

# Business Standard



THE MARKETS ON WEDNESDAY		
		Chg#
Sensex	40,116.1	▼ 229.0
Nifty	11,840.5	▼ 73.0
Nifty Futures*	11,863.3	▲ 22.8
Dollar	₹72.1	₹71.5**
Euro	₹79.4	₹78.8**
Brent crude (\$/bbl)	63.0**	62.6**
Gold (10 gm)**	₹38,209.0	₹235.0

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



## COMPANIES P20 PROMOTE SWACHH BHARAT, GET FLYING RIGHTS

## COMPANIES P3 WE AIM TO BREAK EVEN IN TOP 10 CITIES: BIGBASKET CEO

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BANGALORE, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI, NEW DELHI AND PUNE

## FINANCE MINISTRY SEEKS INPUTS ON TAX RATE CHANGES

The finance ministry for the first time has sought suggestions on changes in direct and indirect tax rates from industry. This comes at a time when a revenue shortfall and consumption slowdown are threatening to upset the government's finances. In a letter to industry associations, the department of revenue has sought suggestions for "changes in the duty structure, rates and broadening of tax base on both direct and indirect taxes". Union Finance Minister Nirmala Sitharaman announced tax cuts for the corporate sector besides other sops after the Budget in July as urgent measures to arrest economic slowdown. **21▶**

## Govt relaxes norms for Aadhaar address change

The government has allowed migrants to change their address on Aadhaar cards by giving a self-declaration, a move aimed at helping them open bank accounts and promote financial inclusion. The changes were made by amending the Prevention of Money-Laundering (Maintenance of Records) Rules, according to a gazette notification issued on Wednesday. **PTI**

## COMPANIES P3 SpiceJet posts loss of ₹462 crore in Q2

SpiceJet on Wednesday reported a loss of ₹462 crore for the September quarter, its first quarterly loss during the current financial year. This was on the back of higher costs during a seasonally weak quarter. The numbers could have been worse, if the ₹171-crore compensation from aircraft manufacturer Boeing wasn't accounted for — a component that was contested by the airline's auditor.

## ECONOMY & PUBLIC AFFAIRS P4 Inclusion & India Inc

Inclusion is increasingly becoming part of corporate conversations in India and abroad. *Business Standard* collected data from some of the country's top companies, based on their statutory disclosures to better identify the changing trend. The first of a four-part series seeking to identify the roadblocks to diversity deals with employment of persons with disabilities. **SACHIN P MAMPATTA** and **AMRITHA PILLAY** report

## RESULTS RECKONER

Quarter ended Sep 30, 2019; common sample of 1,256 companies (results available of 1,449)

SALES	PROFIT BEFORE TAX	NET PROFIT
Sep 30, '18 <b>24.2%</b> ₹16.36 trillion	Sep 30, '18 <b>0.5%</b> ₹1.62 trillion	Sep 30, '18 <b>-3.3%</b> ₹1.10 trillion
Sep 30, '19 <b>-0.2%</b> ₹16.32 trillion	Sep 30, '19 <b>11.0%</b> ₹1.80 trillion	Sep 30, '19 <b>26.3%</b> ₹1.39 trillion

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

# Govt asks telcos to pay AGR dues in 3 months

DoT wants SC order to be followed; relief package in the works

SURAJEET DAS GUPTA  
New Delhi, 13 November

The Department of Telecommunications (DoT) has started the initial process of claiming its dues from telcos, directing them to pay up in accordance with the Supreme Court's October 24 order, under which they have been given three months to fulfil their obligations.

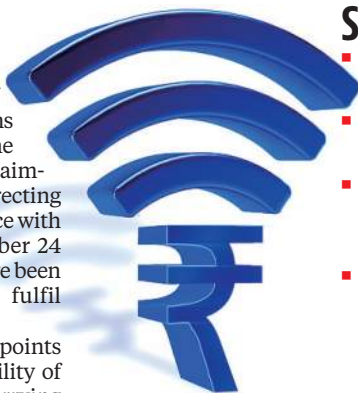
The letter to the telcos points out that it is the responsibility of the licensees to pay after carrying out their own assessment as prescribed in the licence agreement.

