

"GDP numbers are irrelevant, personal tax will be cut, import duties will be increased. These are BJP's ideas of reforms, God save India's economy"

P CHIDAMBARAM Former finance minister, on Twitter



"Security cover must not be treated as a status symbol by individuals. The SPG security cover is meant specifically for the prime minister and must not be enjoyed by any other individual"



"Jharkhand used to be in the news for political instability. It saw 10 CMs in 15 years before the BJP government came. Before Raghubar Das, CMs got changed faster than weather"

NARENDRA MODI

IN BRIEF

I-T notice to Cong for receiving ₹170 crore from Hyderabad firm

The I-T Department has issued a notice to the Congress seeking an explanation over the party allegedly receiving funds to the tune of ₹170 crore from a Hyderabad-based firm as part of its tax evasion probe in a ₹3,300-crore hawala racket case, officials said on Tuesday. They said the notice



was issued to the party to take the probe forward in the case that came to light last month after multiple raids, with links to "leading corporate houses" in the infrastructure sector, were conducted in Delhi, Mumbai and Hyderabad. According to the officials, the funds to the Congress were sent by Hyderabadbased Megha Infrastructure and Engineering.

Banks need \$7-bn additional capital by 2021, says Fitch

onal \$7-billion (₹50,000 crore) equity by 2020-21 to support loan growth and cover for bad loans, Fitch Ratings said on Tuesday, adding a slowing economy could exacerbate assetquality tension for a sector grappling with weak recoveries and ageing provisions.

BS REPORTER«

CSB Bank to make stock market debut today

CSB Bank, which recently concluded its initial public offering (IPO), will make its stock market debut on Wednesday. The IPO was subscribed a 86.89 times last month. The category reserved for qualified institutional buyers was subscribed 62.18 times, non institutional investors 164.68 times and retail individual investors 44.25 times.

SC verdict on **Chidambaram's** bail plea today

The Supreme Court is scheduled to pronounce verdict on Wednesday over Congress leader P Chidambaram's plea seeking bail in the INX Media money laundering case.

Govt: Nearly 3% of Mudra loans turn into bad loans

The government on Tuesday said close to 3 per cent of ₹6.04 trillion worth of loans sanctioned under the Pradhan Mantri Mudra Yojana (PMMY) has turned into bad loans. Prime Minister Narendra Modi launched the PMMY on April 8, 2015, for providing collateral free loans of up to ₹1 million to non-corporate, non-farm small/micro enterprises with a view to generating employment, and providing access to easy finance to small enterprises.

Govt may hike tariff on imported goods again

India's import bill in April-Oct was \$306 bn, 8.3% lower than last year

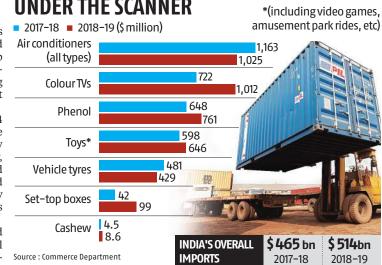
SUBHAYAN CHAKRABORTY New Delhi, 3 December

¶ rom relatively big-ticket items rom relatively big-ticket items such as air conditioners and colour television sets, to set-top colour television sets, to set-top boxes, cashews, vehicle tyres and organic chemicals, the government is looking to pile on tariffs on all imports that escaped higher duties last year.

India's overall import bill was \$514 billion in 2018-19, up 11 per cent from the previous year. As fears of runaway imports plagued policymakers last year, duties on inbound goods were raised as many as six times. This was followed by a duty hike imposed on 29 primarily high-value agricultural from the US earlier this year.

The latest move has been ordered by Commerce Minister Piyush Goyal to give a boost to domestic manufacturing, sources said. But officials maintain that gamut of trade remains relatively small for many items such as cashews, set top boxes, vehicle tyres. On the other hand, further restrictions on imports may further stifle industrial demand at a time when domestic industry lacks the capital to ramp up manufacturing, an official said.

This is in line with prevailing fears throughout 2019 about falling imports, which contracted in October by the highest margin in FY20. Imports shrank by 16.4 per cent in October, higher than September's 13.85 per cent contraction. Inbound goods have contracted for the previous five consecutive months, showing low demand for both consumer and industrial items — a hallmark of slowdown. India imported \$306 billion worth of goods during the April-October period, 8.37 per cent lower than imports in the corUNDER THE SCANNER



responding period of the last year.

