

MARKET WATCH

	16-12-2019	% CHANGE
Sensex	40,939	-0.17
US Dollar	71	-0.24
Gold	38,698	0.13
Brent oil	65.56	0.29

NIFTY 50

	PRICE	CHANGE
Adani Ports	368.35	-8.60
Asian Paints	1731.45	-12.50
Axis Bank	747.25	-4.75
Bajaj Auto	3220.40	-12.50
Bajaj Finserv	9288.10	77.80
Bajaj Finance	4039.45	-32.50
Bharti Airtel	421.85	-5.95
BPCL	492.00	-4.75
Britannia Ind	3050.90	-3.50
Cipla	458.25	-3.00
Coal India	192.60	-3.65
Dr Reddys Lab	2816.35	-5.15
Eicher Motors	21651.00	-383.75
GAIL (India)	1211.20	1.40
Grasim Ind	763.10	-19.20
HCL Tech	552.20	9.05
HDFC	2375.25	20.75
HDFC Bank	1257.35	-6.50
Hero MotoCorp	2308.45	-29.70
Hindalco	206.65	-1.60
Hind Unilever	1974.75	-31.45
ICICI Bank	539.25	2.20
IndusInd Bank	1493.40	8.00
Bharti Infratel	248.25	-4.15
Infosys	714.00	2.70
Indian OilCorp	126.15	-2.10
ITC	236.90	-4.70
JSW Steel	253.10	-4.50
Kotak Bank	1703.95	11.20
L&T	1303.00	-2.30
M&M	508.85	-7.35
Maruti Suzuki	7140.05	-74.90
Nestle India Ltd.	14151.65	-149.95
NTPC	114.95	-0.70
ONGC	125.60	-0.90
PowerGrid Corp	186.95	1.25
Reliance Ind	1566.60	-16.30
State Bank	331.85	-0.70
Sun Pharma	435.15	-4.10
Tata Motors	174.95	-1.75
Tata Steel	421.00	-7.40
TCS	2126.75	55.50
Tech Mahindra	773.30	11.45
Titan	1165.65	-20.50
UltraTech Cement	4061.25	-21.35
UPL	563.70	-1.30
Vedanta	147.15	-2.25
Wipro	243.15	-0.70
YES Bank	46.80	0.15
Zee Entertainment	278.25	-1.45

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on December 16

CURRENCY	TT BUY	TT SELL
US Dollar	70.79	71.11
Euro	78.85	79.24
British Pound	94.60	95.03
Japanese Yen (100)	64.69	64.98
Chinese Yuan	10.11	10.16
Swiss Franc	71.98	72.32
Singapore Dollar	52.25	52.49
Canadian Dollar	53.91	54.16
Malaysian Ringgit	17.08	17.17

Source:Indian Bank

BULLION RATES CHENNAI

December 16 rates in rupees with previous rates in parentheses

Retail Silver (1g)	47.5	(47.3)
22 ct gold (1 g)	3622	(3600)

Legacy arms help AI in cruising through steep financial headwinds

Airline able to meet operational expenses

LALATENDU MISHRA  
MUMBAI

At a time when Air India (AI) is striving to keep the operations going despite serious financial crunch, several of its arms are helping it stay afloat.

These institutions, namely its engineering division, now called Air India Engineering Services Ltd., that runs MRO services, its security department with 3,600 personnel as well as its Aviation Security Training Institute, in-house crew training institute and simulator facility are helping it to manage operations in a cost-effective manner.

In the recent past, the government has cut the financial lifeline to the loss-making national carrier which is being sold or dis-invested through a listing.

Currently, the airline, which operates flights to 42 international and 75 domestic destinations, has been left to fend for itself and is on a hand-to-mouth existence. It is paying cash to lift fuel on a daily basis.

The MRO arm, apart from catering to the airline's requirement, earned ₹100 crore from other airlines.

The security department earned ₹23 crore from foreign and domestic airlines and even its headquarters at Nariman Point, with its unique fire department, is earning an annual rental income of over ₹100 crore.

All these may be small compared to the Maharaja's daily losses, but they are helping in some way, officials said.

"Inherently, there are a lot of strengths in the company. The MRO and the security and crew training departments are unique to AI. Very few airlines in the world have such facilities. Since the expertise is available with AI, we are doing

'Future revenues critical for finance panel'

States are lulled into complacency by the assured compensation cess, says N.K. Singh

SPECIAL CORRESPONDENT  
NEW DELHI

Future revenues are the most critical issue for the 15th Finance Commission, chairperson N.K. Singh said on Monday, adding that revenues from the Goods and Services Tax are the 'elephant in the room'. He also hinted at the need to consider an incentive structure for States in order to encourage increased tax collections.

