

THE MARKETS ON MONDAY			Chg#
Sensex	38,214.5	▲	87.4
Nifty	11,341.2	▲	36.1
Nifty futures*	11,336.3	▼	4.9
Dollar	₹71.2		₹71.0**
Euro	₹78.5		₹78.5**
Brent crude (\$/bbl)**	59.1		60.5**
Gold (10 gm)***	₹38,333.0	▲	₹193.0

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

RETAIL INFLATION AT 14-MONTH HIGH, WPI FALLS TO 39-MONTH LOW

The CPI inflation rate rose to a 14-month high of 3.99 per cent in September, closer to an average of the Reserve Bank of India-mandated target of 2-6 per cent, from 3.28 per cent in August. The WPI inflation rate, on the other hand, fell to a 39-month low of 0.33 per cent. This has largely to do with more weight that the food items have in the CPI than in the WPI. Food items have around 15 per cent weight in the WPI and more than 45 per cent in the CPI.

ECONOMY & PUBLIC AFFAIRS P16 RCEP nations target final 10-day window

Countries negotiating the proposed Regional Comprehensive Economic Partnership (RCEP) pact have now decided on a final 10-day window to bilaterally sort out pending differences in the mega trade deal by October 22, after which the leaders of the 16 nations will step in.

COMPANIES P2

Total to pick up 37% in Adani Gas for ₹5,700 cr

French oil major Total has signed a definitive agreement to buy 37.4 per cent in Gautam Adani-led Adani Gas for about ₹5,700 crore. Total will purchase the shares in Adani Gas through a tender offer to public shareholders to acquire up to 25.2 per cent shares and purchase the residual shares from the Adani promoter family.

COMPANIES P16

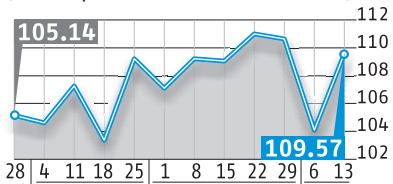
Pharma firms spread biz to avoid regulatory ire

In 2019 so far, Indian drug makers got 11 warning letters from the US drug regulator. Major companies say to de-risk their business, they have developed other sites for their key products. The aim is to reduce dependence on a single site, in case they get an import alert that would stop export to the US from the particular site.

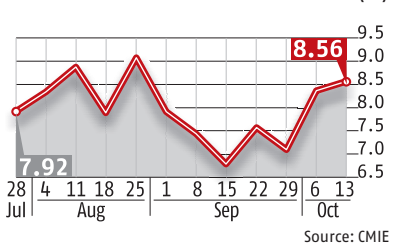
SOHINI DAS reports

THE CMIE TRACKER

CONSUMER SENTIMENTS INDEX (Base: September - December 2015 = 100)



UNEMPLOYMENT RATE (%)



Source: CMIE

RURAL UNEMPLOYMENT RISES

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TO OUR READERS

The one-page commercial feature on Magnificent Madhya Pradesh 2019, being carried on Page 5, is equivalent to a paid-for advertisement. No *Business Standard* journalist was involved in producing it. Readers are advised to treat it as an advertisement.



WORLD P14

BREXIT ON OCTOBER 31 A PRIORITY FOR BRITISH GOVERNMENT: QUEEN

ECONOMY & PUBLIC AFFAIRS P16

SHIV NADAR TOPS HURUN INDIA PHILANTHROPY LIST

Banerjee, Duflo, Kremer win Nobel in Economics

Their research focused on poverty alleviation; Duflo is the youngest to get this prize

MIHIR S SHARMA
New Delhi, 14 October

The 2019 Nobel Memorial Prize in Economic Sciences has been awarded to three economists: Abhijit Banerjee, Esther Duflo, and Michael Kremer. The first two teach at the Massachusetts Institute of Technology and the last named at Harvard University; both campuses are in Cambridge, Massachusetts, and their development economic programmes often share resources and students. They received the award for their contribution to reviving development economics, particularly through the popularisation of “randomised control trials” (RCTs) that break larger questions about policy interventions into smaller, easier to test studies.

The Nobel Committee highlighted how their “experiment-based approach has transformed development economics” over the past decades. They mentioned specifically how, as a result of one such study, “more than 5 million Indian children have benefited from programmes of remedial tutoring in schools”.

Duflo, born in 1972, is the second woman and the youngest person to be awarded the Prize in Economic Sciences.