Electronics debate

However, restrictions on high value import products like consumer electronics have been a demand by domestic manufacturers for a long time.

Case in point, the Consumer Electronics Appliances Manufacturers Association (CEAMA) had on multiple occasions urged the government to raise customs duties on imported finished goods while lowering the same on components in order to promote domestic manufacturing. They had held responsible India's current free trade arrangements for making the imports of completely built models of consumer durables cheaper than their components.

In the electronics sector, New Delhi

has aggressively implemented the phased manufacturing program which pushes for large-scale domestic manufacturing of consumer goods like mobile phones, televisions and computer hardware. This is done through a combination of incentives for domestic manufacturing and progressively higher duties on imported goods.

After crude oil and gold and jewellery, electronics constitute the thirdlargest import category, totalling \$52 billion in 2018-19. A significant chunk of inbound shipments worth \$28 billion originated from China and Hong Kong.

Proposed higher taxes on televisions and air conditioners is the latest measure by which India hopes to reduce its dependence on China, with which it currently has a \$53.5 billion trade deficit, a senior official said

Junked consumer spendingreporton NSC agenda today

New Delhi, 3 December

Statistical National Commission (NSC) will meet on Wednesday to discuss the recent controversy created by the government's decision to scrap the official survey on consumer spending.

The "data quality issues" arising out of the surveys conducted by the National Statistical Office (NSO) is on the top of the NSC's agenda for the meeting, according to a person aware of the development. The NSC will also discuss the comparability of the NSO survey results with administrative data produced by various arms of the government.

The NSC is an autonomous body overlooking the country's statistical system and is headed by cryptologist Bimal Kumar Roy.

This is the first meeting of the NSC after the government decided to junk its consumer expenditure survey of 2017-18. The NSO officials are expected to give a presentation to the NSC members on the government's decision to scrap the survey and the data quality issues found in various surveys.

Business Standard reported on November 15 that consumer spending, in real terms, fell for the first time in over four decades by 3.7 per cent between 2011-12 and 2017-18, according to the NSO's 'Key Indicators of Household Consumption Survey. This, according to experts, implied that the poverty ratio in the country might have inched up for the first time in many decades.

The report, which was approved for release by a working group in June, was withheld due to its "adverse findings", four persons aware of the development said. Following the news report, the statistics and programme implementation ministry issued a statement on November 15 saying it has decided to scrap the survey because of "data quality" issues.

The statistics ministry was supposed to put up the consumer expenditure survey report for the approval of the NSC after the working group's approval on June 19.

However, instead of putting the results of the survey for approval before the NSC, as per the due procedure, statistics secretary and chief statistician Pravin Srivastava chaired a meeting with NSO officials on July 11 to discuss NSC and not that of the government the findings of the report, according to documents reviewed by Business Standard.

ministry decided to set up an 'ad-

7,200 8,40<u>0</u> 4,900

SCRAPPED REPORT: THE CONTROVERSY

JUNE: A working group, set up by the National Statistical Commission, approves the 'Key Indicators of Household Consumption Survey' 2017-18 report

JULY: Results of the consumer expenditure survey are presented to Chief Statistician Pravin Srivastava who decides to set up an ad-hoc committee to review the report

▶ SEPTEMBER: The ad-hoc committee submits its report, finding no error in validation of data and recommending measures to improve data in future surveys

▶ NOVEMBER: Statistics ministry announces scrapping the survey which showed consumer spending falling for the first time in over 4 decades in 2017-18

▶ **DECEMBER:** The NSC will discuss the controversy and take up data quality issues of the NSO surveys

hoc' committee "to review the validation of data for consumer expenditure survey to ensure its consistency and completeness."

The ad-hoc committee, which

was set up under the erstwhile National Sample Survey Office director general and NSC member G C Manna, submitted its report in September. But the statistics ministry didn't consult the NSC till November nor did it release the survey report. It decided to scrap the survey on November 15 after the findings of the survey were leaked. A few days later, the govern-

ment released five sets of survey reports on key socio-economic trends, most of which were approved but withheld. However, the junked consumer expenditure survey was not among these. "The NSC approval wasn't

sought for the public release of any of these survey reports," the source added.