Mr. Singh was speaking to journalists after the fifth meeting of the Economic Advisory Council of the Commission. The Commission has submitted its recommendation report for 2020-21 to the Finance Minister and is now working on a 'comprehensive' report for the five year period of 2021-26, he said.

On Jammu and Kashmir, he clarified that the erst-



The GST structure should be made more revenue-friendly and stakeholder-friendly, said N.K. Singh. ■R.V. MOORTHY

while State was being treated like any other Union Territory (UT) in the 20-21 report, and would receive grants directly from the Home Ministry, along with the other newly created UT of Ladakh.

The Council discussed macro assumptions for the Commission's award period

relating to real growth, the structural shift in inflation, and tax revenues and expenditure patterns at both the central and State levels.

The most critical issue was that of future revenues, especially GST revenues, said Mr. Singh, calling it the 'elephant in the room'. The

GST structure should be made more revenue-friendly and stakeholder-friendly, he said, adding that tax changes need predictability and certainty.

He suggested that while the 14% rate of GST compensation to States was mandatory under law for the initial five-year transition period, he would not recommend 'a mechanical replication' in subsequent years.

'Race to the bottom'

Mr. Singh noted that while States have complained that GST revenues have been lower than expected, none of their Finance Ministers has raised protests, individually or collectively, in the GST Council of which they are a part. He said States had a collective tendency for a 'race to the bottom', accusing them of being 'lulled into a

state of complacency' due to the assured 14% compensation cess. In the pre-GST era, State revenue officials would have worked harder to ensure that their tax collections met revenue targets, said Mr. Singh, suggesting that there may be a need for an incentive structure to encourage the State machinery to improve collections and tax compliance.

His comments come two days before the GST Council meeting slated for December 18, where States are expected to push the Centre on delayed payments from GST compensation cess. There has been a shortfall of GST collections so far this year.

While the government had budgeted for ₹6,63,343 crore in GST collections for 2019-20, only about 50% of the target has been collected in the first eight months.

ArcelorMittal forms JV with Nippon Steel

60:40 venture to operate Essar Steel

SPECIAL CORRESPONDENT  
MUMBAI

ArcelorMittal, the world's largest steel maker, on Monday, completed the acquisition of Essar Steel India Ltd. Simultaneously, the firm established a joint venture with Nippon Steel Corporation (Nippon Steel) – ArcelorMittal Nippon Steel India Limited (AMNS India) – to own and operate ESIL. "ArcelorMittal holds 60% of AMNS India, with Nippon Steel holding the balance," the company said in a statement, adding that Aditya Mittal, president and CFO of ArcelorMittal, had been appointed chairman of AMNS India, and Dilip Oommen as the CEO. Lakshmi Mittal,

chairman and CEO of ArcelorMittal, said: "The acquisition of Essar Steel is an important strategic step for ArcelorMittal. We have been looking at suitable opportunities to build a meaningful production presence in the country for over a decade."

AMNS India's current level of annualised crude steel production is 7.5 million tonnes per annum (mtpa). The JV aims to increase the shipments to 8.5 mtpa in the medium term and to increase the finished steel shipments to between 12-15 million tonnes through the addition of new iron and steel-making assets in the long term.

Costlier food items spur WPI to 0.58%

SPECIAL CORRESPONDENT  
NEW DELHI

The wholesale price-based inflation quickened to 0.58% in November 2019 against 0.16% in October. However, year-on-year, slowed compared to 4.47% in November 2018.

A Commerce Ministry statement said the index for food articles rose 1.4% due to higher prices of urad, fish-marine, moong, rajma, jowar, egg, condiments and spices, fruits and vegetables and poultry chicken. Prices of maize, tea and ragi declined.

The index for non-food articles rose by 0.6% higher prices of items such as in floriculture, raw rubber, raw jute and fodder.

Equitas Small Finance Bank files for IPO

REUTERS  
BENGALURU

Equitas Small Finance Bank filed for an initial public offering (IPO) on Monday, days after the listing of a fellow small-finance lender drew strong interest from investors. The bank said it would offer a fresh issue to raise up to ₹5.5 billion, while its parent Equitas Holdings Ltd. would offer to sell up to 80 million shares in the lender.

Shares in Ujjivan Small Finance Bank, one of India's largest such lenders, were subscribed over 165 times on the final day of its IPO this month, indicating strong investor interest.

"The size of the India market in terms of financially-excluded households offers scope for sustainable credit to the poor at affordable rates to drive growth for SFBs in India," Equitas said in its IPO paperwork.

U.K. HC rejects plea against Anil Ambani

SPECIAL CORRESPONDENT  
MUMBAI

The U.K. High Court has dismissed summary judgement application of a \$680 million claim raised by Chinese banks against industrialist Anil Ambani.

