

Business Standard

THE MARKETS ON THURSDAY		
		Chg#
Sensex	40,129.1	▲ 77.2
Nifty	11,877.5	▲ 33.4
Nifty futures*	11,914.8	▲ 37.3
Dollar	₹70.9	₹70.9**
Euro	₹79.2	₹78.8**
Brent crude (\$/bbl)**	59.5	60.1**
Gold (10 gm)**	₹38,641.0	₹324.0

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



COMPANIES P3

EXPLAIN ISRAELI SPYWARE BREACH BY NOV 4, CENTRE TELLS WHATSAPP

COMPANIES P2

APPLE INDIA LOGS RECORD SALES IN SEPT QUARTER



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SEBI TIGHTENS ASSET QUALITY DISCLOSURE NORMS FOR BANKS

The Securities and Exchange Board of India (Sebi) on Thursday tightened the asset quality disclosure norms for banks. The regulator has directed all listed lenders to make disclosures pertaining to divergences and provisioning within a day of receipt of the RBI's final risk assessment report (RAR). Earlier, banks used to make these disclosures as part of their annual financial statements. Also, in the past, the regulators had frowned upon certain banks for making selective disclosures from the RAR, an annual exercise conducted by the RBI. **10 ▶**

ECONOMY & PUBLIC AFFAIRS P5

FinMin assignment ended unceremoniously: Garg

Subhash Chandra Garg (pictured), who retired on Thursday on a voluntary basis after he was shifted from the post of finance secretary to the power secretary, said his postings as the head of the finance departments at the Centre and in Rajasthan ended "unceremoniously". "It is not that I was immune to the consequences of my independent and unconventional ways," he tweeted.



Trump impeachment effort passes first test

A deeply divided House of Representatives took a major step in the effort to impeach US President Donald Trump on Thursday, when lawmakers approved rules for the next stage, including public hearings, in the Democratic-led inquiry into Trump's attempt to have Ukraine investigate a domestic political rival.

RESULTS RECKONER

Quarter ended Sep 30, 2019; common sample of 441 companies (results available of 501)

SALES	Chg %	₹
Sep 30, '18	22.7%	₹7.57 trillion
Sep 30, '19	3.6%	₹7.85 trillion
PROFIT BEFORE TAX	Chg %	₹
Sep 30, '18	7.4%	₹1.02 trillion
Sep 30, '19	15.7%	₹1.18 trillion
NET PROFIT	Chg %	₹
Sep 30, '18	1.9%	₹69,795 cr
Sep 30, '19	22.7%	₹85,637 cr

Companies with zero sales excluded; Given the change in corporate tax rates, to give a fair comparison the profit before tax has been considered; Compiled by BS Research Bureau; Source: Capitaline

Core sector output shrinks record 5.2% in September

Likely to dampen GDP growth in Q2; coal production nosedives 20%

SUBHAYAN CHAKRABORTY
New Delhi, 31 October

The output of the core sector fell a record 5.2 per cent in September, with production by seven of the eight industries declining, portending slow economic growth in the second quarter of this fiscal year too. In September 2018, it had risen 4.3 per cent, and 0.1 per cent in August 2019. Data by the commerce and industry ministry showed production in coal, crude oil, natural gas, refinery products, steel, cement, and electricity declined in September. Coal contracted the steepest by 20.5 per cent. Only fertiliser held out.

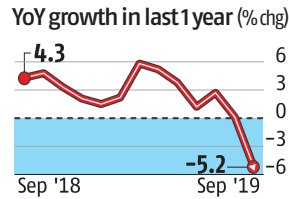
Economists said contraction at this rate has not been witnessed in either the new series of the base year of 2011-12, or the previous one with 2004-05 as the base year. Bloomberg said the output contracted to the lowest since at least 2005.

