

THE MARKETS ON FRIDAY		
	Chg#	
Sensex	41,141.9	▼ 164.2
Nifty	12,098.3	▼ 39.6
Nifty futures*	12,095.9	▼ 2.4
Dollar	₹71.4	₹71.2**
Euro	₹78.2	₹78.3**
Brent crude (\$/bbl)**	54.2**	54.5**
Gold (10 gm)**	₹40,503.0	₹167.0

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

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## WEEKEND SEPARATE SECTION INDIAN SCREENWRITERS' FIGHT FOR DUE CREDIT

## ECONOMY & PUBLIC AFFAIRS P6 VIRUS OUTBREAK MAY HIT IT FIRMS' CHINA OPERATIONS



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## EASE OF LIVING, CIVIC PERFORMANCE INDICES LAUNCHED

The Centre on Friday introduced two indices to help improve the quality of life and civic amenities across major cities in the country. Apart from gauging the extent of civic services and quality of life in over 100 cities, the indices will also provide detailed data on each city. The ease of living index (EoL) is aimed at providing a holistic view of the country's cities. The municipal performance index (MPI) will assess the performance of municipalities based on five enablers.

### THE SMART INVESTOR P14

## RBI to conduct first LTRO on Feb 17 for ₹25,000 cr

The Reserve Bank of India (RBI) will conduct its first Long-term Repo Operations (LTROs) on February 17 for ₹25,000 crore for three years, followed by one-year-LTROs of an equivalent amount on February 24. In the monetary policy on Thursday, the RBI had said it would conduct LTROs of up to ₹1 trillion in various sizes.

### ECONOMY & PUBLIC AFFAIRS P6

## Delhi goes to polls today after searing campaign

New Delhi will vote on Saturday to elect a new government from the Bharatiya Janata Party, the Aam Aadmi Party, and the Congress. The number of candidates is 672, contesting 70 Assembly seats. About 14.7 million voters are eligible to exercise their franchise. Polling will begin at 8 am.

## BS ON SATURDAY SPECIALS

### WEEKEND RUMINATIONS Don't duck the issues

Mr Modi and his cabinet colleagues need to get over their hostility to any and all criticism and frontally address the jobs problem because it is central to tackling the growing inequality, writes TN NINAN

### NATIONAL INTEREST

#### A weapon called Nehru

For Modi, Nehru is a recurrent target to attack, even 23 times in one speech. Not just to chip away and finish Gandhi dynasty and Congress but also because he thinks he cast post-Independence India in his own 'flawed' image. SHEKHAR GUPTA writes

## RESULTS RECKONER

Quarter ended Dec 31, 2019; common sample of 975 companies (results available of 1,133)

SALES		
Dec 31, '18	21.3%	₹13.66 trillion
Dec 31, '19	1.7%	₹13.90 trillion
PROFIT BEFORE TAX		
Dec 31, '18	-22.8%	₹1.13 trillion
Dec 31, '19	51.3%	₹1.71 trillion
NET PROFIT		
Dec 31, '18	-33.2%	₹69,792 cr
Dec 31, '19	77.4%	₹1.24 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

# WhatsApp Pay gets all clear to go live

NPCI nod for phased launch comes 2 years after trial run

SOMESH JHA & NEHA ALAWADHI  
New Delhi, 7 February

Facebook-owned messaging service WhatsApp has secured regulatory approval for launching its digital payment platform — WhatsApp Pay — in a phased manner, close to two years after the US-based company's pilot run.

The National Payments Corporation of India (NPCI) granted permission to the California-headquartered company on Thursday to operate WhatsApp Pay, which will cater to 10 million users in India during the first phase, a person in the know said.

The NPCI approval follows the Reserve Bank of India's go-ahead. WhatsApp has assured the RBI and NPCI that it will comply with the data localisation norms, a source said. WhatsApp's resistance to the government's stand on data localisation was a key reason behind the delay in the company's payment service launch.

"If WhatsApp is able to fulfil the compliance requirements, the messaging platform will be able to do a full roll-out," the source said. Neither WhatsApp nor NPCI responded to *Business Standard* queries on the subject.

Once WhatsApp is able to do a full roll-out of the payment service, it's expected to capture the lion's share in that space. The messaging service giant, which was bought by Mark Zuckerberg-led Facebook for \$21 billion in 2014, counts India as its biggest market with more than 400 million users.

### Scale it slowly

WhatsApp's phased rollout of the payment service is linked to its large user base. The firm wants to

## RINGING THE CASH REGISTER

▶ 1.3 billion UPI transaction volume in January 2020

▶ ₹20,000 crore Amount transacted through UPI till Jan 2020

▶ 67 million Google Pay monthly active users (as of Sept 2019)

▶ 55 million PhonePe monthly active users (as of June 2019)

▶ 400 million WhatsApp's existing monthly active users in India

## KEY DIGITAL PAYMENT PLAYERS

Google Pay, PhonePe, Paytm, BHIM

scale up its payments operations once the infrastructure is equipped to handle the load of transactions, an official said. WhatsApp Pay, based on the Unified Payments Interface (UPI) standard, is different from other apps that offer payment services. UPI, developed by NPCI, lets bank account holders send or receive money electronically without entering their net banking user ID or password.

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# Govt to reintroduce FRDI Bill, no timeline yet: FM

ANUP ROY  
Mumbai, 7 February

The government is in the process of reintroducing the Financial Resolution and Deposit Insurance (FRDI) Bill, but the timeline has not been decided, Finance Minister Nirmala Sitharaman said on Friday.