A senior official of the Cellular Operators Association of India (COAI) said in accordance with the licence agreement, the companies had to file the amount of licence fees they had to pay on their assessment of adjusted gross revenue and the DoT did not make the calculation or send any demand notice.

The department, however, reviews the calculation and can comment on its accuracy.

Rajan Mathew, director general of the COAI, said the DoT was following the same process by asking the telcos to file their dues.

The telcos together have to fork out over ₹1.33 trillion, which, apart from the dues on the basis of AGR, will include spectrum user charges. **Turn to Page 11▶**



## SIGNALING TROUBLE

- DoT has given option to telcos to clear their dues on self-assessment basis
- SC, in its last-month ruling, gave three months to telcos to deposit the due amount
- Total dues on telecom service providers arising out of SC order are estimated at ₹1.33 trillion
- A relief package for the sector is under discussion. This includes a cut in licence fee, a two-year moratorium on payment, etc

## GOVT OBJECTS TO VODAFONE CHIEF'S 'LIQUIDATION' COMMENTS

DEV CHATTERJEE  
Mumbai, 13 November

The central government has objected to the reported comments of Nick Read, chief executive of Vodafone, that the India unit of the telecom major was headed for liquidation due to, among other factors, the Supreme Court decision requiring payment of ₹28,300 crore as spectrum dues.

According to media reports, Union Telecom and Communications Minister Ravi Shankar Prasad spoke to Vodafone Idea Chairman Kumar Mangalam Birla to express displeasure. Vodafone Plc, the parent entity, says its chief's comments were taken "out of context", presenting an incorrect picture. **Turn to Page 11▶**



**LIQUIDATION MAY MEAN \$1.7 TRILLION HIT FOR VODA IDEA SHAREHOLDERS** **P2** **EDIT: POLICY INSTABILITY REIGNS** **P9**

# SC strikes down Finance Act rules on tribunals

ARUP ROYCHOUDHURY  
New Delhi, 13 November

The Supreme Court passed an interim order on Wednesday that said appointments to tribunals would be on the basis of existing laws governing the relevant sectors, and not on the basis of rules framed under the Finance Act of 2017.

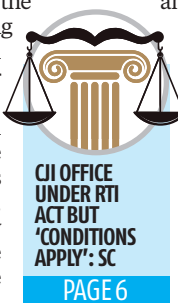
The five-judge Constitution Bench, comprising Chief Justice Ranjan Gogoi and Justices NV Ramana, DY Chandrachud, Deepak Gupta, and Sanjiv Khanna, also ordered that the validity of the passage of the Finance Act 2017 as Money Bill should be decided by a larger Bench.

Money Bills contain provisions for imposing taxes and appropriating sums out of the Consolidated Fund of India, and only require passage in the Lok Sabha.

A petition by former Union minister Jairam Ramesh, on which the apex court gave the interim order on Wednesday, contends that since the Finance Act 2017 included rules on appointments to 19 different tribunals, it should not have been passed as a Money Bill.

Part XIV of the Finance Act 2017 had amended various Acts to provide for new rules and appointments to various tribunals, including the industrial tribunal, Railway Claims Tribunal, National Green Tribunal, Armed Forces Tribunal, appellate tribunals for sectors such as telecom, aviation, highways, taxation, company law, and others. Section 184 of the same Act gave the Central government the powers to frame rules regarding the tribunals.

While the Bench upheld the Section itself, it struck down the rules formulated under it. Part XIV and Section 184 were not there in the Finance Bill tabled in the Lok Sabha alongside the Union Budget 2017-18 by the late finance minister Arun Jaitley. **Turn to Page 11▶**



CI OFFICE UNDER RTI ACT BUT 'CONDITIONS APPLY': SC **PAGE 6**

# Bandhan's C S Ghosh is BS Banker of the Year

BS REPORTER  
Mumbai, 13 November

Chandra Shekhar Ghosh, founder, managing director (MD), and chief executive officer (CEO) of Bandhan Bank, is the *Business Standard* Banker of the Year for 2018-19, just four years after he turned his Kolkata-based microfinance institution into a scheduled commercial bank.

