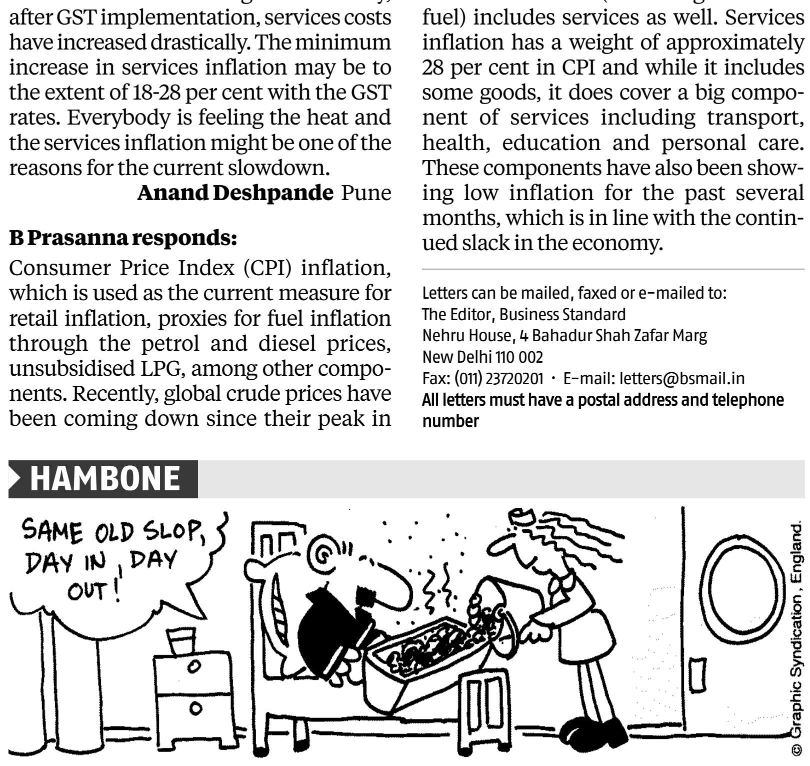


Business Standard
Volume XXIV Number 32
MUMBAI | FRIDAY, 27 SEPTEMBER 2019

Slow but steady start

PMJAY has not yet made a dent where it's most needed

It has now been a year since the ambitious health care scheme known as the Pradhan Mantri Jan Arogya Yojana (PMJAY) was launched. In that period, it has racked up some impressive numbers: Most importantly, there were about 4.5 million cases of hospital treatment under the scheme. This is a large figure until the number of possible cases in the country is considered. Indeed, the relative smallness of this number points to an issue yet to be addressed: Public awareness and access. The PMJAY has spread across practically the entire country, with 33 states and Union territories having some form of the scheme — the only big hold-outs are some Opposition-ruled states including Delhi, West Bengal, and Telangana. But the number of claims is considerably higher in the richer states. Gujarat has by far the highest number of claims, about 650,000, followed by Tamil Nadu with around 400,000. In other words, just these two rich states account for 1 million of that 4.5 million. Another million or so is accounted for by Karnataka, Andhra Pradesh, and Maharashtra. As with many other all-India schemes, states with better resources are managing to implement it better.

While the slow scale-up of the scheme is a problem, it does mean that its fiscal impact has not yet been fully felt. It is possible that the fear of the fiscal impact is why some poorer states have not expanded it as much as they should have. Cost control is going to require more attention. The PMJAY authorities will, first, have to take pro-active measures to reduce costs, such as by collective bargaining with pharmaceutical companies or the makers of medical equipment. What will certainly be the cause of friction in the future are package rates for private providers. The government is optimistic that there will be a sharp expansion in the number of for-profit private hospitals empanelled under the scheme from the current 9,000, which is only a whisker more than the number of public hospitals so registered. But unless there is a clear understanding about package costs, this might not pan out as expected. With the expansion of for-profit hospitals, questions will also begin to be asked about widespread fraud. This is visible even in the first year of the PMJAY, with sharply high rates of hysterectomies — almost certainly unnecessary — in places like Chhattisgarh and Jharkhand. The PMJAY highlights its data-based intervention to identify such possibilities of fraud. But in the end, disputes will have to be settled by old-fashioned human intervention. The fact is that there is simply no capacity yet planned for in the Union government or in the states to manage such disputes.

While the PMJAY has multiple different models in different states, the common requirement for the success of any of these models will be the expansion of state capacity, whether in terms of regulation, dispute settlement, or in the public sector hospitals themselves. It is impossible to build universal health care on the cheap. While the PMJAY has so far not been a fiscal drain, if it is to succeed, it will certainly require more resources — many of which will have to be diverted to support the poorer states.

Another ID card?

One nation, one card proposal raises many questions

Barely has the dust settled on the massive unique identification project, otherwise known as Aadhaar, than Union Home Minister Amit Shah raised another source of anxiety of Indians with his proposal to introduce a "one nation, one card" plan. This new card, he said at an event of the Registrar General of India (which conducts the 10-year census), would "link all utilities like Aadhaar, passport, bank account, driving licence, voter card". The data for this exercise would be part of the National Population Register (NPR) exercise, to be collected alongside the 2021 census, which collects all data on "usual residents" of India (that is, who have resided in a local area for the past six months and intend to reside there for the next six months).

The NPR exercise — which began in 2011 at a cost of ₹10,000 crore under P Chidambaram and famously clashed with the Aadhaar authority on whose database would prevail (the latter won out) — would collect the Aadhaar number, the Permanent Account Number, the voter ID, and passport information. Sharing the Aadhaar number would be voluntary in view of the Supreme Court's judgment last year. All this data will not be in the public domain but accessible to a citizen through a password-protected protocol.

On paper, the one nation, one card and NPR proposals, which may or may not be linked (the home ministry did not clarify), have the logic of simplicity. It will relieve the Indian citizen of being loaded with multiple cards that act as identity documents — most middle-class Indians have at least four. But the initiative raises more questions. First, it is unclear why the government would feel the need to subject India's citizenry to another identification drive when over 90 per cent of them are covered by Aadhaar, which was an elaborate, time-consuming exercise. Second, the census does not cover the entire population, which leaves unanswered the questions of the status of those citizens who are not visited by a census officer. Third, where does this leave migrant labour, who may well be citizens but would not qualify as "usual residents"? Fourth, the old apprehensions about data privacy apply here too. The Supreme Court's Aadhaar judgement a year ago had directed the government to introduce a "robust" data privacy law even as it upheld the constitutional validity of the exercise. This is nowhere in evidence, and remains a concern. The issue is: When there is a single card that holds all vital details, what happens when the system is compromised? There are also very few solutions in the event of data breaches, and the one card idea magnifies this danger.

Fifth, in March this year, the prime minister launched a "one card, one nation" mobility card — which also had its origins in the United Progressive Alliance — via the RuPay platform for making payments across all transport segments including metro, bus, suburban railways, smart cities and retail shopping, for paying at toll plazas and for parking. This National Common Mobility Card, which certainly has greater utility than an all-inclusive citizenship card, has been adopted by some local transport networks (in Mumbai and Telangana), but it has been stymied by the lack of all-India connectivity. The "one nation, one card" plan could well suffer from similar infirmities.

ILLUSTRATION: BINAY SINHA

The puzzling lure of financial globalisation

The intellectual hold of financial globalisation on policymakers is still strong, despite its history of failure

ARVIND SUBRAMANIAN & DANI RODRIK

After holding off for decades, China has finally embraced financial globalisation, announcing recently that it would eliminate capital controls to allow unfettered short-term foreign inflows (so-called hot money). By contrast, after decades of boom-bust cycles, Argentina is facing another macroeconomic crisis, and has finally imposed capital controls to prevent a catastrophic decline in its currency.

Both of these episodes reveal the intellectual hold that financial globalisation still has on policymakers, despite its history of failure. Why, after all, would China abandon capital controls now, and what took Argentina so long to adopt such obviously necessary measures?

The Chinese economic miracle has many sources. In addition to the turn to markets, China has benefited from exports and foreign investment, internal migration, and the Maoist legacy of a public education and health system. It is also the civilisational heir to a strong, effective state with an enlightened, albeit ruthless, leadership. Its people collectively crave stability. But an important factor in China's rise was the decision not to open the economy to capital flows.

Consider the following counterfactual history. In the late 1990s, when China's economic miracle was becoming evident, it could easily have succumbed to the prevailing orthodoxy on financial globalisation. Had it done so, the likely outcome would have been a surge in foreign capital chasing high Chinese returns, rapid appreciation of the renminbi, slower export growth, and lost dynamism. China's export machine would not have become the juggernaut that it is, and its economy may well have suffered through much more volatility as a result of the fickleness of foreign capital. In fact, Argentina — with its periodic macroeconomic volatility and recurring financial crises — offers a perfect illustration of these downsides.

Nearly every major emerging-market financial crisis of the past few decades has been preceded or accompanied by surges in capital inflows. That was true of Latin America in the 1980s, India in 1991, Mexico in 1994, and East Asia and Russia in the late 1990s. It was also true of Brazil, Turkey, and Argentina in the early 2000s; the Baltics, Iceland, Greece, and Spain in the late 2000s and early 2010s; and the "Fragile Five" emerging-market economies (Brazil, India, Indonesia, South Africa, and Turkey) in 2013. And it is true of Argentina today.

To be sure, capital flows have often reflected deeper policy problems or imbalances within a given emerging market. But they are also usually the necessary transmission mechanism for crises, and thus have magnified the eventual costs to those economies. Although most tenets of the neoliberal consensus — privatisation, deregulation, trade integration, immigration, fiscal discipline, and the primacy of growth over distribution — are now being challenged or outright rejected, financial globalisation remains a glaring exception.

The preponderance of evidence suggests that financial globalisation — especially unrestricted hot money — aggravates macroeconomic instability, creates the conditions for financial crises, and dampens long-run growth by making the tradable sector less competitive. Few economists would list financial globalisation as an essential prerequisite for sustained long-term development or macroeconomic stability. And arguments made in its favour presume that every country has already met highly demanding regulatory requirements. Most have not and probably cannot, except over the long run.

While the International Monetary Fund has begun to make some allowance for restrictions on capital flows, albeit only as a temporary last resort for weathering cyclical surges, the dogma of financial globalisation remains intact. One reason, perhaps, is that development economics has not shed its resource/savings fundamentalism, which attributed underdevelopment to a lack of domestic savings. The implication was that developing and emerging economies should attract resources in the form of foreign aid or, after scepticism about aid became widespread, foreign private capital.

Alternatively, the orthodoxy may owe its resilience to the power of entrenched financial interests that have stood in the way of new controls on cross-border capital flows. Wealthy elites in several countries — especially in Latin America and South Africa — embraced financial globalisation early on because they saw it as offering a useful escape route for their wealth. In these cases, policy inertia and possible reputational costs made it difficult suddenly to start advocating a reversal. Global financial elites had long relied on a narrative that equates capital controls with expropriation, and responsible policymakers did not want to be seen as violating property rights.

More recently, restrictions on financial flows have become less anathema, because several developing countries have managed to overcome the "original sin" of borrowing in a foreign currency. In the now-accepted hierarchy, financial flows denominated in the local currency rank higher than dollar-denominated flows because they do not result in exploding debt burdens whenever the exchange rate weakens by too much. Forms of borrowing that avoid these balance-sheet effects are understandably regarded as less problematic.

Nonetheless, in the current context of chronic anemic growth and persistently low — or even negative — long-term interest rates in advanced economies ("Japanification"), there is a danger that developing countries will be tempted to pursue increased foreign borrowing. That path will lead only to more volatility, more frequent crises, and less overall dynamism. But more countries are choosing it nonetheless, and the proponents of the new intellectual revisionism appear to have tamely acquiesced.

Subramanian, a former chief economic adviser to the government of India, is a senior fellow at the Peterson Institute for International Economics and a visiting lecturer at Harvard's Kennedy School of Government. Rodrik, professor of international political economy at Harvard University's John F. Kennedy School of Government, is the author of Straight Talk on Trade: Ideas for a Sane World Economy. *©Project Syndicate, 2019.*

Beijing's message on an iconic anniversary

CLAUDE SMADJA

The celebration of the 70th anniversary of the People's Republic of China was meant to mark the achievements of the Communist Party in ensuring the "great rejuvenation" of China and its return to a role and position "close to the centre of the global stage". It was also planned to illustrate the role of President Xi Jinping as the undisputed leader and, even more, as the "lingxiu", a word used only for highly revered leaders, and until now reserved for Mao.

However, as fate would have it, this 70th anniversary is taking place in a context particularly difficult for China. At home the leadership is confronted with an economy growing at its slowest pace in 20 years, partly due to the impact of the trade war initiated by the US but more importantly because of the need to fight the financial risk created by shadow banking, which went out of control in the last few years, and structural issues such as the trend of diminishing returns on investment in many state-owned enterprises, the private sector not being able to play its full role as a booster of activity because it is cash-starved, and the worrying trend of rising unemployment among the young graduates. Add to that the pig crisis. An epidemic of swine fever has forced the culling of millions of pigs, multiplying by three the price of this crucial staple for Chinese households. The government is desperately increasing imports and tapping into reserves to fend off popular discontent.

At the same time, the Hong Kong demonstrations, now in their 14th week and becoming increasingly violent, represent the gravest and most spectacular challenge to the authority of the Communist Party since the events of June 1989. As the unrest escalates, the leadership finds itself confronted with a lose-lose situation. It cannot be seen as capitulating to the protesters' demands, as the political nature of these demands is a direct challenge to the authority of the government; at the same time, violent repression, using the anti-riot units of the People's Liberation Army stationed in Hong Kong would create an international crisis that China would truly want to avoid in the present economic and geopolitical situation.

On the international front too, the clouds have kept gathering. There is, of course, the confrontation with the US which, beyond the trade issues, is a contest for technological and strategic prominence. Although many indications point to the fact that Beijing might be able to sustain a trade war with Washington better than its opponent, this war is nevertheless taking its toll on the Chinese economy. In addition to that, the shift of attitude towards the rise of China, not only in the US but also in Europe is a serious concern for Beijing, making the country's technology catch-up process more arduous. Last but not least, the Belt and Road project, a strategic signature initiative of Xi Jinping, has now hit serious bumps with a backlash from many recipient countries against over-priced projects generating a very heavy debt load that might prove to be unsustainable, and increasing suspicion about Beijing's ultimate strategic motives. After having highlighted the Belt and Road and the "Made in China 2025" initiatives so much as hallmarks of the Xi Jinping era, the official propaganda is now quite silent about them, and government officials are wary to mention them.

