

THE MARKETS ON FRIDAY			Cng#
Sensex	41,613.2▲	226.8	
Nifty	12,248.3▲	67.9	
Nifty futures*	12,271.6▲	23.3	
Dollar	₹71.3	₹71.3**	
Euro	₹78.7	₹79.1**	
Brent crude (\$/bbl)**	60.4**	61.6**	
Gold (10 gm)***	₹39,996.0▲	₹133.0	

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

SC STAYS NCLAT ORDER DISMISSING RoC PLEA IN TATA-MISTRY CASE

The Supreme Court on Friday stayed the order of the National Company Law Appellate Tribunal, which had dismissed a plea filed by the Registrar of Companies (RoC) seeking modification of its verdict in the Tata-Mistry case. The NCLAT had said no aspirations were cast on the RoC in terming the latter's decision to allow conversion of Tata Sons into a private firm as illegal .

ECONOMY & PUBLIC AFFAIRS P6

BoB posts Q3 pre-tax loss of ₹2,197 crore

Bank of Baroda (BoB) posted a pre-tax loss of ₹2,197 crore for the December 2019 quarter (Q3FY20) owing to higher provisioning. In Q3FY19, it had made a profit before tax of ₹735 crore. At the net level, BoB reported a loss of ₹1,407 crore in the quarter, against net profit of ₹471 crore for Q3FY19.

▶ INDIAN BANK PBT JUMPS 75%

▶ JSW STEEL'S Q3 PBT FALLS 82%

▶ SOFT DEMAND DENTS ULTRATECH'S Q3

P6

P3

P10

BS ON SATURDAY SPECIALS

WEEKEND RUMINATIONS: Budgetary over-reach

While it could be argued that a counter-cyclical fiscal policy points to opening the tap, the reality is that the fiscal sins of the past are already extracting their price in different ways, writes T N NINAN

NATIONAL INTEREST: India, we have a problem

Brand India – and Brand Modi – has been damaged by a combination of identity politics and economic decline. But the world isn't writing India off, not yet. SHEKHAR GUPTA writes

SENSEX THIS WEEK

Net change -332 % change -0.8

RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 195 companies (results available of 226)

SALES		
Dec 31, '18	31.3%	₹4.46 trillion
Dec 31, '19	3.8%	₹4.63 trillion
PROFIT BEFORE TAX		
Dec 31, '18	13.0%	₹63,794 cr
Dec 31, '19	17.6%	₹75,024 cr
NET PROFIT		
Dec 31, '18	14.8%	₹46,184 cr
Dec 31, '19	23.9%	₹57,215 cr

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

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ECONOMY & PUBLIC AFFAIRS P6

NON-PERFORMERS WILL GET PINK SLIP: GADKARI

WEEKEND SEPARATE SECTION

HOW INDIA'S CONSTITUENT ASSEMBLY DEBATED RELIGION



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Hinduja, Interups join race to buy Air India

NY-based fund wants govt to include maintenance unit in deal

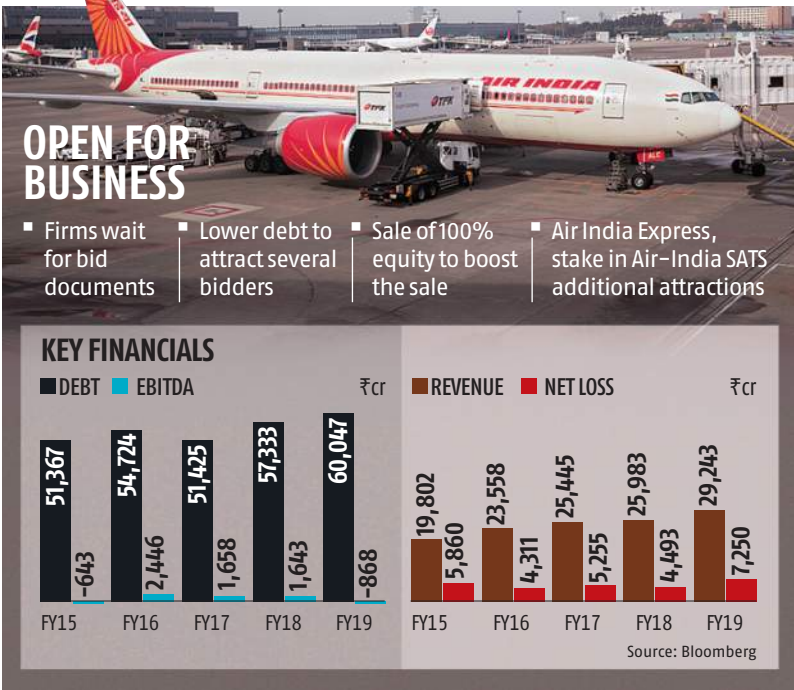
DEV CHATTERJEE
Mumbai, 24 January

The Hinduja Group and Interups, the US-based fund, have decided to join the race to acquire Air India, even as the central government prepares the bid document for the loss-making airline's sale. The Hinduja Group had earlier evinced an interest in taking over Jet Airways, but did not make a formal bid as it felt Air India offered better opportunities. "We are looking at Air India and will take a decision once the bid documents are in place," said a source.

