THE MARKETS ON MONDAY		Chg#	
Sensex	40,676.6▼	788.0	
Nifty	11,993.0▼	233.6	
Nifty futures*	12,043.7	50.7	
Dollar	₹71.9	₹71.8**	
Euro	₹80.6	₹79.9**	
Brent crude (\$/bbl	<b>)</b> ** 69.7**	69.0**	
Gold (10 gm)***	₹40,678.0▲	₹747.0	
*(Jan) Premium on Nifty ! # Over previous close; #			

### GOVT ACTING AGAINST **CORRUPT FEW, NOT**

Prime Minister Narendra Modi on Monday said action against a few corrupt entities should not be seen as the government crackdown on the corporate sector, as he sought to allay fears over his regime's intentions. Speaking at the centenary celebrations of Kirloskar Brothers, he said the attempt was to allow industry to create wealth fearlessly in a transparent environment where there were no obstacles at all.

### **ECONOMY & PUBLIC AFFAIRS P4**

#### Services PMI rises to 5-month high in Dec

Services sector activity gained momentum and touched a five-month high in December. It was supported by an uptick in new business orders that boosted output as well as employment, the Nikkei India Services Purchasing Managers Index (PMI) showed on Monday. It rose from 52.7 in November to 53.3 in December. Services growth had peaked to a 43-month high of 54.7 in August, followed by two-straight months of contraction.

#### COMPANIES P2

#### Synergy Group submits fresh Eol for Jet Airways

South America-based Synergy Group has again given a formal Expression of Interest (EoI) for Jet Airways, sources said. The latest deadline for Eol applications is January 15, the committee of creditors (CoC) had decided at their latest meeting. There were reports that the Hinduja Group would also apply but the sources say this is yet to happen. Synergy had given an EoI for Jet in the first round of biddingtoo

#### **ECONOMY & PUBLIC AFFAIRS P6**

#### Delhi Assembly polls on Feb 8; results on Feb 11

The Delhi Assembly elections will be held on February 8 which will witness a triangular contest among the ruling Aam Aadmi Party, the Bharatiya Janata Party and the Congress. The results will be declared on February 11, the Chief Election Commissioner Sunil Arora announced on Monday, with the notification to be issued on January 14.

#### THE CMIE TRACKER

**CONSUMER SENTIMENTS INDEX** (Base: September – December 2015 = 100)





**WORLD P15** 

**BOEING UNCOVERS ANOTHER DESIGN FLAW WITH 737 MAX** 

PHOENIX WINS GOLDEN **GLOBE FOR BEST ACTOR** 

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

business Standa

# Iran crisis roils markets

www.business-standard.com

FALL SINCE SEPTEMBER 3

NIFTY, SENSEX SEE WORST | RUPEE BREACHES 72 AGAINST | GOLD RISES TO 6-YR HIGH; DOLLAR IN INTRA-DAYTRADE BRENT CRUDE NEAR \$70/BARREL

#### SUNDAR SETHURAMAN

Mumbai, 6 January

omestic equities slumped on Monday and posted their biggest fall in four months as investors dumped stocks amid worries about the impact of escalating US-Iran tensions on crude oil prices and its implications for the rupee and fiscal deficit.

The Sensex and Nifty plunged more than 1.9 per cent each — the highest since

September 3, 2019. The Sensex tumbled 788 points to end at 40,677 while

**PREPARING** THE RESPONSE

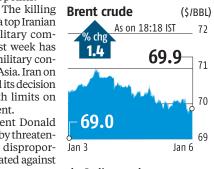
the Niftv closed 11,996, down 231 points. of a top Iranian

military commander in Iraq last week has raised the risk of military confrontation in West Asia. Iran on Sunday announced its decision not to comply with limits on uranium enrichment.

And US President Donald Trump responded by threatening to strike Iran disproportionately if it retaliated against any US target.

Analysts said the geopoliti-

**BEARS TAKE CHARGE** Sensex (BSE price index) 41,400 41,464.6 41,200 40,677.0 41,000 40,800 40,600 Jan 3 Jan 6



the Indian markets. "Rising crude oil prices will

PAGE 11 OIL RALLY HAS A CRUDE | INVESTORS BECOME POORER | INDIA'S BROADER MARKET IS

cal tension had increased the worsen our trade deficit, and in risk of unknowns, something a weak growth climate, higher enthusiasm for equity investwhich is getting reckoned on in oil prices will act as a further

IMPACT ON KEY SECTORS 

BY OVER ₹3 TRN IN 2 DAYS 

MORE VULNERABLE THAN EVER

Gold (\$/0z) ₹ **vs**\$ (inverted scale) 1,580 Jan 6

**WORLD P15** 

dampener on economic revival. If the geopolitical tensions linger, it will dampen the ing the world over and FPI (for-

eign portfolio investment) flows to India will suffer," said Saurabh Mukherjea, founder, Marcellus Investment Managers. Turn to Page 13

BOUNTY ON TRUMP

IRAN PUTS \$80-MN

# Margin for banks to lend ₹3.5 trn extra set to end

RBI unlikely to extend capital buffer relaxation

#### RAGHU MOHAN

New Delhi, 6 January

The Reserve Bank of India (RBI) may not extend the relaxation given last year to banks to comply with its capital conservation buffer (CCB) norm of 2.5 per cent by the end of 2019-20 (FY20). The Centre has to take this aspect into account when it pencils in the recapitalisation amount for state-run banks for FY21. The amount was about ₹70,000 crore in FY20.

