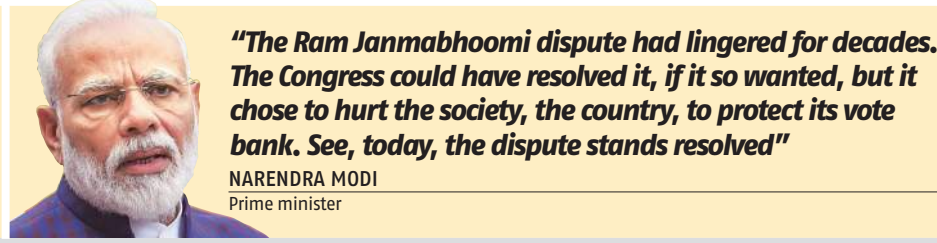




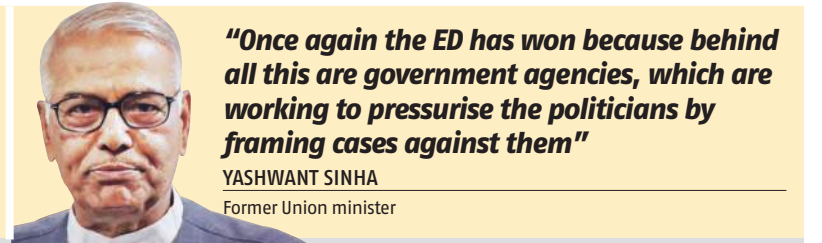
"We will work with India as a friendly country and won't do anything that will harm India's interests. We want to be a neutral country"

GOTABAYA RAJAPAKSA
Sri Lanka president



"The Ram Janmabhoomi dispute had lingered for decades. The Congress could have resolved it, if it so wanted, but it chose to hurt the society, the country, to protect its vote bank. See, today, the dispute stands resolved"

NARENDRA MODI
Prime minister



"Once again the ED has won because behind all this are government agencies, which are working to pressurise the politicians by framing cases against them"

YASHWANT SINHA
Former Union minister

IN BRIEF

MFI sector adds 18.3 mn borrowers since note ban

Microfinance firms have added 18.3 million borrowers since March 2017, and total unique microfinance borrower numbers stand at 54.6 million, through 97.9 million loan accounts till September 30 this year. The sector has witnessed growth of 47.85 per cent year on year in the September quarter, with the total loan portfolio at ₹201,724 crore, according to a report of the Microfinance Institutions Network (MFIN). Banks hold 40 per cent in the total microcredit, the largest share, with total loan outstanding of ₹80,570 crore. Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) are the second-largest provider of micro-credit, with a loan amount outstanding of ₹62,960 crore, accounting for 31 per cent of the total industry portfolio.

BS REPORTER

Economic growth could get slowed, says DBS Bank

India's economic growth is expected to slow further in the second half of the year, Singapore's DBS Bank said on Monday. "Real GDP is likely to print 4.3 per cent YoY in 3Q vs 2Q's 5 per cent, nearing the trough for this cycle," DBS said in its daily economic report. Weakness in the crucial consumption sector is likely to be extended into the quarter along with tepid private sector activity.

PTI

Over 92,000 BSNL, MTNL employees opt for VRS

Around 92,000 employees of BSNL and MTNL have so far opted for the recently announced Voluntary Retirement Scheme (VRS) scheme, according to a government source. Nearly 100,000 BSNL employees are eligible for VRS out of its total staff strength of about 150,000.

PTI

Gold declines ₹166 on weak global trend

Gold prices declined ₹166 to ₹38,604 per 10 gram in national capital on Monday amid sell-off in international markets, according to HDFC Securities. The metal had closed at ₹38,770 per 10 gram on Saturday.

PTI

Irdai proposes changes in motor own damage policy

The working group constituted to revisit the product structure of Motor Own Damage Policies has recommended vehicle age-based depreciation for partial losses to remove all ambiguity and subjectivity in claim settlement.

BS REPORTER

PSBs get ₹1,996 cr in minimum balance penalty

Public sector banks collected ₹1,996.46 crore in penalty from customers for not keeping a minimum monthly balance in savings accounts in 2018-19, Parliament was informed on Monday.

PTI

₹4,973-cr revenue collected from auctioned coal mines

The government has collected ₹4,973 crore in revenue from auctioned coal blocks since financial year 2014-15, Parliament was informed on Monday.



Coal Minister Pralhad Joshi said in a reply to the Rajya Sabha.

