

THE MARKETS ON FRIDAY

	Chg#
Sensex	40,359.4 ▼ 215.8
Nifty	11,914.4 ▼ 54.0
Nifty futures*	11,914.5 ▲ 0.1
Dollar	₹71.7 ₹71.8**
Euro	₹79.3 ₹79.6**
Brent crude (\$/bbl)**	63.5** 63.1**
Gold (10 gm)**	₹38,157.0 ▲ ₹53.0

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

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WEEKEND SEPARATE SECTION
INSIDE A WORLD OF HATE

BACK PAGE P16

KOLKATA TURNS PINK FOR INDIA'S 1ST DAY-NIGHT TEST



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UDDHAV THACKERAY TO BECOME CM OF MAHARASHTRA



Shiv Sena chief Uddhav Thackeray is the choice of the Nationalist Congress Party (NCP) and the Congress to lead the alliance in Maharashtra, NCP chief Sharad Pawar said in Mumbai on Friday after a meeting between leaders of the three parties. The Shiv Sena's leader Sanjay Raut had said earlier in the day that the people of Maharashtra wanted his party chief to be CM. **16 ▶**

ECONOMY & PUBLIC AFFAIRS P4
Data Protection Bill may be opposed at the WTO

Even as industry awaits the passing of the Personal Data Protection Bill, which has been in the works for the past year-and-a-half, India could face opposition at the World Trade Organization (WTO), if opponents such as the US decide to fight back on the issue of data localisation, **NEHA ALAWADHI & SUBHAYAN CHAKRABORTY** write

THE SMART INVESTOR P10
IT stocks fall as brokerages red flag growth concerns

Shares of IT services companies fell on Friday, after analysts said the industry's growth momentum faced challenges in the form of weakening macro indicators. The Nifty IT index fell 2 per cent, its highest fall in a month. In comparison, the Nifty fell less than half a per cent. All the 10 components of the Nifty IT index ended with losses.

BS ON SATURDAY SPECIALS

NATIONAL INTEREST: Do Indian Muslims matter? ▶
Do Indian Muslims have been denied their rightful place in the power structure as punishment for their voting choices. This is self-defeating, **SHEKHAR GUPTA** writes

SENSEX THIS WEEK



Net change 2 % change 0.0

TOP 5 SENSEX GAINERS & LOSERS

Price in ₹	Nov 15, '19	Nov 22, '19	% chg
GAINERS			
Sun Pharma	414.9	452.0	8.9
Bharti Airtel	393.2	421.0	7.1
IndusInd Bank	1,359.5	1,446.7	6.4
Power Grid Corp	187.3	198.6	6.0
Reliance Inds	1,469.3	1,546.4	5.2
LOSERS			
Mahindra & Mahindra	582.6	545.9	-6.3
YES Bank	68.7	64.8	-5.7
TCS	2,174.8	2,070.6	-4.8
Asian Paints	1,761.7	1,682.4	-4.5
Hero MotoCorp	2,542.9	2,440.2	-4.0

Compiled by BS Research Bureau Source: Bloomberg

Telcos file review plea against AGR verdict

Airtel, Vodafone Idea seek waiver of penalty and interest; Tata Tele, Videocon, Telenor too move top court

SURAJEET DAS GUPTA
New Delhi, 22 November

In a move that takes the current telecom narrative to the next level, incumbent operators Bharti Airtel and Vodafone Idea have filed separate petitions in the Supreme Court, seeking a review of its judgment on dues linked to adjusted gross revenue (AGR). The order, upholding the government's definition of AGR, implied telcos, including those who've shut their operations or have sold to others, would need to pay dues estimated at ₹1.47 trillion, including spectrum usage charges (SUC). Of this, ₹92,641 crore is the total AGR dues including penalties and interest etc.

Tata Teleservices, which had announced merging its consumer mobile business with Bharti Airtel in October 2017, has also filed a review petition in the apex court on the AGR verdict. A top executive at the Cellular Operators Association of India (COAI) confirmed that Videocon Telecommunications, which has closed down operations, and Norway-based Telenor, which sold its assets in seven circles to Airtel before leaving India, too have filed similar petitions.