Does that mean that China has renounced the ambitions to create its own sphere of economic and geopolitical influence through the Belt and Road initiative or its objective of achieving a prominent position in the new technologies defining the 21st century economy? Definitely not. On the contrary, the clampdown on technology exchanges and transfer to China implemented from the US will end up accelerating Beijing's drive towards technological self-sufficiency. And President Xi jinping will not renounce achieving the grand design of the Belt and Road Initiative. But this is a time for a pause or recalibration for the leadership, as it grapples with the three immediate challenges of sustaining economic growth at a socially and politically acceptable level, of dealing with the Trump administration and of Hong Kong.

The military parade planned for October 1, slated to be the most impressive parade ever in China which will showcase some new advanced weaponry for the first time, will aim at sending two very strong messages: To the international audience, and especially the US, that China is now a major military power not to be trampled with and that Mr Trump's bullying will not work. It will also remind Asian neighbours — if that was needed — the mighty power they have next door if ever they had to choose between Beijing and Washington on issues such as Taiwan or the South China Sea. For the domestic audience, all the fanfare around the 70th anniversary is meant to illustrate how, under the leadership of the Communist Party, China is now a powerful player in the world. This will feed national pride and highlight not only the remarkable achievements of the last 40 years but also the international stature that the assertiveness of Xi Jinping has gained for the country

That political control has never been so tight since the peak of the Mao era and that the regime has elevated security precautions to an almost paranoid level does not mean that the leadership feels any immediate threat to its grip on power or that there is any challenge to the authority of President Xi Jinping. Every challenging phase in China's modern history has translated into tighter control. What we have is rather a regime leaving nothing to chance and using an iconic anniversary date to show, inside and outside China, that it will not be daunted by the domestic or international headwinds that have come its way.

The writer is president of Smadja & Smadja, a strategic advisory firm; @ClaudeSmadja

Israel's complex first PM

BOOK REVIEW

FRANCINE KLAGSBRUN

On the eve of the establishment of the state of Israel, David Ben-Gurion, who had worked tirelessly toward this goal, suddenly sought to postpone independence. He knew neighbouring Arab countries were poised to invade and he feared his underground army wasn't prepared to fight; so, at a nighttime meeting with Lord Chancellor Sir William Jowitt, Ben-Gurion proposed that the British remain in charge of Palestine for another five to 10 years while working to increase Jewish immigration. Nothing came of this proposal and, on November 29, 1947, the United Nations voted to partition Palestine into Arab and Jewish states. Full-scale fighting broke out six months later.

Ben-Gurion's 11th-hour meeting is one of the little-known facts revealed by the Israeli historian Tom Segev in his deeply researched, engrossing and, in some respects, controversial biography, *A State at Any Cost*. Mr Segev has written several books on Israel, and he joins other noted experts who have mined newly released archival sources to re-examine the life and legacy of the country's first prime minister. The timing makes sense: As Israel has transformed itself from a small, struggling society into a high-tech player on the global stage, its people have become increasingly interested in the ideals that first guided it and the roots of problems that still confound it. And, like America's founding fathers, David Ben-Gurion was the embodiment of his nation's complicated beginnings.

Born David Yosef Gruen in the Polish town of Plonsk in 1886, Ben-Gurion said he knew by the age of three that his home would be in the land of Israel. Hyperbolic as this sounds, his claim helps explain his lifelong mission to establish a Jewish state in Palestine. It also reflects the atmosphere in his home, where Ben-Gurion's father was one of the town's first Zionist activists. Even so, as a young man he felt directionless: He moved to Warsaw, was rejected by a technological college there, and eventually became so despondent that he wrote a friend, "I can't find any interest in living anymore."

Ben-Gurion found himself after arriving in Palestine in 1906 at the age of 20. He would later recall this period with pride, despite having realised fairly quickly that he was not cut out for the field work he was doing on a farm. Politics soon became his métier and the road to fulfilling his Zionist aspirations.

To prepare himself, Ben-Gurion travelled to Turkey to study law along with his friend Yitzhak Ben-Zvi, who later became Israel's second president. After their studies were cut short by World War I, they eventually headed to New York City, where Ben-Gurion met and married Pauline (Paula) Moonweis. Their union was not without its problems — Ben-Gurion had several lengthy affairs and was a distant father to their three children — but the two remained together for 50 years.

By the late 1930s, Ben-Gurion and his socialist labour party had gained power not only in Palestine, but over the worldwide Zionist movement as well. Their goal was to establish a state with a Jewish majority in the biblical land of Israel. But in 1937, when the British Peel Commission recommended dividing Palestine into Jewish and Arab states, Ben-Gurion responded with "burning enthusiasm," despite the tiny area allotted to the Jews. As he told colleagues, the fact of having a state was more important than its borders; besides, "borders are not forever." The Peel plan fell through, but 10 years later Ben-Gurion accepted the partition resolution from the United Nations.

Although he made attempts at peace with the Palestinian Arabs, Ben-Gurion was pessimistic about ever achieving it. Long before the state existed, he met with a respected Muslim jurist, Musa al-Alami, whom he assured that the Zionists had come to develop Palestine for all its inhabitants. Alami said he preferred to leave the land poor and desolate for another century until the Arabs could develop it themselves. Ben-Gurion repeated this story again and again as proof of the futility of seeking agreement. At most, Mr Segev writes, Ben-Gurion believed the conflict "could be managed," not resolved.

Where *A State at Any Cost* falls short is when the author injects his own ideology into the events of Ben-Gurion's life. Mr Segev has been associated with revisionist historians, known in the past as "new historians," who challenge Israel's founding narratives.

For example: Ben-Gurion and comrades who arrived in Palestine in the early 1900s embraced the idea of "Hebrew labour." The term is widely understood to refer to manual work by Jews, rejecting centuries of work Jews did in the Diaspora as merchants and shopkeepers. However, Mr Segev defines "Hebrew labour" as a means for Jews to displace Arab workers and control the labour market. He also makes a questionable connection between "Hebrew labour" and the flight of Arabs from their villages during the 1948 war. The exodus of the Arabs from the designated Jewish state — the origin of the Palestinian refugee problem — is a hotly debated subject. Scholars disagree about how many villagers left of their own accord and how many were expelled by Israeli commanders. There is no evidence that Ben-Gurion gave a central order to evacuate them all. He seemed surprised at first by the emptying villages, only later regarding the Arab flight as a boon to the military.

In 1963, David Ben-Gurion retired as prime minister. Through the drama of his life, and despite his failings — both personal and political — Ben-Gurion emerges in Mr Segev's book as a man of vision and integrity. These are qualities that Israelis, like the rest of us, long for in today's leaders.

A STATE AT ANY COST: The Life of David Ben-Gurion
Tom Segev
Farrar, Straus & Giroux
$40, 816 pages

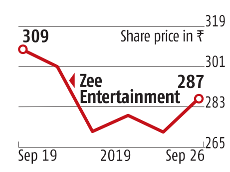
Business Standard

The Smart Investor

MUMBAI | FRIDAY, 27 SEPTEMBER 2019

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: TAX CUT, VALUATIONS HELP ZEE SCRIP



The Zee Entertainment stock has gained 10% over the last couple of trading sessions on the cut in corportation tax rates and an extension for loan repayment. Though the pledging-related uncertainty continues, business growth outlook and valuations are positives for the stock

"When data changes, views must change. Pessimism was yesterday's story. With big tax cuts and lower interest rates things can only improve. Don't know how much but certainly will."

RAJIV ANAND,
ED (wholesale banking), Axis Bank

Standstill pacts not recognised: Tyagi

JASH KRIPLANI & SAMIE MODAK
Mumbai, 26 September

PICTURE: KAMLESH PEDNEKAR

The Securities and Exchange Board of India (Sebi) has reiterated that so-called standstill agreements between mutual funds (MFs) and borrowers don't have regulatory blessings.

"It is not there in any of the regulations. We have made our position clear. Entities have to follow the regulations that are there. There is no confusion in that," said Ajay Tyagi *(pictured)*, chairman of Sebi, on the sidelines of a capital market conference organised by industry body Federation of Indian Chambers of Commerce & Industry (FICCI). The comments on 'standstill' have come a day after the Essel group said it has obtained fresh extension to honour its debt obligations to lenders, which include MFs.

Essel group promoters have pledged shares of Zee Entertainment as collateral against the loans. In January, fund houses had given the Essel group promoters time till September to repay the dues.

The rationale behind the move was to realise fair value for shares, instead of a distress sell-off. As part of the 'standstill' agreement, the debt would not be declared as default despite the drop in value of the underlying shares. MFs also agreed not to exercise their right to sell pledged shares of promoters.

Since then, part of the dues have been repaid after the promoters raised funds by selling stake in Zee Entertainment.

When asked if Sebi would provide for a special dispensation to MFs to be a part of the inter-creditor agreement in the case of Dewan Housing Finance Corporation (DHFL), Tyagi said Sebi had already laid down the rules for this.

Under the framework, only those MF schemes where side-pocketing is enabled, can be part of the ICA process.

As most schemes had not enabled side-pocket at the time of DHFL's downgrade to below-investment grade, they couldn't be in the ICA process unless Sebi makes an exception. On the issue of LIC's shareholding breach at the National Stock Exchange (NSE), the Sebi chief said the life insurer will have to divest its holdings.

Sebi has partially frozen LIC's voting rights in the NSE after it got classified as a 'trading member' following its acquisition of IDBI Bank.

Together with IDBI Bank, LIC owns nearly 14 per cent stake in the NSE. Sebi regulations state that a trading member — directly or indirectly — can only own up to 5 per cent in a bourse. To ensure compliance, LIC may have to divest 9 per cent or IDBI Bank will have to surrender its NSE trading member license, said experts.

A trading member is an entity that facilitates trading on a bourse. Tyagi also said Sebi was examining the ruling passed by the Securities Appellate Tribunal (SAT) in favour of audit firm Price Waterhouse (PW) in the Satyam accounting scandal.

The tribunal had quashed the Sebi order banning PW firms and two of its auditors from providing audit services to listed companies for their alleged involvement in the multi-crore accounting scam.

The SAT's order had cast doubts on whether Sebi could pass rulings against audit companies. Tyagi said they would obtain legal views before deciding whether to appeal the SAT order in the Supreme Court.

11 IPOs in the pipeline: Dipam

As many as 11 PSU listings are in the works, said Dheeraj Bhatnagar, additional secretary for the Department of Investment and Public Asset Management (Dipam), which, along with the NITI Aayog, is identifying public sector units (PSUs) that can be candidates for privatisation.

Speaking at the capital markets conference organised by FICCI, Bhatnagar said: "The government is looking at potential strategic stake sales in the non-priority sector." People in the know said a proposal to divest stake in Air India was in the works and could conclude this year.

The Centre has set itself a target of ₹1.05 trn from divestments in in FY20

Bhatnagar reiterated the government's stance on ensuring that divestments are done at the right price and time. "Under no circumstance are we going to divest at distressed valuations," he said. To facilitate the disinvestment drive, sources said an enabling provision is under consideration, through which the government could reduce its stake below 51 per cent-mark and still retail control in the PSU.

The Centre has set itself a target of raising ₹1.05 trillion by way of disinvestment, in FY20. People in the know said the government was also looking to sell its minority stakes in firms such as Hindustan Zinc. The divestment plans in the company is stuck because of legal issues, sources add.

It is also looking to offload its SUUTI stake in Axis Bank and ITC. The disinvestment plans could involve huge land parcels or non-core assets that PSUs have been holding on to. "These non-core assets may be hived-off into separate entities or divested," said Bhatnagar.

JASH KRIPLANI

Global cues push Sensex, Nifty up

PRESS TRUST OF INDIA
Mumbai, 26 September

The Sensex zoomed 396 points on Thursday, driven by gains in index heavyweights ICICI Bank, RIL, L&T, and Maruti as September series derivatives expired amid positive cues from global markets.

After rallying 565 points during the day, the Sensex ended 396 points, or 1 per cent, higher at 38,990. The broader Nifty soared 133 points, or 1.2 per cent, to end at 11,573.

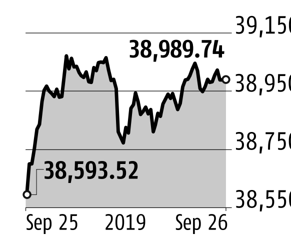
Top gainers in the Sensex pack included Vedanta, M&M, ICICI Bank, Tata Steel, ONGC, Maruti, IndusInd Bank, L&T, Hero MotoCorp, Bajaj Finance and Kotak Bank, surging up to 6.4 per cent.

According to traders, domestic investors followed cues from global indices that rallied after US President Donald Trump said a trade deal with China could happen sooner than expected.

In Asia, the Hang Seng, Nikkei and Kospi ended significantly higher, while the Shanghai Composite Index settled in the red. The market rose further as September futures and options expired, experts said, adding that investors were also optimistic of the RBI's policy review meet next week.

The rupee, too, appreciated 8 paise to 70.9 against the dollar (intra-day).

UPWARD MOVE



Source: BSE

Restructuring may hit 350 Sharekhan staff

JASH KRIPLANI
Mumbai, 26 September

Sharekhan, which is one of the top five brokerages in India, is going through a restructuring process that could impact 350 employees. A spokesperson for BNP Paribas India said: "Our business is evolving to meet the more complex needs of clients, including through the provision of value-added advisory services, for which we have been hiring."

"In line with our clients' expectations, we have moved to provide more digital services. Through this digitalisation and restructuring, which will continue in a phased manner over the next few months, around 350 colleagues are impacted," he added.

Market sources said other brokerages are also looking to streamline their business models as market volatility, along with increasing competition, has taken a toll on earning yields. Experts say the brokerage industry is getting more competitive due to the entry of discount brokers that offer broking services at fixed fees.

Analysts add that traditional brokerages will have to revisit their strategies amid heightened competition. Volumes in equity markets — where brokerage yields tend to be higher — have grown at a slower pace, unlike the derivatives markets.

According to Motilal Oswal Financial Services, the average daily traded volumes in the cash market saw 7 per cent growth year-on-year in FY19.

The growth in cash markets has been hit by a fall in delivery volumes, which saw de-growth of 8.2 per cent to ₹8,854 crore. Last fiscal, the segment had grown 26 per cent.

