

THE MARKETS ON FRIDAY			Chg#
Sensex	41,009.7	▲	428.0
Nifty	12,086.7	▲	114.9
Nifty futures*	12,142.3	▲	55.6
Dollar	₹70.8		₹70.8**
Euro	₹79.2		₹78.8**
Brent crude (\$/bbl)**	66.6		66.3**
Gold (10 gm)***	₹37,676.0	▼	₹102.0

*[Dec] Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

BORIS JOHNSON WINS UK ELECTION, VOWS BREXIT BY JANUARY 31



Election-weary British voters gave Prime Minister Boris Johnson a "powerful new mandate" in the general elections as his Conservative Party on Friday won a majority in Parliament to allow him to finalise the UK's divorce deal with the European Union next month. Johnson, 55, who vigorously campaigned on a simple slogan "Get Brexit done".

BACK PAGE P14
China, US agree on text of phase one trade deal
China and the US have agreed on the text of a phase one economic and trade agreement based on the principle of equality and mutual respect, the official Chinese media said. China and the US have been locked in a long-standing trade war that has threatened to roll the global economy. The US has imposed tariffs on \$250 billion of Chinese goods, having accused the country of unfair trade practices.

ECONOMY & PUBLIC AFFAIRS P6
TV Somanathan made expenditure secretary
Senior IAS officer TV Somanathan was on Friday appointed expenditure secretary, the post lying vacant since October after Girish Chandra Murmu was named Lieutenant Governor of Union Territory of Jammu and Kashmir. Meanwhile, Ravi Mittal, at present special secretary, Department of Financial Services, has been named information and broadcasting secretary, in place of Amit Khare.

BS

SPECIALS

ON SATURDAY

WEEKEND RUMINATIONS: Divergent tracks
The BJP's push for political dominance and rewriting the rules of engagement represents a serious misplacement of priorities in these circumstances, and may be impossible to pull off, writes **TN NINAN**

NATIONAL INTEREST: Discovery of Pakistan
India invested 25 years after the Cold War to de-hyphenate itself from Pakistan in global strategic equations. Here's how Modi govt has dramatically re-hyphenated us. **SHEKHAR GUPTA** writes

SATURDAY, 14 DECEMBER 2019 • MUMBAI (CITY) ₹10.00



WEEKEND SEPARATE SECTION
SLOW FASHION IS IN VOGUE, BUT IS IT SUSTAINABLE?

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

COMPANIES P2
PORSCHЕ BETS RICH INDIANS WILL PAY TO SHOW OFF E-CARS



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Ceiling prices of 21 key medicines raised by 50%

NPPA invokes DPCO, 2013, for first time to raise prices

SOHINI DAS
Mumbai, 13 December

The government has for the first time invoked the Drug Price Control Order, 2013, (DPCO, 2013) to raise the prices of 21 formulations or medicines that are under price regulation to ensure their availability. This would be a one-time increase of 50 per cent above the present ceiling prices.

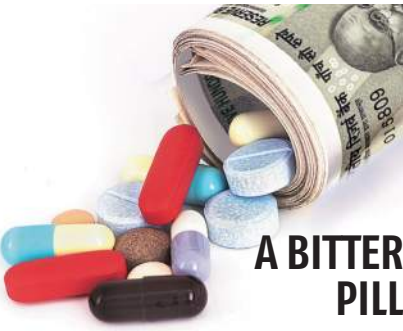
The pharma industry has been lobbying for this for almost two years, citing a steep rise in prices of active pharmaceutical ingredients (APIs) or bulk drugs largely imported from China.

The prices of APIs have gone up in the range of 5-88 per cent, depending on the products. API prices constitute 40-80 per cent of the formulation cost. For some medicines like paracetamol, the API cost is around 80 per cent of the finished product.

Paragraph 19 of the DPCO, 2013, deals with increase or decrease in drug prices under extraordinary circumstances.