At least Bharti Airtel and Vodafone Idea have asked for a waiver of the interest and penalty, along with the interest on penalty imposed by the court on the AGR and SUC payments. They have not contested the balance licence fee payable by them. Their petition is silent on staggered payment of the dues, in a departure from the demand made by the industry earlier.

The top court will now take a decision on whether to admit these petitions. A review petition can be filed within 30 days of the ruling, which, in this case, came on October 24.

The telcos were directed by the court to pay the money within 90 days



DIALLING TROUBLE

	Licence fee balance (in ₹ cr)	Payment according to SC order (in cr)*
Bharti Airtel group	5,528	21,682
Vodafone	6,870	28,308
Idea	2,321	9,987
Tatas	529	1,950
Telenor	393	1,032
Videocon Telecom	393	1,032

*SC order includes licence fee balance, interest, penalty, and interest on penalty
The three leading operators also have to pay ₹43,600 crore as SUC Source: DoT affidavit

from the date of the order.

Only the licence fee (minus the interest and penalty), something that telcos are willing to pay, comes to merely ₹23,188 crore out of the ₹92,641 crore AGR dues. In effect, that translates into just 25 per cent of what the apex court has asked them to fork out

on AGR. The SC had imposed an interest of ₹41,650 crore, a penalty of ₹10,923 crore and an interest on penalty of ₹16,878 crore.

For Bharti Airtel, just the licence fee dues will mean a payout of ₹5,528 crore against an AGR demand of ₹21,682 crore.

In the case of Vodafone Idea, the licence fee dues will amount to ₹6,870 crore compared to the AGR demand of ₹28,308 crore.

Just the licence fee dues of the two telcos will come to around a third of what the government has announced in spectrum payment relief, calculations show. The Union Cabinet on Wednesday approved a two-year moratorium for paying spectrum installments, with the relief estimated at ₹42,000 crore for three telcos—Bharti Airtel, Vodafone Idea and Reliance Jio.

In the case of the Tatas, whose acquisition of the telecom business by Bharti Airtel is still going through regulatory clearances, the licence fee balance comes to ₹2,321 crore against an AGR demand of ₹9,987 crore.

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BUSINESS STANDARD ANNUAL BANKING FORUM

NPA norms may be tougher than Basel's

RBI working on corporate governance rules in line with global standards, says N S Vishwanathan

ANUP ROY
Mumbai, 22 November

The Reserve Bank of India (RBI) is working on a corporate governance structure for banks in line with Basel norms, but the Indian version would likely be tougher in recognising bad loans, said RBI Deputy Governor N S Vishwanathan in his keynote address at the Business Standard Annual Banking Forum.

"In the past we had a situation where the additional NPA (non-performing asset) assessed by the RBI was not made public. Because of the Basel committee recommendations, lots of disclosures are now required, but we need to go beyond those," the most senior RBI deputy governor said.

"The effort should be to disclose more rather than less, except what you cannot disclose legally. The default should be to disclose as much as we can as long as we don't hit a provision of law, or end up disclosing the market strategy of the financial intermediaries," said Vishwanathan.

The RBI last year mandated that banks should disclose in their annual report the divergence between what was disclosed in the balance sheet of a bank and what was assessed by RBI auditors.

The Securities and Exchange Board of India (Sebi) recently said such market sensitive information should be disclosed immediately on the exchanges.



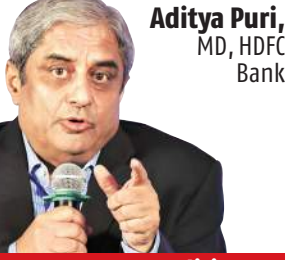
RBI Deputy Governor N S Vishwanathan addresses the Business Standard Annual Banking Forum on Friday

"WHOEVER WE TALK TO — CUSTOMERS, INDUSTRY PEOPLE, COMPANIES — SAY WE ARE ON A RECOVERY PATH. WE ARE BETTER OFF IN OCTOBER-NOVEMBER THAN WE WERE IN AUGUST"



Rajnish Kumar, Chairman, SBI

"INDIAN BANKING IS DOING QUITE FINE, COMING ALONG WELL. IT IS OPEN BANKING, IT HAS COMPETITION, AND OUR CHARGES ARE ALSO LOWEST IN THE WORLD"



Aditya Puri, MD, HDFC Bank

Following this, YES Bank earlier this week reported more than ₹3,000 crore of divergence in its FY19 results after getting the RBI assessment report. According to Vishwanathan, the disclosure of divergence was part of the RBI's larger strategy on overall corporate governance strategy for financial intermediaries.

