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16 pages in 1 section
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THE MARKETS ON TUESDAY

		Chg#
Sensex	41,253.7▼	304.3
Nifty	12,168.5▼	87.4
Nifty futures*	12,246.3▲	77.8
Dollar	₹71.4	₹71.3**
Euro	₹80.1	₹79.9**
Brent crude ($/bbl)##	66.3##	67.1**
Gold (10 gm)###	₹39,083.0▲	₹261.0

*(Jan) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

BRAND WORLD P13
TWITTER TO TIKTOK, THE CONSUMER STORY EVOLVES

BACK PAGE P16
'HELD HOSTAGE' BY JAPAN JUSTICE SYSTEM, GHOSN FLEES TO LEBANON

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GOVT KEEPS INTEREST RATES ON SMALL SAVINGS UNCHANGED

The government has kept interest rates on small savings schemes intact for January-March 2020, compared to those during October-December 2019, contrary to what the Reserve Bank of India (RBI) and banks had advised. Depositors are, however, likely to cheer the decision. At present, fixed deposits up to 10 years offered by State Bank of India draw an interest rate of 6.25 per cent, says the bank's website. 15 ▸

COMPANIES P2

Airlines may close due to predatory pricing: Puri

Civil Aviation minister Hardeep Singh Puri on Tuesday blamed predatory pricing by airlines for sustained losses in the sector. Some airlines can shut down if this continues, he said. However, he ruled out any regulatory intervention on fares for now, and said airlines are regularly called and counselled.

BACK PAGE P16

Railways hikes fare for first time in 5 years

On the New Year's eve, the railways announced a fare hike across its network, excluding suburban trains, effective January 1, according to an order issued on Tuesday. Ordinary non-AC and non-suburban fares were hiked by 1 paisa per km of journey. The railways also announced a 2 paise/km hike in fares of mail/express non-AC trains.

BACK PAGE P16

Penalty on firms not using UPI, RuPay

In another push towards a 'less-cash economy', the finance ministry on Tuesday said that companies with annual turnover of over ₹50 crore which do not accept payments through home-grown RuPay and Unified Payments Interface (UPI) platforms will have to pay a penalty of ₹5,000 every day. This will be applicable with effect from February 1, 2020.

BS SPECIAL
ON WEDNESDAY

MONEY MANAGER:
Yours, mine and ours! 14 ▸

The co-lending model between banks and NBFCs is good on paper, and may remain so unless it is tweaked. ABHIJIT LELE & RAGHU MOHAN write

BUSINESS STANDARD WISHES ITS READERS
A HAPPY NEW YEAR.

Govt unveils ₹102-trillion infra plan to spur growth

Task force headed by economic affairs secy identifies projects across sectors

ARUP ROYCHOUDHURY
New Delhi, 31 December

Finance Minister Nirmala Sitharaman on Tuesday launched a National Infrastructure Pipeline (NIP), unveiling projects worth ₹102 trillion, to boost economic growth and help the economy reach the $5-trillion target by 2024-25.

The NIP has identified projects across 23 sectors and 18 states and Union Territories, which will be funded over the next five years by the central and state governments as well as the private sector.

Addressing a press conference while launching the NIP report, Sitharaman said that of the proposed projects, 39 per cent each would be implemented by the Centre and state governments, and the rest 22 per cent by private players.

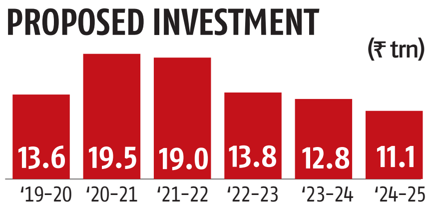
She said the government was expecting the private sector's share to go up to 30 per cent by 2024-25, and added that some additional projects worth ₹3 trillion would be identified in the coming weeks, taking the total commitment to ₹105 trillion.

The pipeline includes brownfield and greenfield projects by the Centre, states, the private sector, and state-owned companies, as well as those under the public-private partnership model. According to the data given in the report, some ₹42.7 trillion (43 per cent) worth of projects are under implementation, ₹32.7-trillion (about 33 per cent) projects are at a conceptualisation stage, and ₹19.1-trillion (19 per cent) projects are under development.

The NIP follows a commitment by Prime Minister Narendra Modi in his Independence Day speech, that more than ₹100 trillion would be invested in infrastructure over the next five years. Turn to Page 15 ▸

Finance Minister Nirmala Sitharaman with Economic Affairs Secretary Atanu Chakraborty at the launch of projects, in New Delhi on Tuesday PHOTO: DALIP KUMAR

PROPOSED INVESTMENT



Note: 2019-20 figures are estimates, others are projected numbers; chart excludes power sector, and some states

39% of projects to be implemented by the Centre and states each

22% to be implemented by private sector; govt hopes this will rise to 30%

43% of projects are under implementation; 33% are at conceptualisation stage

P4 ₹19.63-trn road projects in the pipeline | Energy expenditure to have lion's share in NIP | Experts: Infra plan needs hand-holding by Centre

SBI to float $2-billion distressed asset fund

SUBRATA PANDA & ABHIJIT LELE
Mumbai, 31 December

The country's largest lender, State Bank of India (SBI), plans to float a distressed asset fund in the new year and will be roping in a global partner to raise money from international investors.