More on business-standard.com

Sebi plans overhaul to boost retail participation in MFs

ASHLEY COUTINHO
Mumbai, 26 September

IN THE OFFING

Uniformity in the way transactions are done across AMCs

- Documents required to appoint nominees, bank account inclusion, transmission of units to be standardised
- Unique MF ID that will bring investors' folios across AMCs under one roof
- Efforts are part of Sebi's 'ease of doing business' initiative

- Despite the push and the addition in folios, penetration of MFs in India remains low

The Securities and Exchange Board of India (Sebi) is looking to bring in uniformity in the way transactions are done across asset management companies (AMCs), in a bid to make things simple for investors and boost retail participation in mutual funds (MFs). The regulator is working on a template that would standardise processes and documents required for appointing or changing nominees, a bank account inclusion or change, a minor turning a major, a change of guardian, transmitting MF units to kith and kin, and changing email/mobile, among other things.

Forms for investment application and redemption are also sought to be made uniform.

The regulator seeks to introduce a unique mutual fund ID, which will consolidate and bring an investor's folios and investments across AMCs under one roof, doing away with the need for quoting and remembering various folio numbers.

Folios are like bank account numbers used to identify holdings with a particular AMC. The same folio number can be used to make multiple purchases only within the same fund house. This is part of Sebi's "ease of doing business" initiative, and will especially help direct investors who do not have distributors to assist them.

The MF industry could be the first in the capital market ecosystem to adopt standardisation in this manner. It remains to be seen whether the regulator will effect these changes in phases or at one go, or whether AMCs will still enjoy some discretion for certain kinds of transactions.

"There are multiple operational processes that require different documents across different AMCs. One AMC may ask an investor for one set of documents and another AMC for another, for the same transaction or operation. These processes are now sought to be standardised," said a senior fund official. Change or inclusion of bank account, for instance, requires investors to submit details such as the bank name, branch, and IFSC Code. Documents to be provided could include an attested copy of the latest bank statement or bank passbook, or a cancelled original cheque of the new bank.

Additional documents could be required based on the fund house's internal risk management policies.

"Some AMCs ask for proof for the old bank account along with the new bank account. Others look only at the new bank proof. What constitutes proof for a bank account itself differs across AMCs. Some AMCs will be comfortable with online submissions, others will verify documents offline as well," said another senior fund official.

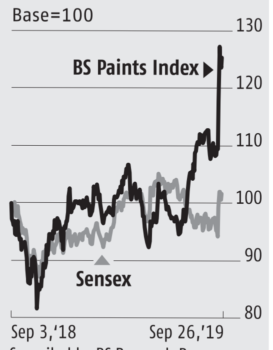
The regulator could also look at a mechanism to ensure changes done with a particular KYC Registration Agency (KRA) are reflected across AMCs. "Suppose an investor updates his or her email/mobile with a KRA, the change should ideally be automatically updated across AMCs. But that does not typically happen, and investors have to approach the AMCs separately or use PAN-based updating services with R&Ts (registrar and transfer) for each one to bring about the change," said Suresh Sadagopan, a financial planner. KRAs maintain KYC records of investors centrally, on behalf of capital market intermediaries registered with Sebi, eliminating the need to repeat KYC.

Some degree of standardisation already exists in the industry. For instance, in 2012, the Association of Mutual Funds in India issued common guidelines for transmitting mutual fund units, which is done after the death of a unit holder. Under the existing guidelines, a notarised copy of a probated will, legal heir certificate, succession certificate or letter of administration have to be furnished only if the transmission amount is more than ₹2 lakh. Transmission processes, however, still differ, depending on the level of risk-based practices adopted by AMCs.

THE COMPASS

Lower taxes add colour to paint sector's prospects

Volumes of premium decorative products may rise



Compiled by BS Research Bureau

SHREEPAD S AUTE

The reduction in the corporation tax rates has boosted the earnings and growth potential of decorative paint companies, which were already (before the cut) an outlier in an otherwise sagging consumption basket.

Factoring in an expected 10-12 per cent direct push to earnings following the lower tax rates announced last week, the stocks of paint majors — Asian Paints, Berger Paints, and Kansai Nerolac — have surged 11-18 per cent in the last five sessions, along with an 8 per cent rise in the Sensex. The effective tax rate for listed paint majors was over 30 per cent in FY19.

In addition, the lower tax rate was expected to provide an impetus to volumes — mainly in the higher-end decorative segment — and also to market share. In the past quarters, till June 2019, the volume growth of paint firms was driven by lower-end products such as distemper and putty.

While Asian Paints and Berger Paints are the decorative majors, Kansai Nerolac has a large share of the industrial paints market (45 per cent of its revenues).

Analysts at ICICI Securities believe the tax cut will help revive demand in the decorative paints segment, especially in the premium category of products. It is also seen helping organised players gain market share from the unorganised market. The latter has close to 25 per cent share, thereby underlining the long-term business potential of organised firms.

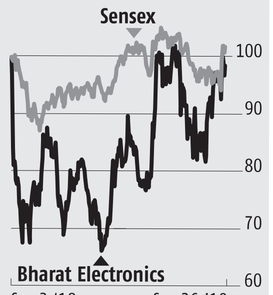
The expected traction to high-margin premium paint volumes should propel the overall operating profitability of paint firms. However, any upswing in key raw material prices, such as crude-based monomer and titanium dioxide (TiO_2), could also pose downside risks to the expected profitability gains. Nevertheless, current input prices seem to be supportive and analysts do not see any sharp input cost inflation in the near term.

Lower penetration in India and shortening of repainting cycle (from 7-8 years to 3-4 years) are other growth levers. UBS Securities says India's per capita paint consumption was 4 kg in FY19, on an estimated basis, against the global average of 13.5 kg. Its September 16 report stated that premiumisation in paints was a secular trend. Pricey valuations, however, could limit further upside for stocks of decorative paint companies. Berger Paints and Asian Paints are trading at 50-52x their respective FY21 estimated earnings.

Investors are advised to wait for a correction for a better entry point.

Strong order pipeline accelerates BEL stock

Better margins, working capital cycle hold key to further upside



Compiled by BS Research Bureau

UJJVAL JAUHARI

Bharat Electronics (BEL) continues to be on investors' radar, and has gained over 20 per cent since its August lows. The firm's order flow remains strong. In addition, it recently bagged an Akash missile systems order worth ₹5,357 crore, with delivery expected over the next three years.

For FY20, the firm has generated orders worth ₹9,000 crore. Achieving its full-year guidance of ₹15,000 crore may now not be difficult, say analysts.

Key orders in the pipeline are a coastal surveillance naval project and smart city and homeland security projects, that could add up to ₹6,000-6,500 crore of orders, according to analyst estimates.

Given the strong order inflow and revenue visibility offered by those in the pipeline, the Street remains positive on BEL.

The company had, a few days ago, reiterated its revenue growth guidance of 12-15 per cent for FY20. It expects to maintain this run-rate over the next 4-5 years. Analysts add that the order pipeline remains robust. A run rate of ₹15,000-20,000 crore of order inflow per year remains possible, for the next few years.

However, concerns over margins, which had led to underperformance in the past, remain. Under the new pricing policy for nomination projects, finalised by the Ministry of Defence, margins have been curtailed to 7.5 per cent, against 12.5 per cent earlier.

Achieving its full-year guidance of ₹15,000 crore may now not be difficult, as the firm has generated orders worth ₹9,000 cr in FY20

The company, however, continues to work on operating efficiencies and diversifying its orders in non-defence segments. Analysts also say that although there has been no change in payment terms from customers (15 per cent advances for new contracts), budget constraints have strained collections and hurt working capital, which is expected to normalise over the medium term.

Some improvement in receivables is expected, on account of advances from the Akash missile order, which should restrict further working capital deterioration.

Analysts remain watchful as they do not see much upside from here on. Those at Prabhudas Lilladher have lowered their Ebitda margin estimates, and hence reduced earnings by 7 per cent and 4 per cent for FY20 and FY21, respectively. The target prices of Edelweiss Research, Motilal Oswal Financial Services, and Prabhudas Lilladher range from ₹115-127 for the stock, which is trading at ₹111-levels.

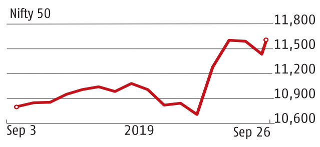
TODAY'S PICKS

BY DEVANGSHU DATTA

Nifty

Current: **11,573 (11,624)**

Target: **NA**

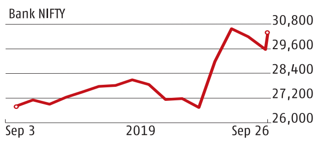


Stop-long positions at 11,525. Stop-short positions at 11,700. Big moves could go till 11,800, 11,425. A correction based on profit booking may be due. A long Oct 3, 11,500p (67), short 11,400p (49) could gain 15-20 on a reaction.

Bank Nifty

Current: **30,013 (fut: 30,264)**

Target: **NA**

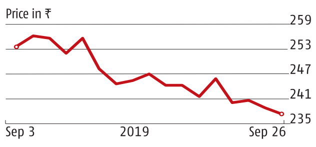


Stop-long positions at 30,000. Stop-short positions at 30,400. Big moves could go till 30,650, 29,800. Trend could go negative on profit booking.

Wipro

Current: **₹237**

Target: **₹241**

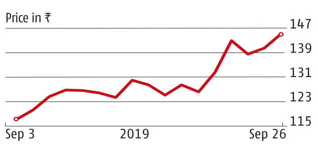


Keep a stop at 235 and go long. Add to the position between 239 and 240. Book profits at 241.

IOC

Current: **₹144.5**

Target: **₹148**

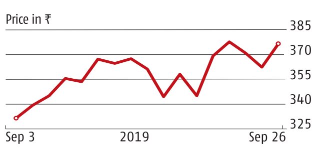


Keep a stop at 143 and go long. Add to the position between 146.5 and 147.5. Book profits at 148.

Tata Steel

Current: **₹375**

Target: **₹369**



Keep a stop at 379 and go short. Add to the position between 370 and 371. Book profits at 369.

Target prices, projected movements in terms of next session, unless otherwise stated

ICICI Bank good bet, but look out for retail NPAs

HAMSINI KARTHIK
Mumbai, 26 September

ICICI Bank has benefited from the challenges facing peers in the sector. In the June quarter, when the private lender demonstrated its ability to correct its asset quality issues sharply, it regained investors' trust significantly.

Brokerages including Morgan Stanley and Nomura have increased their allocation to the ICICI Bank stock in recent weeks, as competitors face issues such as possible slowdown in retail loans and elevated provisioning costs.

The underperformance by the Axis Bank stock lately, too, has helped ICICI Bank level valuations against the former, after nearly four years. Factors such as lower toxic assets, a good mix of retail and corporate loans, comfortable levels of unsecured retail portfolio, and a favourable deposit base have added to the strong sentiment for ICICI Bank.

The share of retail loans in overall book has increased from 42 per cent to 61 per cent, in June quarter (Q1), after four years. It surpasses HDFC Bank, known to be the market leader in retail loans. Further, the proportion of unsecured retail loans was contained at 13.3 per cent (though it doubled from 6.6 per cent in FY15). This provides comfort as delinquencies in retail loans are inching up.

"The bank is comfortable with the growth in unsecured lending portfolio, given its under-penetration among existing clients (at 8 per cent of loans) and stable quality trends," say analysts at CLSA.

Yet, one should keep an eye out on these numbers, as gross non-performing assets (NPA) ratio for retail loans rose to 1.9 per cent in Q1, marking a jump of 12 bps year-on-year. In FY15, the corresponding number was 2.02 per cent.

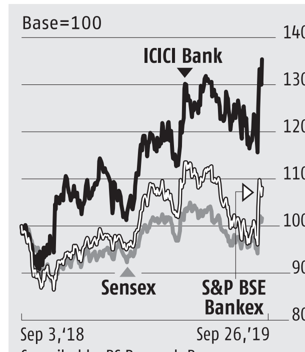
However, ICICI Bank trumps its rivals, which have unsecured loans upwards of 15 per cent.

In addition, amid debates over the impact of linking loans to external benchmarks on profitability, ICICI Bank's share of low cost current account- savings account (CASA) deposits — at 45 per cent in Q1 (50 per cent a year-ago) — could help mitigate margin compression.

Higher share of non-CASA deposits may limit ability of banks to reduce deposit rates in a declining rate trajectory. In Q1, the bank fared better than peers on this parameter, too.

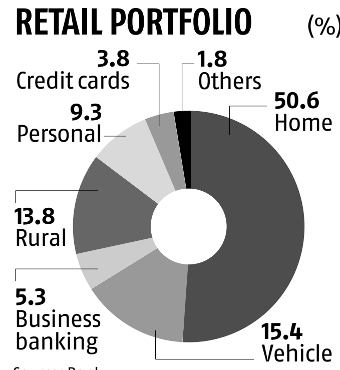
Yet, it won't be fair to assume all is fine. The share of loans to relatively weaker corporates (BB and below) accounted for 29 per cent of its total book in Q1FY20, and has increased from 28 per cent in FY19.

With fresh trouble brewing by the day, investors need to be watchful. A further increase in retail NPA ratio may test investors' faith on the stock. "ICICI Bank is showing promise of better underwriting at this point of the cycle, although we would need a few quarters to establish relative comfort," say analysts at Kotak Institutional Equities.



Compiled by BS Research Bureau

RETAIL PORTFOLIO (%)



Source: Bank

No refund if account is not validated

This year onwards, tax department is only issuing e-refunds directly into the bank

TINESH BHASIN

If you have not received your tax refund, there's a high probability that you don't have a pre-validated bank account. From this year onwards, the tax department has made it mandatory for individuals to link the bank account with their Permanent Account Number and also validate it, according to tax experts.

From this assessment year onwards, the income-tax department has said that it will issue e-refunds directly to the bank accounts of the assessees. "There could be other reasons for a taxpayer not receiving the refund. Failing to do pre-validation is the most common," says Naveen Wadhwa, a chartered accountant with Taxmann.com. The other reasons for not getting the refund could be that you have not verified the returns or the claims made in the tax return do not match the information given.

Once an individual files his return, the tax department carries out an assessment and informs taxpayers of the result. This assessment primarily includes arithmetical errors, internal inconsistencies, tax calculation, and the verification of tax payment. The result of the assessment communicated to the taxpayer is called "intimation under Section 143(1)".

If a taxpayer has not received the refund, he should check whether he has received this communication. The letter has details of the calculation done by the assessee and whether it matches the records with the tax department. If there is a refund you will see whether the department has made adjustments, or if there is any further demand. If you have not received the communication from the tax department, it could also mean that your assessment is not yet done.

If the intimation under Section 143(1) shows a refund, and you still have not received it, the issue could be with the pre-validation of the bank account. To link your bank account, you need to log into your e-filing account. The option to "pre-validate bank account" is available under the "profile settings". If all your details — name, date of birth, and mobile number — with the tax department and bank match, the account is validated. If there's a mismatch, and the taxpayer is unable to pre-validate account, he will need to get the details rectified in the records of either the bank or tax department.

