

BALI MEETING

India invited for fresh talks with RCEP members

FE BUREAU  
New Delhi, January 21

INDIA HAS GOT an invitation from members of the Regional Comprehensive Economic Partnership (RCEP) grouping to take part in a meeting on February 3 and 4 in Bali where its concerns will be addressed, in the first credible sign of efforts by RCEP nations to get New Delhi back into the Beijing-dominated free trade agreement.

India had pulled out of RCEP talks in Bangkok on November 4 last year on the grounds that its key issues, including extra safeguard mechanism to curb irrational spike in imports and tougher rules on the origin of imported products, were not addressed adequately.

"A decision on whether India should attend the Bali meeting is yet to be made," a senior government official said. The invitation has been sent by the Asean secretariat. But analysts say even if India participates in the meeting, it won't be an easy task for either side to hammer out a consensus, given the sensitivity of the Indian demands and the stubbornness of some RCEP nations, including China, in resisting those.

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SOME HOPE

SC to hear telcos on deferred payment

Firms unlikely to pay by Jan 23; no contempt of court as there's no voluntary disobedience

INDU BHAN & KIRAN RATHEE  
New Delhi, January 21

TELECOM OPERATORS ON Tuesday got a little more time to pay their adjusted gross revenue (AGR) dues, which total ₹1.47 lakh crore, and some hope that they may not be required to pay the full amount upfront. This is because the Supreme Court agreed to list next week the fresh pleas of Bharti Airtel, Vodafone Idea and Tata Teleservices seeking a



fresh schedule of payment of the dues — more time and easier terms and conditions.

A bench headed by Chief Justice SA Bobde took note of submissions by senior lawyers, including AM Singhvi and CA Sundaram, and said it will list the fresh pleas "sometime in next week" before the same bench which had heard the earlier petition in the matter. "We are not disputing the payment to be made by us rather we want working out of fresh schedule of payment," Sundaram told the bench which also comprised justices SA Nazeer and Sanjiv Khanna.

The telcos said they wanted an open court hearing on their fresh pleas with regard to working out a fresh schedule of payment of their dues.

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CAUSE FOR WORRY

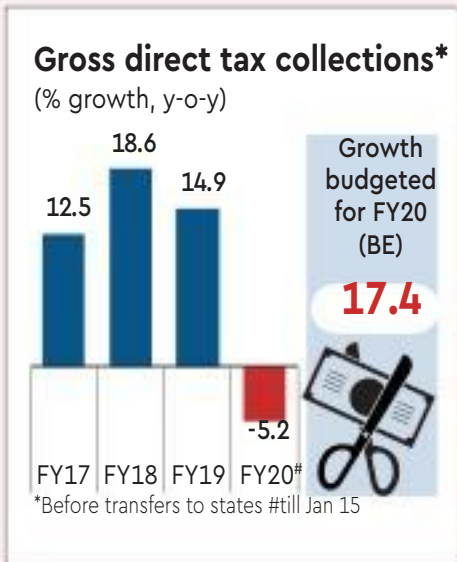
Direct tax collections down 5% till Jan 15

FE BUREAU  
New Delhi, January 21

IN WHAT AMPLIFIED the worries over the government's ability to stick to the fiscal consolidation path, direct tax collections till January 15 stood at ₹7.3 lakh crore, down 5.2% from the year-ago period. There is no precedent of a contraction in direct tax growth at least in recent history.

Gross direct tax collections — after refunds but before devolution to states — for FY20 is budgeted to grow at 17.4% to ₹13.35 lakh crore. Many analysts have pegged the total tax revenue shortfall (net) for the current fiscal at upwards of ₹2.5 lakh crore.

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PwC SURVEY

Only 27% of Indian CEOs see global growth improving



FE BUREAU  
New Delhi, January 21

PESSIMISM IS IN the air when it comes to improvement in economic growth, a CEO survey by PwC released on Tuesday at the World Economic Forum in Davos shows. Around 27% of the Indian CEOs believe that global economic growth will improve over the next 12 months, a sharp decline from 51% who had voted for an improvement in 2019.

Similar is the case when the CEOs were asked about the prospects of revenue growth of their respective organisations over the next 12 months. Around 40% of

the Indian CEOs were "very confident" about their 12-month revenue prospects, again lower as compared to 55% in 2019.

