

GOVT STAND UNCHANGED: MINISTRY OF COMMUNICATIONS SOURCES

# Birla urges Centre for AGR relief, else ‘Vodafone Idea will have to shut shop’

Telecom company’s shares close trade on NSE nearly 6 per cent lower than previous day’s close

ENS ECONOMIC BUREAU  
NEW DELHI, DECEMBER 6

VODAFONE IDEA chairman Kumar Mangalam Birla on Friday said that Vodafone Idea “will have to shut shop” if the government does not provide relief from payment of Adjusted Gross Revenue (AGR) following the Supreme Court’s judgment. “I think that we can expect much more stimulus from the government because it’s required for the sector to survive. If we were not getting anything then I think it is the end of story for Vodafone Idea,” said Birla, speaking at the HT Leadership Summit 2019 here. Though there was no official response, sources in the Ministry of Communications said that the government’s stand on the issue remains unchanged, and that there was nothing it could do since it was a judgment from the

## ‘EXPECT MUCH MORE STIMULUS FROM GOVT’

■Kumar Mangalam Birla said the telecom industry can expect much more stimulus from the government because it is required for the sector to survive

■Birla’s comments come nearly a fortnight after global CEO of Vodafone Nick Read made similar comments

■However, Read sent a letter to Union Communications Minister Ravi Shankar Prasad saying his comments had been taken out of context by the media

■Prasad had last week told the Parliament that the government had no plans to waive dues of telecom companies, following the SC judgment on AGR

apex court.

Union Communications Minister Ravi Shankar Prasad had last week told Parliament that the government had no plans to waive dues of telecom companies, following the AGR judgment.

Birla, who also serves as chairman of the Aditya Birla

Group, added that “it does not make sense to put good money after bad”.

Shares of the Vodafone Idea slipped as much as 9 per cent intra-day on the National Stock Exchange, following Birla’s comments and closed the day’s trade nearly 6 per cent lower than the previous day’s end at Rs 6.90.

Aditya Birla Group’s Idea Cellular had joined hands with rival telecommunications firm Vodafone last year to compete with the onslaught of cheap data and call being offered by rival Reliance Jio Infocomm.

The combined entity of Vodafone Idea, in which Aditya Birla Group has 26 per cent stake, owes the government closed to Rs 53,000 crore in AGR dues, which it has to pay by January.

The telco had recently posted a record loss of Rs 50,921 crore in the second quarter of the fiscal, citing the provisioning it had made for payment of AGR dues.

Birla’s comments come nearly a fortnight after the global chief executive officer of Vodafone Nick Read made similar comments. Read had, on November 12, said that Vodafone’s future in India was doubtful and the company could be headed for liquidation if there was no relief from the payment

of AGR dues.

He had also said that the global telecom firm would not commit any more equity for India as the country “effectively contributed zero value to the company’s share price”. A day later, however, Read sent a letter to Prasad and said that his comments had been taken out of context by the media.

“I apologise for the impression that this coverage conveys. However, I wish to put on record that this does not reflect our version. You have my words that Vodafone wishes to continue its long history in India, given the right conditions, and we strongly believe in the potential of the country — its telecom sector and transformative potential for its citizens. We are closely aligned with the ‘Digital India’ vision” Read had written in his letter, adding that the company was in talks with the government on the issue.

# Govt asks e-comm firms to file FDI compliance report annually

ENS ECONOMIC BUREAU  
NEW DELHI, DECEMBER 6

E-COMMERCE COMPANIES with foreign investments, such as Amazon and Flipkart, will have to submit a report prepared by statutory auditors, confirming their compliance of FDI policies by September 30 every year, the government has said.

Although the gazette notification on new FEMA rules on e-commerce, issued on Thursday, is largely based on the foreign direct investment (FDI) norms announced by the Department for the Promotion of Industry and Internal Trade (DPIIT) in December last year, it doesn’t explicitly name the authority with which e-tailers have to submit these compliance reports.

The December 2018 notification on FDI rules had suggested that the reports be filed with the Reserve Bank of India.

“...e-commerce marketplace entity with FDI shall have to obtain and maintain a report of statutory auditor by 30th of September every year for the preceding financial year confirming compliance of the e-commerce guidelines,” the gazette notification said.