Under the Coal Mines (Special Provisions) Act, 2015, 31 mines have been allocated through auction so far, the minister said.

PTI

60% households use LPG for cooking: NSO

But govt claims 90% penetration across country till December 2018

SHINE JACOB & SOMESH JHA
New Delhi, 25 November

About 61 per cent of total households in India used liquefied petroleum gas (LPG) for cooking in India in 2018, according to the latest National Statistical Office (NSO) survey report.

Last year, the government had claimed around 90 per cent LPG penetration across the country by December 2018.

Only 48.3 per cent of the rural households used LPG, while the figures were much higher in urban areas at 86.6 per cent, according to the NSO's 76th round survey on 'Drinking Water, Sanitation, Hygiene and Housing Condition' released on Saturday. The survey was conducted for the period between July and December 2018. To be sure, the NSO asked over 100,000 households about

their primary source of fuel.

Interestingly, 44.5 per cent of the houses in villages were still using firewood, crop residue and chips for cooking as their primary source of fuel, against 5.6 per cent in cities during 2018.

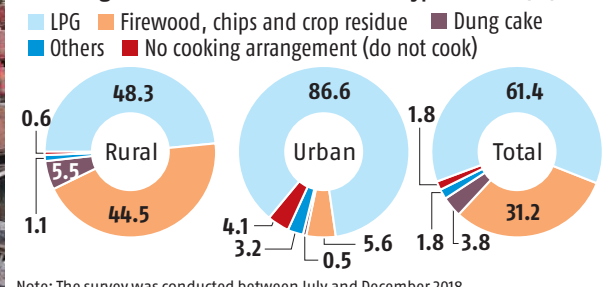
The survey highlighted that around 13 per cent of households have received benefits related to LPG connections. The ministry of statistics and programme implementation said on Monday that these estimates could be "under-reported" because of a tendency of people to give a "negative reply" to survey officers on expectation of receiving certain benefits from the government.

The government claims that LPG penetration reached 96.5 per cent by October, touting one of its flagship schemes, Pradhan Mantri Ujjwala Yojana (PMUY), as a major success.



HOW INDIANS COOK

Percentage of households with different types of fuel (%)



Note: The survey was conducted between July and December 2018. Source: National Statistical Office's 76th round survey on drinking water, sanitation, hygiene and housing condition in India

According to the data by Petroleum Planning and Analysis Cell (PPAC), an arm of the Ministry of Petroleum and Natural Gas, LPG penetration stood at 89.5 per cent as of December 1, 2018. Interestingly, 44.5 per cent of the houses in villages were still using firewood, crop residue and chip for cooking, against 5.6 per cent in cities during 2018.

The NSO has captured LPG connections for the first time in its survey, so comparison

with the previous surveys was not possible. The LPG usage by households was low Odisha (32.6 per cent), Jharkhand (32.9 per cent), West Bengal (42.8 per cent), Rajasthan (48.1 per cent), Madhya Pradesh (48.3 per cent), and Uttar Pradesh (50.2 per cent).

Despite a huge push for the PMUY, launched by Prime Minister Narendra Modi in May 2016, about 11 per cent households reported receiving any benefits related to LPG

connections in the past three years from when the survey was conducted.

Of those who got benefits from LPG scheme in the past three years (around 11 per cent), around 88 per cent households benefitted from the Ujjwala scheme.

"The NSO data captures the usage of LPG and the government claims the Ujjwala scheme to be a success based on the LPG connections. There are chances that a lot of people who took

benefit from the Ujjwala scheme were unable to refill the cylinders due to financial constraints and hence were not using the LPG connection," Jawaharlal Nehru University professor Vikas Rawal explained.

One major reason for low usage of LPG may have been higher prices during the time period of the NSO survey.

Petroleum and Natural Gas Minister Dharmendra Pradhan said on Monday that around 87 per cent of PMUY beneficiaries "have returned for at least second refill." He said that such beneficiaries have been offered swap facility of 5 kg cylinder against 14.2 kg cylinder "as per their requirement."

A senior oil marketing company official said the major difference could be owing to the definition of 'penetration'. "Though oil companies have penetration of marketing network to 96.5 per cent, not all the people who have access to it may be using it," he said.

More on business-standard.com

Google tax: No consensus on India's concerns in OECD draft

SHRIMI CHOUDHARY
New Delhi, 25 November

No consensus was reached on certain apprehensions raised by India over taxing digital companies at the Organisation of Economic Cooperation and Development (OECD) meet in Paris last week.