Around 51% of Indian CEOs said they are "extremely concerned" with uncertain economic growth, which they ranked as the biggest threat. Speed of technological change and over-regulation and policy uncertainty have been ranked as other major threats by them.

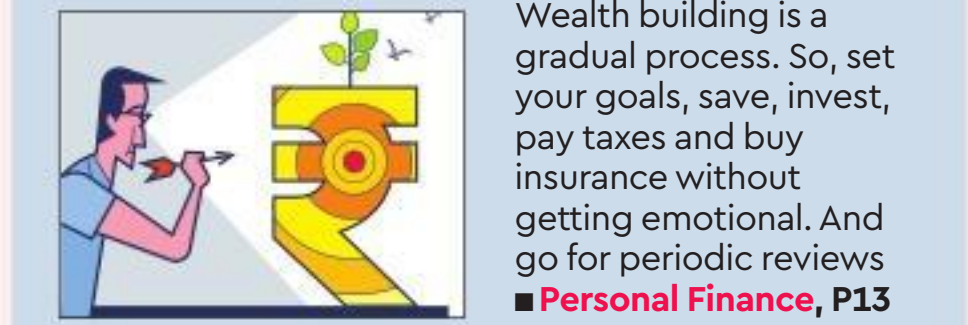
"If one word were to sum up the global CEO sentiment today, it would be uncertainty. It has been decades since we have come across four strong levers affecting business strategy and outcome all at once, to the

extent that we are witnessing today. It is hard to think of an organisation that is directly or indirectly not impacted by the factors of climate change, security in using technology, the increasing need to upskill their people and over-regulation. That said, this uncertainty provides a golden opportunity for organisations to make the right investments for the future," Shyamal Mukherjee, chairman, PwC in India, said. On the bright side, India's position as a region that can drive a company's growth over the next 12 months moved up, but just a notch.

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Special Features

Seven big barriers to financial independence



Wealth building is a gradual process. So, set your goals, save, invest, pay taxes and buy insurance without getting emotional. And go for periodic reviews

■ Personal Finance, P13

AI & data analytics are a part of every loan sanctioned at Clix



Data analytics is an integral part of everything we do, says Katerina Folkman of digital lending start-up Clix Capital

■ eFE, P13

Quick Picks

Coal mining: Govt proposes to relax some more conditions

THE GOVERNMENT is apparently going the whole hog in removing the impediments to investments in coal mining, reports Anupam Chatterjee in New Delhi. Close on the heels of a Cabinet decision earlier this month to remove end-use restrictions on miners in the sector that virtually abolished the concept of captive coal mining, the Union coal ministry has now floated a discussion paper that proposes to do away with the requirement of prior experience for prospective bidders for coal blocks. PAGE 2

NHAI plans to auction 5th TOT package in Feb to raise ₹3k cr

AS PART of its asset monetisation plan, the National Highways Authority of India (NHAI) is putting up the fifth bundle of road projects under the toll-operate-transfer (TOT) model in February, a source told Vikas Srivastava in Mumbai. The fifth package would comprise road projects valued around ₹3,000 crore and will be followed up with small packages of 2-3 road projects after every 2-3 months, the source said but refused to name the projects. PAGE 2

Commerce ministry wants ban on onion exports lifted

APPREHENDING A glut in onion supplies in a month from now and a possible crash in mandi prices, which can potentially hit the farmers, the commerce ministry has started consultations with the ministries of agriculture and consumer affairs to lift the ban on export of the vegetable, reports Fe Bureau in New Delhi. The ban came into effect on September 30 last year amid spiralling prices. Retail prices have fallen by 22-56% in Delhi, Mumbai, Kolkata and Chennai in the past 20 days. PAGE 12

FRAUD FALLOUT

SBI, 2 more lenders red-flag DHFL a/c

ANKUR MISHRA  
Mumbai, January 21

THREE LENDERS — State Bank of India, Union Bank and IndusInd Bank — have red-flagged troubled mortgage lender Dewan Housing Finance (DHFL) as fraud account, sources familiar with the development told FE.