## NOTIFICATION ON NEW FEMA RULES

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The latest notification on FEMA comes amid fresh sets of complaints by brick-and-mortar stores against the alleged violation of FDI rules by e-tailers. The DPIIT had issued a notification in December 2018, which barred online marketplaces with foreign investments from selling products of companies where they held stakes or controlled inventory, and also banned exclusive marketing

arrangements, among others. The government, however, stated that the notification was only a reiteration of existing rules and it was forced to clarify as it had received complaints that the e-commerce players were giving discounts on products sold on their platforms, thus, violating the FDI rules. Commerce and Industry Minister Piyush Goyal has already warned e-commerce companies of strict action if they do not stop predatory pricing on their platforms.

But the December 2018 notification had upset players like Amazon and Flipkart, who had sought more time to implement the rules, although the February 1, 2019 deadline to comply with the rules was not extended. In October, US commerce secretary Wilbur Ross asked India to balance the interest of large e-tailers like Amazon and Walmart-backed Flipkart with offline retailers in its e-commerce policy.

Goyal, however, had asserted that there was no change in India’s FDI policy for e-commerce. “E-commerce is an agnostic platform for trading, and not meant for predatory pricing. We don’t change rules mid-way. We provide stable regulatory framework,” he had stressed. **FE**

# Markets slide as slower growth forecast by RBI dampens sentiment

ENSECONOMIC BUREAU  
MUMBAI, DECEMBER 6

BENCHMARK INDICES buckled under selling pressure for a second straight day on Friday as slowing growth and lack of buying triggers dampened investor sentiment.

The market mood was risk-averse a day after the RBI disappointed on the rate cut front and projected slower growth for this fiscal, traders said. Concerns over fiscal deficit and a weakening rupee weighed on bourses, they added.

After opening on a positive note, the Sensex saw a continuous slide and went on to hit an intraday low of 40,337.53. The index finally settled at 40,445.15, down 334.44 points, or 0.82 per cent.

The Nifty shed 96.90 points, or 0.81 per cent, to settle at 11,921.50. On a weekly basis, the Sensex dropped 348.66 points, or 0.85 per cent, while Nifty lost 134.55 points, or 1.11 per cent.

Yes Bank was the biggest laggard in the Sensex pack on Friday, falling 9.82 per cent after Moody’s downgraded the lender’s ratings.

Other top losers were SBI, IndusInd Bank, Tata Motors, Mahindra and Mahindra and HDFC, tumbling up to 4.89 per cent. Kotak Bank, Tata Steel, RIL, Asian Paints, TCS, Infosys and HDFC Bank closed with gains. Meanwhile, the rupee appreciated 9 paise to close at 71.20 against the US dollar on Friday.

“Clouds over economic growth outlook and premium valuation influenced investors to stay away from rate-sensitive stocks,” said Vinod Nair, head of research, Geojit Financial Services. **WITHPTI**

# ‘Auto parts industry turnover falls 10% in Apr-Sept’

Auto component industry’s turnover saw its worst ever decline in the first half of this fiscal leading to a job loss of around 1 lakh temporary workers till July, Automotive Component Manufacturers Association (ACMA) said

2%: Fall in turnover, witnessed by auto component industry in 2013-14

50%: Current capacity utilisation of auto components industry, falling from peak of around 80 per cent

₹51,397 CRORE: Value of exports during April-September, registering growth of 2.7 per cent

₹35,096 CRORE: Value of automotive aftermarket segment during April-September, registering growth of 4 per cent

₹57,574 CRORE: Value of imports during April-September, registering decline of 6.7 per cent



## FACTORS ADVERSELY AFFECTING EXPANSION PLANS OF INDUSTRY:

- Subdued vehicle demand
- Recent investments made for transition to BS-VI from BS-IV
- Liquidity crunch
- Lack of clarity on policy for electrification of vehicles

₹1.79 LAKH CRORE: Turnover of auto component industry in the April-September period, down 10.1 per cent from Rs 1.99 lakh crore in the year-ago period

\$2 BILLION: Investment loss in industry during period under review on account of slowdown  
\*Impact of cut in vehicle production: As the auto components industry grows on the back of vehicle industry, a current 15-20 per cent cut in vehicle production has adversely impacted the component segment

Source: PTI

# India’s data localisation plan shouldn’t stymie growth in transactions, says US Treasury Secy

LALIT K JHA  
WASHINGTON, DECEMBER 6

THE US wants India to ensure that its data localisation plan does not “stymie growth” and American financial transaction companies are treated “fairly”, Treasury Secretary Steven Mnuchin has said.

Mnuchin also insisted that America has no problem if countries want to have local data for regulatory purposes as long as they do not eliminate it outside the country.

