

THE MARKETS ON WEDNESDAY				Chg#
Sensex	41,115.4	▼	208.4	
Nifty	12,106.9	▼	62.9	
Nifty futures*	12,145.3	▲	38.3	
Dollar	₹71.2		₹71.2**	
Euro	₹78.9		₹79.1**	
Brent crude (\$/bbl)**	63.7		63.9**	
Gold (10 gm)***	₹39,916.0	▲	₹62.0	

* (Jan.) Premium on Nifty Spot; ** Previous close; # Over previous close; ## At 6 pm IST; ### Market rate exclusive of VAT; Source: IBJA

SC SAYS NO STAY ON CAA WITHOUT HEARING CENTRE



The Supreme Court on Wednesday said it will not grant a stay on the Citizenship (Amendment) Act (CAA) without hearing the Centre, and added it may refer pleas challenging the validity of the Act to a larger Constitutional Bench. The Bench, headed by Chief Justice S A Bobde, is hearing a batch of 143 pleas challenging the validity of CAA. **PTI**

ECONOMY & FINANCE P6

Want review of gas pricing, says ONGC CMD

India's move towards a gas-based economy is slow because of the gap in its domestic natural gas production and the market's inability to absorb the high cost of imported liquefied natural gas. In an interview with Jyoti Mukul, **SHASHI SHANKER**, chairman and managing director (MD) of ONGC, the country's biggest oil and gas producer, talks about India's transition to gas.

THE SMART INVESTOR P11

Airtel to gain from foreign holding cap removal

The Union government's permission to allow 100 per cent foreign holding in Bharti Airtel could lead to multiple gains for the company. In addition to boosting its financial position, a change in promoter holding in favour of co-promoter Singapore Telecommunications is also seen in a positive light by investors. The stock hit an 11-year high in trade on Wednesday.

ECONOMY & FINANCE P6

Axis Bank pre-tax profit down 8% in third quarter

Axis Bank's profit before tax declined by 8.03 per cent to ₹2,271.8 crore for the third quarter ended December (Q3FY20). The private lender had posted a pre-tax profit of ₹2,470.14 crore in Q3 of FY19. The stock closed lower by 0.7 per cent at ₹712.2 per share on BSE. Net profit in Q3 rose by 4.53 per cent to ₹1,757 crore over ₹1,680.8 crore in the same quarter of FY19.

COMPANIES P3

L&T profit before tax for Dec quarter dips 5%

Engineering conglomerate Larsen & Toubro (L&T) reported a 5 per cent decline in profit before tax for the December 2019-ended quarter on account of lower disbursements and profits for its financial services arm. After tax, the company reported a consolidated profit of ₹2,353 crore — a jump of 15 per cent.

RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 124 companies (results available of 144)

SALES			
Dec 31, '18	34.5%	₹3.49 trillion	
Dec 31, '19	2.5%	₹3.58 trillion	
PROFIT BEFORE TAX			
Dec 31, '18	9.8%	₹54,317 cr	
Dec 31, '19	15.5%	₹62,721 cr	
NET PROFIT			
Dec 31, '18	4.5%	₹37,938 cr	
Dec 31, '19	27.2%	₹48,247 cr	

Companies with zero sales excluded; Given the change in corporate tax rates, to give a fair comparison the profit before tax has been considered; Compiled by BS Research Bureau; Source: Capitaline



TECHNOLOGY: Sea change Major ports in India are turning efficient by digitising their operations and leveraging latest technologies, report **ADITI DIVEKAR** and **JAYAJIT DASH**

PERSONAL FINANCE: RBI empowers card customers The option to switch on and off international or online usage gives a layer of security, reports **SANJAY KUMAR SINGH**



BACK PAGE P22

MUMBAI BETS ON ALL-NIGHT SHOPPING TO LIFT ECONOMY

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BACK PAGE P22

UN CALLS PROBE INTO 'HACKING' OF JEFF BEZOS' CELLPHONE



15th FC may hike grants, cut devolution to states

Performance-based incentives planned to reduce friction between Centre, states

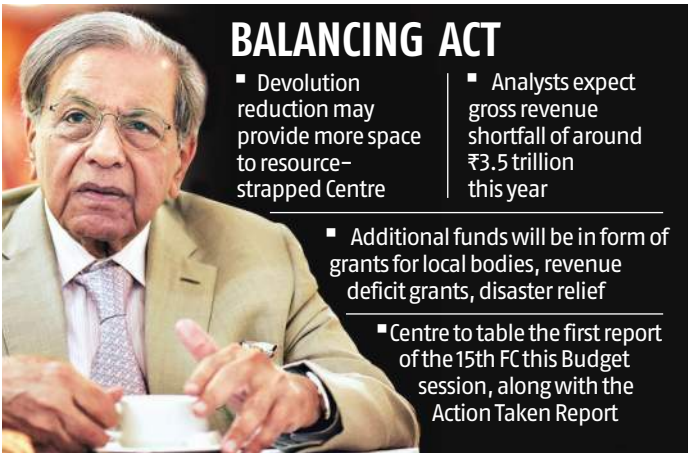
ARUP ROYCHOUDHURY
New Delhi, 22 January

The Fifteenth Finance Commission (15th FC), in its report for 2020-21, is believed to have reduced the devolution to states from the existing 42 per cent of the divisible tax pool, giving the revenue-strapped Centre some breathing space.

