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WORLD P9

BRITISH PM JOHNSON TO TRUMP: KEEP OUT OF UK ELECTION

ARUP ROYCHOUDHURY

New Delhi, 30 November

sive foreign policy.

A day after India's economic growth hit its

lowest level in more than six years, Prime

Minister Narendra Modi said the first six

months of the National Democratic Alliance

government since its re-election were "phe-

nomenal for the rise of a new India" and

that "historic steps" were taken from the

end of Article 370 to economic reforms and

productive Parliament sessions to a deci-

Pointing out that more measures would

be taken for development, a series of tweets

and posters published by Modi's account

said numerous decisions had been taken to

push the country's development. The list

includes the Code on Industrial Relations, a

sharp reduction in corporation tax rates,

mega mergers involving 10 public sector

banks, and strategic disinvestment of the

government shareholding in five public sec-

tor enterprises along with management con-

trol. The tweets and messages were, how-

ever, silent on the weak economic growth

also joined in and defended the Centre's

economic record in the last six months.

"Several significant steps in structural

reforms have been taken in these months.

Responses and interventions addressing the

needs of the economy will continue,"

Sitharaman said, hinting that more steps

could be in the offing before the 2020-21

Budget. According to officials, additional measures could be aimed at non-banking

financial companies (NBFCs) and micro,

gross domestic product (GDP) rose

4.5 per cent for the July-September quarter

(Q2). This was a 26-quarter low and even

worse than the 5 per cent for the April-

Sitharaman laid out steps that had

already been taken on the supply side in

the real estate sector, banks, NBFCs, MSMEs,

June quarter.

auto industry, and others.

On Friday, the official data showed that

small and medium enterprises (MSMEs).

Finance Minister Nirmala Sitharaman

numbers released on Friday.

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WORLD P8

SEBI REJECTS INTERIM RELIEF TO KARVY

The Securities and Exchange Board of India (Sebi) has refused any modification to its order dated November 22 against Karvy Stock Broking (Karvy) for alleged misuse of client funds. The brokerage had moved the Securities Appellate Tribunal, seeking some relief on the use of power of attorney on grounds that it was causing losses to its existing clients. The tribunal had directed a Sebi whole time member to provide a 6 hearing to Karvy.

YES Bank invokes 6.5 mn pledged shares of Rinfra

Private sector lender YES Bank has invoked 6.5 million pledged shares of Reliance Infrastructure's promoter between November 25 and 28, the company said in a BSE filing. These shares, representing 2.57 per cent of the share capital of Reliance Infra, were held by one of the company's promoters, Reliance Project Ventures and Management. PTI

ECONOMY & PUBLIC AFFAIRS P6

IBC tweaks to address cross-border insolvency

Insolvency and Bankruptcy Board of India Chairman M S Sahoo on Saturday said work was on to amend the Insolvency and Bankruptcy Code (IBC) 2016 that would address cross-border insolvency. On Thursday, Sahoo had said the government was keen to introduce a globally accepted and well-recognised cross-border insolvency framework.

COMPANIES P2

78 firms had over 75% promoter holding in Q2

Seventy-eight listed companies had promoter shareholding of over 75 per cent in the September quarter of this financial year. The Securities and Exchange Board of India requires listed companies to maintain maximum promoter shareholding of 75 per cent. MAYANK PATWARDHAN & SACHIN P MAMPATTA report

BACK PAGE P12 64.12% votes cast in first phase of Jharkhand polls An estimated 64.12 per cent votes were cast in

13 constituencies of Jharkhand where polling was held in the first phase on Saturday, Election Commission officials said. The 13 constituencies are in six Maoist-hit districts.

Majority expect 25-bp rate cut in Dec policy

EUROPE'S WINE MAKERS BATTLE TO ADAPT TO CLIMATE DISRUPTION

TO ADAPT TO CLIMATE DISRUPTION

Some flag the possibility of inflation being higher than the reportate

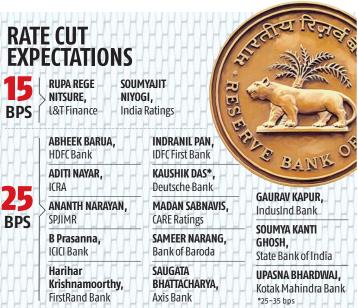
ANUP ROY Mumbai, 30 November

rate cut is almost certain in the upcoming monetary policy review on December 5. for a six-year-low growth rate of 4.5 per cent in the September quarter necessitates a larger dose of monetary and fiscal policy measures. a poll by Business Standard of 15 economists and bank treasurers has found.