'Mr. Ambani's position that the claim made by Chinese Banks in relation to his alleged guarantee for corporate loans availed by Reliance Communications could not be granted by it way of a summary judgement has been duly upheld by the U.K. High Court," said a spokesperson for Anil Ambani.

However, the court has asked his lawyers to present evidence during the course of the trial to establish that the claims raised by the Chinese banks are without any merit.

RBI kept out Muslim long-term visa holders from property-buying right

2018 circular extended benefits to minorities from countries mentioned in CAA

MANOJIT SAHA  
MUMBAI

With the controversial Citizenship Amendment Act (CAA) coming into force, the spotlight is now on a Reserve Bank of India (RBI) circular issued back in March 2018 that allowed the new beneficiaries of the Act to buy immovable property.

The RBI notification, under the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018, issued on March 26, 2018, said, "A person being a citizen of Afghanistan, Bangladesh or Pakistan, belonging to minority communities in those countries, namely, Hindus, Sikhs, Buddhists, Jains, Parsis and Christians, who is residing in India and has been granted a Long Term Visa (LTV) by the



Central government may purchase only one residential immovable property in India as dwelling unit for self-occupation and only one immovable property for carrying out self-employment."

The CAA talks about granting citizenship to persecuted minorities, the same minorities that the RBI guidelines talked about, and from the same countries –

Afghanistan, Bangladesh and Pakistan.

Since these guidelines were issued, under the foreign exchange management regulations, these were issued after consultation with the government.

Central banking sources said when the circular was issued by the RBI, the NRC or CAB (Citizenship Amendment Bill) were "nowhere on the horizon."

"The government had asked what it should do with those who had been residing in the country for a long time. So, it was agreed to allow them to buy property for residing and land for making a living," said a source. The source added the RBI was not aware of the government's intention, if any, nor was it discussed or asked.

"The issue of citizenship

comes under the domain of the Home Ministry and these issues are not discussed with the central bank," the source said.

An email sent to the RBI for its comment on the issue remained unanswered till the time of going to the press.

In November 2018, the RBI allowed citizens of Bangladesh or Pakistan, belonging to the same set of minority communities in those countries, who were residing in India and had applied for a LTV to open one NRO Account.

"[NRO Account] will be opened for a period of six months and may be renewed at six-monthly intervals subject to the condition that the individual holds a valid visa and valid residential permit," the RBI norms said.

BYD plans to make India a hub for S. Asia business

Chinese firm plans to treble lithium-ion battery capacity, deepen presence in electric mobility in India

RAGHUVIR SRINIVASAN  
CHENNAI

Shenzhen-based BYD Co. Ltd., which counts Warren Buffett among its investors, is charting out major plans to electrify its presence in India, which it sees as a "global powerbank", and make the country a hub for its South Asia business.

The \$20-billion company already produces electric buses and batteries in India and recently did a soft launch of its electric van. It plans to treble its lithium-ion battery capacity in the country apart from further deepening its presence in the electric mobility space.

"We're taking the market very seriously and all the information that we've been collecting from the government and other sources give us the confidence to invest in India," Zhang Jie, Executive



BYD's recently launched electric van T3 MPV, flanked by its Tang electric and hybrid cars. ■RAGHUVIR SRINIVASAN

Director, BYD India Pvt. Ltd., told a group of Indian journalists who visited the company's headquarters in Shenzhen last week.

Listed in the Hong Kong and Shenzhen stock exchanges, BYD, which controls about 7% of the world's

lithium mines is the only company in the world that is linked from mines to batteries and further to electric vehicles.

The company, which has a capacity of 65 giga watts (GW) to produce lithium ion batteries in China, currently

owns a IGW plant near Chennai. It wants to position itself for the upcoming electric vehicle revolution in India by trebling its battery capacity but it's not clear if the expansion will be in Chennai or through a new plant elsewhere.

Pointing to the need for a clear roadmap from the government for the shift to electric vehicles, Mr. Zhang said that the company would come in fully with vendors and a sizeable capacity for producing electric vehicles once the roadmap was clear.

There are 214 electric buses produced by BYD that are now running in India, a majority of them in Hyderabad. It now plans to expand into inter-city transport where it is already testing its vehicles. It aims to sell about 2,000 units of electric buses in 2020 in India.

The electric van, T3 MPV, will be sold through B2B channels for now. At some stage in the near future, BYD electric cars will be launched in India and the company is careful to preserve its brand image.

Electric forklifts are another key focus area where BYD aims to carve out a 15% share of the market in the next three years.

The Chinese major also plans to assemble mobile phones in the country. The company signed an MoU with the Tamil Nadu government two weeks ago to invest ₹2,800 crore in a phone assembly unit near Chennai that will employ 11,500 people. Mr Zhang did not confirm though if this will be to assemble the I-Phone.

(The correspondent was in Shenzhen recently at the invitation of BYD)