According to tax experts, non-residents are facing more of such problems because the tax department does not accept international mobile numbers. Many a time non-residents provide the mobile number of their accountant or relatives to the tax department whereas the bank has an overseas mobile number. The details, therefore, doesn't match, and validation remains incomplete.

Another reason for not receiving the refund could be that the department has found issues with your returns, and it has sent a communication. "A taxpayer needs to log into his e-filing account and check if there's any communication from the tax department about the filed returns," says Arvind Rao, a chartered accountant and an investment advisor registered with the Securities and Exchange Board of India. Until the taxpayer addresses the communication sent, the department will not process the refund.

NO REFUND? FOLLOW THESE STEPS

- Check whether you have verified returns
- At e-filing portal, check if the return is processed by clicking on 'ITR Status'
- Log into e-filing account. Under profile settings, check if the bank account is pre-validated
- If not, pre-validate the bank account
- Click 'Compliance' on the main menu. Check if there is any pending communication
- Finally, submit a grievance by clicking 'e-Nivaran' on the main menu

YOUR MONEY

Leela asset sale: SAT upholds regulator's order

SAMIE MODAK
Mumbai, 26 September

FMCG major ITC has failed to obtain any relief from the Securities Appellate Tribunal (SAT) in the Hotel Leela asset sale case. The tribunal, on Thursday, upheld an order passed by capital markets regulator Securities and Exchange Board of India (Sebi) in the matter. The SAT also vacated its stay on Hotel Leela declaring the results of a postal ballot. ITC is likely to move the Supreme Court challenging the ruling.

In April, the board of debt-ridden Hotel Leela had floated an ordinary resolution for sale of its assets — which included hotel properties in Delhi, Bengaluru, Udaipur, and Chennai — to Canadian investment firm Brookfield for ₹3,950 crore.

ITC, a key minority shareholder, had opposed the deal stating that it violated provisions of related party transactions (RPT), and should be cleared only through a special resolution.

The SAT also vacated its stay on Hotel Leela declaring the results of a postal ballot. ITC is likely to move the SC

Sebi had issued an order in July stating the sale of assets and intellectual property (IP) — except the deal involving transfer of the 'Jamavar' trademark — didn't amount to RPT.

ITC had challenged Sebi's ruling, stating that the entire Brookfield transaction should be viewed as a composite deal and treated as an RPT.

It further argued that JM Financial ARC, which holds 26 per cent stake in Leela, shouldn't be allowed to vote on the transaction. This is because the Sebi order states it has failed to ensure compliance with Takeover Regulations.

ITC had also moved National Company Law Tribunal (NCLT) alleging oppression and mismanagement by Leela and JM Financial.

Following the complaints, Sebi launched an investigation into the deal and ordered Leela not to proceed with the postal ballot. Sebi had directed Leela to provide all relevant details of each of the sale transactions with Brookfield. Leela had to provide the valuation methodology used to arrive at the valuation.

Had Sebi or SAT held the transaction between Hotel Leela and Brookfield as a related party deal, the transaction would have required the approval of 'majority of minority' investors.

This could have made the sale difficult given key minority shareholders ITC and LIC were opposed to it.

Kotak MF pays back FMP investors

Kotak Mutual Fund (MF) has paid the pending balance amount to its fixed maturity plan (FMP) investors, which it had to withhold at the time of maturity, having entered into a 'standstill' agreement with Essel group promoters to realise fair value of its investments in the group's firms. In a note to investors, Kotak MF said: "In early September, a portion of investment was realised from the promoters' stake sale to Invesco Oppenheimer Funds, which was paid to all unitholders. Further, the balance amount (principal + accrued interest) has been realised." "The proceeds towards full redemption of your balance units have been transferred to your bank account," the note added. JASH KRIPLANI

COMMODITIES

PRICE CARD

As on Sep 26	International		Domestic	
	Price	%Chg#	Price	%Chg#
METALS ($/tonne)				
Aluminium	1,736.0	-3.7	1,989.3	-1.7
Copper	5,718.5	-4.8	6,123.0	-8.1
Zinc	2,288.5	-12.8	2,595.9	-12.4
Gold ($/ounce)	1,506.0*	6.9	1,648.6	8.1
Silver ($/ounce)	17.9*	16.9	20.1	18.6
ENERGY				
Crude Oil ($/bbl)	61.6*	-6.1	63.6	-1.9
Natural Gas ($/mmBtu)	2.5*	10.0	2.6	11.4
AGRI COMMODITIES ($/tonne)				
Wheat	168.5	-9.1	293.5	3.3
Sugar	339.5*	6.4	488.3	3.1
Palm oil	517.5	5.1	846.5	3.1
Rubber	1,505.3*	-30.6	1,777.7	-18.6
Cotton	1,308.9	-6.5	1,629.1	-13.4

* As on Sep 26, 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 70.9 & 1 Ounce = 31.1032316 grams.

Notes:

1) International metals, Indian basket crude, Malaysia Palm oil, Wheat LIFFE and Coffee Karnataka robusta pertains to previous days price.
2) International metal are LME Spot prices and domestic metal are Mumbai local spot prices except for Steel.
3) International Crude oil is Brent crude and Domestic Crude oil is Indian basket.
4) International Natural gas is Nymex near month future & domestic natural gas is MCX near month futures.
5) International Wheat, White sugar & Coffee Robusta are LIFF E future prices of near month contract.
6) International Maize is MATIF near month future, Rubber is Tokyo-TOCOM near month future and Palm oil is Malaysia FOB spot price.
7) Domestic Wheat & Maize are NCDEX future prices of near month contract, Palm oil & Rubber are NCDEX spot prices.
8) Domestic Coffee is Karnataka robusta and Sugar is M30 Mumbai local spot price.
9) International cotton is Cotton no.2-NYBOT near month future & domestic cotton is MCX Future prices near month futures.

Source: Bloomberg Compiled by BS Research Bureau

Gold import bill at 3-yr low after Budget

RAJESH BHAYANI
Mumbai, 26 September

This September quarter is seen as one of the worst for jewellers in many years, as an increase in import duty, followed by sharp increase in prices, have pushed the cost of gold to all-time highs.

Gold demand, import, and import bills have declined sharply, as a result. However, this is good news for the central government at a time when crude oil prices are rising. The import of gold in August stood at $1.36 billion (₹9,600 crore) — a 36-month low. It was also, for the first five months of this financial year, a three-year low at $14.5 billion.

"A sharp 20 per cent rise in price and the off-season are key reasons for muted consumer demand. Imports have been consistently higher than demand since the first quarter of FY17 (barring Q4 of FY18), aggregating to 200 tonnes. In times like this, destocking is natural; so, imports are lower," observes Somasundaram P R, managing director at the India arm of the World Gold Council, the mining industry body.

Worried bullion traders and jewellers say the September quarter was the worst for demand in this decade.

The import duty was raised from 10 per cent to 12.5 per cent in the Union Budget presented on July 5. After which, demand and import both fell. In the first six months (January to June) of this calendar year, India imported 427.8 tonnes of gold, a monthly average of 71.3 tonnes. However, in July, only 29 tonnes were imported; August import is estimated at 27 tonnes and the September trend is unlikely to be any better, with the ongoing *'pitrupaksh'* period.

Analysts tracking gold import say of the 56 tonnes imported in July and August, hardly 20 tonnes was for the domestic market; the rest was for re-export. Or, of $3.08 billion in gold import during July and August, only $1.2 billion was for the domestic market.

Analysts think demand has fallen to a third of the usual figure in the September quarter. The WGC says the traditional average has been 175 tonnes; so, the demand could be 65-70 tonnes.

Of this, say analysts, investment demand was negligible. With the price at ₹40,000 per 10g, investors of physical gold have to also pay three per cent in goods and services tax (GST), apart from making charges. Whatever investment demand was seen went for sovereign gold bonds, where there is no GST or making charge, and investors can earn annual interest of 2.5 per cent.

According to Reserve Bank data, there have been three such bond issues after the Budget, in July (₹185 crore of bonds sold), August (₹359 crore) and September (₹244 crore). That ₹788 crore of bonds translates in gold terms to 2.19 tonnes. This investment in sovereign gold bonds during the past two months was the highest after July 2017, when as much as ₹653 crore worth of bonds (2.35 tonnes) were sold.

TRACKING GOLD

- Only 20 tonnes of gold imported in two months for domestic market
- Gross import in July-August period was 58 tonnes; September data also dull
- Investors preferred Sovereign Gold Bonds to physical coins
- Sovereign Gold Bonds sales surge to highest after July 2017
- Quarterly demand is estimated to be worst in a decade

Rising paper imports put industry under pressure

T E NARASIMHAN
Chennai, 26 September

Import of paper and paperboard (excluding newsprint) into the country grew 29.5 per cent to $360 million (₹2,500 crore) in the first quarter of this financial year.

Demand is also higher but as a result of the rise in import, complains the industry, capacity utilisation is only 75-80 per cent. According to the Central Pulp & Paper Research Institute, of 861 paper mills in the country, only 497 (58 per cent) are operational.

The industry has petitioned the central government against any tariff concessions under the proposed Regional Comprehensive Economic Partnership (RCEP) to be signed by 16 countries; talks are expected to conclude by the year-end.

Data from the Directorate General of Commercial Intelligence & Statistics (a Government of India body) shows import of paper and paperboard were up 36.6 per cent in volume during the first quarter (April-June) of 2019-20, from the same period a year before. Shipment from China jumped 47.7 per cent and those from Asean, the Southeast Asian nations' bloc by nearly 79 per cent. And, 42.5 per cent higher from South Korea.

Imports of paper and paperboard from China in the past eight years have grown at a compounded annual rate of 13.2 per cent in value and 6.3 per cent in volume.

The Indian Paper Manufacturers Association (IPMA) says while the Indian market is growing at 6-7 per cent annually, most of the increase is being taken by import at significantly lower cost, under the aegis of free trade agreements (FTAs).

Under the Asean-India FTA, import duties on almost all items in the segment were progressively reduced, From a base of 10 per cent, the basic customs duty came down to zero from April 2014. Under the India-Korea treaty, basic customs duty was also progressively reduced and became nil from January 2017. Under the Asia Pacific Trade Agreement, with effect from January 2018, India extended tariff concessions to China (of other countries) and reduced the basic customs duty from the existing 10 per cent to seven per cent on most grades of paper.

"India is the largest growing paper market in the world and globally the focus of foreign paper manufacturers is on how to push more and more paper into India," said Rohit Pandit, secretary general of IPMA. "The industry is facing immense pressure for the past eight years on account of duty-free import of paper and paperboard under the Asean-India FTA. If duty-free import from China, the world's largest paper producer, are further allowed under RCEP, it will be disastrous."

Crude palm oil prices expected to rise

DILIP KUMAR JHA
Mumbai, 26 September

After a sharp decline over recent quarters, prices of crude palm oil (CPO) are set to rise sharply in the quarter ending December.

This is due to a forecast of decline in production and expectation of a revival in biodiesel demand in Indonesia, one of the largest producers.

CPO prices on the benchmark Bursa Malaysia fell around 5 per cent in the past month, to MYR (Malaysian ringgit) 2,048 a tonne in early Thursday trade for near-month delivery.

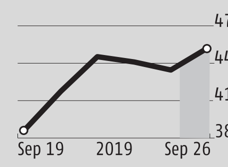
Experts at GlobOil 2019 link the movement in CPO price to several other factors. Such as weather patterns in India, B20 and B10 biodiesel mandates in Indonesia and Malaysia, respectively, the ongoing trade war between the United States and China, and soybean output in the Americas.

"We are very bullish about CPO prices. Other than the season and late season monsoon rainfall hitting soybean output in India, the biodiesel mandate in Indonesia is going to be a big booster. It has already started indicating in terms of price movement of soybean and rapeseed, which have never been equal," said Dorab Mistry, director, Godrej International.

Experts forecast the price to hit MYR 2,500 a tonne or even higher by March 2020, around a fourth higher than now.

IN THE NEWS

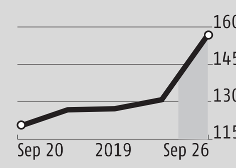
ICICI Bank



Market Cap nears Rs 3 trillion-mark; stock hits record high

₹434.45 PREVIOUS CLOSE
₹452.05 CLOSE
▲ 4.05% UP

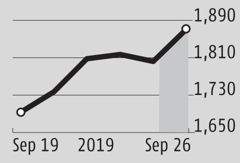
Pioneer Distilleries



Close at upper circuit filter of 20 per cent

₹130.80 PREVIOUS CLOSE
₹156.95 CLOSE
▲ 20.00% UP

InterGlobe Aviation

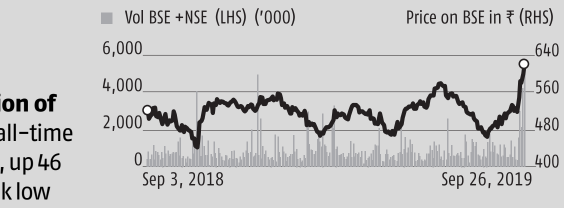


Trading volume jumps more than three times

₹1,802.80 PREVIOUS CLOSE
₹1,871.00 CLOSE
▲ 3.78% UP

STOCK OF THE DAY

Container Corporation of India: Stock hit new all-time high today at ₹633.25, up 46 per cent from 52-week low



