

# Business Standard



THE MARKETS ON MONDAY		
		Chg#
Sensex	40,284.2	▼ 72.5
Nifty	11,884.5	▼ 11.0
Nifty Futures*	11,920.9	▲ 36.4
Dollar	₹71.8	₹71.8**
Euro	₹79.5	₹79.2**
Brent crude (\$/bbl)**	62.8**	63.9**
Gold (10 gm)**	₹37,946.0	₹147.0

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



**BACK PAGE P16**  
**HONG KONG PROTESTERS TRAPPED IN CAMPUS SIEGE**

**COMPANIES P3**  
**AMAZON DOING VERY WELL IN INDIA, SAYS JEFF BEZOS**

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## GOVT: NO 5% SLUMP; INDIA STILL FASTEST GROWING ECONOMY

India is not facing 5 per cent economic slowdown and continues to be the fastest-growing economy in the world, Union minister Anurag Thakur said in the Lok Sabha on Monday. During the Question Hour, Thakur also said steps were being taken by the government to strengthen the economy, including mergers of banks and tax concessions to industries.



**MANMOHAN SLAMS MODI GOVT FOR MISUSE OF 'MONEY BILL' PROVISIONS** PAGE 6

## THE SMART INVESTOR P11

### Debarring audit firms: Apex court relief to Sebi

The Supreme Court on Monday stayed the observations made by the Securities Appellate Tribunal (SAT) that the Securities and Exchange Board of India (Sebi) had no powers to debar auditors from auditing the books of a listed firm. The apex court made the observation while hearing an appeal by the market regulator against an order passed by the SAT in the Price Waterhouse Coopers matter.

## COMPANIES P3

### YES Bank could extend deadline on binding offer

Embattled private sector lender YES Bank has the option to extend the deadline on the binding offer made by US-based investor to invest \$1.2 billion as equity in the bank. The deadline for the binding offer by investors to pick up sizeable equity in the bank expires on November 30. According to a source close to the development, the bank is still in talks with the investor and has not taken any decision on the offer, which would help the bank to shore up its finances and help mitigate its weakening financial position.

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### JNU protest: 100 students detained, released later

Around 100 JNU students, including students union president Aishe Ghosh, were detained and some were injured when police allegedly baton-charged protesters as they marched towards Parliament on the first day of the winter session on Monday, demanding a total roll-back of the hostel fee hike. The police denied using force with the students and said those who had been detained were released later in the evening.

# Budget to focus on tax sops, pvt investments

ARUP ROYCHOUDHARY  
New Delhi, 18 November

The government is setting the tone for 2020-21 Union Budget with a clear focus on steps to encourage private investment, sources in the know said. If welfare schemes were at the centre of Budget-making in the past few years, private investment, economic growth, and tax incentives are expected to be the dominant themes now, they pointed out.

The 2019-20 Budget, after the general election, drew flak and several initiatives had to be rolled back. In that backdrop, the political leadership is likely to have a bigger role in preparing the Budget this time, according to senior officials.

Among the steps that are being considered for the upcoming Budget on February 1, long-term capital gains tax may be scrapped and the burden of dividend distribution tax could perhaps be shifted from companies to shareholders. Also, the Budget could provide income tax relief for the salaried classes, while proposing tax sops for small, medium and micro enterprises. These measures are expected to revive the animal spirits in the private sector as well as ensure greater liquidity in the system.

"The initiative was somewhat lost after the last Budget. The amendments to the Companies Act criminalising corporate social responsibility lapses were also rolled back," said a government official.

All of this just added to the narrative of economic mismanagement, alongside the slowdown, the person said.

The Narendra Modi government wants the 2020-21 Budget to serve as a springboard for reforms in the midst of a slowdown, the official quoted above said. In some ways, the next Budget is being seen as a vision document for the



## REBOOT ON CARDS

After multiple roll-backs to the FY20 Budget, the government looks to seize the initiative

### ► More control

Political leadership has taken greater control of the Budget-making process

### ► Tax cuts

Sops for MSMEs likely

Long-term capital gains tax could be abolished

Burden of the dividend distribution tax could be shifted to shareholders

Proposals to cut income tax or tweaks in slabs likely

Prime Minister's aim to make India a \$5-trillion economy by 2024-25.

The government believes public investment and capital spending commitments from the Centre and state-owned companies won't be enough to kick-start economic activity.

So, private investment must also pick up to revive the economy, according to another official.

