



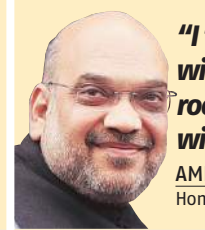
"Every effort was made to blatantly sabotage the alliance government formation, but we appealed to the apex court and the Centre was exposed. Let me assure you, we three parties are united in our resolve to defeat the BJP's sordid manipulations"

SONIA GANDHI
Congress president



"79,000 people have applied for VRS in BSNL and 14,000 of 20,000 employees in MTNL have applied for VRS. We will ensure that they get the best VRS package"

RAVI SHANKAR PRASAD
Communications minister



"I tell the Naxals that they will get back with interest for their actions and will be rooted out by the BJP government, which will return to power in Jharkhand"

AMIT SHAH
Home minister

IN BRIEF



Sri Lankan President Gotabaya Rajapaksa with MoS for Road Transport V K Singh (right) in New Delhi on Thursday PHOTO: AP/PTI

90 more students, mostly from India, held at fake US university

Federal law enforcement agencies have arrested 90 foreign students, mostly from India, enrolled in a fake university established by the US government to check immigration fraud, a media report has said. The US Immigration and Customs Enforcement (ICE) has so far arrested more than 250 students, who were lured to enroll in the now-closed University of Farmington in the Detroit metropolitan area by the Department of Homeland Security. The ICE had in March arrested 161 students from the fake university established by it. When it was closed in March, there were 600 students, mostly Indians, enrolled in it. The latest news of arrest of additional 90 students in recent months, first reported on Tuesday by the 'Detroit Free Press', has resulted in outrage with #AbolishICE hashtag gaining ground on Twitter and other social media platforms on Wednesday. PTI

Jewellery body to launch e-commerce platform for gold

For the first time, a jewellery association has decided to launch its own e-commerce website to connect bullion dealers with the trade. The industry has been favouring a spot exchange for bullion trading but the central government is yet to decide. BS REPORTER

Bhuvan Chandra is Indian Overseas Bank CFO

Indian Overseas Bank (IOB) has appointed Bhuvan Chandra as the new Chief Financial Officer (CFO). He is taking over from Radha Venkatakrishnan, the CFO and general manager, in charge of Balance Sheet Management Department who is retiring on November 30. Chandra, working with the same department will take charge as CFO from December 1, 2019. BS REPORTER

EHFL, BoB tie up for co-lending of home loans

Edelweiss Housing Finance (EHFL) and Bank of Baroda have tied up for co-lending of home loans to self-employed and salaried persons. EHFL, a subsidiary of Edelweiss Financial Services, has entered into a strategic agreement with BoB for co-lending of home loans to self-employed and salaried customers, a statement said. PTI

MP govt will try to table Right to Water Bill in winter session

The Madhya Pradesh government will try to table the Right to Water Bill, which is currently being drafted, in the winter session of the Assembly next month, a state minister said on Thursday. PTI

Balancing fiscal math and capex will be tough: CRISIL

ABHISHEK WAGHMARE
New Delhi, 28 November

For states, balancing the fiscal math while continuing to spend on infrastructure capital expenditure (capex) will be challenging, said Sameer Bhatia, president of infrastructure advisory at CRISIL. The rating agency — in its Infrastructure Yearbook 2019, released on Tuesday — said most of the sub-sectors in infrastructure have shown stress this year, compared to the previous year. The report also said states need to spend over ₹100

trillion over a decade on capex. On the biggest obstacle in achieving this, Bhatia told Business Standard, "Given the diversity of states in India, a one-size-fits-all solution is unlikely to work. Each state may have different degree of constraints to overcome. Having said that, balancing the fiscal while continuing the spend on infra capex would perhaps be the most challenging constraint for the states." He said mid-level states such as Telangana, Andhra Pradesh, and Kerala would be leaders in capex spending.

CREDIT CARD SPEND EXPECTED TO GROW TO ₹15 TRILLION BY FY24

SBI Cards & Payment Services, the credit card arm of State Bank of India (SBI), has filed documents for its maiden offering which could mop up ₹9,500 crore in what is one of the biggest IPOs in the domestic market. There are 74 players offering credit cards in India. HDFC Bank, Axis Bank, and ICICI Bank along with SBI Card dominate the business, with a combined market share of 72% by the number of outstanding cards as of March 2019. In terms of spends, they had 66% market share in FY19. A look at the draft prospectus shows credit card dues are expected to grow at a CAGR of 23% to reach ₹3.3 trillion by FY24. The spend is expected to grow to ₹15 trillion by FY24, from ₹6 trillion in FY19. Moreover, the number of such cards outstanding is also projected to grow at 23% CAGR in the next five years, according to CRISIL. The number of issuances to millennials has increased from 19% in FY15 to 35% in FY19, and the share of customers below 25 years of age has increased tenfold in the same period. While the industry's profitability is expected to remain strong, return on assets may fall marginally in the medium term. The delinquency levels have also remained stable in the past three years, while operating expenses will rise marginally, and the credit costs will see an uptick. COMPILED BY SUBRATA PANDA