The rate cut could be 15 basis points (bps), making the policy reported a standard 5 per cent, or it could be 25 bps. But the central bank will face a technical challenge there. Inflation, which has spiked owing to high vegetable prices, is likely to cross 5 per cent in November. The policy rate being at 5 per cent or less will mean that the interest rate will be lower than the inflation rate

Since February, the monetary policy committee (MPC) led by Reserve Bank of India (RBI) Governor Shaktikanta Das has lowered the repo rate five times by a cumulative 135 bps, and has promised to continue with an accommodative stance as long as "it is necessary to revive growth, while ensuring that inflation remains within the target". But the efficacy of the past rate cuts by the central bank in an environment of demand collapse can be debated.

Even as market rates have fully reflected the rate cuts, companies are not necessarily in the mood for borrowing, as they face a slump in consumption demand and investment in the country. Household savings cannot fully support the combined fiscal deficit of the government and public sector enterprises, Ananth Narayan,



associate professor of S P Jain Institute of Management & Research wrote in his column for Business Standard.

According to Narayan, the official combined fiscal deficit of central and state governments was 5.9 per cent of gross domestic product (GDP) in FY19, while the governments and public sector enterprises borrowed an estimated 9.7 per cent of GDP, the highest for this decade.

'The RBI cannot be doing the heavy lifting alone. We cannot have a situation where inflation is higher than the repo rate and the real interest rate turns zero or even negative," said a senior economist, requesting anonymity.

But heavy rate cuts could also lead to some deep fundamental problems.

UDDHAV THACKERAY-LED GOVT WINS FLOOR TEST

"The jump in private final consumption expenditure in the latest GDP print could indicate a trend towards debt-financed consumption with a jump in household leverage. Also, nominal GDP growth being lower than interest rates could be a sign of a debt build-up. We, thus, need an active fiscal policy as a counter cyclical stabiliser rather than perpetuating rate cuts, which might create financial instability," said Soumyakanti Ghosh, group chief economic advisor of State Bank of India. Axis Bank Chief Economist Saugata Bhattacharya expects the upcoming consumer price index (CPI) inflation at 5.4 per cent, though he says the central bank may would want to pare the policy rate by 25 bps.

Turn to Page 4

Most of these measures were announced in August and September, and a top official told Business Standard on Saturday that had it not been for some of these measures, the growth figures could have been worse.

NARENDRA MODI, PRIME MINISTER

Day after GDP data, PM

Modi says first six months have been phenomenal

defends govt's record

for development, hints at more measures

'DURING THE LAST SIX MONTHS, WE HAVE TAKEN NUMEROUS DECISIONS THAT HAVE FURTHERED DEVELOPMENT, ACCELERATED SOCIAL EMPOWERMENT AND ENHANCED INDIA'S UNITY"

The data on Friday had showed that for 'public administration, defence and other services, the gross value added, at the 2011-12 base year, for the July-September 2019 quarter grew by a staggering 11.6 per cent compared to growth of 8.6 per cent for the same period last year.

The key indicator of this sector, namely, the Union government's revenue expenditure net of interest payments excluding subsidies, grew by 33.9 per cent compared to 22.2 per cent for the same period last year.

Soumya Kanti Ghosh, chief economic advisor at State Bank of India, had said after the GDP data that excluding defence, public administration, and other services, the GVA growth would have been merely 2.8 per cent. instead of 4.3 per cent. Turn to Page 4



Stressed firms NEW TWIST IN SINGUR



IN DEPTH Pulwama attack and the **Balakot effect**



In the shaping of the larger-than-life image of Narendra Modi, the surgical strike was his version of 1971, writes RAJDEEP SARDESAI 7

Maharashtra Chief Minister Uddhav Thackeray with MLAs after the Shiv Sena-NCP-Congress alliance won the floor test in the state Assembly in Mumbai on Saturday. The BJP staged a walkout before the headcount began

FULL REPORT **ON PAGE 12**

TALE, PANEL TO DECIDE **ON ARBITRATION**

A new chapter is set to unfold in the 10-year-old Singur-Tata Motors saga. A three-member panel will deliver its decision on whether or not to start arbitration proceedings in the dispute, surrounding the acquisition of land in Singur, shortly. At the heart of the dispute is Tata Motors' claim for compensation of the losses incurred in Singur - the location of the Nano project - from which it pulled out in 2008, following a Mamata Banerjee-led agitation by locals against the acquisition of land. ISHITA AYAN DUTT reports 12

want loans to pay tax dues at deep discount

DILASHA SETH & ABHISHEK WAGHMARE New Delhi, 30 November

Keen to shore up revenues, the Central Board of Indirect Taxes and Customs (CBIC) is examining an unusual demand from industry.