Banerjee, Duflo and Kremer together have launched a movement within in development economics that seeks to ensure that clear, unambiguous answers can be found to the question of whether a particular policy intervention is effective. This is extremely relevant when it comes to framing policy in low- and middle-income countries, where state capacity is quite limited and it is particularly necessary to be able to prioritise more effective policies over less. Duflo and Banerjee’s book, *Poor Economics*, is an argument for such evidence-based policy, particularly in the Indian context.

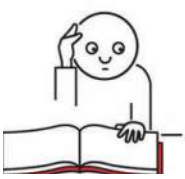
While Duflo and Banerjee — together with another Indian-origin economist, Sendhil Mullainathan — set up the influential Poverty Action Lab in MIT in the early 2000s, it was Michael Kremer who, with his studies of schools in Kenya, first popularised RCTs within the economics profession. The idea behind such policy trials is to treat an intervention similarly to, for example, a medical treatment or new drug that is being scrutinised.



(From left) Abhijit Banerjee, Esther Duflo, and Michael Kremer, the winners of 2019 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel

PRIZE MONEY 9 million Swedish krona (\$1.1 million), to be shared equally among three

'RESEARCH THAT HELPED FIGHT POVERTY'



©Johan Jarnestad/The Royal Swedish Academy of Sciences

In early field experiments, they showed more textbooks and free school meals had small effects, while targeted help for weak students significantly improved educational outcomes. This showed that help targeting the weakest pupils was an effective measure

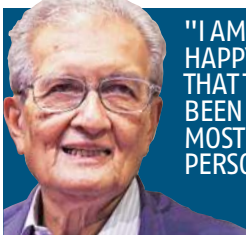
NEW APPROACH

The research conducted by this year’s laureates has shown how global poverty can be tackled by breaking it down into smaller or more precise questions at individual or group levels

RESULTS

The studies of remedial tutoring provided arguments for large-scale support programmes that have now reached more than 5 million Indian children. Deworming studies not only showed that deworming provides clear health benefits for schoolchildren, but also that parents are very price-sensitive. In accordance with these results, the WHO recommends that medicine is distributed for free to the over 800 million schoolchildren.

Source: www.nobelprize.org



"I AM VERY VERY HAPPY AND I THINK THAT THE PRIZE HAS BEEN GIVEN TO THE MOST COMPETENT PERSONS"

AMARTYA SEN, NOBEL LAUREATE



"THE COLLECTIVE WORK HAS... GIVEN US AN ABILITY TO ENACT POLICIES TO HELP THE POOR"

RAGHURAM RAJAN, FORMER RBI GOVERNOR

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Formula on cards to distribute insolvency funds, says Centre

RUCHIKA CHITRAVANSHI & SOMESH JHA
New Delhi, 14 October

The government will devise a formula for distribution of funds between financial and operational creditors after the approval of a resolution plan to resolve the ongoing dispute between the two parties, said Corporate Affairs Secretary Injeti Srinivas on Monday.

It may look at increasing the minimum threshold set for triggering the insolvency process from the current level of ₹1 lakh, according to an executive of a public sector bank (PSB) who was present at a review meeting chaired by Finance Minister Nirmala Sitharaman with PSBs on Monday. Srinivas said the “only problem” between financial and operational creditors during the litigation process in bankruptcy cases remains the amount of recovery that the creditors get. The government is mulling an elaborate formula-based distribution of funds, he added. In the meeting, banks discussed issues related to the Insolvency and Bankruptcy Code

MORE IBC TWEAKS UNDERWAY

- Govt may nudge banks by prescribing a threshold for taking cases to the IBC
- May hike threshold for operational creditors to take cases to the IBC
- The resolution process may be made more transparent through a bidding process
- Threshold approach for class buyers in case of large no of buyers
- Formula based distribution of dues to reduce litigation

(IBC), among other matters. Sources said the government might also nudge banks to take up only big cases, in terms of outstanding dues, to the IBC.

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PLAN FOR PHASED ROLL-OUT OF GROUP INSOLVENCY NORMS

P4

NCLAT STAYS BHUSHAN POWER SALE TO JSW STEEL

P2



IN A STELLAR DEBUT, IRCTC SOARS 129%

State-owned Indian Railway Catering and Tourism Corporation (IRCTC) saw its shares more than double during their stock market debut on Monday. The stock ended at ₹733, with a gain of ₹413, or 129 per cent, over its initial public offering (IPO) price of ₹320. This listing-day gain is the highest ever for a state-owned company, surpassing the record set by Power Grid, shares of which had soared 94 per cent in its trading debut in 2007. SAMIE MODAK reports

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HUL profit grows 21% to ₹1.8K cr