The sector, with above 40 per cent weight in the index of industrial production, grew 1.3 per cent in H1FY20, against 5.5 per cent in the same period of the previous fiscal. Production by the eight industries declined 0.8 per cent in the Q2FY20, against 3.4 per cent growth in Q1 and 5.4 per cent expansion last year. Turn to Page 19 ▶



P5 Coal supply hits power, renewable generation falls

SHARP SLIDE



Sector-wise data	(% chg)
Fertiliser	5.4
Steel	-0.3
Cement	-2.1
Electricity	-3.7
Natural gas	-4.9
Crude oil	-5.4
Refinery products	-6.7
Coal	-20.5
Overall	-5.2

Source : Commerce and Industry Ministry

Fiscal deficit at 93% of BE in first half of FY20

The fiscal deficit touched 92.6 per cent of the BE in H1FY20, as tax revenues did not keep pace with the target and expenditure could not be compressed much. Though the figure seemed alarming, it was

bit lower than 95.3 per cent in the corresponding period of FY19. But then, there was fiscal slippage in FY19 when the fiscal deficit rose to 3.4 per cent of GDP against the target of 3.3 per cent. **4 ▶**

Export war: India loses to US at WTO

SUBHAYAN CHAKRABORTY
New Delhi, 31 October

The World Trade Organization (WTO) has ruled against India in a crucial trade dispute with the US, ordering all export promotion schemes to be stopped within the next four months. The WTO also said the SEZ Scheme should be closed within the next six months.

"We recommend that India withdraw the prohibited subsidies under the export oriented units (EOU), electronics hardware technology park (EOT), bio-technology parks (BTP) scheme, Export Promotion for Capital Goods (EPCG) scheme, and the Merchandise Exports from India Scheme (MEIS), within 120 days from adoption of the report," the

WTO's dispute settlement body ruled on Thursday.

Before the ruling, India had already said it would replace the MEIS by December with another called the Remission of Duties or Taxes on Export Products (RoDTEP). But sources told *Business Standard* that this deadline may be extended till March 31, when the updated Foreign Trade Policy (FTP) 2020-2025 will go live. Outbound trade fell 6.57 per cent in September, a 3-month low, with the trade decline plaguing major foreign exchange earners like processed crude oil, and gems and jewellery. Turn to Page 19 ▶

INDIA-US STANDOFF



- All major export promotion schemes for merchandise exports, capital goods, and electronic hardware to be hit
- WTO wants India to shut down subsidies under SEZ scheme within six months
- Govt recently announced MEIS would be replaced with WTO-compliant scheme from January 1
- US had dragged India to WTO in March 2018 over \$7-billion worth of 'illegal subsidies'
- Govt planning to alter schemes in new Foreign Trade Policy, currently under discussion

Dorsey pulls plug on political ads, Zuckerberg says he won't

NEHA ALAWADHI
New Delhi, 31 October

Internet advertising is "incredibly powerful and very effective for commercial advertisers, that power brings significant risks to politics, where it can be used to influence votes to affect the lives of millions", Twitter CEO Jack Dorsey said early on Thursday while discontinuing political ads from the microblogging platform globally.

Dorsey said the company would share the final policy by November 15, and will start enforcing it from November 22, to provide advertisers a notice period.

Political ads on social media platforms have been a growing cause for concern globally, especially since reports of foreign interference in the 2016 US Presidential elections surfaced. India also cracked down heavily on advertising content placed by political parties in the run up to the General Elections this year.

Vipul Mudgal, director at advocacy firm Common Cause, said once Twitter releases the full policy, things would become clearer. "I want to see if their policy is US oriented and how much of it applies to countries like India. I say so because the Indian election scene is more complicated. There are proxy ads and surreptitious ads, which political parties place



The reality is that we believe deeply that political speech is very important and should be able to be heard, and that is what is really driving us

▶ MARK ZUCKERBERG, CEO OF Facebook

Internet advertising is incredibly powerful and very effective for commercial advertisers, that power brings significant risks to politics where it can be used to influence votes

▶ JACK DORSEY, CEO OF TWITTER

indirectly. There is also a huge role of the black money in our elections. Even (state and central) governments place laudatory and self congratulatory ads in the name of 'achievements' or things like malaria eradication or Swachh Bharat which are aimed at promoting one party or one leader," he said.