For the first time perhaps, industry has sought government intervention in getting bank loans to pay the excise and service tax dues under the

GST

2019

(₹cr)

April

MOP-UP

Growth

in %*

10.06

4.53

5.8

4.51

Legacy Dispute Resolution Scheme (LDRS) such as Sabka Vishwas. However, there's little clarity on whether such a loan is feasible and under what head. Major

on December 31.

ing to settle pending cases

if banks provide them

1,13,8 taxpayers, May 6.67 especially in the real estate sector, are unable 1,00, to pay their dues because June of the current financial 99,93 stress, field officers have July informed the CBIC, 1.02. which is assessing reasons for the lacklustre August response to the Sabka Vishwas scheme, closing Sept -2.67 In fact, field officers 91,9 have told the Board that 0ct most taxpayers are will-

-5.29 95.3 * Change YoY Source: Finance ministry

loans for the purpose. The CBIC, in turn, has asked for a list of such taxpayers.

"The realisation of tax dues under the scheme is not as per the expectation. It has been learnt from some of the field formations that major taxpayers, especially in the real estate sector ... are not able to avail of the scheme due to financial crunch. Further, these taxpayers are willing to settle cases if banks provide them loans," the letter sent to all principal chief commissioners and chief commissioners said. "There may be taxpayers in your jurisdiction facing similar situation," it added. "In this regard, information should be furnished to the Board by December 2," it added. Turn to Page 4

Zurich landing at Jewar may challenge IGIA monopoly

STRENGTH ASSESSMENT

Delhi's capacity constraints will favour the new airport, but connectivity issues may prove to be a hurdle

ARINDAM MAJUMDER

New Delhi, 30 November

Flughafen Zurich winning the bid for the proposed Jewar airport in Uttar Pradesh is likely to bring a paradigm change to India's airport sector, threatening monopolies for the first time, said sector experts.

 $If the \, project \, is \, completed \, on \, time, Jewar$ airport - projected as the second such facility for the National Capital Region – will compete with GMR-owned Indira Gandhi International Airport (IGIA) from 2023 to attract air traffic. This could be a threat to IGIA's monopoly on air traffic in north India, which has made it the crown jewel in GMR Infrastructure's airport portfolio.

Zurich Airport offered a revenue share of ₹400.97 per passenger. GMR, which had the right of first refusal (RoFR), offered ₹351 per passenger. It would have had the chance to match the highest bid only if its offer was within 10 per cent of it.

"GMR's bid was aggressive and rightly so, as they were desperate to win it because of a lot of synergy it offers with IGIA. That Zurich was able to outbid GMR, which had a RoFR, is something extraordinary. It doesn't happen every day," said an executive of a financial institution which invests in infrastructure projects.

ADVANTAGES FOR JEWAR

- Limited space for Delhi Airport to expand beyond 2022
- Better facilities, lower airport charges

DISADVANTAGES FOR JEWAR

- Connectivity issues with Delhi and major cities in western UP
- Weaker income profile of prospective flyers in the region

Jewar is about 80 km from IGIA.

A six-year-long moratorium over concession fees to be paid to the government may give a buffer to Zurich. But, in the long term, completion of the project on time will determine its ability to compete with Delhi, said experts.

"The winning bid marks the re-entry of Zurich Airport in India. What is defining is the entry of an experienced player in a market that has GMR, GVK,

FY 40 2.9 FY 45 3.4 FY 50 3.7 Source: PwC

Fairfax, and Adani. Their bidding number underscores their understanding of the Indianmarket and how important they think it is," said Sidharath Kapur, former executive director at GMR Airports.

Capacity crunch in Delhi and Zurich's ability to offer better services may make Jewar airport popular among India's airlines that are frantically expanding their fleets but facing infrastructure

crunch at major airports.

Delhi Airport is currently undergoing a ₹9,000-crore upgrade to increase its capacity from 70 million fliers per annum to 100 million by 2022.

"After 2022, when Delhi finishes its fourth runway and terminal expansion, it has limited capability to expand capacity. Naturally, airlines and customers will have no other option," said an airline executive.

Headded, "For an airline, peak-hour slots are crucial. There is little Delhi will be able to offer to airlines as all of them have been grabbed. So, for an airline like IndiGo, which expands rapidly, it will make sense to grab slots offered at Jewar.'

The executive added that airlines will not quit IGIA but will plan future growth keeping Jewar in mind. A lot will also depend on the Uttar Pradesh government's ability to complete high-speed rail and road networks before operations commence at Jewar. This will determine the airport's profitability.

GMR's boardroom is seeking comfort from the fact that centrality of IGIA will always keep it more attractive than Jewar.

"Jewar is on the highway from Noida to Agra, 60 km away. IGIA is almost in the heart of the city," said Saurabh Chawla, executive director (finance) at GMR Group. Turn to Page 4



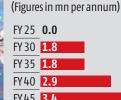








Airport's catchment area that might shift to Jewar due to capacity constraints



PROJECTED SPILLOVER TRAFFIC

Passengers from Delhi's IGI