This could result in missing the January 2020 deadline set by global peers to finalise structure of the new digital tax on companies like Google, Netflix, Amazon, Facebook and Uber. India is learnt to have raised the three key issues in Paris. These were not being addressed in the draft paper released by OECD, which aligns 134 countries, including India.

In the 21-page draft, the OECD, on October 9, had put out three different tax formulas, seeking public feedback.

During the meeting, certain issues raised by India include scope of business, based on which tax would be levied.

They also include threshold for revenue generated globally as well as their jurisdiction and how to create nexus by creating a concept of "virtual company" in case of no permanent establishment.

These apart, India also discussed the "deemed residual profit" or non-routine income of the digital firms attributable to marketing intangibles.

On the scope of business, developed nations want India and other developing countries to tax only consumer-facing busi-



GOVT'S STAND ON DIGITAL TAXATION

- OECD draft suggests revenue model focussing on consumer-centric businesses
- India not in favour of carve-outs, proposes tax on all verticals offered by digital firms
- Distribution of deemed residual profit largely based on sales and demand
- Threshold to be decided on revenue generated globally or within jurisdiction
- To introduce the definition of virtual presence in case of no permanent establishment
- Proposes new nexus allocating taxing rights over the additional income
- Nexus implies that a company has a sufficient economic relationship with a certain jurisdiction

nesses which provide services directly to the end user.

This means to keep out those that sell business-to-business, such as industrial goods and professional services companies.

However, India is not in favour of taxing just one vertical of the business and not the whole. "We have made our stance clear as these digital firms are into both B2B and B2C. Covering just one vertical would narrow down the whole scope. Also, this will not give

the fair share of revenue," said an official, who represented India at the task force meeting in Paris.

The OECD proposal seeks to cover highly digital business models. It said that possible carve-outs would also be considered, in particular, for extractive industries or financial services. In addition, size limitations (eg a ₹750 million revenue threshold) could be considered.

Another contention was raised over the new nexus through a new

standalone rule allocating taxing rights over the additional income.

This could be done by creating a virtual company in India irrespective of whether the business has a taxable presence in the jurisdictions that meet the current nexus threshold.

Under the current international tax rules, "nexus" implies that a company has a sufficient economic relationship with a certain jurisdiction for that jurisdiction to be able to tax this particular company.

To streamline the implementation, India has proposed to introduce the definition of "virtual presence" for those who do not have physical establishments in their resident country.

Moreover, India also discussed the distribution of residual profits that would approximate the value of users of each country and the respective demand of the product.

Besides, the official says that the contention was also on deciding threshold on two-level tax: one which a company generates globally and one from its own jurisdiction. The OECD inclusive framework will meet in December where India would present the case.

In case of no resolution for certain aspects, the January deadline of deciding the blueprint of the tax could be delayed, indicated the official.

The OECD draft pitches for a unified approach by all the nations in January 2020 and the final proposals should be ready for the G20 meeting in Riyadh in November 2020.

DCC may take up spectrum auction in Dec

MEGHA MANCHANDA
New Delhi, 25 November

Telecom Secretary Anshu Prakash on Monday said the proposal to conduct spectrum auctions in this financial year could be discussed in the Digital Communications Commission (DCC) meeting scheduled next month. He, however, did not specify the date. DCC is the apex decision-making panel of the government on telecom. The panel is expected to approve the suggestions made by the Telecom Regulatory Authority of India (Trai) on the quantum and price of 5G spectrum and airwaves in the premium 700 MHz band.

The regulator said its August 2018 recommendations on spectrum valuation and reserve prices never mentioned anything on financial health and capability of the companies to bid, and what is being attributed to it now is a concern expressed by a section of stakeholders as part of the consultation process.

Bharti Airtel, Vodafone Idea, and Jio had urged the government to reduce the price, following which the matter went to the regulator for a review.

CoS on telcos' relief package disbanded

The committee of secretaries (CoS), constituted last month to explore a financial bailout package for the telecom sector, has been disbanded, said a government source on Monday. On the issue of applicability of the Supreme Court's adjusted gross revenue (AGR) ruling on other service providers like ISPs, the source said while these cases were separate and such players were not party to the cases, they still have obligation to pay their statutory dues.

Asked if the CoS has been disbanded now, the source replied in affirmative. On whether a new inter-ministerial panel could be constituted for ironing out other outstanding issues, the source said, "No, it is a SC defined matter".