The transfer of ₹29,500 crore of Air India's debt to a special purpose vehicle — Air India Assets Holding — has come as a boost for bidders as the finance cost of the airline will fall substantially. The sale of 100 per cent equity of the airline has also enthused bidders, unlike the government's previous offer of 76 per cent in the last round of sale held in May, which failed to attract any bidder, said the source.

Interups, which has bid for Lavasa Corporation and The Claridges Hotel in New Delhi, said it was waiting for the Indian government to float the bid document on Air India and that it will be a serious contender.

"We have opened a dialogue with the ministry, and our CEO Louise Jones will be in India next week (to discuss the issue). We have some concerns on non-inclusion of maintenance, repair, and overhaul (MRO) assets in the acquisition and would put our appeal before the government, as without MRO, it will be difficult for our identified operators to manage aircraft maintenance," said Laxmi Prasad, chairman and chief business architect of Interups.



The New York-based fund said it has the backing of investors and managed to execute these transactions successfully and was looking at the asset with a 20-year vision. The Tata Group had also evinced an interest in Air India, but might not go ahead over fears of litigation. The group already has two airlines in its fold, Vistara and Air Asia India, which are planning to add 80 aircraft in the coming months.

The sale of Air India to a private player is important for the Indian government as it has had to pump in ₹30,000 crore of taxpayers' money into the airline since 2012. The airline, however, has not made money

since the merger between Air India and Indian Airlines in 2007.

Apart from Air India, the government is also looking to sell Air India Express and its 50 per cent stake in Air India SATS Airport Services.

Union Minister Piyush Goyal's statement, made in Davos earlier this week, that he would have bid for the airline if he hadn't been a minister has also gone down well with potential bidders.

The airline has some of the best bilateralers the world over and is a well-managed and efficient airline, Goyal had said, adding that it was nothing short of a "gold mine".

Travellers skip China as coronavirus spreads

ANEESH PHADNIS
Mumbai, 24 January

As China scrambled to contain the novel coronavirus by locking down the city of Wuhan, cancelling Lunar New Year celebrations, businessmen are postponing their trips. China has already ordered all travel agencies to suspend sales of domestic and international tours beginning Friday. Disneyland also announced it was closing indefinitely.

"Bookings to China have drastically fallen. Corporate customers are postponing or cancelling immediate travel after coronavirus cases were confirmed in cities like Beijing," said Sabina Chopra, co-founder of travel portal Yatra.com.

Cleartrip.com has seen a 31 per cent dip in bookings to China, but there have not been immediate cancellations, Balu Ramachandran, senior vice-president, said.

SOTC Travel is recommending alternative destinations like Japan, Singapore, Vietnam, and Dubai to its customers even as it continues to monitor the situation in China.

Eleven people — seven in Kerala, two in Mumbai and one each in Bengaluru and Hyderabad — who are among hundreds of passengers who returned from China recently are under observation in hospitals to check for possible exposure, central and state officials said on Friday. The All India Institute of Medical Sciences in New Delhi has set up an isolation ward and kept beds ready for providing treatment to any suspected case.

According to the Union health ministry, 20,844 passengers from 96 flights have been screened at seven Indian airports in the past few days.

Air India, IndiGo, Air China, China Southern Airlines, and China Eastern Airlines operate non-stop flights between India and China. Carriers are waiving penalties for cancellation of tickets to China for travel till February 24. Meanwhile, oil slipped below \$62 a barrel on Friday.

3 PROGRAMMES ON TRACK TO FIND CORONAVIRUS VACCINE



'MONETARY POLICY HAS LIMITS, NEED MORE STRUCTURAL REFORMS'

Reserve Bank of India Governor Shaktikanta Das on Friday called for structural reforms and more fiscal measures to revive consumption demand and overall growth, saying monetary policy had its own limitations to achieve these objectives. The Narendra Modi government will be presenting the Budget next Saturday. "Monetary policy has its own limits. Structural reforms and fiscal measures may have to be continued and further activated to provide a durable push to demand and boost growth," Das said.

▶ RBI NOD TO JALAN PANEL'S PROPOSAL LED TO ₹1-TRILLION BOOST FOR GOVT

TN set to end tax dispute with Nissan

State cabinet approves ₹2,900-cr deal

T E NARASIMHAN
Chennai, 24 January

Tamil Nadu is set to settle the ₹2,900-crore tax dispute with Japanese automaker Nissan Motor in the next few months. The development comes two months after the state revived

Nokia's mobile-manufacturing facility, once the world's largest, which it closed down in 2014 owing to a ₹21,000-crore tax dispute. Salcomp, Foxconn, and other companies have acquired the 210-acre facility in parcels.