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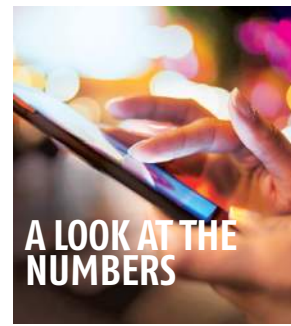
# Airtel, Voda bite the bullet; to hike tariff from Dec 1

ROMITA MAJUMDAR  
Mumbai, 18 November

Incumbent telecom operators Vodafone Idea and Bharti Airtel, bruised by fierce competition to keep prices low, will hike tariffs starting December 1, the companies said in a surprise announcement on Monday. The first telecom tariff hike in several years follows record second-quarter losses reported by the two operators.

The telcos, however, did not provide any guidance on the amount of the hike or the subscriber segments to be impacted by the move. Analysts see the hikes as a positive for the sector, which has only witnessed tariff cuts since the launch of Reliance Jio in September 2016.

The decision of Vodafone Idea and Airtel to raise tariffs is being seen as a step to encourage the government to offer a relief package to the industry, saddled with mounting losses and piling debt. Telcos, which are awaiting a potential remedy from the government,



A LOOK AT THE NUMBERS

Q2 performance	Vodafone Idea	Bharti Airtel	Reliance Jio
QoQ subscriber growth	-3%	1%	7%
Broadband subscriber addition	112.2 mn	124.2 mn	355 mn
Data usage (per subscriber)	10.4 GB	13.1 GB	11.7 GB
ARPU	₹107	₹128	₹120

ARPU: Average revenue per user  
Source: Companies, Bank of America Merrill Lynch, SBICAP Securities

have in the past got feelers from the government that they must raise tariffs to cut their losses.

With the incumbent telcos taking the first step to hike tariffs, the government is expected to offer relief in terms of lowering the licence fee, a moratorium in paying spectrum charges, and perhaps a staggered pay-out of adjusted gross revenue (AGR)

sources in the know said.

The Telecom Regulatory Authority of India (Trai) too has been weighing the option of introducing a floor price for tariffs in the backdrop of rock bottom prices prompted by competition, according to reports. But a Trai official said recently that the regulator had not got any reference from the Department of Telecommunications (DoT) on that.

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# Steel companies reduce prices by 11-14% for automakers

ISHITA AYAN DUTT  
Kolkata, 18 November

For the automobile sector reeling from slowdown, there could be some breather from steelmakers lowering contract prices by 11-14 per cent for the second half (H2) of the financial year (2019-20 or FY20).

Some have already sealed half-yearly contracts for the auto segment; others are in the process of finishing them.

"The auto industry is an important stakeholder for the steel industry. It is important for us to support them when they are facing challenges," said a leading steel producer that has already closed negotiations. It added, "It's in the nation's interests that both survive and grow. Hence, we support each other."

G H Bang, managing director of Korean firm Posco's India operations, said in HIFY20, prices of commercial



## LESS PRICED Steel prices for the auto sector

**CRCA**  
Before revision: ₹54,000 a tonne  
After revision: ₹48,000 a tonne

**AUTO GRADE HR**  
Before revision: ₹44,000 a tonne  
After revision: ₹38,000 a tonne

Note: CRCA: Cold-rolled close-annealed products; HR: Hot-rolled products

grade steel had dropped by \$100 a tonne, but that had not been factored in the contracts for the auto segment.

"In the contracts for the second half, prices are being cut by ₹6,000 a tonne," he said.

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# Top-rated firms tap into low money market rates

ANUP ROY  
Mumbai, 18 November

The working capital cost for India's top-rated companies has fallen significantly since the IL&FS-induced credit crisis a year ago.

They are now raising money very close to the overnight repo rate, as liquidity improves in the banking system to more than ₹2.5-trillion surplus. Rates on AAA-rated papers up to one year have fallen from 8.51 per cent on November 27, 2018, to 6.1 per cent now, much sharper than a 100 basis points fall in the 10-year bond yield.