As such, the survey reports of the NSO need the approval of the - a mechanism put in r 1960s when a governing council was formed which was later replaced by Following the meeting, the the Commission in 2006, according to a former NSC member.

RBI quietly buying bonds from the market to replenish its own stock, or to

Mumbai, 3 December

At a time when the banking system is flushed with liquidity, the Reserve Bank of India (RBI) is buying bonds from the secondary market on a regular basis — unannounced.

On Tuesday, banks parked ₹3.05 trillion of excess money with the central bank, highest since the demonetisation days. To support this mammoth liquidity operation, the central bank needs bonds. These bonds are given to banks as RBI's bond holding at the end of was to the tune of ₹755 crore. June this year was about

financial year 2018-19 (FY19), the RBI did massive bond purchases of up to ₹3 trillion to infuse liquidity into the banking system.

However, as banks seem to be keeping the entire money back with the RBI because of a lack of opportunity in deploying the funds for credit, the RBI's bond reserve may have been stretched, say bond market experts.

Till November 22, the central bank bought ₹4,300 crore of bonds. In October, it had only bought collateral against their cash. The September, the bonds purchase

Considering ₹9.9 trillion. This is because in the announced bond purchases by the

TIMELINE OF PURCHASES

	OMO₹ crore	
	Sale	Purchase
Nov 22		665
Nov 21		710
Nov 20		645
Nov19		675
Nov18		595
Nov15	-	765
Nov14	10	235
Source: Reserve Bank of India		

central bank run in trillions, buy- the central bank. the ing bonds at a small scale doesn't



Debt market experts say the cenmatter to the market, but it can for tral bank buys bonds unannounced cial communique.

there could be redemption of bonds that the central bank held previously. It could be filling its kitty with the bonds already redeemed, or scheduled for it. While this is not yield management as such, but illiquid bonds, if

manage yields in its portfolio. Or,

bought in bulk, could boost the orices of those bonds. Yet, nobody knows what bonds the RBI holds, and in which securi-

ties the transactions have hap-The RBI does not publish details of those purchases, unlike when it announces secondary market bond purchases through offi-

The IIP for construction goods contracted 6.4 per cent in September, the fastest since 2012. The second in the five-part series looks at

how stress in construction activity has manifested around the national capital

Noida's construction slowdown flattens local economy

New Delhi, 3 December

On a mild November afternoon Ravindar Singh sits idle outside the boundary walls of RG Luxury Homes' construction site in Sector 16B of Greater Noida, chatting with two friends near the site office, his rifle resting against a tree.

Singh, 51, an armed security guard, is talking to them about his future. None of the three men had been paid their salaries for three months. Once a bustling construction site, work at RG Luxury Homes practically stopped six months ago. The project is awaiting further instructions from the National Company Law Board after its 1,600 flat buvers complained about having waited in vain for over nine years for their homes to be completed

The site office where 30 officials were once based has been sealed off by the Real Estate Regulation and Development authorities.

Singh has not been able to send home any money for his family. His only hope is the promise given by RG Group officials that he will be paid in full by December. His friends (also guards) who used to make ₹15,000 a month each, are less hopeful. They are sick of calling the security agency that hired them. No one answers, making them suspect the agency is in handin-glove with the developer.

A project that began taking bookings in 2010 has yet to deliver a single flat to its buyers. Priced between

₹40-60 lakh, the high-rise apartments were marketed as luxurious homes for mid-income families.

It's difficult to spot a single finished apartment, let alone any trace of luxury. Some five years ago, 700-odd workers used to work here. The site was constantly replenished by convoys of trucks unloading raw material. Now it is deserted. Construction is one of the biggest

employers for informal workers and, in the past two decades, has helped take the uneducated and unskilled out of poverty. The index of industrial production (IIP) for construction goods — machinery used for erecting structures contracted by 6.4 per cent in September, following a 5.4 per cent contraction in August, the steepest fall in about a decade. This reflects a drastic fall in construction activity across the country.