BS REPORTER

30% of homeless don't have Aadhaar: Report

Dalberg report titled 'State of Aadhaar' says usage widespread, but problems remain

ARUP ROYCHOUDHURY
New Delhi, 25 November

Thirty per cent of homeless people in India and 27 per cent of third-generation residents do not have Aadhaar, according to a survey by consultancy firm Dalberg released on Monday. The survey said 90 per cent of residents of Assam and 61 per cent from Meghalaya do not have the card.

Titled "State of Aadhaar", the report said in spite of these deficiencies, the usage of Aadhaar was widespread in India, with 95 per cent of adults having Aadhaar and using it on an average once a month to avail of some service or the other. Seventy-five per cent of children in India have the unique identification card as well.

"Eight per cent of people do not have Aadhaar, or an estimated 102 million people, 75 million of whom are children," the report said.

"This study distils insights drawn from two national household surveys on Aadhaar, conducted between May and September 2019, and subsequent human-centred design research. Capturing the experiences and perspectives of over 167,000 residents, together the surveys represent the largest primary dataset on the use of Aadhaar



WHAT THE NUMBERS SAY

- 92% of respondents are satisfied with Aadhaar
- 90% feel their data is safe with UIDAI
- 80% feel Aadhaar has made PDS rations, NREGA, or social pensions more reliable
- 90% incorrectly believe providing Aadhaar is mandated by law for bank accounts
- 33% said the process of updating Aadhaar was a difficult one

and, more broadly, digital ID anywhere in the world," the report said.

By and large, lack of Aadhaar did not appear to be a matter of personal preference, the report stated. Almost all adults without Aadhaar said they want the ID.

The majority of these people had not tried to apply — mostly because there were no local enrolment centres or the centre was closed, people did not know where to enrol, or they lacked

the necessary documents.

The report stated that 90 per cent of those who had Aadhaar incorrectly believed it was mandated by law for bank account. Also, 90 per cent of the respondents felt their details are safe with Unique Identification Authority of India (UIDAI), while 67 per cent were satisfied in spite of being denied essential services in spite of having the card.

"More than half of all people

who produced Aadhaar to get a SIM card or bank account, said their provider accepted only Aadhaar, even after the Supreme Court ruling," said the report.

"Thirty-three of the respondents who tried to update found the process difficult and one in five did not succeed.

"Four per cent of people currently have errors in the information on their Aadhaar card, while 15 per cent have an error in their linked mobile phone number; an additional 39 per cent have not linked a number at all," it said.

CRISIL SME TRACKER

Heat is on for refractory, sponge iron and re-roller companies

A DOUBLE WHAMMY — moderating demand and a fall in steel prices — will impact the performance of the sponge iron, re-rolling steel, and refractory sector in the near term. Small and medium enterprises (SMEs), which account for 75 per cent of the total capacity of these industries, with key clusters in Chhattisgarh, Odisha and West Bengal, are likely to be impacted the most.

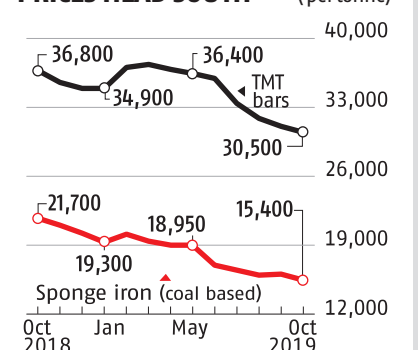
Sponge iron is used by re-rollers to produce long steel such as thermo-mechanically treated (TMT) bars through induction furnaces. On their part, refractory products, which are heat and corrosion-resistant material used mainly in linings for furnaces and kilns, are mainly consumed by the steel sector, which accounts for about 75 per cent of domestic demand.

In the first half of the current fiscal year, long steel production increased 13 per cent year-on-year, and sponge iron production rose 7 per cent year-on-year.

However, moderation in demand led to a fall in steel prices, adversely affecting SMEs. Prices of re-rolled TMT bars fell 10 per cent in the first half of the current fiscal year, and that of coal-based sponge iron fell 18 per cent.

CRISIL Research expects prices to pick up in the second half, as demand

PRICES HEAD SOUTH (per tonne)



Source: Industry, CRISIL Research

improves. Overall steel demand is expected to moderate to 4-5 per cent this fiscal year, from 8.8 per cent in the last. Weak demand from the automobile and construction sectors has curtailed offtake.

Realisations are also expected to contract, pruning operating profits. And with moderate operational performance eroding net worth, return on capital employed is also expected to shrink. Also, the cash conversion cycle is expected to remain stretched on account of high debtor and inventory days.