The unanimous decision was taken by a high-profile jury of five, chaired by former Reserve Bank of India deputy governor S S Mundra. Other members were former State Bank of India chairman Arundhati Bhattacharya, Vice Chairman and CEO of Housing Development Finance Corporation Keki Mistry, Ican Investment Advisors Chairman Anil Singhvi, and Saurabh Mukherjea, chief investment officer and founder of Marcellus Investment Managers.

The jury said Ghosh, 59, deserved the coveted award for an impressive, all-round performance of the bank. The bank had the best ratios, and the highest return on assets (4.25 per cent) with a cost structure that is the lowest in the banking sector (cost to income

ratio of 0.32). The filters used for the jury table were banks with the asset size of ₹50,000 crore and above as of March 2019, and that there should have been growth in profit prior to provision in the past three years. Only 14 banks qualified, and given the eventful year that it was, shortlisting three candidates was a relatively easy job than in previous years.

From the start, Bandhan's numbers were "too good", as one jury member put it, and the jury feared if it would be a "one-horse race". But another private sector bank CEO emerged as a worthy competitor, as he turned around a relatively slow-moving bank into a name to reckon with, while maintaining a good set of numbers.

The jury deliberated at length about the merits and demerits of the two banks and the bankers, besides their leadership and management style. One particular aspect that was looked at was the difficult environments where these banks were mainly focused on.

Bandhan Bank and Ghosh stood out. The bank's branches are frugal, but are successful with their 'high-touch' model. Most of Bandhan's clients are repeat



The jury said Ghosh, 59, deserved the award for the all-round performance of Bandhan Bank

clients, but the loan book has grown 42 per cent on a three-year compound annual growth rate basis, even as deposits have grown 53 per cent in that period. **Turn to Page 11▶**

# Retail inflation hits a 16-month high

Crosses RBI comfort level of 4%;  
core inflation drops to 8-yr low

ABHISHEK WAGHMARE  
New Delhi, 13 November

Consumer prices rose at 4.6 per cent in October, the fastest rate since June last year, as vegetables and pulses became expensive in the country.

This is an inch above the median 4 per cent target set by the Reserve Bank of India under its inflation-targeting framework.

But the core inflation rate, which excludes the volatile components food and fuel, dropped to its lowest in the past eight years, at 3.3 per cent, in October. Core inflation represents the demand and pricing power in the economy, and a sharp drop in October portends feeble prospects of recovery in the current quarter also.

The food inflation rate rose to 7.9 per cent, the highest in 39 months, with vegetables (up 26 per cent) and pulses (up 11.7 per cent) contributing the most to this.

Food inflation in urban areas, at 10.7 per cent, is the highest in six years.

But in part, this ramp-up is due to a low-base effect, as food prices were stagnant for the most of 2018.

Experts said low core inflation would prevail over rising headline inflation as the monetary policy committee (MPC) gears up for its December meeting, starting at another slowing quarter.

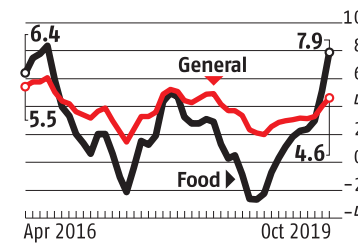
"While volatile food inflation is an idiosyncratic factor, core inflation reflects weaknesses in the economy. Core inflation is generally sticky (rarely moves fast), it has been hammered down by the slowdown," D K Joshi, chief economist at CRISIL, told *Business Standard*.

He said growth was slowing rapidly, and it had opened up further the space for monetary easing.

Ananth Narayan, who teaches finance at a premier business school in Mumbai, said a declining core inflation rate showed that pricing power in the economy had diminished. **Turn to Page 11▶**

## VEGETABLE PRICES PUSH INFLATION

(All figures in %)



## CORE INFLATION RATE SHOWS SLOWDOWN



Sources: National Statistics Office, CRISIL