The buffer, introduced after the global financial crisis of 2008, is the amount banks have to set aside to absorb losses during times of stress. The deferment of the CCB's last tranche of an additional 0.625 per cent from 1.875 per cent in March 2019 to 2.5 per cent in March 2020 had left banks with ₹37,000 crore of extra capital, on the back of which they could have increased lending by ₹3.5 trillion. This headroom will not be available in FY21, unless public sector banks (PSBs) are adequately recapitalised.

The CCB easing had broken the tran-2016 sitional sequence for capital ratios from April 1, 2013 onwards. It can be expected to figure in the pre-Budget talks for FY21 between the RBI and North Block. The subject is also linked to the higher provisioning call on banks due to the central bank's June 7 circular and telecom loan pains following the Supreme Court's order on the adjusted gross revenue, which entails a payout of ₹1.33 trillion to the Centre, inclusive of inter-

#### **CAPITAL MATH**

Regulatory capital as % of risk-weighted assets

Minimum common equity tier 1 (CET 1) ratio		5.5
Capital conservation buffer		2.5
(comprises common equity)		
CET 1 ratio plus capital		8.0
conservation buffer		
Additional tier 1 capital	/	1.5
Minimum tier 1 capital ratio		7.0
Tier 2 capital		2.0
Minimum total capital ratio		9.0

#### THE ORIGINAL TIMELINE

Capital conservation buffer



est and penalties.

The RBI made a special mention of the CCB go-easy in its report on the Trend and Progress of Banking in India (2017-18), and observed that while the government had been infusing capital into PSBs, this had been just enough to meet the regulatory minimum, including the CCB. Turn to Page 13

# JNU professor quits statistics committee

New Delhi. 6 January

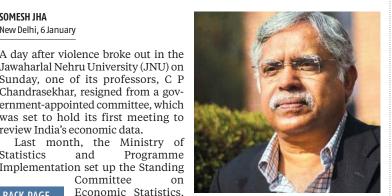
A day after violence broke out in the Jawaharlal Nehru University (JNU) on Sunday, one of its professors, C P Chandrasekhar, resigned from a government-appointed committee, which

review India's economic data. Last month, the Ministry of Statistics and Programme Implementation set up the Standing

**BACK PAGE** CALLED COPS FOR 2 HOURS, DIDN'T GET HELP: JNUSU VICE-PREZ

Committee Economic Statistics, led by former chief Sen, to "review the extant framework relating to data sources, indicators, concepts or definitions

and other issues" of the economic datasets. The panel was created after conspending — had been withheld by the government earlier.



Prof C P Chandrasekhar said he will statistician Pronab not be able to serve on the committee under current circumstances

"I was persuaded that this government is not concerned about the robustness of India's statistical system. The JNU's incident on Sunday has further undermined the faith in the syscerns were raised about "political inter- tem. It shows that we are now living in ference" in the statistical system. Two a different world and it's hard to work key statistical reports — one on the job with a government in which you have market and the other on consumer lost faith," Chandrasekhar told Business Standard over phone on Monday night.

## Sit down & settle: SC to Tata, Wadia

Bombay Dyeing Chairman filed defamation case against Tata, others in 2016

PRESS TRUST OF INDIA New Delhi, 6 January

The Supreme Court on Monday asked Bombay Dyeing Chairman Nusli Wadia and Ratan Tata, chairman emeritus of Tata Sons, to sit together and resolve their differences in a defamation case.

Wadia filed a criminal defamation case against Ratan Tata and other directors of Tata Sons in 2016 after being voted out of the boards of some Tata Group companies. 'You both are mature people. You both

are leaders of industry. Why don't you both settle the matter? Why don't you sit together and resolve your differences? Do you all need to pursue litigation like this?" said a Bench headed by Chief Justice S A Bobde.

The Bench, also comprising Justices B R Gavai and Surya Kant, which was initially inclined to dispose of the matter while upholding the finding of the Bombay High Court that there was no intention of defamation, adjourned the matter for January 13, after counsel for Wadia said he would like to seek instruction from his client on the sepa-

rate suit filed in the case. Senior Advocate A Sundaram, appearing



Nusli Wadia (left) and Ratan Tata

for Wadia, said he had nothing against the Tata group and was not claiming any defamation caused to him by his removal from the board. "I am not against the company, which removed me. I am against those people who requisitioned for the resolution, which was eventually leaked to the media," he said, adding that they should withdraw the allegations. The Bench told Wadia that Tata and others had some grievances against him and questioned as to how that amounted

#### **NCLAT REFUSES TO MODIFY ORDER**

The National Company Law Appellate Tribunal (NCLAT) on Monday dismissed the Registrar of Companies' (RoC's) petition seeking modification of the judgment in the Tata-Mistry case, and said its ruling had not cast any aspersions on the RoC.

#### TCSBOARD WON'T **MEETONJAN9**

Tata Consultancy Services (TCS) will not kick-start the Q3 earnings season for the IT sector. It will wait until the Supreme Court hears its plea against the NCLAT order reinstating Cyrus Mistry as director. The SC is likely to take up Tata Sons' plea against Mistry on January 10.