The government noted that "in exercise of extraordinary powers in public interest, conferred by paragraph 19 of the DPCO, 2013", the ceiling prices of 21 key formulations had been increased.

These formulations include common medicines like BCG vaccines, penicillin, malaria and leprosy medicines (Dapsone), life-saving drugs like Furosemide (used to treat fluid build-up due to heart failure, liver scarring, or kidney disease), vitamin C, some common antibiotics, and anti-allergy medicines. Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance, an industry group representing the big pharma in the country, welcomed the step. "The industry has been seeking relief for a long time because API prices had shot through the roof and it was no longer viable to continue to sell at the fixed



- A BITTER PILL
- Pharma firms have been lobbying for an upward revision of drug prices in view of rising cost of active pharmaceutical ingredients (APIs)
 - APIs constitute 40-80% of the price of a drug
 - A committee was constituted in March to look into the matter
 - In Jan 2019, NPPA considered 49 such applications for 72 drugs
 - Referred the matter to the Standing Committee on Affordable Medicines and Health Products (SCAMHP), NITI Aayog, government of India
 - In November meeting, SCAMHP decided there was a need to allow one-time hike in prices of these formulations by 50%

prices. "The move is in a positive direction and would ensure that the patient benefits by ensuring the availability of these drugs in the market. Whenever any drug is in short supply, the patient moves towards a costlier drug," he added.

TRADE DEFICIT NARROWS TO \$12 BN; EXPORTS DIP

India's exports declined for the fourth successive month in November and for the fifth time this fiscal year. This was on the back of continuing weak global demand and depressed global crude oil prices, which impacted the processed petroleum products basket, shows the government data. Imports contracted for the sixth straight month, driven by petroleum, engineering and industrial items. **DILASHA SETH** reports

Citizenship law stir threatens Assam's energy economy

Supply to refineries, chemicals and fertiliser industries affected

SHINE JACOB
New Delhi, 13 December

Protests against the Citizenship (Amendment) Bill in Assam are threatening to derail the economy of Assam, including the energy sector, with production shut at Oil India (OIL) fields for the past four days and output from Assam Gas Company getting affected.

Even work on the upgrade to Euro VI at the Numaligarh Refinery (NRL) has been hampered. S K Barua, managing director of the Numaligarh Refinery, told Business Standard the refinery had gone for a planned shutdown for making the refinery ready for the conversion to Euro VI from November 15 to December 15.

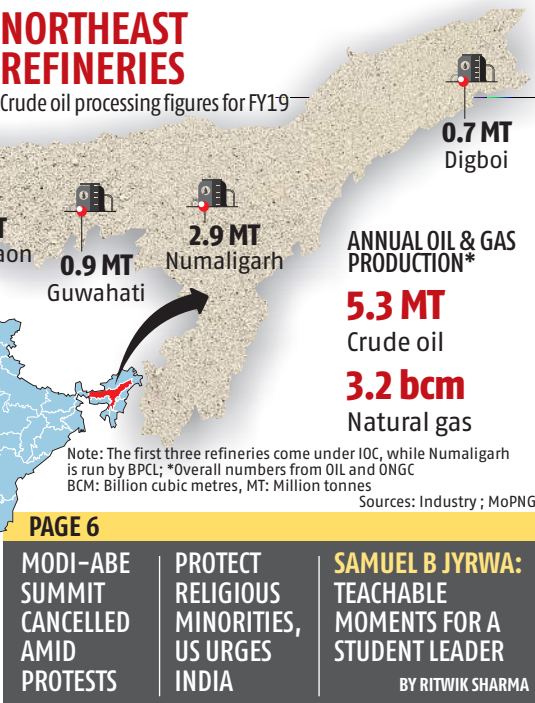
"That is not happening now, as our staff is unable to reach the refinery due to the blockade," he said.