NIFTY 50

Company	Close (₹) 26 Sep'19	% Chg	Wt (%)	PE Con	PE Std	Company	Close (₹) 26 Sep'19	% Chg	Wt (%)	PE Con	PE Std
Adani Ports	419.2	1.0	0.7	20.1	31.4	IOC	144.6	2.7	1.3	7.8	10.0
Asian Paints	1771.0	1.1	1.6	75.3	75.7	ITC	250.4	1.2	6.2	24.4	24.0
Axis Bank	699.9	0.7	3.1	36.4	34.3	JSW Steel	235.5	0.4	0.7	9.2	7.7
Bajaj Auto	2970.3	1.0	0.8	17.5	18.3	Kotak Mahindra Bank	1626.9	1.6	4.4	41.1	59.7
Bajaj Fin	4000.8	1.8	2.0	58.1	55.5	L & T	1489.9	2.7	4.2	22.8	29.2
Bajaj Finsrv	8464.6	2.5	1.1	41.6	446.7	Mah & Mah	567.0	6.0	1.2	13.3	12.0
Bharti Airtel	344.1	0.7	1.3	-	-	Maruti Suzuki	6857.5	3.3	1.8	27.1	29.8
Bharti Infratel	258.6	0.5	0.5	17.4	28.0	NTPC	116.6	-0.3	1.0	9.1	9.8
BPCL	480.1	3.2	1.0	13.3	17.6	ONGC	137.1	4.3	1.3	5.7	6.5
Britannia	3092.8	1.9	0.7	64.6	66.0	Power Grid	199.3	0.3	0.9	10.4	10.3
Cipla	438.5	0.9	0.5	22.9	16.1	Reliance Ind	1296.8	1.3	9.0	20.4	23.2
Coal India	203.3	5.6	0.7	6.8	11.9	SBI	281.9	0.6	2.2	26.5	31.2
Dr Reddys	2774.9	0.1	0.7	21.4	30.8	Sun Pharma	412.0	1.3	0.9	29.3	111.5
Eicher Motor	17911.6	1.8	0.5	23.5	24.9	Tata Motors	124.5	1.2	0.4	-	48.9
GAIL	137.1	0.5	0.6	9.4	10.2	Tata Steel	375.8	3.8	0.6	5.4	4.3
Grasim Ind	743.8	2.7	0.6	25.9	657.2	TCS	2087.6	0.0	4.4	24.3	24.8
HCL Techno	1045.2	-0.8	1.2	14.3	17.7	Tech Mahindra	713.7	1.1	0.9	15.8	16.0
HDFC	2063.2	-0.3	7.2	20.3	33.5	Titan Company	1288.3	1.5	1.1	81.5	81.9
HDFC Bank	1242.5	0.2	10.9	30.4	30.8	UltraTech	4395.6	2.8	0.9	40.1	39.5
Hero MotoCorp	2760.1	2.1	0.7	16.0	14.8	UPL	583.6	1.2	0.7	40.0	156.4
Hindalco	196.0	3.2	0.6	8.0	54.0	Vedanta	166.1	6.3	0.6	9.0	13.2
HUL	2034.4	-0.8	2.9	72.7	70.3	Wipro	237.1	-0.7	0.8	15.4	18.6
ICICI Bank	452.0	4.1	5.9	68.6	54.1	YES Bank	51.1	-4.9	0.2	7.6	22.7
Indiabulls Hous	413.8	-2.4	0.3	4.6	5.3	Zee Enter	286.7	4.8	0.4	15.5	15.3
IndusInd Bank	1548.0	2.9	1.9	-	29.0						
Infosys	782.6	-1.3	5.9	21.4	22.6	**Nifty 50**	**11571.2**	**↑1.1**	**100.0**	**21.3**	**23.8**

S&P BSE SENSEX STOCKS

Asian Paints	1770.7	1.0	1.9	75.3	75.7	Mah & Mah	567.1	6.0	1.4	13.3	12.0
Axis Bank	700.1	0.7	3.6	36.4	34.3	Maruti Suzuki	6860.1	3.3	2.1	27.1	29.8
Bajaj Auto	2969.7	0.9	0.9	17.5	18.3	NTPC	116.7	-0.2	1.2	9.1	9.8
Bajaj Fin	4000.8	1.7	2.3	58.1	55.5	ONGC	136.9	4.1	1.5	5.6	6.5
Bharti Airtel	344.0	0.7	1.6	-	-	Power Grid	199.2	0.2	1.1	10.4	10.3
HCL Techno	1044.9	-0.9	1.3	14.3	17.7	Reliance Ind	1296.6	1.3	10.5	20.4	23.2
HDFC	2064.2	-0.3	8.4	20.3	33.5	SBI	281.9	0.6	2.5	26.5	31.3
HDFC Bank	1242.4	0.2	12.6	30.4	30.8	Sun Pharma	412.0	1.3	1.1	29.3	111.5
Hero MotoCorp	2760.3	2.1	0.9	16.0	14.8	Tata Mot-DVR	56.8	0.6	0.1	-	-
HUL	2033.8	-0.7	3.4	72.7	70.3	Tata Motors	124.5	1.2	0.5	-	48.9
ICICI Bank	452.1	4.1	6.9	68.6	54.2	Tata Steel	376.1	3.9	0.7	5.4	4.3
IndusInd Bank	1546.8	2.9	2.2	-	29.0	TCS	2087.7	0.0	5.2	24.3	24.8
Infosys	782.1	-1.3	6.9	21.4	22.6	Tech Mahindra	713.8	1.2	1.0	15.8	16.0
ITC	250.4	0.6	7.3	24.4	24.0	Vedanta	166.2	6.5	0.7	9.0	13.2
Kotak Mah Bank	1629.4	1.8	5.2	41.2	59.8	YES Bank	51.1	-4.9	0.2	7.6	22.7
L & T	1490.2	2.8	4.9	22.8	29.2	**BSE SENSEX**	**38989.7**	**↑1.0**	**100.0**	**22.7**	**24.7**

C = Consolidated; S = Standalone

WORLD INDICES

Indices	Close	% Chg*	Indices	Close	% Chg*
Americas (Sep 25,19)			**Asia/Pacific (Sep 26,19)**		
Nasdaq Composite	8077.4	1.1	Jakarta Composite	6230.3	1.4
Dow Jones	26970.7	0.6	Stock Exchange of Thai	1636.8	0.5
S&P/ TSX Composite	16784.3	-0.1	Kuala Lumpur Comp	1593.0	0.2
Europe/Africa (Sep 25,19)			Kospi	2074.5	0.1
FTSE 100	7367.2	1.1	Straits Times	3125.8	-
CAC 40	5622.4	0.7	Taiwan Taiex	10872.0	0.0
DAX	12291.1	0.5	Shanghai Se Comp	2929.1	-0.9
IBEX 35	9095.7	0.1	**Volatility (Sep 25,19)**		
Asia/Pacific (Sep 26,19)			CBOE S&P 500	15.8	-1.3
Hang Seng	26041.9	0.4	CBOE Dow Jones	16.0	-5.5
Nikkei 225	22048.2	0.1			

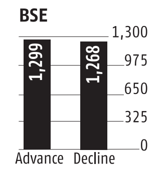
* Change over previous close

MAJOR INDICES

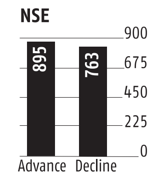
	Previous Close	Open	High	Low	Close	Change	% chng
S&P BSE Sensex	38,593.5	38,700.5	39,158.1	38,676.1	38,989.7	396.2	1.0
S&P BSE Sensex 50	11,968.2	12,001.2	12,142.6	11,994.8	12,108.6	140.5	1.2
S&P BSE-100	11,574.8	11,605.5	11,743.7	11,599.8	11,708.2	133.4	1.2
S&P BSE-200	4,791.4	4,803.5	4,858.4	4,801.3	4,845.9	54.5	1.1
S&P BSE-500	14,819.3	14,854.8	15,018.6	14,848.6	14,981.2	161.9	1.1
S&P BSE IPO	5,429.7	5,440.0	5,519.8	5,433.6	5,465.0	35.2	0.6
S&P Dollex-30	4,456.1	-	-	-	4,511.5	55.4	1.2
Nifty 50	11,440.2	11,469.9	11,610.9	11,466.4	11,571.2	131.0	1.1
Nifty next50	27,484.5	27,517.6	27,929.4	27,513.0	27,811.0	326.5	1.2
Nifty 500	9,344.2	9,365.5	9,471.3	9,363.3	9,443.8	99.6	1.1
India VIX	16.2	16.2	17.0	13.6	16.3	0.2	1.1
Nifty CPSE	1,932.1	1,935.5	1,995.8	1,929.6	1,982.6	50.5	2.6
MSE SX 40	22,569.2	22,569.2	22,822.2	22,569.2	22,822.2	253.0	1.1

ADVANCES/DECLINE

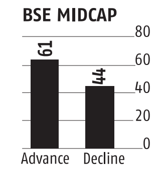
BSE



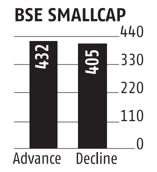
NSE



BSE MIDCAP



BSE SMALLCAP



MARKET OVERVIEW

INDEX AGGREGATES	PE C/S	Shrs Mn	Trds '000	Adv	Dec	1 Yr return
Sensex	22.7/24.7	33.2	294	24	7	6.7
Nifty 50	21.3/23.8	844.5	6978	41	9	4.7

C = Consolidated; S = Standalone

TURNOVER	Cash BSE	Cash NSE	Derivatives BSE	Derivatives NSE
Value (In ₹ crore)	5327	48661	-	3343697
Shares(In Mn)	224.6	2093.2	-	8040.9
Trades(000)	1356	15234	-	19075

MARKET-CAP (₹ CR)	Traded	Total
BSE	14,818,863	14,941,241
NSE	14,709,858	14,789,747
Derivatives	11,159,066	11,159,066

TRADING ACTIVITY

(₹ crore)	FIIs Equity Net	FIIs Debt Net	MF Equity Net	MF Debt Net
On 25 Sep	-352	73	-	-
On 24 Sep	-747	-189	1285	1062
On 23 Sep	2804	-432	-866	3888
On 20 Sep	593	486	2172	2780
On 19 Sep	-745	292	829	3464
Sep till date	**-3855**	**729**	**9897**	**38218**
2019 till date	**46357**	**30219**	**51112**	**411871**

FIIS IN DERIVATIVES

(₹crore)	Index NET	Stock Net	Index Fut OI	Index Opt OI	Stock OI
On 25 Sep	1641	-536	0.3	1.0	1.7
On 24 Sep	868	-871	0.3	1.0	1.7
On 23 Sep	3953	829	0.3	1.0	1.7
On 20 Sep	5240	2125	0.3	0.9	1.7
On 19 Sep	1148	-446	0.2	0.8	1.7
Sep till date	**24518**	**1082**	-	-	-
2019 till date	**143076**	**14070**	-	-	-

OI in number of contracts(million

S&P BSE SECTORAL INDICES

	Prev close	Close	% Chg
Auto	16,729.2	17,145.8	2.5
Bankex	33,377.0	33,939.0	1.7
Cons. Durables	25,785.5	26,155.1	1.4
Cap. Goods	18,522.9	18,869.8	1.9
FMCG	11,674.1	11,735.7	0.5
Healthcare	12,808.2	12,892.8	0.7
Infra	180.2	182.7	1.3
IT	15,480.7	15,395.9	-0.5
Metal	9,015.7	9,394.5	4.2
Oil & Gas	14,339.4	14,701.9	2.5
Power	1,937.4	1,940.9	0.2
PSU	6,646.8	6,785.9	2.1
Realty	2,007.6	2,061.6	2.7

F&O SNAPSHOT

MOST BULLISH	Futures price	Cash price	Premium (%)	MOST BEARISH	Futures price	Cash price	Discount (%)
Idea Cellular	5.3	5.2	1.0	Raymond	564.5	570.6	-1.1
Tata Steel	377.7	375.8	0.5	Enginers Ind	117.0	118.0	-0.8
Yes Bank	51.3	51.1	0.5	IDFC Bank	43.4	43.6	-0.5
SAIL	34.4	34.3	0.4	Coal India	202.5	203.3	-0.4
Mothersons S	109.4	109.0	0.4	Aurob Pharma	608.4	610.8	-0.4

	BSE Index	BSE Stock	NSE Index	NSE Stock
FUTURE				
Contracts	-	-	865894	1995059
Open Int.(000)	-	-	24414	4640131
Shares(In Mn)	-	-	39.1	4474.1
Value(₹ crore)	-	-	62810	117841
OPTIONS				
Contracts	-	-	46041414	1280050
Open Int.(000)	-	-	136155	1360088
Shares(In Mn)	-	-	1524.5	2003.2
Value(₹ crore)	-	-	3078850	8419

PUT-CALL RATIO

(Open Interest in Mn)	Put	Call	PC Ratio
Market	597.2	899.0	0.7

Top 5	PC Ratio	Bottom 5	PC Ratio
Shree Cement	2.0	Page Inds	0.3
Chola Inv	1.7	Oil India	0.3
Just Dial	1.6	Union Bank	0.3
IndusInd Bank	1.6	Containr Crp	0.3
Muthoot Finance	1.4	Hexaware Tch	0.3

ACTIVE CALLS

(In Million)	Expiry Date	Strike Price	Traded Qty	Open Interest	% Chg (OI)
Index					
Nifty	26/09/19	11600	111.2	2.7	-6.6
Nifty	26/09/19	11550	55.6	0.5	-43.6
Nifty	26/09/19	11650	52.7	1.7	114.5
Nifty Bank	26/09/19	32000	47.3	0.5	17.8
Nifty	26/09/19	11500	44.1	1.3	-63.1
Stock					
SBI	26/09/19	290	88.1	7.4	25.6
SBI	26/09/19	285	72.2	4.0	12.6
SBI	26/09/19	300	37.1	8.0	31.3
SBI	26/09/19	295	30.6	2.7	0.3
SBI	26/09/19	280	27.0	1.6	-25.7

ACTIVE PUTS

(In Million)	Expiry Date	Strike Price	Traded Qty	Open Interest	% Chg (OI)
Index					
Nifty	26/09/19	11500	97.5	3.1	45.2
Nifty	26/09/19	11550	63.3	2.2	697.3
Nifty	26/09/19	11400	41.7	1.9	-29.8
Nifty Bank	26/09/19	30000	41.6	0.7	252.7
Nifty	26/09/19	11600	40.2	0.8	-12.2
Stock					
SBI	26/09/19	280	51.2	4.1	23.2
SBI	26/09/19	285	30.5	1.4	43.0
SBI	26/09/19	275	23.3	1.8	2.1
SBI	26/09/19	270	13.2	2.8	9.4
SBI	26/09/19	290	9.6	0.9	-49.8

SPURT IN VOLUMES

Company	Days Volume	2-week Avg Volume	Change	Close price	*Price %chg
Sadbhav Infra	424927.0	9785.1	4242.6	40.8	-11.8
Varroc Eng	875664.0	29229.3	2895.8	465.0	3.0
Pioneer Dist	116961.0	8586.6	1262.1	156.9	20.0
Geojit Financia	2777768.0	222464.4	1148.6	30.6	3.6
Bharat Dyn	537327.0	45527.9	1080.2	313.8	0.9
Nyogin Finte	433052.0	36925.5	1072.8	50.0	0.6
ICICI Lombard	27000177.0	2474397.5	991.2	1193.4	1.7
Hind Zinc	10733890.0	987487.1	987.0	213.1	5.6
Advanced Enzyme	821556.0	75705.3	985.2	168.3	4.0
Nestle India	904612.0	103606.3	773.1	13945.1	3.6