"On one hand there is this near assurance of easy monetary condition from the RBI (Reserve Bank of India), and sloshing banking system liquidity, on the other hand skewed preference of investors for safe haven and

## CHEAP CAPITAL

DESCRIPTION	MATURITY DATE		TENURE*		YIELD %	
	Old	New	Old	New	Old	New
Aditya Birla Finance	Dec 18, '18	Mar 13, '20	32	121	7.9	5.8
Bajaj Finance	Nov 22, '18	Jun 17, '20	16	226	7.5	6.6
Chennai Petroleum	Dec 3, '18	Nov 18, '19	3	3	6.6	5.0
HDFC	Dec 14, '18	Feb 13, '20	22	90	7.1	5.3
Reliance Industries	Jan 10, '19	Mar 3, '20	41	117	7.7	5.5

\*days Source: FIMMDA

tepid supply of commercial papers (CP) have brought down money market yields considerably, although, for limited entities," said Soumyajit Niyogi, associate director at India Ratings and Research. Most highly rated companies are enjoying rate benefits of more than 150 basis points in their working capital raised from

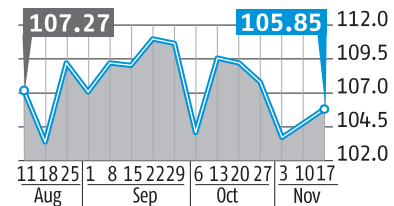
the market. For example, Reliance Industries raised 41-day money in November 2018 at 7.68 per cent. In November this year, it had raised 117-day money at just 5.45 per cent.

Similarly, Aditya Birla Finance raised 121-day money at 5.75 per cent, against 7.9 per cent for 32 days last year.

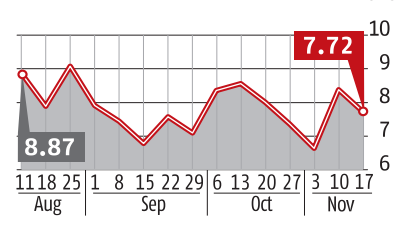
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## THE CMIE TRACKER

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



### UNEMPLOYMENT RATE (%)



A TRIPLE WHAMMY IN NOVEMBER? 8 ►

# NHAI to pay land cost to states in bonds

MEGHA MANCHANDA  
New Delhi, 18 November

The National Highways Authority of India (NHAI) is planning to issue land bonds to pay for acquiring land from states or other stakeholders — as part of a funding mechanism amid escalating land acquisition and compensation cost. Through this mechanism, the NHAI will not have to make upfront payments for land acquisition.

"Land bonds are expected to be interest-bearing instruments but the issues as to whether they would be listed and how the interest component would be finalised are being worked out," an official said. The financing model is part of a larger plan to open a revenue stream for the NHAI, which includes levying development charges for appreciating values of land around national highways. It is called value-

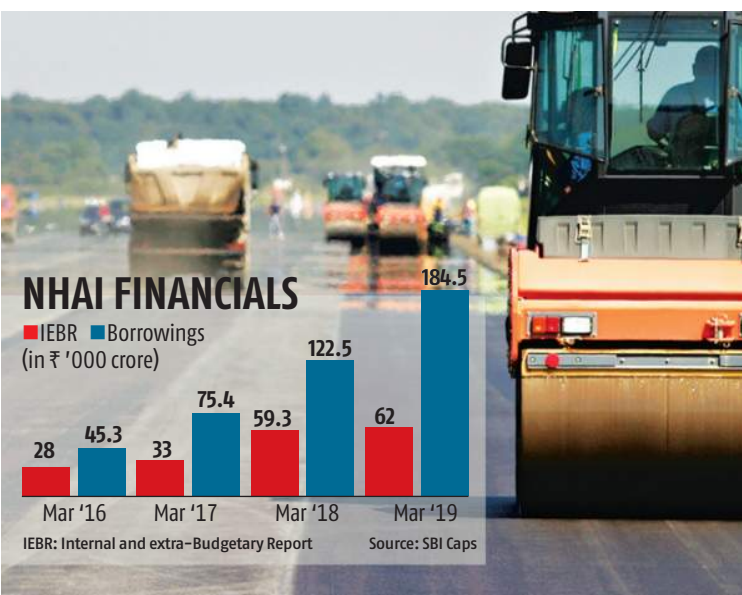
capture financing — which is a type of public financing that recovers some or all of the value that public infrastructure generates for private landowners.

Besides issuing bonds, the NHAI wants states to share the cost of land for constructing national highways because the resultant increase in the real estate price benefits landowners and states, in the form of higher stamp duty at the time of sale.

Experts say the approach is being conceptualised mainly to reduce the financial burden on the NHAI.

"This way the NHAI will not have to immediately shell out money and land can be bought via bonds. The cost of land acquisition has increased due to higher compensation and also because land is available in urban areas and is costlier," said Kushal Kumar Singh, partner, Deloitte India.

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## NHAI FINANCIALS

■ IEBR ■ Borrowings (in ₹ '000 crore)

IEBR: Internal and extra-Budgetary Report Source: SBI Caps