A REALITY

CHECK

PART-II

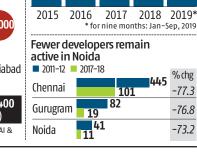
RG luxury Homes is just one of the hundreds of stalled projects in the region that have plunged the local economy into crisis. Around a kilometre away lies another ghost town Amrapali Dream Valley - an unfinished township. With its promoters thrown into jail by the court, the township has turned into a pasture for grazing cattle, against a backdrop of concrete carcasses. A blue notice states that the project is under the Supreme Court's jurisdiction.

Such stalled projects, mostly launched during the so-called boom period between 2010 and 2014, dot the landscape of Noida Extension and Greater Noida. From a peak of nearly



Over 150,000 stalled New unit launches plummet units in NCR

No. of stuck units (launched by 2013) 100,000 42,500 Noida Ghaziabad Greater



over one million since 2015. The roots of the downturn date back to early 2010 but it's the lack of measures to address the slide that has aggravated the misery. Sector experts speak gloomily of a 'lost decade'.

According to Amit Modi, presidentelect, CREDAI Western UP and director, ABA Corporation, despite a spike in real estate activity in early 2010, the authorities failed to monitor the market and did not offer the required impetus.

'The farmers' compensation issue in early days and the resultant halt in activities damaged things. Further, dozens of regulatory clearances required to be obtained by developers, despite their purchasing land from the government for the purpose, only added to the cost burden. This made the offer prices unviable," said Modi.

As the demand for real estate suddenly spiked in 2010, hordes of developers, many with little experience, entered the field to capture the attention of buyers. In a highly competitive market, many offered prices well below the actual cost of the project. This further aggravated the situation.

"Many property dealers, people with cash but from unrelated sectors, entered the market and offered unsustainable rates just to capture buyers. These projects were bound to fail as they hardly met their cost of construction," said Modi.

Experts such as Niranjan Hiranandani, president of NAREDCO, welcomed the government's idea of creating a special fund for completion of stalled projects. 'It's a good initiative but what the region requires is more fundamental: a one-time restructuring of due loans is needed to set the ball rolling," said Hiranandani.

The lowering of prices is helping. According to NAREDCO and Anarock's estimates, in the September 2019 quarter, the Greater Noida region witnessed a 46 per cent decline in unsold inventory since January-March, 2015 - thanks to a significant reduction in launches compared to sales.

Yet, Greater Noida continues to hold an inventory overhang of 37 months. As of September 2019, it has nearly 50,000 unsold units, most of them concentrated in Greater Noida West.

One industry expert sounded a positive note. "The economic and demographic profile are major growth drivers for the region. These, along with the policy changes, are likely to revive market sentiment and increase real estate activities in the future," he said.

ished units. Over 30,000 customers of large building groups such as Amrapali and the Jaypee Group and of smaller developers like the RG Group, have lost their life savings.

ber of launches has sunk to nil in the

According to real estate analyst firm

Anarock's estimates, Noida and Greater

Noida have 142,500 stalled units that

bined valuation: close to ₹800 billion.

of stalled units in the national capital

region, second only to Mumbai which

has 154,000 units valued at ₹2 trillion.

2015, Noida and Greater Noida, along

with Ghaziabad, accounted for half -

launched in the national capital region.

has shattered the dreams of thousands

The prolonged economic slowdown

or 100,000 units — of all the units

of home buyers who booked unfin-

The region has the highest number

Moreover, the data shows that since

were launched by 2013. Their com-

July-September 2019 quarter.

Kumar of the Centre of Indian Trade Unions estimates the number to be over a lakh. A rough estimate puts the number of lost man-days of work at

local businessmen, vendors, property

dealers, transporters and suppliers.

Manoi Kumar, a pan shop owner, has

lost at least 60 per cent of his business

since 2014 when the area used to hum

These days he survives on cus-

tomers who go to the Gaur City shop-

ity. Kumar has had to rope in his wife

and family to expand his offerings to

paranthas and sabzi to lure the staff

local small trucks association, used

vehicles a day. That's plummeted to

region is difficult to estimate, Anurag

While the extent of job losses in the

to manage over 100 commercial

Radheshyam Tiwari, who runs a

ping mall that has come up in the local-

with economic activity.

from the mall.

barely two dozen.