52 WEEK NEW HIGHS/LOWS

Company	Price	Company	Price	Company	Price	Company	Price
HIGH		Elgi Equip	289.6	**LOW**		*Suryamba Spg	45.0
BS 200		*RITES	279.5	**BS 200**		Jainex	42.0
*PVR	1898.0	*Manorama Inds	258.0	*Cipla	430.5	*PBM Polytex	41.1
*Kotak Mah Bank	1682.4	*City Union B	227.1	*Strides Pharma	324.8	*Dynavision	40.9
*Siemens	1498.8	*Capri Global	208.4	*Indian Bank	135.1	*SMS Pharma	40.8
*Containr Crp	633.3	*SAHYOG MULT	186.2	*Indiab Real	55.7	*Umang Dairy	40.0
*HDFC Std Life	576.8	Hind Rectif	154.5	*YES Bank	50.6	*Gini Silk	38.3
BPCL	482.0	*Goldiam Intl	142.0	*Reliance Power	2.5	*Sadbhav Infra	37.1
*ICICI Bank	458.5	Emergent Energy	129.6	**Others**		*Veritas	31.1
ICICI Prud Life	454.4	*Adhunik Inds	104.2	*eClerx Ser	440.3	*PS IT Infrast	31.1
*Berge Paint	439.5	India Grid Trus	92.1	*Somany Cera	185.1	*Shukra Pharmace	25.8
Tata Global	284.7	Gala Global Pro	85.0	*Panasonic	135.2	*Risha Digha	23.8
Others		*Ozone World	78.5	Emergent Energy	129.6	*Future Enterpri	21.2
*Elantas Beck	2541.0	*Black Rose	77.0	*Gromo Trade Con	127.3	*Sarla Perf F	21.0
*AKZO Noble I	2060.0	*ABans Enterpris	71.0	*Svaraj Trad	100.3	*Informed Tec	20.5
*Whirlpool	1917.7	*SSPN Fin	65.0	*New India Assur	98.1	*Betex India	20.0
*Fine Organic In	1812.8	*Mitshi India	64.5	RPEL	88.1	*Polymch Mach	19.1
Vadilal Ent	1250.0	Adani Greens En	60.4	*ASM Tech	78.4	*Vamshi Ruber	19.0
Supreme Ind	1238.0	*Dr Habeeb	60.0	*Synergy Green	75.0	*Cian Healthcare	17.2
*DSP Blackrock L	1000.0	*Cfel	57.4	*Moryo Ind	63.5	*Ashapuri Gold	16.6
Vadilal Ind	839.6	*Zodiac Ventur	57.3	*IRB InvIT Fund	59.1	*Corp Bank	16.1
NESCO	599.0	*Aarnav Fashi	43.8	*Rajnish Welines	53.4	*Jin Poly Inv	15.4
*Trent	528.3	*Modex Intl Sec	32.5	*Coffee Day	53.2	*Supreme Infr	12.8

* Indicates that the market price of these companies reached two-year highs/lows.

DAY'S TOP GAINERS

Company	Day's high	Close	% chg*	3mth high	52 wk high
Godrej Prpty	1115.0	1096.7	8.4	1118.0	1118.0
Affle I	1190.5	1174.6	8.3	1190.5	1190.5
Enginers Ind	120.7	118.1	7.6	124.4	129.9
BF Utilities	199.0	192.9	7.5	241.2	262.2
BEML	991.0	971.0	7.1	991.0	1034.3
HPCL	306.3	304.8	6.8	306.3	333.5
Vedanta	167.0	166.2	6.5	180.0	246.9
NMDC	91.3	90.9	6.3	120.5	120.5
Dish TV	21.2	20.9	6.1	34.8	60.2
Mah & Mah	569.6	567.1	6.0	675.0	896.5
Indiabulls Vent	189.9	186.2	5.8	343.2	564.9
Nat Alum	46.7	46.4	5.7	51.5	72.0
Hind Zinc	217.0	213.2	5.6	248.5	308.9
Zee Enter	289.5	286.7	5.4	405.5	506.1
Coal India	204.7	203.1	5.3	261.7	288.3

DAY'S TOP LOSERS

Company	Day's low	Close	% chg*	3mth low	52 wk low
Dewan Hsg	41.9	42.9	-8.9	37.1	37.1
Reliance Cap	29.0	29.4	-5.6	27.8	27.8
ABB India	1405.5	1460.5	-5.2	1307.1	1191.0
YES Bank	50.6	51.1	-4.9	50.6	50.6
IRB Infra	81.8	82.8	-4.4	67.7	67.7
Vakrangee	27.8	28.1	-4.1	22.8	22.4
Sun Pharma A	138.2	138.9	-3.7	107.0	107.0
Arvind	48.2	49.4	-3.4	44.6	44.6
Wockhardt	287.0	288.4	-3.4	231.5	231.5
Jubilant Fd	1367.1	1400.1	-3.3	1078.1	982.0
IDBI Bank	34.9	35.7	-3.1	23.6	23.6
Indian Bank	135.1	138.0	-3.1	135.1	135.1
Raymond	566.8	570.5	-2.9	533.1	533.1
Reliance Infra	34.1	35.0	-2.6	33.2	33.2
HEG	1131.3	1138.5	-2.6	873.4	873.4

* Ranked on the basis of percentage gain/loss on previous close

MOST TRADED

	Value BSE+NSE (₹ crore)	Volume BSE+NSE (Mn shrs)
ICICI Lombard	3072.6	27.0
SBI	2336.2	82.5
HDFC Bank	1962.9	15.7
ICICI Bank	1924.7	42.8
HDFC	1625.2	7.9
Infosys	1472.3	18.8
YES Bank	1379.2	265.2
Maruti Suzuki	1364.1	2.0
Nestle India	1257.6	0.9
Zee Enter	1215.3	43.4
Reliance Ind	1148.0	8.9
IndusInd Bank	1117.6	7.3
Axis Bank	1097.1	15.6
BPCL	1029.6	21.6
Bajaj Fin	985.1	2.5
Indiabulls Hous	908.8	21.5
TCS	903.0	4.3
HUL	822.8	4.0
Kotak Mah Bank	737.2	4.5
Tata Motors	605.4	48.5
IOC	572.6	39.4
Tata Steel	562.9	15.2
L & T	550.4	3.7
Vedanta	547.6	33.5
Bajaj Finsrv	505.2	0.6

TOP M-CAP

Rank	Company	Mcap (₹ cr)
1	Reliance Ind	821930.3
2	TCS	783369.8
3	HDFC Bank	679664.8
4	HUL	440277.0
5	HDFC	356354.9
6	Infosys	333879.0
7	Kotak Mah Bank	311202.6
8	ITC	307592.5
9	ICICI Bank	291938.4
10	SBI	251584.5
11	Bajaj Fin	232006.4
12	L & T	209112.3
13	Maruti Suzuki	207229.9
14	Axis Bank	183447.2
15	Bharti Airtel	176513.8
16↑	ONGC	172224.0
17↓	Asian Paints	169845.5
18	Wipro	143198.2
19	HCL Techno	141723.5
20	IOC	136552.4
21	Bajaj Finsrv	134822.6
22	Nestle India	134458.7
23↑	Coal India	125134.2
24↑	UltraTech	120769.1
25↓	Avenue Supermar	117245.9
26	NTPC	115420.0
27↑	HDFC Std Life	114795.3
28↓	Titan Company	114322.0
29	IndusInd Bank	107185.1
30	Power Grid	104213.3

TRENDS

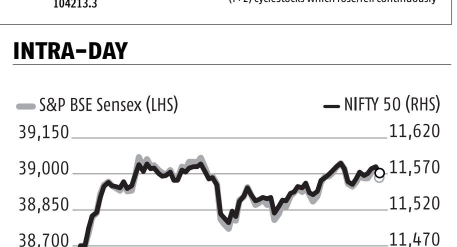
Company	% change	Company	% change
BS200		Hind Nat Gl	39.9
UP 7 DAYS		Technofab	37.7
DOWN		**DOWN 7 DAYS**	
Jet Airways	-17.0	Den Network	-29.8
UP 3 DAYS		Coffee Day	-26.9
IndiaMART Int	11.9	ITD Cemnt	-25.7
Reliance Nippon	6.8	STC India	-21.6
ICICI Prud Life	5.9	Ganesh Benzo	-20.0
Power Grid	5.8	Sarla Perf F	-13.1
BPCL	5.6	Intell Des Aren	-13.0
HDFC Std Life	5.2	**UP 3 DAYS**	
Reliance Ind	4.7	Dai-Ichi Kar	31.1
DOWN		JBM Auto	27.7
Arvind	-12.9	Pioneer Dist	23.9
IRB Infra	-10.5	Vasundhara Ras	18.5
Indian Bank	-9.2	Palash Sec	18.1
LIC Hsg Fin	-8.3	Shipping Crp	17.9
Sun Pharma A	-8.1	Axtel Ind	17.8
Strides Pharma	-8.1	**DOWN 3 DAYS**	
Vakrangee	-7.7	SMS LifeS	-19.1
Others		CIFL	-17.1
UP 7 DAYS		Sadbhav Infra	-16.5
SORIL Infra	40.5	Chaman Lal	-14.4
Atlas Cycles	40.5	Shriram Asst	-14.2
QGO Fina	40.4	Moryo Ind	-14.1
Indiabulls Inte	40.2	RCI Inds & Tech	-14.1
Raunaq EPC Intl	40.0		

(T+2) cycleStocks which rose/fell continuously

BOARD MEETINGS

SEPTEMBER 27
Frontier Info: to consider and approve Appoint Ms. Shikha Gangrade as Company Secretary of the Company;to consider resignation of Ms. Archana Singh (DIN: 07328641)
Glittek Gra: Annual General Meeting
GOCL Corp: to consider and approve Board to consider Special Interim Dividend
GSB Finance: to consider and approve Annual General Meeting
Guj Alkalies:to consider, subject to approval of the members of the Company, the proposal for split/subdivision of equity shares of the face value of Rs.10/- each of the Company
IMP Powers: to consider and approve Appointment of Woman Additional Director (categorized as Independent Director).
Jumps Network: to consider the issue of shares on a preferential basis, as per SEBI regulations.
Kaycee Ind: to consider and approve Appoint Chairman of the meeting;To Grant leave of absence.
Prime Cust Ser: To discuss various Fund raising Option;to discuss and decide the further expansion opportunities
Scooters I: to consider and approve 262nd Board Meeting is scheduled to be held on Friday 27th September **2019.**
Sugal & Dam: Meeting of the Board of Directors
Sunflag Iron: to review the general operational matters of the Company.
SEPTEMBER 28
Alankit: To take note of approval of Scheme of Arrangement of wholly owned subsidiaries of the company i.e. Europlus Financial Services Limited and Euro Global Brokers Limited with Alankit Technologies Limited.
Contil I: to consider and approve Intimation of Annual General Meeting
HFCL: 32nd Annual General Meeting (AGM)
Jinaam's Dress: Appointment
Rathi Graph: to consider and approve the Audited financial Results of the Company for the quarter and year ended 31st March, 2019.
Satia Inds: Raising of Loans for Project Financing and other Matters
Sibar Auto: for allotment of 9,25,000 Equity Shares of face Value Rs. 10/- each upon conversion of convertible warrants allotted on preferential basis to Promoter and Non-Promoter Category of the Company.
Sri Havisha Hos: Resignation /Appointment
Sulabh Eng: 36th Annual General Meeting (AGM)
SEPTEMBER 30
Cella Space: to consider and approve availing loan from Andhra Bank Limited for an amount 20,80,00,000/- (Rupees Twenty Crores and Eighty Lakhs)
Cian Healthcare: To consider and approve Audited Financial Statements of the Company for the year ended 31st March 2019.
Fraser & Co: to consider and approve The resignation of Company Secretary and Compliance Officer of the Company.
IL&FS Inv Mg: to consider, inter alia, the Unaudited Financial Results of the Company for the quarter ended June 30, 2019
Integ.Thermo: to consider and approve Notice of AGM
Naysaa Sec: 12th Annual General Meeting

INTRA-DAY



BS 200

WHAT THIS STOCK PAGE CONTAINS AND WHY

BS 200 stocks account for over 85 per cent of the volume of shares, value and trades on the Bombay Stock Exchange and National Stock Exchange.

For BS 200 stocks, the company name is followed by its BSE group in brackets and the symbol indicating the paid-up value . Four categories of information are provided: First, the basic information on the day's trading. Information is also given on the number of shares traded, and also the price trend with 52-week highs and lows.

The third sub-set of information is the stock's market capitalisation. The market capitalisation is shown in ₹crore and is arrived at by multiplying the closing prices of shares with equity capital. It changes either because more shares have been issued (or extinguished) or the price has moved.

The table also contains the company's price-earnings (P/E) multiple. The P/E multiple is arrived at by dividing the day's closing price by its reported earning per share (EPS) for trailing 12 months. EPS is calculated on the basis of consolidated earnings wherever available. In the futures and options (F&O) section a wide set of data has been provided.

Open Interest: OI is the number of contracts open at end of day in the futures and options segment. OI thus indicates traders' expectations. High OI is typical when traders see a continuing trend.

Strike Price: The price at which an option may be exercised. An option is "in-the-money" if the market price exceeds the SP (in case of a call option) and the market price is below SP (in case of a put). Otherwise it is "out-of-money"

Expiry date: The date on which a derivative expires . An unexercised option becomes valueless while futures contracts are compulsorily settled on expiry. On NSE, it is the last Thursday of every month.

Put/call ratio: The ratio of open interest in put options & call options.

ABBREVIATIONS: When a significant change occurs in the day's closing value compared with the previous close, the close price is underlined. A significant change means a 3 per cent rise or fall in scrips whose market values are over 10 times paid-up value or 15 per cent for the rest of the shares.

The letters H or L appended to prices indicate a new high or low in the scrip; the letters XD after the traded quotes indicate that the scrip has gone ex-dividend after that date; XB denotes ex-bonus, XR ex-rights; XO ex-indicator for other corporate actions like AGM/EGM/ preference shares/mergers and others . M denotes volume of shares in million, L in lakhs & K in '000'.

