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How markets performed last week

	Index on Mar 6, '20	*One-week	% Chg over Dec 31, '19 Local currency	in US $
Sensex	37,577	-1.9	-8.9	-11.9
Nifty	10,989	-1.9	-9.7	-12.6
Dow Jones	25,865	1.8	-9.4	-9.4
Nasdaq	8,576	0.1	-4.4	-4.4
Hang Seng	26,147	0.1	-7.2	-7.0
Nikkei	20,750	-1.9	-12.3	-9.6
FTSE	6,463	-1.8	-14.3	-15.7
DAX	11,542	-2.9	-12.9	-12.3

*Change (%) over previous week Source: Bloomberg

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WHEN MODI SIGNED OFF, AND 7 WOMEN ACHIEVERS TOOK OVER

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ARAMCO SLIPS 9%, NOW BELOW IPO PRICE

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

5 NEW CORONAVIRUS CASES IN KERALA, TOTAL COUNT NOW AT 39

The number of coronavirus cases rose to 39 in India on Sunday, after a couple and their son, who had flown from Italy last month and evaded airport screening, and their two relatives tested positive in Kerala. The number of novel coronavirus cases in the world stood at 105,836, including 3,595 deaths, across 95 countries and territories.

AIRPORTS START STRINGENT SCREENING TO CHECK SPREAD P6

Rana Kapoor in ED custody, faces ₹4K-cr kickback probe

- 12 SHELL FIRMS, 2 UK ASSETS, 44 PAINTINGS UNDER ED SCANNER
- LONDON-BOUND DAUGHTER STOPPED AT MUMBAI AIRPORT
- CBI BOOKS KAPOOR AND WADHAWAN ON CHARGES OF CHEATING

SHRIMI CHOUDHARY
New Delhi, 8 March

The Enforcement Directorate (ED) has found that YES Bank co-founder Rana Kapoor and his family set up over a dozen shell firms that were allegedly used for receiving kickbacks to the tune of ₹4,300 crore and invested in properties illegally.

The agency arrested Kapoor, 62, early Sunday morning in connection with a money-laundering probe — three days after the Reserve Bank put YES Bank under a 30-day moratorium and superseded its board. Kapoor was produced in a Mumbai sessions court, which remanded him in ED custody till March 11. The agency told the court that Kapoor's custody was required to investigate the role of some companies run by his family members, and are directly and indirectly controlled by him.

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END OF A LONG ROPE

"Kapoor obtained undue pecuniary advantage from DHFL (Dewan Housing Finance Corporation) in the matter of investments in the debenture of DHFL by YES Bank, through the companies held by his wife and daughters. It is also apprehended that Kapoor had misused his official position in several other transactions and obtained illegal kickbacks directly or indirectly through entities controlled by him and his family members," the ED said in the remand to court, which was seen by the *Business Standard*.

YES Bank co-founder Rana Kapoor being taken to a sessions court after being arrested by Enforcement Directorate, in Mumbai, on Sunday PHOTO: KAMLESH PEDNEKAR

THE DHFL ANGLE

- **Bank gave loan to DHFL against** ₹3.7K-cr debentures
- **To cover this,** DHFL gave ₹600 cr to Kapoor family firm against ₹40-cr assets
- **₹750 cr more given** to DHFL promoter firm after default

"Prima facie, there appears to be generation and laundering of proceeds of crime to the tune of ₹4,300 crore by the 'accused' persons under Prevention of Money Laundering Act (PMLA), 2002," the ED said, adding further investigation into the money trail of the proceeds was under progress.

Sources said these firms used the kickback amounts to buy properties valued at ₹2,000 crore. The current market value of the assets could be more than ₹5,000 crore, said ED officials.

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Foreign pension funds may soon get more leeway

SUBHOMOY BHATTACHARJEE
New Delhi, 8 March

Deep reforms are on the anvil in the country's pension market, with plans to permit foreign pension funds to set up independent pension trusts and make the Pension Fund Regulatory Development Authority (PFRDA) the sole authority to allow a pension product into the market. This could entail a thorough rewrite of the pension products that insurance companies and some mutual funds offer today in the fast-expanding market for retirement products in India.

These are part of some 30 changes that the finance ministry is planning to bring in by amending the PFRDA Act of 2013. The amendment will also involve a change in the name of the regulator. Instead of 'Pension Fund Regulatory Development Authority', the regulator will be known as Pension Regulatory Development Authority.

The word 'fund' will be deleted from the name because, as a government source explained, "The regulator is in charge of the entire pension sector and not just of the funds. The new name will reflect this position better."