The Assam Chamber of Commerce said the daily loss due to the shutdown of wholesale markets is affecting the lifeline of the Northeast. Prices of food and other essential items have shot up.

"Our fields are shut for the past four days. This has led to a cumulative loss of 5,000 kilo litres in terms of oil output, which has an economic impact of ₹8-10 crore," said an OIL spokesperson.

The company is suffering losses on account of drilling equipment that has been hired but not used. Since it has old fields, a halt in production will affect reaching production optimisation once operations restart, said an official.

According to media reports, at least 7,000 protestors blocked work, staging protests in front of the industrial



area gate of Oil India. An Oil and Natural Gas Corporation (ONGC) official said the company's operations, too, stopped because of the unrest. According to an estimate, the energy majors put together have around 4.3 million tonnes (MT) of annual crude oil production and 3.2 billion cubic metres (bcm) of gas production in the Northeast.

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NBFCs, co-ops face bank-like oversight

SUBRATA PANDA
Mumbai, 13 December

The central board of the Reserve Bank of India (RBI) on Friday discussed extending the "enforcement policy and framework", which is in place for scheduled commercial banks, to non-banking financial companies (NBFCs) and co-operative banks.

Currently, NBFCs and co-operative banks have different regulations governing them. These are not as stringent as the rules for banks are.

However, the collapse of Infrastructure Leasing & Financial Services (IL&FS) last year and Punjab and Maharashtra Co-operative (PMC) Bank this year has led to concerns about regulations governing NBFCs and co-operative banks.

Apart from RBI Governor Shaktikanta Das, the meeting on Friday was attended by all three deputy governors and other board members.

Extra liquidity window for 24x7 NEFT settlement

From Monday, there will be another intra-day liquidity facility to enable 24x7 settlement of funds under the national electronic funds transfer (NEFT) payment system, the Reserve Bank of India (RBI) said on Friday. The RBI provides collateralised liquidity adjustment facility once a day and banks can borrow liquidity under an emergency window.

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Sebi denies relief to lenders in Karvy case

JASH KRIPLANI
Mumbai, 13 December

Noting that the pledging of shares done by Karvy Stock Broking didn't have any legal sanctity, the Securities and Exchange Board of India (Sebi) on Friday denied relief to the lenders that had extended loans to the brokerage against securities.

According to the Sebi order, its June circular had made it clear that clients' securities lying with a stock broker in "client collateral account" could not be pledged to banks or non-bank financial companies for raising funds.

The circular "directly concerned the business activity" of the lenders and they should have taken appropriate action to ensure its compliance, the order said.

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Smuggling of high-end phones hits exchequer

SURAJEET DAS GUPTA
New Delhi, 13 December

The exchequer is taking a hit of ₹2,400 crore per annum by losing over half the value of mobile phones which are sold at more than ₹50,000 a piece because they are being smuggled into the country.

The market for phones of this price is dominated by Apple, Samsung, and some models of Google Pixel.

According to the data submitted to the Central Board of Indirect Taxes and Customs (CBIC) by the Indian Cellular and Electronic Association which represents the mobile device players, as much as ₹8,000 crore worth of mobile phones in this segment — out of a total of ₹15,000 crore — come into the country through the grey market. As for phones costing more than ₹50,000, this segment constitutes a reasonable 7.2 per cent of the value of handsets sold in India.

As a result of this rampant smuggling, the government loses ₹2,400 crore annually, which includes losses due to non-payment of 12 per cent GST as well as the 20 per cent basic Customs duty. The government imposed the duty on these phones primarily to encourage domestic production but the strategy has failed as the bulk of high end mobile phones are currently imported.



WRONG CONNECTION MOBILE MARKET	
Price range of the device	Market size (%)
Less than ₹15,000	66.30
₹15,000-20,000	10.60
₹20,000-30,000	10.0
₹30,000-40,000	4.70
₹40,000-50,000	1.2
Over ₹50,000	7.20

Source: India Cellular and Electronics Association

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