SYMBOLS FOR FACE VALUE OF SCRIPS

● ₹100	❑ ₹3
❍ ₹50	★ ₹2
■ ₹20	♠ ₹1
◆ ₹6	Face value of scrips is ₹10 in all cases if not specified.
✜ ₹5	
✱ ₹4	

	BSE	NSE	BSE	NSE
	ACC (A)		**Adani Enter (A) ♠**	
PCLose	(1632.65)	(1633.65)	(147.50)	(147.55)
Open	1633.95	1640.85	148.60	148.45
High	1654.35	1654.50	155.70	155.40
Low	1622.00	1620.95	146.75	146.65
Close	1646.75	1646.05	152.90	152.70
Shares	26354	647K	726K	7013K
PE	17.74	17.73	15.92	15.90
52 Wk H/L	1768/1322	1769/1323	181/113	181/113
Mcap	30924	30911	16816	16794

Rana Kapoor's family sells another 1.8% in YES Bank

SUBRATA PANDA
Mumbai, 26 September

Following the sale of shares by YES Capital, shareholding of Rana Kapoor and his promoter entities in the private lender fell to 5.5%. Of the 5.5% Rana Kapoor owns 3.92%

YES Capital, one of the promoter entities of YES Bank, on Thursday sold 1.8 per cent stake in the private lender. The share sale helped the promoter group entity, owned by Rana Kapoor's family, raise around ₹240 crore. YES Capital sold 46.5 million shares at ₹51.94 apiece.

YES Capital said the proceeds would go to Franklin Templeton Asset Management, with whom its shareholding of YES Bank was pledged. "The proceeds will be utilised to prepay entire balance outstanding non-convertible debentures (NCDs) of YES Capital subscribed by various schemes of Franklin Templeton," said the firm in a release.

Last week, another promoter entity Morgan Credits had sold 2.3 per cent stake in YES Bank for ₹337 crore to prepay a certain part of its outstanding dues to Reliance Nippon Life AMC (RNam).

A year ago, YES Capital had placed zero-coupon NCDs amounting to ₹630 crore with Franklin Templeton. Since then, shares of YES Bank have nearly 80 per cent. The sharp fall in the share price has put pressure on YES Bank promoters to furnish higher collateral to avoid invocation of pledged shares by promoters.

The promoter group has achieved "full and final prepayment to Franklin Templeton of entire outstanding NCDs well ahead of the scheduled maturity date of October 2020,"said YES Capital in a release.

Following the sale of shares by YES Capital, Rana Kapoor and his promoter entities shareholding in the private lender fell to 5.5 per cent. Of the 5.5 per cent, Rana Kapoor owns 3.92 per cent, Morgan Credits has 0.46 per cent, and YES Capital holds 1.15 per cent.

YES Capital also said with the share sales, the promoter shareholding in YES Bank has dropped below 15 per cent, making it fully compliant with the Reserve Bank of India's shareholding cap.

Shares of YES Bank closed 4.93 per cent down at ₹51.05 on the BSE on Thursday.

New framework for stressed finance firms likely today

An inter-regulatory panel of the FSDC will meet at the RBI headquarters on Friday to discuss the new framework

SHRIMI CHOUDHARY
New Delhi, 26 September

Amid the crisis at Dewan Housing Finance Corporation (DHFL), financial sector regulators are planning a new framework for resolving stressed financial conglomerates.

The new framework, which the regulators will discuss at a meeting in Mumbai on Friday, will help adopt a uniform approach to bailing out such companies. The process is hampered now because of a lack of coordination and inter-regulatory issues.

People in the know of the developments said the Financial Stability and Development Council (FSDC), which includes the chiefs and senior officials of the Reserve Bank of India, the Securities and Exchange Board of India, and the Insurance Regulatory and Development Authority of India, will meet at the RBI headquarters.

If the framework is implemented, standard operating procedures (SoPs) will be set up for the parent company to bail out its stressed subsidiary company. At present, there is no role defined for the parent if the subsidiary defaults or faces liquidity stress. Further, the regulators will appoint a senior financial expert on the panel of the stressed firm for monitoring resolution.

Sources said the regulators would identify the companies that would come under the new mechanism and require a lifeline. "It will be on a case-to-case basis; not every finance company would come under this. The regulator will decide certain parameters, based on which financial conglomerates would be shortlisted," said a regulatory official privy to the development.

This mechanism will not cover companies already under insolvency or had initiated a resolution process under the Insolvency and Bankruptcy Code (IBC), sources said, adding that DHFL and other systemically important non-banking financial companies (NBFCs) might not come under this new framework.

Another source said if an arm of a conglomerate defaulted, not only the regulator concerned but all the regulators should step in and proceed with resolution. At present, each regulator is bound by its laws and acts in accordance with its sectoral regulations.

Sources said regulators might advise the parent company of the particular subsidiary to bail out the stressed arm. They also may give exemption. For instance, when LIC became a majority stakeholder in IDBI Bank, the latter faced Sebi's takeover code hurdle.

Legal complications may arise if the parent tries to bail out its group company since the balance sheet of each company is different. "When a company is in stress and looking for a resolution plan, all regulators should make joint efforts if there is scope for revival. Currently, there is a lack of coordination. Each case cannot go to the IBC. There has to be a different approach for each company facing a liquidity crunch," said Ashwin Parekh, an independent banking expert.

According to him, the central bank is losing its grip over many decisions, leading to shrinkage of the banking space.

Whatever the haircut a lender decides, it should be acceptable to all the regulators, said another expert. Currently, all regulators are not on the same page because there are secured and non-secured creditors, and in a majority of cases, exposures of mutual funds are substantially high.

Major NBFCs are facing an acute liquidity crunch. They are selling their non-core assets, and securitising retail assets to banks. Meanwhile, DHFL, India's third-largest housing finance company, alongside Reliance Capital and the IL&FS group, has been downgraded to the default category. All three were considered AAA once.

Standard operating procedures (SoPs) will be set up for the parent company to bail out its stressed subsidiary

Fairfax sells 5% in ICICI Lombard for ₹2,562 crore

FAL Corporation, a wholly-owned subsidiary of Canadian investor Prem Watsa's Fairfax Financial Holdings, has sold 4.99 per cent equity stake in ICICI Lombard general insurance for ₹2,562 crore in a block deal. This comes after the insurance regulator, earlier this month, relaxed the five-year lock-in rule for Fairfax's stake in ICICI Lombard, which was scheduled to end in March 2021.

Fairfax now owns 4.91 per cent of the general insurer. Watsa has also invested in digital general insurance player Digit General Insurance.

LVB board members booked by EOW

T E NARASIMHAN
Chennai, 26 September

The Economic Offences Wing in New Delhi has registered a First Information Report (FIR) against members of the Lakshmi Vilas Bank (LVB) board.

The FIR was filed under 'Complaint for offences of cheating, criminal breach of trust by banker, criminal misappropriation, and criminal conspiracy under the Indian Penal Code,1860' against the directors of the LVB board, Connaught Place, New Delhi among others.

It is based on a complaint filed by Religare Finvest (RFL), pertaining to adjustment of their deposits against the dues of RHC Holding and Ranchem. The Bank said it is considering appropriate legal measures to counter the same. RFL, in a filing on May 16, had said: "The new management discovered that one of the major reasons for RFL's terrible financial condition was the misappropriation by LVB of monies that were due to RFL, on account of four fixed deposits placed by it with LVB amounting to approx ₹791 crore."

IHB to raise ₹6,700 cr to complete Kandla-Gorakhpur LPG pipeline

ABHIJIT LELE
Mumbai, 26 September

IHB, a joint venture of oil-marketing companies, plans to raise ₹6,700 crore through term loans to complete 2,757-km-long Liquified Petroleum Gas (LPG) pipeline project from Kandla in Gujarat to Gorakhpur in Uttar Pradesh.

The project, being executed at a capital cost of ₹10,000 crore, will be funded with ₹6,730 crore of debt and ₹3,360 crore of equity. The sponsors will be required to make 25 per cent equity contribution upfront before the first disbursement of loan, according to the draft term sheet.

IHB's sponsors are Indian Oil Corporation (50 per cent stake), Hindustan Petroleum Corporation (25 per cent stake) and Bharat Petroleum Corporation (25 per cent stake), and are collectively referred to as oil-marketing companies (OMCs). IHB is looking at loan tie-ups with multiple banks.

Rating agency India Ratings in a statement said it draws comfort from the financial strength of the sponsors with strong access to capital markets and long-standing banking relationships. The liquidity is also supported by the sponsor undertaking to arrange financing to fund any cost overruns and maintenance of minimum debt service coverage ratio (DSCR) of 1.0x on a year-on-year basis. The sponsors have committed to offtake volumes on a ship or pay-basis to ensure a minimum debt service coverage ratio (DSCR) of 1.0x on a year-on-year basis, infuse project equity (₹3,360 crore). They will arrange financing to fund any cost overruns and maintain an equity holding of 51 per cent through the loan tenor.

IHB provides a business advantage for the sponsors by providing a dedicated facility for moving LPG from their own facilities and import terminals to the consumer market in the parts of western, northern, and central India. The proposed pipeline will connect 22 LPG bottling plants of the OMCs in Gujarat, Madhya Pradesh, and Uttar Pradesh.

Biosimilar mkt on growth path as top drugs double in size

SOHINI DAS
Mumbai, 26 September

As the domestic market wakes up to a wider use of biologic drugs and as patient compliance improves, the biosimilars segment is seeing a higher growth of late.

Data shows while the overall biosimilars category has clocked a 10.3 per cent value compound annual growth rate (CAGR) over the past few years, the market size for the top molecule has more than doubled.

A biologic drug is produced from living organisms or contains components of living organisms, unlike chemical drugs. A biosimilar is a copy-cat of a biologic drug, once the patent period ends. The moving annual turover (MAT) for biosimilar molecules sold in the domestic market as on August 2019 stood at ₹1,498 crore as per data from market research firm AIOCD AWACS, up 34 per cent from ₹1,117 crore in August 2016.

The value CAGR for the period is 10.3 per cent, while the volume CAGR is 3 per cent.

During the same period, the domestic pharma market clocked 7.7 per cent value CAGR and 1.9 per cent volume CAGR. Leading molecules — Adalimumab, Bevacizumab, Rituximab and Trastuzumab — have seen their market sizes more than double during the period from ₹243 crore MAT in August 2016 to ₹551.3 crore in August.

Adalimumab is a rheumatoid arthritis drug, Bevacizumab is used for several types of cancer, Rituximab is used for certain auto-immune diseases as well as some forms of cancer while Trastuzumab is used for breast cancer.

Pankaj Patel, chairman of Cadila Healthcare, which is one of the leading biosimilars players in the country, said, "Patient compliance in biologics drugs has improved in recently with the prices coming within the reach of many. Indian companies have started investing in creating a meaningful pipeline. The Indian market has always seen price elasticity in such segments." Patient compliance basically means that patients put on these medicines are not dropping off the therapy after sometime, and more compliant towards finishing it. "If one sees the new drug pipeline of major drug firms, it would have a growing list of biologic drugs."

Cadila Healthcare's biologics pipeline comprises 21 biosimilars and six novel biologic entities (both in development stage as well as launched) and covers therapeutic areas such as oncology, autoimmune disease, nephrology, ophthalmology, inflammation, rheumatology, hepatology and infectious disease, among others. So far, Cadila Healthcare has invested ₹350 crore in its biologics facility, noted Edelweiss.

The company aims to launch two molecules each year, it said. These drugs are expensive and earlier used to see low patient compliance. For example, in 2014, when Cadila Healthcare launched the generic version of innovator AbbVie's Humira, it priced it at one-fifth of the price of the innovator drug. Humira cost $1,000 per vial. Cadila Healthcare's Exemptia is the market leader in the segment in India now followed by Torrent's Adfrar.

TOP 5 MARKET SHARE

Super group	MAT value CAGR 4yr	MAT unit CAGR 4yr
Indian pharma market	7.7	1.9
Biosimilars	10.3	3.0
Anti-infectives	3.4	-1.5
Cardiac	9.4	4.0
Gastro intestinal	7.0	1.0

MAT: Moving Annual Turnover; Figures till Aug 2019 Source: AIOCD AWACS

Now, watch ICC match clips on FB

NEHA ALAWADHI
New Delhi, 26 September

Facebook has signed a four-year deal with the International Cricket Council (ICC) as its exclusive digital content rights partner for short clips in India, Pakistan, Bangladesh, Nepal, and Sri Lanka. The deal also includes match recaps, in-play key moments, other match and feature content, and post-match recaps for the rest of the world until 2023. It marks a win for Facebook, which has been looking at sports as its significant growth area.

It gives Facebook exclusive clip rights for ICC events, including the 2023 World Cup in India, in the Indian subcontinent, and non-exclusive for the rest of the world. "With Facebook, Instagram and WhatsApp, the ICC has an exceptional opportunity to leverage our family of apps to serve sports fans, as well as bring in an entirely new generation of fans. Every day, people come to our platforms to talk about, and form friendships around cricket. With this deal, we will be able to serve these fans with premium content that can ignite new conversations, connections and followership," said Ajit Mohan, VP and MD, Facebook India.

Facebook won the bid for a tender announced by the ICC last month for a digital content package of 12 ICC events over the next four years. As part of the deal, the ICC will produce 20,000 individual clips, delivering more than 500 hours of content to partners.

Multiple formats pave the pitch for Odomos

Dabur experiments with the packaging and the brand narrative of its 30-year-old product; but can it do so without diluting the promise?

T E NARASIMHAN
Chennai, 26 September

How does a brand adjust, having gone from a near-generic association with its category to being one of many on the shelf? For Odomos, launched by the Balsara group three decades ago and a part of Dabur since 2005, the answer has been to reimagine itself in many formats and for a diverse group of users.

At the same time, from being a household staple, Dabur has repositioned Odomos as a lifestyle purchase available across multiple price points. The brand is also being advertised more frequently, all in the hope of staying relevant for a new batch of consumers.

Vineet Jain, marketing head-Home Care, Dabur India, says Odomos has a three-pronged approach for driving relevance in the category. "Firstly, focusing on convenience and ease of use. Secondly, the brand has been rolling out TG specific formats like Fabric Roll-On, Bands and Patches for kids. The third plank is the 'naturals' variant, which has been a growth driver."

In a recent campaign, the focus is on Odomos sprays, a format that was launched in 2008 and the ad narrative uses a rap battle to pitch the product to children who resist applying a cream or gel. Sprays are convenient and provide an easy entry into the brand, while the song and dance brings a fun association for the brand.

Sprays are common to other brands addressing the category. So does this mean that Odomos could lose its unique position in the process?

The new ad has been launched only on digital media, the storyline uses children to drive home the convenience of the format and the safety of the product

Sandeep Goyal, chairman of marketing and communication agency Mogae Media, said that the format doesn't really matter. It merely provides convenience, just as it is with medicines sold as tablets and syrups and ointments. It's a question of offering convenience and joy in the best format," he added.

Convenience is not the only thing on the company's mind as it plots a new path for the brand. Increasing consumer concern over the composition of personal care products is also a factor. Hence the creation of a line of 'naturals' that appeals to young consumers.