HINDUSTAN UNILEVER

Quarter ended	Net sales		YOY growth (%)		Figures in ₹ cr	
	Net sales	YOY growth (%)	PAT	YOY growth (%)		
Jun '18	9,487.0	11.2	1,529.0	19.2		
Sep '18	9,234.0	11.1	1,525.0	19.5		
Dec '18	9,558.0	11.3	1,444.0	8.9		
Mar '19	9,945.0	9.3	1,538.0	13.8		
Jun '19	10,114.0	6.6	1,755.0	14.8		
Sep '19	9,852.0	6.7	1,848.0	21.2		

Net sales includes other operating income Source:Capitaline

VIVEAT SUSAN PINTO
Mumbai, 14 October

Hindustan Unilever (HUL) reported a 21.2 per cent year-on-year growth in net profit to ₹1,848 crore for the July-September quarter (Q2) of FY20. Growth was aided by lower corporation tax, which came into effect last month. The Bloomberg consensus estimate had pegged net profit at ₹1,802 crore.

For Q2, HUL’s corporate tax rate was 22 per cent versus 30.5 per cent in FY19. On a full-year basis, the effective corporation tax rate would be 27 per cent, HUL’s Chief Financial Officer Srinivas Pathak said, after taking into account an average for the four quarters. But volume growth for Q2 remained the same as reported in the June quarter, coming in at 5 per cent, though some analysts said it was ahead of their estimates of 4 per cent for the period.

This is the third straight quarter when HUL posted single-digit volume growth. In the March quarter, volume growth was 7 per cent.

Sanjiv Mehta, chairman and managing director, admitted that rural growth had decelerated further in Q2 versus the June quarter, when urban growth was on a par with rural growth.

“It is now only 0.5 times ahead of urban growth, pointing to a sharp slowdown in rural areas,” he said.

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PAGE 2

HUL DELIVERS A DECENT SHOWING IN Q2
MODERATION IN FMCG GROWTH RATES DUE TO SLOWDOWN IN RURAL AREAS: SANJIV MEHTA

Tata Sons to cut debt, step up investments with TCS dividend

TATA'S 2020 PLAN

- Reduce gross debt from **₹31,363 cr** as on March 2019
- Freeze equity investments in financial services
- Invest **₹1,750 cr** more in realty/ infrastructure in 2019-2020
- Boost cash chest for possible acquisitions



DEV CHATTERJEE
Mumbai, 14 October

With a ₹12,166-crore dividend bonanza from its subsidiary, Tata Consultancy Services, Tata group holding company Tata Sons’ top priority would be to reduce debt and make more investments in the infrastructure and aviation businesses.

The company has to make debt repayments of ₹3,333 crore in the year ending March 2020 (FY20) and, of this, Tata Sons has already repaid ₹520 crore till July 31, a source close to the development said.

“The idea is to reduce debt and, at the same time, make investments wherever necessary, like in the aviation and infrastructure businesses,” said the source. The additional cash from TCS will come in handy if the group decides to participate in the government’s disinvestment plan, including in Air India, provided the

opportunity is good.

A spokesperson declined to comment on how Tata Sons would use the dividend from TCS or how it will participate in the disinvestment exercise.

The focus on cutting debt is because of the fact that Tata Sons’ gross debt shot up by 14.5 per cent to ₹31,363 crore in the year ended March 2019. The holding company’s cash and cash equivalents declined by 59 per cent in FY19 to ₹3,776 crore.

One of the reasons for the drop in Tata Sons’ cash reserves was the write-off on investments in its now-closed wireless telephone business. During FY18 and FY19, on a cumulative basis, Tata Sons wrote off investments of about ₹43,400 crore in Tata Teleservices (TTSL), which was funded by TCS’ dividend boosters and sale of TCS shares in March 2018. But the TTSL write-off resulted in an increase in net debt as of July to ₹30,488 crore from ₹27,870 crore in March.

Bankers said the incremental support towards group companies was not likely to be sizeable, which would help the group’s deleveraging plan. “The group has already invested ₹2,500 crore in the financial services business in FY19, and the business will not require any additional equity support in FY20. But the aviation business may require additional funds as both airlines are in growth mode,” said the source.

Tata Sons is planning to invest ₹580 crore more in Tata Realty and Infrastructure by March 2020, so that it can reduce debt and invest in new projects. This investment will be in addition to the ₹1,200 crore already pumped in the loss-making subsidiary till June. In FY19, Tata Sons also bought back its non-convertible debentures worth ₹7,000 crore from insurance companies like the Life Insurance Corporation of India as the insurance regulator barred investments by insurers in a private limited company.