

Business Standard

THE MARKETS ON MONDAY		
		Chg#
Sensex	40,979.6	▼ 162.2
Nifty	12,031.5	▼ 66.8
Nifty futures*	12,040.0	▲ 8.5
Dollar	₹71.3	₹71.4**
Euro	₹78.1	₹78.2**
Brent crude (\$/bbl)**	53.2**	53.9**
Gold (10 gm)**	₹40,575.0	▲ ₹72.0

*Feb Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIA



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PARASITE FIRST NON-ENGLISH BEST PICTURE OSCAR WINNER

BRAND WORLD P15
INSTAGRAM, YOUTUBE, TIKTOK TOP POWER LIST



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BJP ISSUES WHIP TO MPs, ASKS THEM TO BE PRESENT TODAY

The Bharatiya Janata Party (BJP) issued a whip to all its members of parliament of the Lok Sabha and Rajya Sabha, asking them to be present in their respective House on Tuesday when Finance Minister Nirmala Sitharaman is expected to reply to discussions on the Union Budget in both the Houses. **PTI**

COMPANIES P2

Flipkart dives deeper into fintech market

Walmart-owned e-commerce firm Flipkart has increased its focus on the Indian financial technology market. Flipkart's fintech category, which comprises consumer credit constructs, device insurance, and seller financing, grew 40 per cent in 2019.

ECONOMY & PUBLIC AFFAIRS P4

Union Bank pre-tax profit up threefold

Union Bank of India's profit before tax was ₹582.4 crore in the December quarter, from ₹133.2 crore in the same period a year before. There was a rise in net interest income and dip in provisioning for stressed loans. Net profit was ₹574.6 crore.

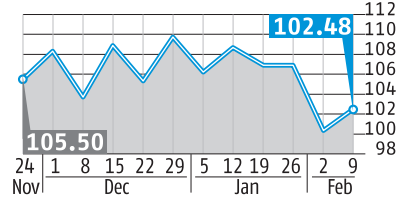
Award for BS journalist

Business Standard journalist Somesh Jha has won the IFFCO-Indian Institute of Mass Communication Alumni Association's best business and economic reporter award, 2020 on Sunday. He was also adjudged the alumnus of the year for his investigative reportage on the politics of data in 2019.

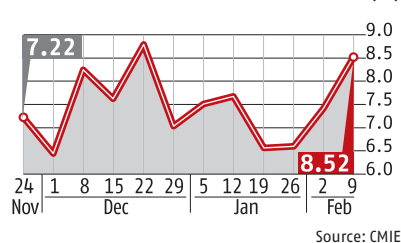
THE CMIE TRACKER

CONSUMER SENTIMENTS INDEX

(Base: September - December 2015 = 100)



UNEMPLOYMENT RATE



UNEMPLOYMENT RATE 7.2% IN JAN 2020

RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 1,229 companies (results available of 1,422)

SALES		
Dec 31, '18	20.4%	₹15.22 trillion
Dec 31, '19	1.5%	₹15.45 trillion
PROFIT BEFORE TAX		
Dec 31, '18	-19.0%	₹1.28 trillion
Dec 31, '19	43.2%	₹1.84 trillion
NET PROFIT		
Dec 31, '18	-28.5%	₹81,193 cr
Dec 31, '19	62.7%	₹1.32 trillion

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

States may not get GST compensation in full, says FinMin

Centre for rate hike to make up for ₹30K-cr revenue gap

DILASHA SETH
New Delhi, 10 February

States governments are unlikely to get the full compensation promised for shortfall in goods and services tax (GST) collection as the finance ministry says the amount will be given only through money collected from the cess imposed for this purpose.

A key ministry official said states should agree to hike GST or cess rates in the Council meeting, the date for which is yet to be fixed.

Earlier, the impression was that whatever losses states bore would be fully compensated to them for five years from the date of GST rollout. The states might not get the full amount of their losses despite the recent Union Budget carving out a special dispensation from the surplus collected through the compensation cess in previous years.

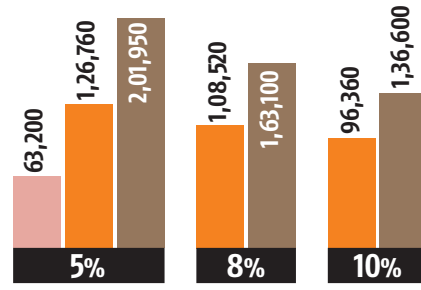
With the GST revenues of many states facing contraction over the previous year and cess realisation lower than required, the shortfall could be around ₹30,000 crore, even after taking into account the Budget proposal of a special dispensation.

After this year's provision of special dispensation, said officials, transfers to the compensation cess fund will, henceforth, be limited to collections through cess, which is levied on items such as aerated drinks, coal, paan masala, cigarettes and automobiles over the peak rate of 28 per cent.

Central Board of Indirect Taxes and Customs Member John Joseph, who was



Assumed revenue growth rate: 5% (2019-20), 8% (2020-21), 10% (2021-22)



Note: GST revenue grew by around 5% in the April-January period, compared to last year. Source: Revenue augmentation panel presentation to the GST Council

STATES BEARING BRUNT OF GST SLOWDOWN

officiating as chairman at the time of Budget preparation, told Business Standard the compensation to states would be made only if available. **Turn to Page 15**

Amazon seeks interim stay on CCI probe order

PEERZADA ABRAR & NEHA ALAWADHI
Bengaluru/New Delhi, 10 February

E-commerce giant Amazon on Monday filed a writ petition in the Karnataka High Court, seeking an interim stay on the Competition Commission of India's (CCI) order on probing some of its business practices.