"We have been at the forefront of innovations, having rolled out a 'naturals' range a few years back and introducing new consumer friendly formats. This has helped us remain the clear market leader in the personal application mosquito repellent category with 57 per cent market share," says Jain.

Goyal says that over the years, Odomos has finetuned its association with protection from mosquitos. "It used to be just a cream, today it is available in various forms. This does not dilute the brand which is evergreen," he adds.

Dabur operates in the ₹200 crore-plus personal application mosquito repellent segment that is growing in double digits year-on-year. Continuous reinvention is a must in the category and has helped the brand grow nearly four times in the past decade-and-a-half, the company said.

The tone and pitch of the advertising narrative has also changed; instead of offering a functional buy-in into the brand, the focus has been on making it an aspirational purchase. One way to do that has been through cause-led campaigns, apart from its regular advertising. For instance, the *#MakingIndiaDengueFree* campaign, the distribution of Odomos during the Kumbh Mela are ways in which the brand has tried to widen its association with the category.

Jain says, "Our communication strategy has always been to highlight our out-of-home protection USP for kids, particularly when they are in school and playgrounds." The brand is also careful about using the right media for the right message—the spray ads, for instance are on digital as it is expected to appeal to young audiences.

Digital also allows the brand to experiment with the communication, infuse fun and entertainment into the storyline without compromising the seriousness of the issue. Jain says, "Featuring only kids in the film was meant to break the clutter online and was also a reflection of society today where kids are more informed and involved in decision-making than ever."

Odomos also benefits from its distribution reach. The company says the product is available in nearly seven lakh outlets across India and Jain says, "We are also undertaking local level activation to drive distribution at chemists and modern trade outlets."

FROM PAGE 1

Consumption...

Sitharaman said private sector bankers told her that problems related to commercial vehicles were cyclical and would be over in a couple of quarters. So far as passenger vehicles were concerned, these were largely driven by sentiment and lending to the segment would gather pace in the near future, the FM was told. "If there was a problem in liquidity, it was related to wholesale financing and not retail," Sitharaman said.

She said affordable housing had really taken off, but some of the bankers demanded that the upper limit for loans in the segment be raised to ₹50 lakh from ₹45 lakh.

Sitharaman said MFIs were there in remote areas of the country and they told her there was still demand and that they were growing at 10-20 per cent.

Bankers also told the FM the services sector, which dominates the economy, showed a high appetite for credit. IDFC First Bank CEO V Vaidyanathan said the finance minister gave two hours of patient hearing to the lenders. He said demand was strong at the lower end of the ecosystem and there was "no slowdown at all".

PMC Bank...

Bank of India took HDIL to the National Company Law Tribunal (NCLT), Mumbai, which admitted the corporate debtor for insolvency proceedings on August 20.

The realty player then challenged the NCLT order in the National Company Law Appellate Tribunal, which is hearing the petition. On August 31 this year, PMC Bank gave an additional loan of ₹100 crore to HDIL so that the company could pay off its debt to Bank of India under a one-time settlement scheme. According to reports, HDIL may have borrowed as much as ₹2,500 crore from PMC Bank.

Singh, a commerce graduate from Mumbai University, acquired 650,000 shares in HDIL in 2005 for ₹4.7 crore as co-promoter. After two bonus issues, his shareholding went up to 11.7 million shares in 2006. He soon sold 5.48 million shares and took home ₹5.48 crore, more than he invested within a year, and continued to own 6.22 million shares at the time of the company's initial public offering (IPO) in July 2007.

The IPO price of ₹500 valued Singh's stake at ₹311 crore, which crossed ₹1,000 crore at the peak of the market in January 2008. Singh's stake in HDIL after the IPO was 2.9 per cent, which subsequently reduced to 1.91 per cent. His family member, Kuljeet Kaur, also held 2.2 million shares or around 1 per cent stake in HDIL after the IPO. HDIL ceased to classify Singh as a promoter in the March 2016 disclosures. What Singh did with his HDIL shares subsequently is not known. The share price of HDIL has gone downhill, and Singh's stake now would be valued at just ₹2.6 crore.

After joining HDIL in 2005, Singh was instrumental in buying land and was helping HDIL re-develop old societies. Singh was then rewarded by Wadhawan through the share purchase and his status as a co-promoter in HDIL and other Wadhawan entities that were involved in redevelopment projects. HDIL, which was once among top developers and darling of global investors, faced liquidity challenges due to mounting debt, delay in getting cash from customers, fewer launches, and delays in its Mumbai airport slum rehabilitation project. In July last year, HDIL repaid the outstanding loans of Andhra Bank under a one-time settlement scheme. This was after Andhra Bank moved the NCLT under the insolvency code against the company. HDIL's subsidiary Guruashish Construction also filed for bankruptcy and a resolution plan was approved by the committee of creditors.

Central govt...

While the 2019-20 Budget assumes a 12 per cent nominal GDP growth over 2018-19, the April-June nominal GDP growth came in at 8 per cent, the lowest since the third quarter of 2002-03. Real GDP growth for the quarter was 5 per cent, the lowest since 2013.

The demand and consumption slowdown is expected to have an impact on the Centre's tax collections. Direct tax collection has seen a growth rate of mere 5 per cent so far this year, which means that collections will need to expand by at least 27 per cent in the remaining half to achieve the Budget target of 17.3 per cent growth. There are also fears of a shortfall in goods and services tax (GST) collection.

The Commission is still awaiting a response from the ministry on a revised memorandum. In case that is submitted, the existing memorandum will be considered withdrawn. For now, the memorandum asking for a substantial reduction in the share of states stands.

To illustrate the impact of such a reduction, the share of states at 42 per cent of the total divisible pool was ₹7.6 trillion according to the revised estimates of 2018-19, Budget documents show. At 34 per cent, that could be reduced to ₹6.15 trillion. Similarly, for 2019-20, the devolution to states is budgeted at ₹8.1 trillion at 42 per cent. At 34 per cent, it will be around ₹6.6 trillion.

The 42 per cent vertical devolution was recommended by the 14th FC, up from 32 per cent recommended by the previous panel. A Finance Commission's award period runs for a period of five years, as mandated by the Constitution. The 14th FC's period runs from 2015-16 to 2019-20. The 15th FC's recommendations kick in from April 1, 2020 and run till March 31, 2025.

A vertical devolution is the division of the tax pool, excluding cess and surcharges, between the Centre and states, while horizontal devolution is the distribution of resources among the states.

Sources said the Commission might settle for a marginal cut in the states' share of tax devolution. In addition, capital expenditure components of the Centre's allocation for defence and internal security could be sequestered from its overall tax revenues. The new devolution formula could thus be applied to the Centre's tax revenues after deducting from them its capital expenditure on defence and internal security. The report is expected to be submitted to the government on November 30.

Saudi terror...

State-run oil marketing companies – Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation – together have 273 million LPG customers served by 24,026 LPG distributors as of August 2019.

Since the launch of Pradhan Mantri Ujjwala Yojana (PMUY) in 2016, LPG penetration in India has increased from a mere 62 per cent to around 94 per cent in a span of three years. Hence, any shortfall in supply affects the large BPL (below poverty line) customer base that came in with PMUY. "Companies, like BPCL, are bringing additional cargoes to Mumbai and seeking priority berthing at various ports available for LPG. The impact is now being felt in the Eastern and North Eastern regions as well," said a person in the know.

An official at an oil marketing company said many of the bottling plants were already working on multiple shifts with over 100 per cent capacity utilisation to meet the festive demand.

At present, there are 192 LPG bottling plants in India with an annual capacity of around 18.3 million tonne. The total LPG consumption recorded a growth of 13 per cent during August 2019 and a cumulative growth of 3.6 per cent for April to August this financial year.

BS SUDOKU # 2854

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Solution tomorrow

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White House sought to lock down call records: Report

BLOOMBERG
Washington, 26 September

Multiple White House officials were "deeply disturbed" by US President Donald Trump's call with the Ukrainian president and the administration attempted to "lock down" records of the interaction, according to a whistle-blower's complaint made public Thursday.

Follow the latest developments on Democrats' impeachment effort.

The information in the complaint was gathered from multiple US officials, according to the whistle-blower's account, which the intelligence community's inspector general said "appears credible." "The White House officials who told me this information were deeply disturbed by what had transpired in the phone call. They told me that there was already a 'discussion ongoing' with White House lawyers about how to treat the call because of the likelihood, in the officials' retelling, that they had witnessed the president abuse his office for personal gain," according to the complaint.

Demonstrators hold signs as part of a protest in support of impeachment hearings in New York, on Thursday PHOTO: REUTERS

The whistle-blower said that senior White House officials used unusual procedures when handling the records of Trump's July 25 conversation with Ukrainian President Volodymyr Zelenskiy. They said it wasn't the first time that a presidential transcript was put into a "code word-level system solely for the purpose of protecting politically sensitive — rather than national security sensitive — information."

The redacted complaint and a letter from the inspector general to acting Director of National Intelligence Joseph Maguire were declassified and released ahead of a hearing Thursday morning of the House Intelligence Committee.

The whistle-blower's complaint points to possible violations of campaign finance law as well as an attempt to seek foreign assistance to interfere in or influence a federal election. It implicates Trump's lawyer as well as Attorney General William Barr.

Trump calls inquiry a 'joke'

Trump on Wednesday dismissed as a "joke" the grounds laid out for the impeachment inquiry into him, as Democrats stood firm in accusing the US president of a "mafia-style shakedown" of his Ukrainian counterpart. Trump denied claims he abused his office by repeatedly urging Zelensky to probe his rival Joe Biden — as confirmed in a call transcript released by the White House.

The next explosive episode in the rapidly unfolding impeachment drama is set for Thursday, when acting director of national intelligence Joseph McGuire testifies on Capitol Hill. "They are getting hit hard on this witch hunt because when they look at the information, it's a joke," said the president.

At least 17 killed as heavy rain lashes Pune

PRESS TRUST OF INDIA
Pune, 26 September

At least 17 persons were killed in rain-related incidents after intense showers battered Pune city and parts of the district on Wednesday and Thursday, officials said.

The district administration declared holiday on Friday for schools in the city as well in the tehsils of Haveli, Bhor, Purandar and Baramati.

Around 2,500 people were shifted to safer places in Baramati tehsil after water was released from the Nazare dam on the Karha river near Jejuri, district officials said.

Around 3,000 people were taken to safer places due to the flooding in low-lying areas in Pune city and the district, the police said. In the morning, various authorities had put the figure of those who were shifted to safer places at about 15,000.

Schools and colleges in many places had declared a holiday on Thursday.

Executive courses push up Indian B-schools in QS list

VINAY UMARJI
Ahmedabad, 26 September

WHO MADE IT TO THE TOP


IIM-Ahmedabad

Institute	2019	2020
IIM-Ahmedabad	48	40
IIM-Bangalore	71	44
ISB	100	98
IIM-Calcutta	111-120	101-110
SP Jain IMR	201+	151-200

Source: QS

Business schools in India, led by the Indian Institutes of Management (IIMs), have gained ground in the Quacquarelli Symonds (QS) Global Full-Time MBA Rankings 2020 for residential programmes offered to candidates with prior work experience.

QS is a London-based company, specialising in education. The findings are heavily influenced by independently conducted surveys of employers.

IIM-Ahmedabad (IIM-A) continues to be the top ranked among Indian B-schools in the QS Global list. It has climbed eight spots to stand at 40th rank, up from 48th last year, for its MBA programme for executives. IIM Bangalore showed the highest jump among Indian B-schools, from 71st place last year to 44th this year. Followed by Indian School of Business (ISB) at 98th, as against 100th last year. IIM-Calcutta and SP Jain Institute of Management & Research (SPJIMR) also improved their performance. They are now in the 101-110 and 151-200 bands of the latest ranking, up from 111-120 and 201+ bands last year, respectively.

The QS rankings, says the organisation, seek to evaluate how successfully business schools are performing relative to their key missions, while also accounting for what matters most for prospective students. The core metrics that are weighted as part of the method are employability (40 per cent), entrepreneurship and alumni outcomes (15 per cent), return on investment (20 per cent), thought leadership (15 per cent), and class and faculty diversity (10 per cent).

The agency claims QS' measurements provide a lens for the growing audience of prospective MBA students who seek to start their own business or leadership roles in non-profit organisations. While also examining classic MBA career outcomes like partnerships in consulting or director roles.

"Prospective students today face countless options when considering an educational degree of management. These rankings help clarify the market in terms of identifying potential opportunities worldwide and illuminating the highest-quality options. Our unique perspective is partly based on the collective knowledge of tens of thousands of global employers and thought leaders, who strive to select candidates from highly-respected institutions," said Nunzio Quacquarelli, founder and chief executive of QS.

The QS Global MBA ranking is released alongside QS' Master's in Management (MiM), with 128 programmes ranked -- Masters in Finance, featuring 155 programmes; Master's in Business Analytics, (84) and Master's in Marketing (77).

Govt faces 1st court challenge to e-cig ban

REUTERS
New Delhi, 26 September

The ban on electronic cigarettes has been challenged in a court in Kolkata, marking the start of the first legal battle against the anti-vaping decision.

The government banned the sale, import and manufacture of e-cigarettes this month and warned of an "epidemic" among young people. The move could dash the expansion plans of companies such as Juul Labs and Philip Morris International in the country. Two separate challenges have been filed to the high court in Kolkata, by e-cigarette importer Plume Vapour and another company named Woke Vapours, according to court listing records publicly available online.

A senior health ministry official in New Delhi said the government had been notified of the cases, which were heard by the court on Thursday and will next be heard on Monday. "We are confident of defending our decision," the official added. Further details about the challenges were not immediately available.

More than 900,000 people die each year due to tobacco-related illnesses in India, home to about 1.3 billion people. The government argues the e-cigarette ban is essential to protect people, especially young people, saying vaping can lead to nicotine addiction and push users towards consuming tobacco. Pro-vaping groups, however, say vaping is less harmful than smoking tobacco.

"The ban raises questions of constitutional law and is mindless, arbitrary and excessive," said Abhishek Manu Singhvi, one of the most prominent lawyers, who is representing Plume Vapour.

Imports of e-cig, parts banned: Comm ministry

The commerce ministry on Thursday said it has banned imports of electronic cigarettes and its components such as refill pods and e-Hookah. The notification was issued to comply with the government's Prohibition of Electronic Cigarettes (Production, Manufacture, Import, Exports, Transport, Sale, Distribution, Storage and Advertisement) Ordinance, 2019. In 2018-19, India has imported products worth $91.2 million. PTI