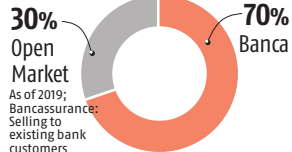
Players	FY14	FY15	FY16	FY17	FY18	FY19	Market share as of FY19 (%)	CAGR (%)
NUMBER OF CARDS IN FORCE IS INCREASING (in million)								
HDFC Bank	5.1	6	7.3	8.5	10.7	12.5	27	19
SBI Cards	2.9	3.2	3.6	4.6	6.3	8.3	18	24
ICICI Bank	3.2	3.3	3.7	4.3	5	6.6	14	16
Axis Bank	1.4	1.7	2.4	3.3	4.5	6	13	34
Citibank	2.4	2.4	2.4	2.5	2.7	2.7	6	2
NUMBER OF TRANSACTIONS PER CARD GROWING AT A ROBUST PACE (in million)								
HDFC Bank	161	198	253	333	405	486	27	25
SBI Cards	65	78	110	155	212	280	16	34
ICICI Bank	72	91	109	150	189	241	14	27
Axis Bank	27	41	59	88	128	168	9	44
Citibank	96	112	131	173	219	239	13	20
SPENDING BY CONSUMERS VIA SUCH CARDS IS GROWING IN DOUBLE DIGITS (in million)								
HDFC Bank	4,57,408	5,77,599	7,49,981	9,74,749	13,24,039	17,04,208	28	30
SBI Cards	1,64,928	2,12,845	2,93,324	4,38,545	7,70,232	10,38,353	17	44
ICICI Bank	1,72,036	2,15,646	2,68,101	3,62,055	5,15,331	6,73,006	11	31
Axis Bank	88,487	1,36,023	1,83,862	2,87,305	4,43,288	6,20,827	10	48
Citibank	2,67,476	3,08,629	3,55,839	4,25,583	4,88,652	5,32,185	9	15

THE DELINQUENCY LEVEL OF THE INDUSTRY REMAINS STABLE

Stress test (March 2019)

Product	Delinquency level in %
Personal loan	0.5-0.7
Credit card	1.5-1.8
Consumer durable loan	1.5-2.0

BANKS REMAIN THE DOMINANT DISTRIBUTION CHANNEL



PROFITABILITY HAS REMAINED STABLE

Net interest income	11.80
Fee income	17.40
Operating expense	19.50
Credit cost	4.50
Tax	1.70
Return on asset	3.50

*ROA is for FY19; above parameters are based on percentage of total assets

PLAYERS ARE INCREASINGLY LOOKING AT CO-BRANDING WITH OTHER PARTNERS

	No. of partners	No. of partners
SBI Cards	18	Axis Bank 4
ICICI Bank	12	Citibank 3
RBL Bank	8	AmEx 1
HDFC Bank	6	IndusInd 1

Indiabulls Housing gets relief from MCA, for now

RUCHIKA CHITRAVANSHI
New Delhi, 28 November

The ministry of corporate affairs (MCA) on Thursday said it had found no irregularities in the loans given to five companies by Indiabulls Housing Finance as alleged in a public interest suit, sending the stock up 24 per cent.

The ministry said this in an affidavit to the Delhi High Court. It is, however, still probing the company, one of the country's largest real estate lenders, and has sought two months' for an additional affidavit. Any violations will be dealt with "as per law", MCA said.

