ECONOMY

POLICY WATCH
COMPANY DATABASE

After NCLT nudge, MCA starts updating master data; focus on firms under insolvency

AASHISH ARYAN
NEW DELHI, NOVEMBER 28

FOLLOWING AN order by the National Company Law Tribunal (NCLT), the Ministry of Corporate Affairs (MCA) has initiated the process of updating the master data of companies undergoing corporate insolvency or facing liquidation under the Insolvency and Bankruptcy Code (IBC).

The Ministry is also working on a framework that would enable the Interim Resolution Professional (IRP) or the Resolution Professional (RP) to upload necessary regulatory filings for compliance of Companies Act, the ministry said in an emailed reply to *The Indian Express*.

The NCLT had, in an order on October 22, directed that apart from updating the data of the companies undergoing insolvency resolution, the Secretary, MCA, as well as the Central government should be made a respondent party in all insolvency cases filed across the country. "We further direct that in all cases of Insolvency and Bankruptcy Code and Company Petition, the Union of India, Ministry of Corporate Affairs through the secretary be impleaded as a party respondent so that the authentic record is made available by the officers," said a two-member Principal Bench headed by NCLT President (Retd) Justice M M Kumar.

The order will be applicable on all benches of NCLT across the country, the two-member bench had said.

Though the NCLT order is likely to increase the workload for MCA, the ministry has not yet made up its mind on whether it would challenge the order in the National Company Law Appellate Tribunal (NCLAT) or the Supreme Court, sources close to the development told *The Indian Express*.

In its order, the NCLT had also pulled up the Registrar of Companies (RoC) for failing to update the data, so that "public at large" is kept informed of status of the company. The tribunal had then directed that MCA should comply with the order and file an affidavit detailing the same by November 29, Friday.

At present, the master data of companies does not have updated data of new directors or other details of firms which are either undergoing Corporate Insolvency Resolution Process (CIRP) or have undergone liquidation under the IBC.

EXPLAINED

For some firms, no updated data in last two years

AT PRESENT, the MCA-21 database lacks updated data of most companies. Furthermore, the data on companies which are undergoing insolvency or liquidation has not been updated in some cases for the last two years.

The data is likely to be updated following the NCLT order. It also puts additional burden as the government will now have to be made a party in all insolvency and company cases filed in the tribunal.

WITHIN CURRENT FINANCIAL YEAR

Divestment of THDCIL & NEEPCO, land sales may fetch govt ₹30K cr

SUNNY VERMA
NEW DELHI, NOVEMBER 28

EVEN AS privatisation plans of BPCL and CONCOR may stretch into the next year, the Centre expects to raise around Rs 30,000 crore via stake sale in THDC India Ltd and NEEPCO to state-owned NTPC, and land asset monetisation programme, sources said. Stake sale in THDC India Ltd and NEEPCO is expected to be completed by the end of the fiscal year.

"We are working on sale of certain land parcels held by government across the country, and the stake sale in THDCIL and NEEPCO to be completed within this year. While the exact valuation is to be worked out, roughly these transactions are expected to generate around Rs 30,000 crore," a source familiar with the matter said. While the government is working to complete privatisation of BPCL, CONCOR and SCI within this year, it may take some more time, the source added.

Sale of stake in THDC India Ltd and NEEPCO would help the Centre in compensating the likely shortfall on spectrum-related payments that were budgeted for this year, sources said. The government last week deferred spectrum related payments by two years to provide relief to telecom companies. In the 2019-20 Budget Estimates, the government has pegged receipts from other communication services at Rs 50,519.81 crore, up from Rs 39,245 crore in 2018-19, as per Budget documents. Other communication services mainly account for license fees from telecom operators and receipts on account of spectrum usage charges.

Sources said the Finance Ministry is speeding up the process to sell identified land parcels held by government departments and companies across the country. The government has already hired 11 consultancy firms for the process: RITES Ltd, JLL Property Consultants (India), KPMG Advisory Services, CBRE South Asia Private Ltd and Boston Consulting Group, among others.

Stake sale in five state-owned companies could help government raise about Rs 1 lakh crore. In the Budget for the current year, the government has set a disinvestment receipt target of Rs 1,05,000 crore, as against Rs 80,000 crore in 2018-19. Last Wednesday, the Cabinet Committee on Economic Affairs had approved plans to privatise three big PSUs — downstream oil major BPCL (excluding Assam-based Numaligarh Refinery Ltd), cargo mover Container Corporation of India Ltd (CONCOR) and Shipping Corporation of India Ltd (SCI) — through strategic sale and transfer of management control.

