


**“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”**

**AMIT SHAH**  
Home minister



**“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**  
Prime minister

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 Hyderabad-based Megha Infrastructure and Engineering.



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

Indian banks need an additional \$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 asset-quality tension for a sector grappling with weak recoveries and ageing provisions.

**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.

**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.

# RBI quietly buying bonds from the market

**ANUP ROY**  
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 collateral against their cash. The RBI’s bond holding at the end of June this year was about ₹9.9 trillion. This is because in the

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 ₹35 crore worth of bonds, while in September, the bonds purchase was to the tune of ₹755 crore.

Considering that the announced bond purchases by the

	OMO ₹ crore	
	Sale	Purchase
Nov 22		665
Nov 21		710
Nov 20		645
Nov 19		675
Nov 18		595
Nov 15	—	765
Nov 14	10	235

Source: Reserve Bank of India

central bank run in trillions, buying bonds at a small scale doesn’t matter to the market, but it can for



the central bank. Debt market experts say the central bank buys bonds unannounced

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

**ARNAB DUTTA**  
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 buyers 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 hand-in-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.

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



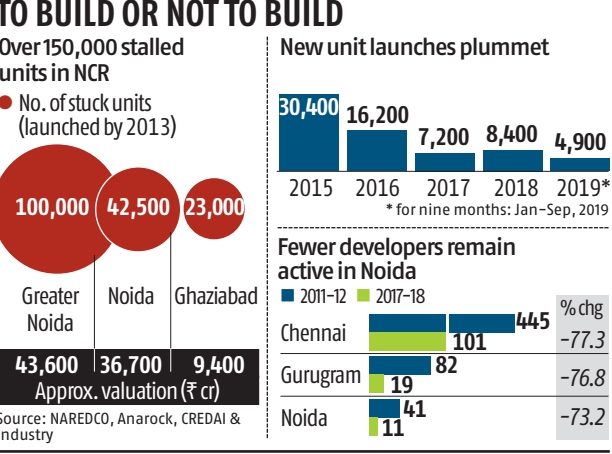
30,000 unit launches in 2015, the number of launches has sunk to nil in the July-September 2019 quarter.

According to real estate analyst firm Anarock’s estimates, Noida and Greater Noida have 142,500 stalled units that were launched by 2013. Their combined valuation: close to ₹800 billion.

The region has the highest number of stalled units in the national capital region, second only to Mumbai which has 154,000 units valued at ₹2 trillion.

Moreover, the data shows that since 2015, Noida and Greater Noida, along with Ghaziabad, accounted for half — or 100,000 units — of all the units launched in the national capital region.

The prolonged economic slowdown has shattered the dreams of thousands of home buyers who booked unfinished 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.



Others have been devastated too: local businessmen, vendors, property dealers, transporters and suppliers. Manoj Kumar, a pan shop owner, has lost at least 60 per cent of his business since 2014 when the area used to hum with economic activity.

These days he survives on customers who go to the Gaur City shopping mall that has come up in the locality. Kumar has had to rope in his wife and family to expand his offerings to *paranths* and *sabzi* to lure the staff from the mall.

Radheshyam Tiwari, who runs a local small trucks association, used to manage over 100 commercial vehicles a day. That’s plummeted to barely two dozen.

While the extent of job losses in the region is difficult to estimate, Anurag 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 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, president-elect, 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 devel-

opers, 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.