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Frequent GST reviews irk N K Singh

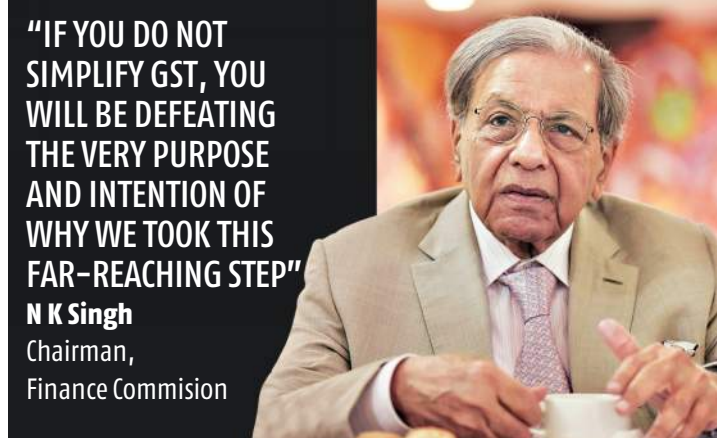
PRESS TRUST OF INDIA
Mumbai, 22 November

N K Singh, chairman of the fifteenth Finance Commission, on Friday called for major changes to the goods and services tax structure, including reducing the cumbersome compliance procedures and also doing away with frequent rate changes, to improve collection.

He also pitched for rationalisation in centrally-sponsored schemes, and blamed the government for not clearly defining the role of the NITI Aayog, which, as of now, does not have any powers to take financial decisions.

The comments from the chief of the commission — which decides on the revenue distribution between the Centre and states — come amid concerns regarding the continuous fall in GST collections, which has not touched the targeted ₹1 trillion in any month, barring one.

"If you do not simplify GST, you will be defeating the very purpose



N K Singh, Chairman, Finance Commission

and intention of why we took this far-reaching step," Singh told SBI Chairman Rajnish Kumar, while delivering the L K Jha memorial lecture at the RBI headquarters.

"The cumbersome nature of compliance is one of the important factors why I believe there is huge scope for

he said. However, he noted that despite all these issues, "we have seen one of the fastest GST adoption rates" and credited the prime minister and former finance minister Arun Jaitley for this.

However, he stressed upon the need to go back to the drawing board urgently. The changes sought will minimise the cost of compliance, make the system less onerous, and finally lead to an improved trajectory of revenue collection, he added.

Revenue said the commission has visited nearly all states in the run-up to the preparation of its report, and that many of them had "complained that the fiscal autonomy had been circumscribed by the GST".

"I think the GST Council needs a restructuring in terms of what is good, not only in terms of the negotiating strengths of one state versus another; it needs to function in a manner so that the rims of India are not really seriously compromised," Singh said.

Durables set for price rise from 2020

ARNAB DUTTA
New Delhi, 22 November

After a year of offering discounts and price cuts, companies are firming up plans to hike prices of consumer durables as 2020 sets in.

Refrigerators are set to be costlier by up to 8 per cent — the first price rise for any consumer durable category since 2018 — despite a fall in costs of crucial raw material.

Refrigerator prices are bound to rise across brands as new energy efficiency norms kick in next year.

According to Kamal Nandi, president of the Consumer Electronics and Appliances Manufacturers Association (CEAMA) and vice-president of Godrej & Boyce, price hikes are inevitable as most manufacturers are already operating on a thin margin.

"It is estimated that prices may go up by ₹500 for same level of energy rating from next year," he said.

Sunil D'Souza, managing director, Whirlpool of India, said the firm is yet to finalise the extent of price hike for separate models.

"But yes, prices are bound to increase," he said.

The new norms may also make 5-star refrigerators obsolete. Estimates say the norms may lead to a ₹6,000 rise in cost, as additional components like vacuum panels will be required to attain such level of energy efficiency. This will lead to a steep price hike, making 5-star refrigerators unviable in the market, said Nandi.

Moreover, the added burden on manufacturers for recycling e-waste is expected to impact their margins, which may further lead them towards hiking prices of other items.