It also gave a go ahead to offload its entire stake in power companies THDC India Ltd (74.23 per cent) and NEEPCO (100 per cent) and transfer management control to state-owned power producer NTPC Ltd. In BPCL, the government will sell its 53.29 per cent holding and in SCI, the stake sale will be 63.75 per cent. In CONCOR, the government will sell 30.8 per cent out of its total stake of 54.8 per cent. The Centre wants to retain 24 per cent stake in CONCOR given its importance in the railway sector, but will transfer the management control.

11 CONSULTANTS FOR LAND SALE

■ The government has hired 11 consultancy firms for sale of land parcels held by it across the country

■ Complete privatisation of BPCL, CONCOR and SCI within this year may take more time, sources said

IN RAJYA SABHA

Advisory Committee recommends 2020-21 as next base year for national accounts: Govt

ENS ECONOMIC BUREAU
NEW DELHI, NOVEMBER 28

THE ADVISORY Committee on National Accounts Statistics (ACNAS) has recommended considering 2020-21 as the next base year for national accounts as against the earlier recommended 2017-18, Minister of State for Ministry of Statistics and Programme Implementation Rao Inderjit Singh informed the Rajya Sabha on Thursday.

"The ACNAS had earlier recommended to revise the base year of national accounts from 2011-12 to 2017-18 in view of the likely availability of requisite data. The issue of the base year revision was discussed by ACNAS again in its recent meeting held on October 30, 2019 and it was recommended to the Ministry to consider 2020-21 as the next base year of national accounts in view of the structural reforms in the economy," Rao said in a written reply to a question in the Upper House. The present base year for gross domestic product is 2011-12.

On November 15, while stating its decision to not release the results of the Consumer Expenditure Survey 2017-2018, the Ministry had said that the Advisory Committee on National Accounts Statistics has "separately recommended that for rebasing of the GDP series, 2017-18 is not an appropriate year to be used as the new base year."

As per the United Nations System of National Accounts (UN SNA)-2008, the member countries are required to revise the base year of their macroeconomic indicators like gross domestic product (GDP), gross value added (GVA), Index of Industrial Production (IIP), Consumer Price Index (CPI) periodically.

The ACNAS includes experts from the central and state governments, academia, the Reserve Bank of India and other domain experts.

While selecting a new base year, several activities, including new surveys, are to be planned and carried out to have the latest data for use in the revised base year, the minister said in his reply.

In another reply in Rajya Sabha, the minister said that the government has decided to create a Statistical Business Register by utilising the data collected through the 7th Economic Census.

The Statistical Business Register will contain information pertaining to key economic activities of the establishments.

3 KEY POINTS

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3 As per UN SNA-2008, member countries are required to revise the base year of their macroeconomic indicators like GDP, GVA, IIP and CPI periodically

'Challenges ahead for most Indian non-financial firms in 2020'

Driven by sluggish economic growth and slowing earnings, credit conditions will weaken for most Indian non-financial companies in 2020, Moody's Investors Service said

Rated companies' credit profiles are unlikely to improve significantly over 2020-2021 due to elevated debt levels, weakening profitability and the continued economic slowdown, which is pressuring both investment and consumption, said Kaustubh Chaubal, Moody's vice-president and senior credit officer

Continued depreciation of the rupee against the US dollar, meanwhile, has limited negative credit implications for rated companies, as most have natural hedges in place

Refinancing risk for long-term debt maturities remains manageable for most rated companies, although they are reliant on continued annual rollovers of short-term working-capital financing

GDP OUTLOOK

Moody's expects India's GDP growth to slow to 6.6 per cent in 2020, weaker than in previous years, with limited prospects for government stimulus measures to improve credit conditions in the near term

Upside factors for Moody's outlook on India's NBFCs include a ramp up of government's stimulus measures aimed at reviving consumption demand, and better funding and market liquidity conditions whereby domestic demand and consumer funding both get a boost, it said

Funding conditions remain tight, slowing demand for consumer goods and leaving banks selective in extending loans to companies

Silver lining: The agency said infrastructure firms' strong market position will position them to weather the weakening economy

Source: PTI

Indiabulls Housing Finance loans to DLF, Anil Ambani firms repaid: MCA

ENS ECONOMIC BUREAU
NEW DELHI, NOVEMBER 28

THE LOANS given by Indiabulls Housing Finance to DLF, Anil Dhirubhai Ambani Group (ADAG), and Amricorp have been repaid in full by the respective companies, the Ministry of Corporate Affairs (MCA) told the Delhi High Court. It also said that the loan accounts of two other companies, namely Vatika group and the Chordia group, has been reported as "standard account".