The agreement with Nissan has got the Cabinet's nod, said sources, adding it would be signed soon.

After taking office three years ago, Chief Minister K Palaniswami said his government would work on sorting out issues with both Nokia and Nissan, two high-profile tax cases.

While the state government will continue to offer the incentives as promised, Nissan will give up its claims on input tax credit, said sources.

A Nissan spokesperson said: "We are committed to working with the Government of India. Nissan is proud to play a role in the 'Make in India' effort and we have created over 40,000 jobs in India, directly and indirectly, and contributed to the economic growth of Tamil Nadu, where we have invested around \$1 billion."

Nissan, along with its French partner Renault, had set up a car-manufacturing facility at Oragadam, near Chennai in 2008, to cater to domestic and export markets.

Almost five years ago, the dispute led to the state government stopping refunds to Nissan and the company took the state to court, according to reports. The state has offered tax sops to investors, including investment promotion subsidy (IPS) and VAT (value-added tax) refunds. While the government was ready to give the subsidies to the carmaker, it refused to acknowledge the VAT dues Nissan claimed. Turn to Page 10 ▶

ROAD TO RESOLUTION

2015: Tax dispute arises between Tamil Nadu and Nissan

2017: Nissan goes to International Arbitration Tribunal, seeking around ₹5,000 cr, invoking the CEPA treaty between India and Japan

The firm alleged TN did not pay incentives of around ₹2,900 cr

TN said Nissan changed business model after signing MoU, enabling it to avail of ₹5,125-crore worth incentives earlier than the 21 years stipulated in the MoU

2020: TN finalises agreement to settle dispute



Soros pledges \$1 billion to foster open societies



OUR BEST HOPE LIES IN ACCESS TO QUALITY EDUCATION... THAT REINFORCES THE AUTONOMY OF THE INDIVIDUAL BY CULTIVATING CRITICAL THINKING AND EMPHASISING ACADEMIC FREEDOM

GEORGE SOROS, US BILLIONAIRE INVESTOR

AGENCIES
Davos, 24 January

US financier and philanthropist George Soros on Thursday pledged \$1 billion for a new university network project to battle the erosion of civil society in a world increasingly ruled by "would-be and actual dictators" and beset by climate change.

Speaking at the World Economic Forum 2020 here, Soros said humanity was at a turning point and the coming years would determine the fate of rulers like US President Donald Trump and China's Xi Jinping, as well as the world itself.

"We live at a transformational moment in history. The survival of open societies is endangered and we face an even greater crisis: Climate change," said the Hungarian-born billionaire.

He described the plan of the Open Society University Network (OSUN) as "the most important project of my life" and said it would be an international platform for teaching and research that existing universities all over the world would be able to join.

"As a long-term strategy our best hope lies in access to quality education, specifically an education that reinforces the autonomy of the individual by cultivating

critical thinking and emphasising academic freedom," Soros said.

The OSUN will be launched through a partnership of the Soros-backed Central European University (CEU) and Bard College. Soros, whose CEU was forced to shift out of Hungary after pressure from the government of Prime Minister Viktor Orban, said the project was needed at a time when open society was at more risk than ever.

The network would seek to reach out to "places in need of high-quality education and in serving neglected populations" such as refugees, prisoners, the Roma and other displaced peoples like the Rohingya Muslim minority in Myanmar, he said. "To demonstrate our commitment to OSUN, we are contributing \$1 billion to it," said Soros in his traditional annual Davos address.

He expressed grief that the world's strongest powers — the United States, China and Russia — were "in the hands of would-be or actual dictators and the ranks of authoritarian rulers continued to grow".

With nationalism making further headway around the world, Soros said that

the "biggest and most frightening setback" was in India, accusing Prime Minister Narendra Modi of "creating a Hindu nationalist state".

He described the US leader as a "comman and the ultimate narcissist" but said the current surge in economic strength for the US might have come too soon for the US leader as he faces re-election later this year.

"Trump... has managed to overheat an already buoyant economy. An overheated economy can't be kept at boiling point for too long," warned Soros, credited with correctly predicting major market swings in his career as an investor.

"If all this happened close to the election it would have assured his election. His problem is that the election is still 10 months away and, in a revolutionary situation,

that's a lifetime."

However, Soros also expressed particular alarm over Xi, who he said had broken with Communist Party tradition by concentrating power around himself, with the Chinese economy losing its previous flexibility.

BACK PAGE 20

EU, 16 WTO MEMBERS FORM ALLIANCE TO SETTLE TRADE DISPUTES

GOYAL MEETS WTO CHIEF, EU TRADE COMMISSIONER