Data localisation is the practice of physically storing data on servers located within a country’s territory. The Reserve Bank

“We have no issues with if countries want to have local data for regulatory purposes they do that. It’s the issue of then eliminating data outside it, and I think, as you know, we’re in a global economy”

STEVEN MNUCHIN  
US TREASURY SECRETARY

of India had, in April last year, asked payment firms to ensure their data were stored exclusively on local servers, setting a tight six-month deadline for compliance.

US firms like Google,

Mastercard, Visa and Amazon have lobbied against data localisation rules around the world including India, stressing that it would make their operations more complicated and costly. The issue is one of the sticking points between India and the US in their trade negotiations. Mnuchin, who was recently in India, said that this had been an issue of discussion between the two countries.

The US has been in conversation with India on the issue of data localisation, Mnuchin told members of the House Financial Services Committee during a Congressional hearing Thursday.

“In my recent trip, we’ve had

very specific conversations. We’ve been dealing with them over the last year on this issue. We want to make sure, one, that US companies are treated fairly and can compete,” he said. “We have no issues with if countries want to have local data for regulatory purposes they do that. It’s the issue of then eliminating data outside it, and I think, as you know, we’re in a global economy,” Mnuchin said.

“So this is a complicated issue that we continue to work on to make sure that our financial services companies are treated fairly,” said the Treasury Secretary in response to a question from Congressman David Frank Kustoff. **PTI**

# Saudi Arabia, Russia push through deeper oil cuts



Venezuela Oil Minister Manuel Quevedo, Saudi Arabia Minister of Energy Abdulaziz bin Salman Al-Saud and Russia Energy Minister Alexander Novak in Vienna on December 6. Reuters

REUTERS

VIENNA, DECEMBER 6

SAUDI ARABIA and Russia spearheaded a deal on Friday in which OPEC and its allies committed to some of the deepest oil output cuts this decade aiming to avert oversupply and support prices.

The group of more than 20 producers agreed to an extra 500,000 barrels per day (bpd) in cuts for the first quarter of 2020, taking the total to 1.7 million bpd, or 1.7 per cent of global demand.

Brent oil rose 2 per cent to more than \$64 a barrel after Saudi Energy Minister Prince Abdulaziz bin Salman said effective cuts could be as much as 2.1 million bpd as Saudi would carry on cutting more than its quota. OPEC and allied producers, the

the faulty parts.

“In the interest of its customers, the company has decided to proactively recall the vehicles for inspection and those found ok will be released immediately,” the company added.

Customers of suspected vehicles can visit the company website and fill in the chassis number to check if their vehicle needs attention.

The chassis number is embossed on the vehicle ID plate and is also in the vehicle invoice/registration documents.

Recall campaigns are undertaken globally to rectify faults that may be potential safety defects. Earlier, in August, MSI had announced a voluntary recall of

40,618 units of the WagonR (1 litre variant) manufactured between November 15, 2018 and August 12, 2019.

Globally, a recall makes it mandatory for the manufacturer to inform the customer and rectify the issue. India does not have an official recall policy and automakers typically follow the voluntary code on vehicle recall set by the Society of Indian Automobile Manufacturers (SIAM).

SIAM’s code of 2012 states that “if in the opinion of the manufacturer some vehicles have issues which pose a safety defect”, such vehicles are “voluntarily inspected and rectified” by the manufacturer or importer.

# Aramco shares to start trading from Dec 11: Saudi exchange

REUTERS  
DUBAI, DECEMBER 6

SAUDI ARAMCO shares will start trading on December 11, the Saudi securities exchange Tadawul said in a statement on Friday.

Saudi Arabia’s state oil giant priced its initial public offering at 32 riyals (\$8.53) per share on Thursday, raising \$25.6 billion and beating Alibaba Group Holding Ltd’s record \$25 billion listing in 2014.

The Aramco IPO was launched to raise funds to help diversify the kingdom away from reliance on oil and create jobs for a growing population. Aramco shares will trade using the symbol 2222 and will have a daily 10 per cent plus or minus fluctuation limit, Tadawul said.

“On the first day of trading only, the opening auction for the Saudi Arabian Oil Company (Saudi Aramco) will be extended for 30 minutes,” it added.

Aramco’s IPO beat Alibaba Group Holding Ltd’s record \$25 billion listing in 2014. At that level, Aramco has a market valuation of \$1.7 trillion, comfortably overtaking Apple Inc as the world’s most valuable listed firm. But the listing, expected later this month on the Riyadh stock exchange, is a far cry from the blockbuster debut originally envisaged by the Crown Prince.