FRDI was withdrawn in August 2018 after a backlash on a clause that put the onus on depositors to 'bail in', in case of bank failure. Considering that the deposit insurance cover was only ₹1 lakh at the time, the Bill led to a huge outcry as it said deposits could be used to nurse a failing bank back to health.

In the recent Budget, the government increased deposit insurance cover to ₹5 lakh. Besides, insolvency laws were also tweaked to accommodate financial institutions.

"It (FRDI Bill) was once introduced and withdrawn for some reasons. We have started to work on it again. I don't know when I will introduce it," the finance minister said.

Sitharaman said meeting depositors of PMC Bank during her last visit to Mumbai was "heart-wrenching".

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Finance Minister Nirmala Sitharaman at a press conference in Mumbai

## KEY TAKEAWAYS

- No comment on whether PMC Bank would be brought under higher deposit insurance cover
- DDT at the hand of receiver will be beneficial for the middle class, says FM

Will onboard retail investors for LIC IPO: FM ▶ P4

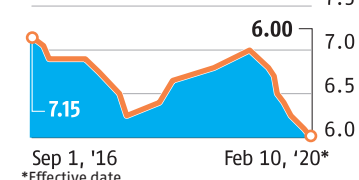
# SBI cuts deposit rates by 10-50 bps

ABHIJIT LELE  
Mumbai, 7 February

State Bank of India (SBI) has decided to reduce its marginal cost of funds-based lending rate (MCLR) by 5 basis points (bps) across all tenors. The 1-year MCLR comes down to 7.85 per cent per annum from 7.90 per cent, with effect from February 10. This is the ninth consecutive cut in MCLR in FY20, SBI said in a statement. This will lead to a reduction in home and auto loan rates.

The lender also decided to slash

## SBI 1-YEAR DEPOSIT RATE in %



Source: SBI Compiled by BS Research Bureau

interest rates on term deposits — retail and bulk — by 10-50 basis points (bps) across various tenors, as it is sit-

ting on a pool of surplus funds. The revised rates will come into effect from February 10, 2020.

The bank's credit grew 6.8 per cent to ₹23 trillion in the 12 months ended December 2019, driven by retail-personal advances, which clocked growth of 17.49 per cent. SBI Chairman Rajnish Kumar in January had said that the bank had given a guidance of 10-12 per cent growth in advances for FY20. However, it would be difficult to reach the 10 per cent mark, reflecting weak demand for corporate credit.

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# FPIs sweat over new withholding tax

SACHIN P MAMPATTA  
Mumbai, 7 February

Foreign portfolio investors (FPIs) may have to face challenges related to the withholding tax on dividend income, because of changes in the Budget.

The tax applies even to FPIs that might otherwise have been protected from a higher tax rate because of existing treaties. They may require special certificates from the revenue department or have to wait for a refund after filing their returns, say experts. Firms will be required to withhold tax at the rate of 20 per cent (plus applicable surcharge and education cess) on dividend to FPIs once the Budget changes come into effect.

At present, they do not appear to have the flexibility to deduct tax at a lower rate, even if the FPI invests from a treaty country that provides for a lower rate based on India's double tax avoidance agreements (DTAA) with that country, noted Suresh Swamy, partner (financial services), PwC.

This applies even if the FPI satisfies all conditions for availing of treaty benefits, according to him. For example, an

## TAXING TIMES

- Firms have to deduct tax on FPI dividends
- Budget has set withholding amount at 20%
- Lower deduction may need revenue department certificate
- FPIs may otherwise have to wait for refunds
- Measure to apply despite tax treaties

FPI from Hong Kong should be entitled to a 5 per cent rate under the India-Hong Kong treaty, but the tax deducted will attract a rate upwards of 20 per cent. "Like other non-resident entities, FPIs should also be given an option to approach the tax department for obtaining a lower withholding tax certificate, in case they satisfy treaty conditions," he said.

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# My net worth is nearly zero, Anil Ambani tells UK court

Court rejects 'poverty' claim, directs him to pay \$100 million in six weeks

AGENCIES  
London, 7 February

A UK court on Friday directed Reliance Group Chairman Anil Ambani to pay \$100 million within six weeks towards a conditional order granted to three Chinese banks pursuing the recovery of over \$680 million as part of a loan agreement.

In what is, in effect, a deposit to be paid to court pending a full trial in the case, Judge David Waksman has set a six-week timeline for such a payment as he concluded that he did not accept Ambani's defence that his net worth was nearly zero, or that his family would not step in to assist him when "push came to shove".

Earlier, Ambani had pleaded poverty in his dispute with the three Chinese banks. "The value of my

"THE CURRENT VALUE OF MY SHAREHOLDINGS IS DOWN TO \$82.4 MN AND MY NET WORTH ZERO AFTER TAKING INTO ACCOUNT MY LIABILITIES"

ANIL AMBANI, Reliance Group chairman



investments has collapsed," Anil Ambani said, according to a court filing by the banks in a London lawsuit. "The current value of my shareholdings is down to approximately \$82.4 million and my net worth is zero after taking into account my liabilities. In summary, I do not hold any meaningful assets which can be liquidated for the purposes of these proceedings."

The lawsuit was filed by the three Chinese banks, which argued that they had provided a loan of \$925 million to RCom in 2012, on condition that he personally guarantee the debt. The

comments were disclosed on Friday as Ambani sought to avoid depositing funds with the court ahead of a trial.

A spokesperson for Ambani said he was reviewing the Order of the UK Court, and would take legal advice as to further remedies in appeal. "The Order pertains to an alleged personal liability of Ambani and will have no bearing on the operations of the Reliance Infrastructure, Reliance Power and Reliance Capital."

The judge also did not accept Ambani's claim that his family would not step in to assist him when "push came to shove"

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