The details are part of an affidavit filed by the MCA with the high court in an ongoing case which seeks probe into Indiabulls Housing Finance, Indiabulls Ventures and Indiabulls Real Estate for alleged money laundering and siphoning off of public funds.

A PIL moved by Citizen Whistle Blowers Forum alleges that the group companies of Indiabulls had, through its promoters, "been advancing dubious loans to companies owned by large corporate groups which in turn have been routing the money back to the accounts of companies owned by the promoters of Indiabulls, so as to increase their personal wealth".

The PIL also alleged that while Anil Ambani-led ADAG had received as much as Rs 1,580 crore in loans and invested Rs 570 crore back in the company and its group firms, DLF had received Rs 1,705.54 crore as loan and invested Rs 66 crore back. Gautam Bhalla-owned Vatika group was loaned as much as Rs 4,600 crore by Indiabulls Housing Finance, the PIL further alleged.

The MCA received reports for two investigations ordered against Indiabulls Ventures and Indiabulls Housing Finance on November 15 and 19, respectively, while another report probing alleged irregularities in Indiabulls Real Estate is yet to be submitted, the affidavit to the HC said. The government had in July last ordered an investigation into the dealings of Indiabulls group.

In September this year, the HC had agreed to hear the case, and issued notices to Indiabulls, its promoters, as well as the MCA. Indiabulls has maintained that the PIL was a part of a motivated attack on the firm, aimed at causing loss to the company and hampering its day-to-day operations.

The PIL, the company had then told the Delhi HC, was "malicious" and "mala fide" and that the "averments made in the petition are a pack of lies motivated by vested interest and has been filed without any research even on publicly available records of the company".

IBH stock surges 25% on BSE

New Delhi: Following the development in the Delhi High Court, shares of Indiabulls Housing Finance (IBH) on BSE jumped as much as 29.7 per cent during intra-day trading, to close the day at Rs 334.20 — 24.65 per cent higher than the previous close. **ENS**

INDUSTRIAL RELATIONS CODE BILL, 2019 INTRODUCED IN LOK SABHA

Third of four proposed labour codes tabled in Parliament

ENS ECONOMIC BUREAU
NEW DELHI, NOVEMBER 28

LABOUR AND Employment Minister Santosh Kumar Gangwar introduced the Industrial Relations Code Bill, 2019 in Lok Sabha Thursday which proposes to amalgamate The Trade Unions Act, 1926, The Industrial Employment (Standing Orders) Act, 1946, and The Industrial Disputes Act, 1947. The Bill, which provides some degree of flexibility on government permission for retrenchment and accords a legal framework for fixed-term employment, is the third Code in the Centre's proposed codification of central labour laws into four Codes.

The Parliament has already approved The Code on Wages, 2019. The Occupational Safety, Health and Working Conditions Code was introduced in Lok Sabha in July, and is now with the Standing Committee on Labour, which has invited public comments on it. The draft of the Social Security Code has been circulated for comments.

NEW CONDITIONS FOR TRADE UNIONS

■ Laying down the conditions for recognition of trade unions, the Bill proposes that a union will be recognised as the sole negotiating union only if it has the support of 75 per cent or more of the workers on the muster roll in an establishment, as against 66 per cent threshold in the earlier version of the Bill

■ The Bill has retained the threshold required for government permission for retrenchment at 100 employees, as against the proposal for 300 employees in an earlier draft of the Bill; furthermore, the government has now provided flexibility for changing the threshold through notification

The Bill has retained the threshold required for government permission for retrenchment at 100 employees, as against the proposal for 300 employees in an earlier draft of the Bill, which was opposed by trade unions. The Centre has now provided flexibility for changing the threshold through notification, which some experts say will make the law ambiguous and offer uncertainty.

Compensation to retrenched workers has been proposed to reduce to 15 days of average pay for every year of completed continuous service or more than six months, as against 45 days of average pay for every year of completed service proposed earlier.

In case of closing down of undertakings on account of unavoidable circumstances beyond the control of the employer, the compensation to be paid to the worker shall not exceed his average pay for three months. An industrial establishment, however, which is closed down by reason merely due to financial difficulties including financial losses or accumulation of undisposed stocks shall not be deemed to be closed down on account of unavoidable circumstances beyond the control of the employer, the Bill stated.