However, the Commission has increased the tied funds, such as grants related to revenue deficit and disaster relief, and is bringing back performance-based incentives, *Business Standard* has learnt.

Any reduction in devolution could aggravate the strained relations between the Centre and some opposition-ruled states on a number of issues, including the Citizenship Amendment Act.

The 15th FC, headed by NK Singh, submitted its first report to President Ram Nath Kovind in early December. The finance ministry is expected to table the report before the presentation of the Budget. Along with the report, the finance ministry will also table an "Action Taken Report", which will list out the 15th FC's recommendations that the Centre



N K Singh, chairman of the 15th Finance Commission

has accepted.

"The Commission, in its first report, has tried to strike a balance. While the devolution has been reduced, grants and tied funds to states have been increased," said a senior government official.

The additional funds will be in the form of grants for urban local bodies and panchayats, revenue deficit grants and disaster relief. Some portion of the funds will also be tied to the states' performances on various parameters, including

how well they have carried out rural, social sector, and infrastructure policies, the official said.

The 15th FC's stand can be seen as a reversal of that of the 14th Finance Commission. "The 14th FC had increased the devolution to states from 32 to 42 per cent, but pared that burden on the Centre by reducing grants to states," said a second official.

The reduction in devolution will certainly be good news for the Centre. A deep and sustained eco-

BALANCING ACT

- Devolution reduction may provide more space to resource-strapped Centre
- Analysts expect gross revenue shortfall of around ₹3.5 trillion this year
- Additional funds will be in form of grants for local bodies, revenue deficit grants, disaster relief
- Centre to table the first report of the 15th FC this Budget session, along with the Action Taken Report

Sebi asks Franklin Templeton to explain Voda Idea write-down

Fund house had announced 100% mark-down after SC rejected telcos' petition

SAMIE MODAK
Mumbai, 22 January

The Securities and Exchange Board of India (Sebi) has asked Franklin Templeton Mutual Fund to explain its decision to assign zero value to Vodafone Idea debentures even before any action was initiated by rating agencies.

Last week, the fund house announced a 100 per cent write-down immediately after the Supreme Court (SC) rejected the review petition by telecom operators over payment of adjusted gross revenue (AGR) dues—resulting in a 4-7 per cent erosion in value for its six schemes exposed to Vodafone Idea debt.

The action differed from its peers UTI MF, Nippon MF, and Birla MF, which went for write-downs in accordance with the valuation metrics provided by rating agencies.

Sources say Sebi is probing whether Franklin's action could have compromised the interest of existing investors.

"In the absence of any rating action, the 100 per cent write-down prima facie amounts to speculation. The regulator will soon gather inputs from the fund house on the matter," said a person with direct knowledge of the development.

Franklin refused to comment when asked if it had received any communication from the market regulator. A query sent to Sebi remained unanswered.

In an earlier statement, the fund house had termed the action a prudent measure for protecting value of existing unitholders. Franklin

also limited fresh inflows into schemes exposed to Vodafone Idea at ₹2 lakh, a move to prevent investors from taking large speculative bets on the mark-down valuation.

Dhirendra Kumar, CEO, Value Research, a mutual fund tracker, says the actions taken by respective fund houses were "right in their own way".

"Trustees have all the right to be prudent with their valuations. Franklin has been more conservative and proactive. They have done what they felt was necessary to guard the interests of existing investors. Without the measure, investors who would have walked out first after the SC verdict would have been the beneficiaries at the cost of remaining investors," he said.

Kumar said the move to restrict fresh flows was a compromise on the liquidity and the fund house would have to figure out a solution to this.

The MF industry has a total exposure of ₹3,389 crore to the telecom firm. Among the fund houses, Franklin holds papers worth over ₹2,000 crore, Aditya Birla MF and UTI MF a little over ₹500 crore each,

and Nippon India of nearly ₹200 crore, shows Value Research data. In total, 45 debt MF schemes hold Vodafone Idea debentures.

In recent months, most rating agencies have downgraded Vodafone Idea's debentures, given its weakening credit profile. The papers are still rated as "investment grade" but have been put on a "rating watch", implying high risk of default.



REVERSAL OF FORTUNE

How Vodafone Idea NCD's rating deteriorated in 2019

	Earlier	Revised
February	AA-	AA-
June	AA-	A+
August	A+	A
October	A	A-
November	A-	BBB-

Source: CARE Ratings

Tuesday. On Friday, shares of VIL had tanked 25 per cent after the SC verdict. This week they have rebounded sharply almost recouping most of Friday's loss.