A draft forensic report by KPMG found that the lender had disbursed loans and advances to inter-connected entities which were likely linked to the promoters.

Moreover, loans and advances totalling ₹24,594 crore had been disbursed with inadequate loan documentation to 65 entities that had minimal operations. The report suggests funds may have been diverted by DHFL and the Serious Fraud Investigation Office (SFIO) is carrying on a parallel probe.

A lender told FE that Grant Thornton — the new transaction auditor for DHFL — will prepare another report on DHFL and banks will base their final decisions on its findings. DHFL is undergoing a resolution process after the Mumbai bench of the NCLT (National Company Law Tribunal) admitted the case on December 2, 2019.

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UPI, RUPAY

Banks seek funds in lieu of zero MDR

SHRITAMA BOSE & MALINI BHUPTA  
Mumbai, January 21

BANKS HAVE ASKED the government for funds to support the payments ecosystem now that they can no longer charge merchants a fee for using the Unified Payments Interface (UPI) and RuPay

- To push digital payments, govt had made UPI and RuPay card-based payments free from MDR
- Payment players estimated to lose as much as ₹5,000 crore a year in revenues
- Banks expecting an announcement on ADF within a month, possibly in upcoming Budget
- ADF to be managed and maintained by RBI, will compensate payment players for MDR lost



card infrastructure.

In a letter to the finance ministry, marked to the Reserve Bank of India (RBI), Indian Banks Association (IBA) has sought an acceptance development fund (ADF) to be managed by the central bank.

The move to a zero MDR regime, bankers claim, would result in an annual loss of ₹5,000 crore given the costs relating to such transactions would need to be incurred.

Finance minister Nirmala Sitharaman had announced in the Budget for 2019-20 that no charge would be levied on UPI and RuPay transactions. Banks typically charge merchants a fee called the merchant discount rate (MDR) for use of the payments infrastructure. As of now Visa and MasterCard cards are permitted to charge MDR although there have been reports this would be discontinued.

The Nandan Nilekani Committee on deepening of digital payments had recommended an ADF for improving the acquiring infrastructure in Tier IV, V and VI locations. As per the committee's report, issuers would be required to contribute to this fund from interchange fees, matched by funds from the RBI.

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COMPANY STRATEGY

Hyundai not to pass high BS VI vehicle cost to consumers

PRITISH RAJ  
New Delhi, January 21

THE KICKING IN of new emission norms (BS VI) from April may not necessarily see a steep price hike of vehicles and consumers can afford to wait to buy them rather than rushing for BS IV vehicles at discounted price now.

The country's second largest passenger vehicle manufacturer, Hyundai Motor India, has indicated that for its BS VI vehicles, it's not going to

pass on the entire increased cost to consumers but will absorb a portion of it. Analysts are sure that if Hyundai follows this strategy, competitors are not going to be left behind and will follow suit.

SS Kim, managing director & CEO, Hyundai Motor India, told FE, "In some cases, we will be absorbing part of the cost increase considering the poor demand conditions. For competitive reasons too, we will ensure there is a balance as far as price increases across the



In some cases, we will be absorbing part of the cost increase considering the poor demand conditions. For competitive reasons too, we will ensure there is a balance as far as price increases across the portfolio is concerned

— SS KIM, MD, HYUNDAI MOTOR INDIA

portfolio is concerned."

Prices of petrol cars with BS VI engine are generally expected to go up in the range of ₹20,000 to ₹60,000, while

diesel cars could be costlier by anywhere between ₹80,000 and ₹200,000. However, with Kim's statement of absorbing a part of it, the final increase

could be much lower.

Hyundai's strategy could change the conventional thinking so far that consumers will rush to buy the BS IV mod-

els before April 2020 as prices are sure to rise thereafter.

With the passenger vehicle industry going through one of the worst slowdowns in about two decades, Kim believes if prices go up at one go, it will certainly impact the consumer sentiment. "We would not like to put the customers in a position wherein they freeze their purchases. It may take around an year for them to get used to the new price regime," Kim said

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US-China trade deal: Ph 2 talks soon

US President Donald Trump delivers a speech during the 50th World Economic Forum annual meeting in Davos, Switzerland, on Tuesday. Trump said the second phase of negotiations for the US-China trade deal would begin soon