SECTOR SNAPSHOT

	2016	Dec 18	Dec 19	CAGR over 4 yrs since '16
Number of subscribers (mn)				
	12.23	25.41	32.69	**27.85**
Contribution to NPS (₹ crore)				
	95,849	22,6813	30,1851	**33.21**
Assets under management (₹ crore)				
	118,810	291,060	401,152	**33.00**

Source: PFRDA data

The amendments will also help to attract more foreign investors, who are now allowed to invest upto 49 per cent in the sector. Though government officials have often talked of plans to raise this limit to 74 per cent (in tandem with the insurance sector), the straitjacket of the pension rules is seen as a dampener.

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BS SPECIALS ON MONDAY

No edition

There will be no edition of the newspaper on Tuesday as the offices of *Business Standard* will remain closed on account of Holi. The e-paper of the newspaper can be accessed at *epaper.business-standard.com*

Shadow over AT-1 bond mkt

Small banks may find it difficult to access capital

JASH KRIPLANI
Mumbai, 8 March

The ₹1-trillion additional tier-1 (AT-1) bond market — also called perpetual bonds — is likely to see a heavy loss of investor appetite after Reserve Bank of India proposed writing-down the AT-1 bonds of YES Bank. Forcing bondholders to take a 100 per cent haircut on the bank's AT-1 bonds would lead to losses to the tune of ₹10,800 crore, estimates Acuité Ratings. It says such a move can drive away investors from such bond issues in the future.

According to the rating agency, the bulk of the exposure to YES Bank's AT-1 bonds is to mutual funds (MFs) and banks' treasuries. Several MF schemes have already marked down their exposure to zero, which would impact investments of unit holders unless the regulatory stance on the bonds changes.

"The scheme is still in the draft stage but, if implemented, it would indicate a shift in regulatory thinking on these bonds. This will have an impact on appetite for these bond issues. In 2017-18, some of public sector banks with weak financial health and equity erosion were put under prompt corrective action of the RBI, but AT-1 obligations were still paid out fully," said R Sivakumar, fund manager at Axis MF. "In the current scenario, we are seeing a different treatment for these bonds." Fund managers and fixed income experts say the regulator's treatment to AT-1 bonds is a source of worry, as it can be harbinger of how such bonds will get treated in the future, if the need for regulatory intervention arises.

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COVID may delay roll-out of Vivad se Vishwas scheme

DILASHA SETH
New Delhi, 8 March

Vivad se Vishwas, the government's flagship scheme for resolving direct tax disputes, may get an extended deadline beyond March 31 on account of the coronavirus outbreak and a late notification, which is still to come. Income-tax (I-T) officers are saying most people will need time to arrange for funds to participate in the scheme and coronavirus will make it tougher for some firms, and many at their global headquarters are shut temporarily.

The Direct Tax Vivad se Vishwas Bill was passed by the Lok Sabha on Wednesday. Being a money Bill, it does not require the Rajya Sabha's nod. However, it will go to the Upper House, which can recommend changes, but it will be up to the Lok Sabha to accept those or not. After that it would go to the President for assent before notification. This would leave assessees barely a fortnight to take part in the process.

"The chances of an extension are very bright because otherwise assessees will not get a fair chance to participate in the scheme, which will make it unfair to most. Besides, genuine concerns like COVID-19 need to be taken into account," said a tax officer. Another tax officer said firms were approaching the I-T department on delays in clearances from their headquarters overseas because some were not functioning at full capacity and others were yet to decide whether they wanted to participate in the scheme.

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REVENUE SHORTFALL
Direct tax collection 2019-20

	₹ trn	% growth
Budget Estimate	13.35	**17.30**
Revised Estimate	11.7	**2.80**
Collection (April-January)	7.45	**-6.25**
Required collection (February-March)	4.25	**20.00**

Source: CGA, Budget

Ujjwala may get a facelift with refills at doorsteps

SHINE JACOB
New Delhi, 8 March

Soon, consumers might get an option to refill cooking gas cylinders for amounts as small as ₹50-100 at their doorstep. The option can be exercised after the proposed introduction of mobile liquefied petroleum gas (LPG) vans across the country.

This is among a slew of measures to be introduced by oil marketing companies (OMCs) to boost the number of refills under the Pradhan Mantri Ujjwala Yojana (PMUY). Sources say plans are also afoot to extend partial loans to customers for cylinder refills.

Encouraging the sustained usage of LPG has remained a challenge before oil marketers such as Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL), and Hindustan Petroleum Corporation (HPCL), as consumers are reluctant to go for second refills under the scheme.

According to a recent report by the Comptroller and Auditor General (CAG), the annual average refill consumption of 19.3 million PMUY consumers (who have completed more than one year) was only 3.66 refills in March 2018. Similar analysis for 31.8 million PMUY beneficiaries revealed that consumption declined to 3.21 refills annually by the end of 2018.

"The focus is on increasing the number of small cylinders to encourage refills. In addition, loans will be extended for second cylinders, too, and refill vans will be launched to reach out to the homes of customers directly," said an official source.

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