Telcos to tell DoT they'll skip deadline

SURAJEET DAS GUPTA
New Delhi, 22 January

Leading telecom companies including Bharti Airtel, Vodafone Idea, and Tata Group are planning to communicate to the Department of Telecommunications (DoT) that while they will comply with the Supreme court order on paying adjusted gross revenue (AGR) dues, they will wait till next week, when their "modification" petition is heard in the apex court, before paying.

The move means the telcos will skip the January 24 deadline the court gave for paying the government ₹1.47 trillion.

While the three companies said they would not comment on the issue, top sources said Bharti Airtel would send the letter on Thursday.

About others it is not clear whether they sent a communication on Wednesday or are considering doing it on Thursday.

According to top sources close to Reliance Jio, the telco is expected to pay its entire dues of ₹177 crore on Thursday and has provisioned for the liabilities in its latest financial results.

Jio had not been party to the review petition and had a different stance on the matter.

Telecom companies have to pay ₹1.47 trillion as AGR to the government on the basis of the Supreme Court order in October last year.

After a review petition against the judgment was rejected, the three telcos filed a "modification petition" before the apex court this week.

A Bench headed by Chief Justice of India S A Bobde



OIL moves SC over ₹48k-cr AGR dues

MEGHA MANCHANDA
New Delhi, 22 January

Oil India (OIL) on Wednesday filed a clarificatory petition before the Supreme Court against a ₹48,000-crore demand raised by the Department of Telecommunications (DoT). The DoT had slapped the demand notice on OIL, seeking ₹48,000 crore on account of AGR (adjusted gross revenue) dues. **Turn to Page 21 ►**

agreed to list this petition "sometime next week", after the deadline, with the same Bench that handled the review petition.

The telcos in their petition sought a change in the payment deadline for their dues as well as permission to engage with the DoT on the terms and timing of payment. It means they are looking at, just as in the case of spectrum, a staggered payment plan, which could include a moratorium for a few years. **Turn to Page 21 ►**

JAVADEKAR HINTS AT BUDGET 'ACTION PLAN' FOR REVIVAL

INDIVIAL DHASMANA
New Delhi, 22 January

Information and Broadcasting Minister Prakash Javadekar on Wednesday said the government would unveil its "plan of action" in the Budget to boost the economy, which is grappling with a slowdown. The Budget is scheduled to be presented on February 1.

The economy is on the path of revival and nobody should have a pessimistic view about it, said Javadekar said in response to a query about the downward revision of India's growth rate by the International Monetary Fund (IMF). He was speaking at a press briefing here on Wednesday after a Union Cabinet meeting. He said: "From the Union Budget, you will get the government's plan of action. Our fundamentals are very strong." **Turn to Page 21 ►**



Prakash Javadekar briefs the media on Cabinet decisions at Shastri Bhavan PHOTO:PTI

Opinion PAGE 9 ► EDIT: STOP THE PROTECTIONIST TREND

Business leaders team up for climate change action

JYOTI MUKUL
New Delhi, 22 January

At a time when global business captains in Davos are debating how to deal with climate-change risks, top Indian philanthropists have launched India Climate Collaborative (ICC), aimed at connecting and strengthening the Indian climate community.

This marks the first ever collective response by Indian industry leaders, such as Ratan N Tata, Anand Mahindra, Rohini Nilekani, Nadir Godrej, Aditi and Rishad Premji, Vidya Shah, and Hemendra Kothari, for an effective action "towards a shared climate goal".

Among ICC's tasks would be to build a compelling, India-focused climate narrative and drive solutions that help people and nature thrive, said a statement from the institution.

"Our collective leadership through the ICC will indicate to the world that

"OUR COLLECTIVE LEADERSHIP THROUGH THE ICC WILL INDICATE TO THE WORLD THAT INDIAN PHILANTHROPY IS READY TO BE A LEADER IN CLIMATE ACTION"

Ratan Tata, Chairman, Tata Trusts



Indian philanthropy is ready to be a leader in climate action," Tata, chairman, Tata Trusts, was quoted in the statement.

ICC seeks to build a platform for diverse voices, innovative solutions, and collective investments.

Shloka Nath, who leads the

"SCIENTIFIC RESEARCH TELLS US THAT THE NEXT DECADE WILL BE CRITICAL IN DEALING WITH THE GLOBAL CLIMATE CRISIS"

Anand Mahindra, Chairman, M&M



friendly changes we all need to make. Our response to the climate crisis is going to be a uniquely Indian story."

Nath told Business Standard ICC would not be a fund but a TED-like (an American media organisation that posts online discussions) platform that would curate

opportunities for those who were investing in climate-change initiatives or wanted to invest in them.

"It will connect them to a wider ecosystem of government agencies, academic institutions, private sector and others. Currently, they all work in silos," she said. The intention is that companies are in a position to future-proof their plans.

"Scientific research tells us that the next decade will be critical in dealing with the global climate crisis,"

said Mahindra, chairman, Mahindra Group. "It is clear that the world cannot continue to pursue a business-as-usual approach and nobody can solve the problem on their own. Business, government, and philanthropy must collaborate within and among themselves to drive results quickly and at scale. India Climate Collaborative can make this happen." **Turn to Page 21 ►**