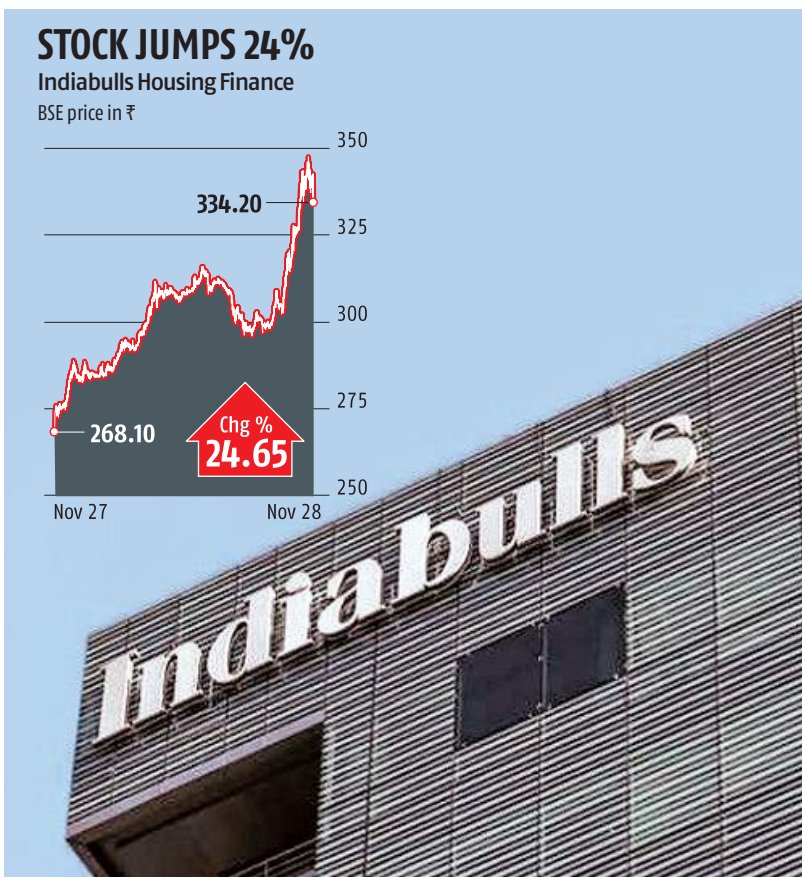
"After receipt and confirmation of the inspection report, we will submit another affidavit... No clean chit has been given in this matter and only factual information has been shared with the court," a senior official told Business Standard.

The company's scrip reacted sharply to the news, surging to an intra-day high of ₹347.65 on the BSE before closing the day with a 24.7 per cent gain at ₹334.20. Gagan Banga, managing director, Indiabulls Housing Finance, said: "The affidavit vindicates all of what we have been saying for the last six months."

"We have been transparent with MCA and other regulatory bodies and strongly believe the strength of our facts will eventually prevail."

The affidavit was filed before a bench of Chief Justice D N Patel and Justice C Hari Shankar and the PIL by the non-profit organisation, Citizens Whistle Blower Forum, is listed for hearing on Friday.

In its affidavit, the MCA has stated that of the five DLF, Reliance ADAG and Americorp Group have fully repaid the loans to Indiabulls while the other two — Vatika Group and Chordia Group — are "standard accounts" which have been servicing the debt regularly and have made partial payments against the loan.



A PIL was filed in the matter on September 27 alleging round-tripping of funds by the firm. The company, while contesting the claims as "malicious", had also sought recall of the notice claiming that each day the matter was pending it was suffering huge financial losses as its share value was dipping day by day.

The document submitted in the court has found instances of violations, which are still being probed by the office of regional director (northern region).

"Two truck load of documents have been examined by us so far. We are probing the case still," another senior government official said. In a previous affidavit, the MCA had informed the court that it had received several complaints against the Indiabulls Group of companies and some of them are being inspected.

In October, the Reserve Bank of India had quashed a proposed merger of Indiabulls Housing Finance with Lakshmi Vilas Bank.

Bharat Bond ETF to come in 3- and 10-year maturities

ANUP ROY
Mumbai, 28 November

The central government-backed debt exchange-traded fund (ETF) will be launched with two maturity profiles — three and 10 years — and is expected in December or in early January, pending Cabinet approval, according to ministry sources.

The issue was supposed to be tabled for Cabinet approval on Wednesday, but that did not happen. However, a Cabinet approval is expected by December 4, after which the ETF could be launched promptly, said sources.

Sources said the government had appointed Edelweiss Asset Management to launch the first tranche of the debt ETF, but there may be other tranches as well for which asset managers may be appointed. AK Capital Services is the sole advisor to the government for the debt ETF, said sources.

The Reserve Bank of India also allowed units of debt ETF eligible for repo, which means those units can be pledged with the RBI to borrow overnight money from the central bank.

The ETF is aimed at increasing retail participation in the bond market, as well as creating additional source of funding for the government-owned companies that would constitute the ETF. The bond ETF will offer investors a way to build and maintain bond-like investments in a cost-efficient manner.

The ETF can be bought and redeemed like a mutual fund. It would be an open-ended fixed maturity structure, and will have two maturities — April

2023 and April 2030. Coupons from the underlying bonds will be reinvested. Up to 5 per cent will be allocated to government securities, or collateralised borrowing and lending obligation for liquidity management. A fund of funds will be launched that will invest its full amount in Bharat Bond ETF.

The government has identified government-owned companies, from rating 'AAA' to 'AA' for the ETF, but the first tranche would be only for 'AAA'-rated, added sources.