Rajnish Kumar, chairman, SBI, told *Business Standard*: "We are expanding our fund management business. At present, SBICAP Ventures, a fund management arm of the group, is managing a realty fund. It is looking at a distressed asset fund too."

SBICAP Ventures is creating capabilities to manage the fund, he said. The size of the distressed asset fund is expected to be on the lines of the government of India-backed alternative investment fund (AIF) for distressed housing projects. The size could be up to $2 billion.

"SBICAP Ventures can float such a fund (for stressed assets) only when it has commitment from a strong international partner. Negotiations are going on. The realty fund has given us a lot of confidence," Kumar said.

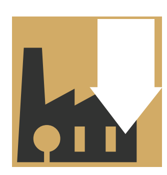
The realty AIF, which was announced in November 2019, aims to provide capital for last-mile financing for stressed housing projects. The fund has already garnered ₹10,530 crore in its first closing. Life Insurance Corporation of India and SBI have contributed 10 per cent each. Four projects have been identified and funds will be released after due diligence.

Rajnish Kumar, chairman, SBI

In 2016, SBI had announced a tie-up with Canada's Brookfield Asset Management to set up a joint venture with an initial commitment of over $1 billion to make investments in businesses with stressed assets. But the alliance did not see traction.

Kumar said the driving factors for foreign capital's interest in the Indian stressed asset market are supply of stressed assets, regulatory transparency and robustness, and potential for greater returns on investment compared to other such assets globally. Turn to Page 15 ▸

CORE SECTOR OUTPUT DOWN 1.5% IN NOV



The output of the eight core infrastructure industries shrank by 1.5 per cent in November 2019 as five of these sectors witnessed negative growth. The eight core sectors had expanded by 3.3 per cent in November 2018. Production of coal, crude oil, natural gas, steel, and electricity contracted in the month under review. 6 ▸

FISCAL DEFICIT AT 115% OF TARGET TILL NOV

The fiscal deficit of the Union government rose to 114.8 per cent of the target in the first eight months of the fiscal year, the data released by the Controller General of Accounts showed. The gap between the government's revenue and spending stood at ₹8.07 trillion at the end of November. 6 ▸

CAD shrinks to 0.9% of GDP in July-Sept quarter 6 ▸

Slowdown could worsen in 2020, predicts CEO poll

Budget wish list: Income-tax cut, blueprint for investment push

BS REPORTERS
Mumbai, 31 December

A majority of chief executive officers (CEOs) of Indian companies expect economic growth to slow down further in the new year, mainly due to slowing consumer demand in the country and ongoing trade wars among the world's major economies.

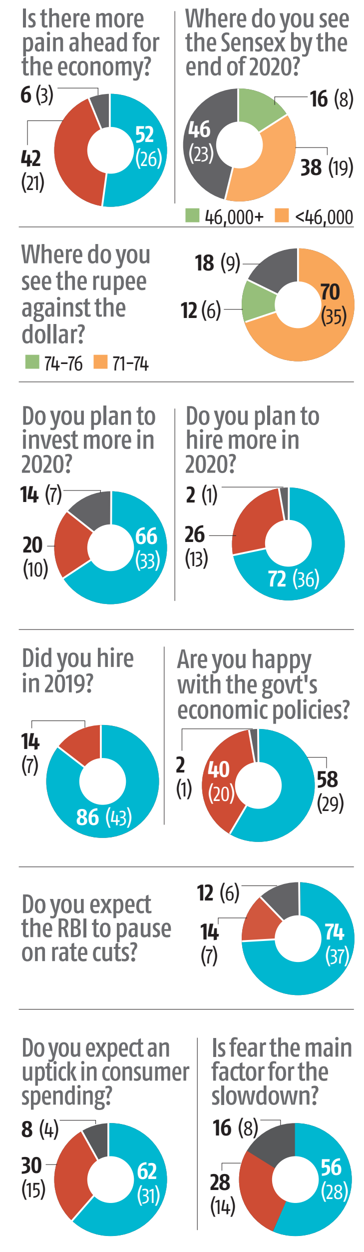
A survey of 50 CEOs, conducted by *Business Standard* across the nation in December, shows that 52 per cent of the business leaders expect the slowdown to worsen in 2020, while 42 per cent believe the worst is now behind. Six per cent of them responded with "can't say".

"Given the global cues, it looks like we may have some time more to go before we see an uptick across the board. There were good signs this quarter as the festival season saw consumption grow, but we will need to see a sustained pick-up before we term it a recovery," said Harsh Goenka, chairman of RPG Enterprises.