Investigation by the CCI was launched last month after the Delhi Vyapar Mahasangh (DVM), a traders' body, filed a complaint against e-commerce players giving deep discounts on online sales of smartphones and cherry-picking sellers.

The investigation covers Amazon and rival Flipkart, which Walmart owns now.

Amazon asked the court that an interim stay be granted on the proceedings, or else

a probe would cause "irreparable loss and injury" to the e-commerce player's "reputation/goodwill".

It said the CCI order "has been passed without prima facie application of mind and will cause serious prejudice to the petitioner (Amazon). Its findings are perverse, arbitrary, untenable in law".

Amazon has filed a "Writ of Certiorari" under Article 226 of the Constitution, by which there can be a judicial review of a decision of a lower court or an administrative agency. The choice of the Karnataka High Court is because Amazon India's registered office is located in Bengaluru, Karnataka.

In the past, the CCI, after studying deep discounts in e-commerce, had said it was not a matter of competition.

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IN HOT WATER

- E-commerce platforms have had a tumultuous time in India over the past 2 years
- FDI norms restricted platforms from owning inventory
- Companies owned by e-comm firms cannot list on latter's platform
- Traders' bodies have lobbied against Amazon & Flipkart
- CCI ordered probe into Amazon,

- Flipkart on Jan 13, 2020
- Amazon founder Jeff Bezos announced \$1 bn investment in India in Jan
- Minister Piyush Goyal hit out at Amazon, saying it isn't doing India any favours through investment



EQUITY FLOWS RISE 75% AMID BROADER MARKET GAINS

The uptick in the broader markets has revived risk-appetite among mutual fund (MF) investors, with the industry seeing a 75 per cent jump in equity flows month-on-month (MoM) in January. Mid- and small-cap schemes garnered over one-third of the flows. Investor flows to small- and mid-cap funds improved 154 per cent and 126 per cent, respectively, over the previous month. Small-cap funds garnered ₹1,072 crore in January, while mid-cap funds collected ₹1,798 crore. Overall, equity flows stood at ₹7,877 crore. **JASH KRIPLANI writes**

CAR SALES SKID 6.2% IN JAN AS BUYERS IGNORE DISCOUNTS

Sales of passenger cars continued to decline in January despite significant discounts by automakers. This indicates that the sector is yet to recover from the worst auto slowdown in India in more than a decade. Domestic passenger vehicle sales fell 6.2 per cent year-on-year to 262,714 units in January from 280,091 in the same period last year, according to the data released by the Society of Indian Automobile Manufacturers (SIAM). On Monday, auto stocks witnessed a massive fall due to the widespread impact of a weak January sales. **ARINDAM MAJUMDER writes**

Banks to get 5-yr CRR relief for retail loans

ANUP ROY
Mumbai, 10 February

The Reserve Bank of India (RBI) on Monday said banks would not be required to maintain the cash reserve ratio (CRR) for five years on their deposits for an amount equivalent to loans given to the MSME (micro, small, and medium enterprises), housing and vehicles sectors between January 31 and July 31.

Banks currently maintain 4 per cent on their deposits as CRR.

In the monetary policy, however, the RBI said it would allow relaxations on this for loans given to the three productive sectors as they could have "multiplier effects to support growth impulses".

Therefore, banks were told that they could carve out an amount equivalent to what they lent to these three sectors in the six months from their total deposit base, and go for five years without maintaining the CRR on that amount.

While home finance can stretch over a longer period, and vehicle finance loans can reach seven years, analysts say five years is a good enough window for banks.

In this period, the loan portfolios could see a number of resets, as all retail loans are now linked to repo and



FACTS OF THE MATTER

- Relaxations on MSME, housing and vehicle loans made in view of their 'multiplier effects'
- Idea is to bring down cost of funds without deposit cuts, say analysts
- RBI can theoretically extend the unconventional measures till growth revives

they need to be reset at least quarterly. This is also forcing transmission in at least one segment of the loan portfolio, something that the RBI has been trying to do for quite some time. The RBI is looking to bring down the cost of funds for banks. **Turn to Page 15**

Advantage Air India: Fliers give Chinese carriers a miss

ANEESH PHADNIS
Mumbai, 10 February

Air India's (AI's) non-stop flights to Canada and the US will get a fillip as the novel coronavirus (nCoV) outbreak curbs traffic flow via China and Hong Kong.

Over 5.4 million passengers flew between India and the US in the 12 months ended September 2019. Around 25 per cent of passengers flew non-stop between the two countries; the rest flew via hubs in Dubai, Doha, or Frankfurt.

Around 5.7 per cent of the India-US traffic and 8 per cent of the Delhi-US traffic travelled one stop via China and Hong Kong during the period. Hong Kong and China are popular transit hubs for Canada-bound passengers from Punjab because of low fares.

The suspension and curtailment of flights between India and China will help



FLYING HIGH

- are the largest airlines
- Four Chinese airlines operate to Delhi. Now, they have suspended or cut flights
- Around 8 per cent of Delhi-US traffic travels via Hong Kong or China.
- Chinese carriers popular among Punjab residents travelling to Canada
- Emirates is the largest airline on India-US routes, followed by AI
- On the Delhi-US route, AI, United, and Emirates

AI and other airlines increase their seat occupancy and market share, say travel agents and aviation experts. AI operates 36 flights per week to the US and Canada and earns around 12 per cent of its revenue from North American routes.

"We are seeing a shift in traffic flow from over the Pacific to over the Atlantic. About 10 per cent of bookings to the US

and Canada via East Asia have been cancelled," said Amey Amladi, chief operating officer of Akbar Group, one of the largest travel agencies in India. **Turn to Page 15**

ELECTRONICS COMPANIES BRACE FOR CORONAVIRUS FALLOUT P3
TAKING A TOLL: ON LIVES AND ECONOMY P13