These companies may be the National Bank for Agriculture and Rural Development, NHPC, Power Finance Corporation, Nuclear Power Corporation of India, REC (formerly Rural Electrification Corporation), National Housing Bank, Indian Railway Finance Corporation, Indian Renewable Energy

Agency, PowerGrid, BPCL, IOC, Small Industries Development Bank of India, Konkan Railway, Export-Import Bank of India, THDC India, Housing and Urban Development Corporation, and North Eastern Electric Power Corporation (NEEPC).

However, any issuer that ceases to be a public sector entity, or in which the government holding falls below 50 per cent, would be removed from the index. Therefore, BPCL, after privatisation, may not qualify. So will THDC and NEEPC.

The Bharat Bond ETF will have a defined maturity date, and will invest in high quality bonds issued by government-owned entities that will mature on or before the maturity date of the ETF.

₹100-cr turnover? GST e-invoicing must from April 1

DILASHA SETH
New Delhi, 28 November

From April 1 next year, electronic invoicing (e-invoicing) will be mandatory for businesses with a turnover of ₹100 crore, the government said on Thursday. This will help curb goods and services tax (GST) evasion and make compliance easier. The e-invoicing system will be rolled out in a phased manner from January 1 on a voluntary and trial basis, beginning with firms with a turnover of ₹500 crore, and businesses with a turnover of ₹100 crore or more will be required to do it from February 1.

"The aim behind the adoption of the system is to facilitate convenience to the taxpayers by further simplifying the GST return system. The tax department would help business and taxpayers by pre-populating the returns, resulting in reducing reconciliation problems," a government release said. There are about 7,500 GST identification numbers (GSTIN) for

businesses with a turnover of ₹500 crore and above. From April 1, it will be voluntary for businesses with a turnover of less than ₹100 crore.

The system will allow micro, small, and medium enterprises (MSMEs) to take instant loans from banks. "With the system, banks may not require a plethora of physical documents and their validation. Rather, they could do MSMEs ratings for the loan on the basis of their e-invoicing," the release said.

The move comes at a time when GST collections have been dismal and the government is looking for ways to plug evasion. GST collection plummeted to a 19-month low in September at ₹91,916 crore, and remained well under the ₹1-trillion mark for a third straight month in October at ₹95,380 crore, 5.3 per cent lower than the corresponding month last year. MS Mani, partner at Deloitte India, said the system was likely to plug input-tax credit evasion loopholes and would lead to more collections over a period of time. "The new system will cause disruption, but we do not want



HOW IT WILL HELP

- The system proposes to curb GST evasion and make compliance easier
- It will be rolled out in a phased manner from Jan 1 on a voluntary and trial basis,
- beginning with firms with a turnover of ₹500 crore
- Businesses with a turnover of ₹100 crore or more will be required to do it from Feb 1
- The tax department will help business and taxpayers by pre-populating the returns, resulting in reducing reconciliation problems

complete disruption in the system; hence, will start with large firms, based on their readiness. Small companies may not be ready for a big information technology change at this point as it will cause them huge discomfort; hence, we are leaving them out," said an official. According to the proposal, the

companies' systems will be linked to the GSTN portal, where the generated invoices will be passed on to the GSTN portal within 24 hours. E-invoicing is in the works in many countries, including South Korea and other Latin American countries. According to the structure finalised by the government, an

invoice will be reported to the Invoice Registration Portal (IRP) by the taxpayer, which will generate a unique invoice reference number and digitally sign the e-invoice and sign a QR code. "Eventually, it will do away with the need of electronic way bill requirement for those companies that opt for the system," said the official.

Pratik Jain, partner at PwC India, said introduction of this mechanism on a voluntary basis to start with, that too linked with turnover threshold, provided an opportunity to the government and the industry to prepare for this change. "Over a period of time, this should make the compliances easy, particularly if input credit is completely linked with e-invoices. It would be good if large companies start using this on a voluntary basis as soon as they can."

Abhishek Jain, partner at EY India, said with the system being voluntary initially and proposed phased implementation, addressal of system hiccups/load and business hassles on change also seem to well planned for.

Bangalore Elevated Tollway gets ₹492 crore towards NHA claim

IL&FS Engineering and Construction said on Thursday Bangalore Elevated Tollway (BETPL) had been awarded an amount of ₹492 crore towards claim filed by the company against the National Highways Authority of India (NHA).

IL&FS Engineering and Construction Company, an IL&FS group company, has 24 per cent in BETPL. IL&FS in a statement said it was entitled to about ₹18 crore

from the total claim awarded by the arbitration tribunal.

BETPL is a special purpose vehicle promoted for the development of four-lane elevated and six-lane road from Silk Board Junction to Attibele in Bengaluru.

NHAI had awarded the project on a built-operate-transfer (toll) basis in January 2006. The scope of project involved construction of a four-lane elevated highway. PTI