Facebook, Google and Twitter have publicly started declaring political ad spend on their platforms for several markets, including India.

The news garnered support from several quarters even as many users tagged Facebook in replies to

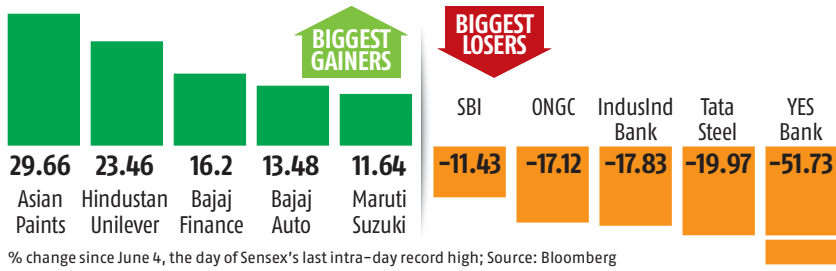
Dorsey's tweets, asking the firm to relook its policy on political ads, considering allegations of election interference the platform faced after the Cambridge Analytica incident.

Facebook said though it would up transparency around political ad spending, it would not follow in Twitter's footsteps. Addressing the most common allegation that it is allowing political ads for money, Zuckerberg said the firm estimates that ads from politicians will be less than 0.5 per cent of the total revenue next year. Turn to Page 19 ▶

Sensex@40k: June and now...

The benchmark Sensex on Thursday surpassed its previous intra-day record high of 40,312 made on June 4. It touched an all-time intra-day high of 40,392 before paring the bulk of the gains and closing at 40,129. However, many of its components have seen dramatic changes in fortunes. Among the best-performing stocks in the past 100 days are Asian Paints (up 30 per cent), Hindustan Unilever (23 per cent) and Bajaj Finance (up 16 per cent). On the other hand, YES Bank (-52 per cent), Tata

Steel (-20 per cent) and IndusInd Bank (-18 per cent) have been the biggest losers. In terms of index points, RIL (426-point contribution to Sensex gains) and ICICI Bank (289 points) have made the biggest contribution, while ITC (-178 points) and State Bank of India (SBI) have caused the biggest deficit. Since June 4, 18 stocks have given positive returns, while returns for only 6 have been in double digits. Of the 14 stocks to have given negative returns, half a dozen have dropped over 10 per cent. **10 ▶**



% change since June 4, the day of Sensex's last intra-day record high; Source: Bloomberg

EQUITY SCHEMES GAIN BIG P10

COGNIZANT SET TO SACK 13,000 AS PART OF '2020 GROWTH PLAN'

Cognizant plans to remove around 7,000 mid- to senior-level jobs and shut down its content moderation business, further impacting 6,000 jobs, as part of its '2020 Fit for Growth Plan'. The Nasdaq-listed IT services firm also posted largely in-line numbers for the September quarter on Thursday. The firm has close to 70 per cent of its global headcount in India.



COMPANIES Page 18

EASE OF DOING BIZ: WHY INDIA IS FALTERING IN ENFORCING CONTRACTS

Though India continues its upward march in the ease of doing business rankings - climbing up to 63rd place in the latest edition - the country continues to remain a laggard (at 163rd place among 190 countries) when it comes to enforcement of contracts. The reason India falters on this front is not hard to figure out, say experts. "This is a direct reflection of the state of India's judiciary. Moving up the ranks is tough. It shows how reforming the functioning of the judiciary in India is so complex," says Surya Prakash B S, programme director at Daksh, a research agency measuring judicial performance. SUDIPTO DEY writes **P6**