Laying down the conditions for recognition of trade unions, the Bill proposes that a union will be recognised as the sole negotiating union only if it has the support of 75 per cent or more of the workers on the muster roll in an establishment, as against 66 per cent threshold in the earlier version of the Bill. The Bill also requires workers to give a 14-day notice for strikes and lockouts in any industrial establishment.

The Bill provides for setting up of a re-skilling fund for training of retrenched employees, having contribution of 15 day wages by employers or other number of days as may be notified by the central government. "The fund shall be utilised by crediting fifteen days wages last drawn by the worker, who is retrenched, within forty-five days of such retrenchment," the Bill stated. Termination of service of a fixed term employee, who will get all statutory benefits like social security, wages, at par with the regular employee as per the Bill, will not be considered as retrenchment.

It also proposes an Industrial Tribunal having powers to award a decree of a civil court and to decide appeals in place of multiple adjudicating bodies like Court of Inquiry, Board of Conciliation and Labour Courts.

"The amalgamation of said laws will facilitate implementation and also remove multiplicity of definitions and authorities without compromising on the basic concepts of welfare and benefits to workers. The proposed legislation, namely, the Industrial Relations Code, 2019 would bring use of technology in its enforcement. All these measures would bring transparency and accountability which would lead to more effective enforcement. The facilitation for ease of compliance of labour laws will promote in setting up of more enterprises thus catalysing the creation of employment opportunities," the statement of object and reasons of the Bill said.

EXTRA VEHICLES, WORKERS, REAMS OF DATA HELP RETAILERS PREPARE AND PREDICT WHAT PEOPLE MAY BUY

Holiday stress: Online retailers await one-day delivery challenge

JOSEPH PISANI
NEW YORK, NOVEMBER 28

THIS YEAR, holiday stress may take on a whole new meaning for online retailers. Amazon, Walmart and others have promised to deliver more of their orders within 24 hours of customers clicking on "Buy."

The coming weeks will be the first test of whether they can make that happen during the busy holiday shopping season, when onslaughts of orders and bad weather can lay waste to even the best delivery plans.

It's an expensive feat that requires not just additional planes and vehicles, but more workers and reams of data to help retailers prepare and predict what shoppers may buy.

And the stakes to deliver on time are high. A late package can damage a retailer's reputation, since shoppers tend to blame them, even if the late arrival is the fault of the delivery company.

"The store made the promise," said Suketu Gandhi, partner in the digital transformation practice at consulting firm A.T. Kearney.

Amazon learned that six years ago, when UPS and FedEx were crippled by bad weather and last-minute online shopping, causing millions of packages to be late for Christmas. Since then, the online shopping giant has been building its own delivery network to give it more control over when and how its packages are delivered. It has leased jets, built package-sorting hubs at airports and launched a program that lets contractors start businesses delivering packages in vans.

Others are feeling the pressure to keep up with Amazon. When the company introduced two-day shipping about 14 years ago, shoppers expected the same from other stores. That appears to be happening again.

Packages on a conveyor system at an Amazon fulfillment center in Baltimore, US. *AP file photo*

"Customers love two-day delivery," said Mark Cohen, a retail studies professor at New York's Columbia Business School. "But they like one day better."

Smaller retailers, however, will probably be hurt trying to pay for quicker shipping, said Cohen, who used to be an executive at Sears Canada.

The push for even speedier delivery comes after Amazon announced in April that it would cut its delivery for Prime members to one day from two. Walmart and Best Buy followed with their own announcements.

Many smaller retailers are also trying to deliver quicker, according to UPS, which said it will have 11 more jets flying this year to keep up. **AP**

Shopping rivals urge EU to act against Google for 'favouring own service'

FOO YUN CHEE
BRUSSELS, NOVEMBER 28

FORTY-ONE EUROPEAN price-comparison shopping services on Thursday urged EU antitrust regulators to act against Alphabet Inc's Google for allegedly flouting an order to allow rivals to compete on equal terms, which they said is endangering their existence.

This is the first time that such a big group of companies has teamed up to call on European Competition Commissioner Margrethe Vestager to take further action against Google.

The companies, in a joint letter to Vestager seen by Reuters, said that Google, the world's most popular internet search engine, has yet to comply with a 2017 order to stop favouring its own price comparison shopping service. Google was also fined 2.4 billion euros at the time.

The signatories to the letter are from 21 EU countries, including Idealo, Europe's second largest price comparison shopping service and part of publishing group Axel Springer, Polish No. 1 Ceneo, Britain's Kelkoo, and Foundem and Heureka in the Czech Republic. **REUTERS**