In the third quarter of 2019-20, India's gross domestic product (GDP) grew by 4.5 per cent from a year earlier, compared with 7 per cent in the year-ago quarter. In the December quarter, CEOs expect economic growth to fall below the 4-per cent mark. Almost 56 per cent of the CEOs say fear is the main reason for the slowdown. Turn to Page 15 ▸

P11 10 STOCK PICKS FOR NEW YEAR

CORPORATE FORECAST



Note: The *Business Standard* survey was conducted among 50 CEOs from across the nation in December; figures in brackets show actual nos

Fund managers bet on mid, small-caps for '20

JASH KRIPLANI
Mumbai, 31 December

Mid- and small-cap stocks, which had a difficult last year, can get their mojo back in 2020, say domestic fund managers. They expect the stocks of smaller-sized companies to start staging a strong recovery after the economy starts to respond to the government's efforts to revive growth.

"Mid- and small-cap stocks can be attractive investment opportunities for the next year, following the lack of broader market participation for the last two years. Valuations have slid to reasonable levels, limiting further downside," says Anoop Bhaskar, head of equity at IDFC Mutual Fund (MF).

"Divergence between the Nifty and mid- and small-caps has been close to historical extremes. While it is difficult to spot the bottom, historically, broader markets tend to outperform for 18-24 months after such extremes are reached," says Pankaj Tibrewal, equity portfolio manager at Kotak MF.

In 2019, the BSE MidCap had slipped 15 per cent before the corporate tax cut in September led to market recovery. The BSE SmallCap had corrected more than 17 per cent during the same period. In 2018, the BSE MidCap had corrected 13.4 per cent, while the BSE SmallCap had corrected 24 per cent.

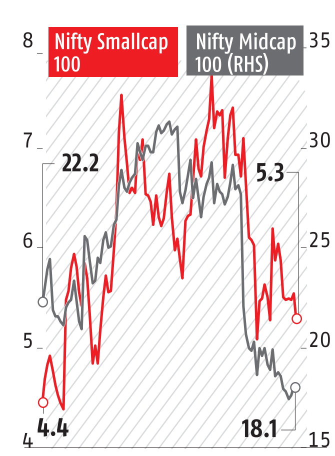
Whenever the price-to-earnings (P/E) valuation of small-caps has gone down to 40-45 per cent of the Nifty, there tends to be a bottoming out, say fund managers. The Nifty is currently trading at around 14.5 times its one-year forward P/E multiple.

Also, the share of market cap of the Nifty SmallCap is currently 5.3 per cent of the market cap of the Nifty, which is close to its lowest levels seen in six years. "At close to these levels in the past, we have seen a bottoming out of mid- and small-cap stocks," says Bhaskar.

Amid weak sentiment, even quality mid- and small-cap stocks have come under heavy selling pressure, say market experts. "Good quality stocks in this segment had to face collateral damage because they happened to be in this segment. Such stocks offer strong opportunities for next year," says Ambareesh Baliga, independent capital markets professional. Turn to Page 15 ▸

LOSING WEIGHT

As % of Nifty market cap



Note-ban ghost comes to haunt jewellers

Thousands face tax demand for cash deposits three years after demonetisation

RAJESH BHAYANI
Mumbai, 31 December

The income-tax (I-T) department has passed recovery orders against thousands of jewellers across the country on their cash deposits after demonetisation of high-value currency in November 2016. Tuesday (December 31) was the last day to pass orders for the accounting year 2016-17 in which such deposits were made.

This has brought fresh worries in the industry, about whether jewellers will be in a position to pay that money when jewellery demand has been low for the last six months. Sources say many of them may have to shut shop.

Surendra Mehta, national secretary, Indian Bullion and Jewellers Association, said, "In view of the reports of additional demand orders of income tax following cash deposits during demonetisation by retail jewellers, we have advised all manufacturers and wholesalers to do proper KYC (know your client) of retail jewellers, including their tax demand, before delivering any fresh material to them."

According to sources, in Mumbai alone, the I-T department has sent orders to around 500 jewellers, raising tax demand. The figure is higher for New Delhi. There are over 300,000 jewellers in the country and many of them were quite active in accepting old currencies for gold sales.

When Prime Minister Narendra Modi announced demonetisation of ₹500 and ₹1,000 notes on November 8, 2016, traders were allowed to accept old currency notes against cash sales only till midnight. However, many jewellers continued to accept the banned notes for several days, selling gold at a 30-40 per cent premium, and making a quick buck. Turn to Page 15 ▸

FACING THE HEAT

- **Around 500 recovery orders issued** to Mumbai jewellers
- **In New Delhi,** the number of such orders is even more
- **Trade body issues advisory** to wholesalers, jewellery makers
- **20% of demand should be deposited** to appeal against the order
- **I-T demand including interest** and penalty equals cash deposited

GOLD AT ALL-TIME HIGH, NEW ORDERS ON HOLD

Gold prices rose for the seventh day, adding 0.7 per cent in the Mumbai spot market on Tuesday to hit a new all-time high, prompting consumers to stay away from fresh orders. Standard gold has risen by 3 per cent and silver by 6 per cent in Mumbai's Zaveri Bazaar in the last 10 days. While standard gold price closed at ₹39,083/10 g, silver ended the day at ₹46,665/kg. Gold is getting support in both the domestic and the international markets. DILIP KUMAR JHA

P2 INDIAN AIRLINES TO HIRE FEWER PILOTS IN 2020

P3 IT FIRMS TO RECRUIT MORE FRESHERS NEXT YEAR