NO RELIEF

- Price hike to follow implementation after new energy efficiency norms kick in
- First price rise in consumer durables since 2018
- Refrigerator segment, worth ₹18,900 crore, seen growing to ₹33,600 crore by FY25
- Rising cost burden on manufacturers because of e-waste collection may cause hikes in other categories

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\$5-trn GDP needs 12.4% nominal growth a year: NITI

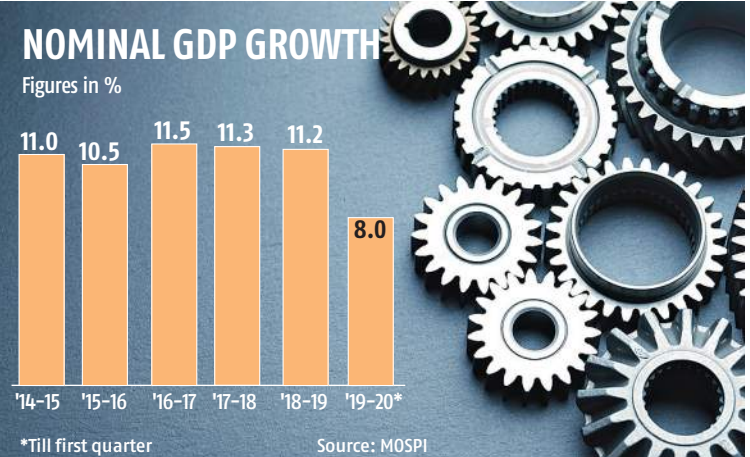
ARCHIS MOHAN & SANJEEB MUKHERJEE
New Delhi, 22 November

Gross domestic product (GDP) in India at current prices needs to grow by 12.4 per cent annually over the next five years for the country to be a \$5-trillion economy by 2024-25, an internal assessment by the NITI Aayog has showed.

This is 0.4 percentage points higher than what was estimated by the Economic Survey for 2018-19, owing to a slowing economy and an expected increase in the depreciation of the rupee against the dollar. The assessment, which was shared with select parliamentarians recently, pegged nominal GDP (at current prices) in the current financial year at around 10 per cent.

Nominal GDP in the first quarter of 2019-20 had slid to 8 per cent, the lowest in 17 years, due to an overall slowdown in economic activity.

Real GDP (GDP at constant



prices) grew by 5 per cent during April-June 2019-20, more than a six-year low, and the deflator (which could be taken as the inflation rate) stood at 3 per cent.

Nominal GDP, or the size of the economy, stood at ₹4.89 trillion during the quarter. In dollar terms, it came to \$690 billion (at an exchange rate of ₹70 a dollar).

The numbers for the second quarter are scheduled to be released

by the end of the month.

Economists say the tough task is to speed up GDP growth at constant prices. Though the NITI Aayog did not give its estimates for the required GDP growth at constant prices, economists pegged it at 9 per cent, a feat not seen since the GDP series was revised with 2011-12 as the base year. The NITI Aayog took the exchange rate at ₹70 a dollar for the current fiscal year, which would depreciate further to ₹75 a dollar by 2024-25.

Former chief statistician Pronab Sen said if the dollar-rupee exchange rate was 75 and if the global inflation rate remained at 2 per cent, India's inflation rate could not exceed 3.5 per cent. In such a scenario, 12.4 per cent nominal GDP growth will translate into 9 per cent real GDP growth. "In this fiscal year, India is expected to grow by around 6 per cent. So, the question that needs to be asked is whether, with the current

set of policies including the ones announced in the past few months, India has the wherewithal to jump from 6 to 9 per cent. My short answer is 'no', because with the current set of policies and assuming the global economy remains as it is, at best we can reach 7 per cent real GDP growth in the next five years," he said.

The NITI Aayog's assessment showed economic growth faced headwinds due to a clean-up of banks' books in the past few years with a five-year deceleration in bank credit growth.

"India's GDP growth continues at the top of the G20; however, a deceleration in investment is visible, primarily in the household sector, due almost entirely to real estate," the NITI Aayog said.

Further, the NITI Aayog said in India, the government debt-to-GDP gap had narrowed vis-a-vis many Asian countries but needed to be reduced further.

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