

dollars in November

The Reserve Bank of India (RBI) remained a net seller of dollars in November 2018, as it sold \$644 million of the greenbacks on a net basis in the spot market, according to the latest data. As against this, in November 2017, the bank had purchased \$2.570 billion from the spot market and sold \$1.706 billion, while in the reporting month, the monetary authority bought \$3.127 billion from the spot market, and sold \$3,771 billion, according to data from the central bank. PT

Insolvency plea against Parsvnath subsidiary

The National Company Law Tribunal (NCLT), Delhi has approved insolvency proceedings against realty firm Parsvnath Developers arm, which is developing a housing project in New Delhi. The NCLT admitted an insolvency petition filed by three homebuyers against Parsvnath Landmark Developers for inordinate delay in project development and non-refund of their

FICCI for cut in corporate tax rate in Budget

FICCI has recommended the government cut corporate tax rate across the board to 25%, irrespective of turnover, in the forthcoming Budget to spur economic growth and increase overall has also suggested revision in tax slabs for individual taxpayers with the top 30% rate to be applied for those with more than ₹20 lakh annual income. It also minimum alternate tax. PTI

Panel pulls up govt. for diverting coal cess

Cess used to make up States' revenue loss post-GST; committee urges support for gas-based power

The 42nd standing committee on energy in its report on stressed gas-based power plants tabled in Parliament earlier this month has pulled up the government for diverting coal cess to compensate States for revenue loss post-GST, and recommended financial support to the stressed gas-based power projects in the country from National Clean Energy Fund (NCEF)

The NCEF was created out of cess on coal at ₹400 per tonne to provide financial support to clean energy initiatives and an Inter Ministerial Group chaired by the Fi-Secretary constituted to approve the project/schemes eligible for financing under NCEF.

The coal cess collected



Green initiative: The NCEF was created out of cess on coal to provide financial support for clean energy.

from 2010-11 to 2017-18 amounts to ₹86,440.21 crore, out of which only ₹29,645.29 crore has actually been transferred to the NCEF. The amount financed from NCEF for projects is only ₹15,911.49 crore, or only about 18% of the total amount collected as

SAMSUNG

coal cess. "The Committee feels that the fund should be used for its intended purpose i.e. to support clean energy initiatives and it should not be diverted to compensate GST losses.

"Diversion of this fund to unrelated activities reflects

poorly on our commitment towards cleaner environment and shows government's apathy towards clean energy projects. Since it is levied on coal as that is a polluting fuel, the amount collected should be used to promote cleaner fuel," said the committee in its report.

It recommended that financial support be extended to gas-based power projects from the NCEF. The Ministry of Power should pursue this matter with the Ministry of Finance, said the panel.

'Stranded' capacity

Out of India's total installed capacity of about 345 GW of power, gas-based capacity is about 25 GW or 7.2% of the total. However, its share in terms of generation is only 3.8% as 14,305.30 MW of gasbased capacity is stranded

users," Mr. Warsi said. He,

however, did not elaborate.

series, he said that the on-

line retail is a growth seg-

ment and the new series has

been built with Indian mil-

channel and we have been

committed to it since it's in-

ception. We have launched

multiple number of devices

online... M series is a succes-

sion in that path... What we

will be seeing most likely is

that this will help us more

that double our online busi-

ness next year over the pre-

"Online is an important

lennials in mind.

On the launch of the new

due to non availability of domestic gas and unaffordability of imported gas. The consequence is that a large amount of assets in this sector have turned 'non-performing' or 'unproductive'.

Servicing of debt

A senior GMR Group official said, "We welcome the find ings of the committee. Time has now come to understand the real benefits of gas-based projects which can be used as peak-based plants as also for ancillary services. As demand for energy is picking up due to government's efforts in electrifying all households, revival of gas-based plants will help provide clean energy.

The revival will also help all these plants service outstanding debt of ₹50,000 crore with banks, he added.

RBI warns of NPA spike in **MUDRA loans**

INDO-ASIAN NEWS SERVICE NEW DELHI

The Reserve Bank of India (RBI) has raised a red flag over spike in non-peforming assets (NPAs) under the government's flagship scheme to support micro enterprises in the country – the Pradhan Mantri Mudra Yojana.

Finance Ministry sources said, the RBI has cautioned that the scheme might turn out to be the next big source of NPAs that have plagued the banking system. RBI said that bad loans under PMMY had risen to ₹11,000 crore. The caution comes at a time when the country's financial system is reeling under severe stress due to IL&FS crisis.



By FY22, J&K Bank eyes ₹2,000 cr. profit

Best is yet to come, says chairman

SPECIAL CORRESPONDENT

Jammu & Kashmir Bank has embarked on a transformation plan to scale up business and aims to grow its total business to ₹2.45 lakh crore by 2020 from ₹1.57 lakh crore now, the bank's chairman and chief executive officer Parvez Ahmed said.

'Transformation is key' "Post transformation, we

are envisaging a total business of ₹2.45 lakh crore with a targeted profit of ₹2,000 crore, net interest margin ranging between 3.5-4%, return on assets of 1.3%, return on equity of 16% and credit cost below 1% at the end of FY 2022. So in terms of numbers, our best is vet to come," Mr. Ahmed said in a statement.

For the quarter ended December 31, the bank posted a 43% increase in net profit to ₹104 crore while for the nine months of the current financial year, profit grew likewise at 43% to ₹250 crore. "We met our third quarter profit estimates despite downgrading the much publicised IL&FS exposure and making adequate provisions, though a number of banks are still maintaining the account as standard.

Mr. Ahmed said the 'cleaning up' of the balance sheet was almost complete and the recognition cycle was drawing to an end. However, credit costs

would take some more quarters to align to the longterm averages, due to provisioning pressure on account of IL&FS and the ageing of NPAs, he added. The bank has a deposit

base of ₹86,210 crore and a loan book of ₹71,069 crore.

"The bank reported a stable Net Interest Margin of 3.76% largely driven by the bank's low cost of funds at 4.9% with a CASA contribution of 49%," he said.

He added that while the provision coverage ratio remained static year-on-year and was still comparable with the best in the industry, it dipped on a sequential basis to 65.82% mainly on account of downgrade of the IL&FS account.

The gross and net NPA ratios remained unchanged at 9.94% and 4.69%. J&K Bank was a private sector lender-But in November last, while dissolving the State assembly, J&K governor Satyapal Malik turned the bank into a public sector undertaking. making it accountable to the legislature. The State holds 59.23% stake in the bank.

'Expect 2019 to be our best year by far'

With many users preferring upgrades, Samsung India to unveil new products

YUTHIKA BHARGAVA NEW DELHI

Samsung India expects 2019 to be the best year so far for the company, driven by the launch of new products and services coupled with rising number of users upgrading to better devices.

The company, which is locked in an intense battle with brands like Xiaomi and Oppo, is also gearing up to launch a new online-only smartphone series – the M series - to cash in on the segment that contributes about 35% to the smartphone sales in the country.

"We are looking at a 2019 as evermore exciting than anything in the past. The market, the opportunity, the 2019. I think, this year is go-



its online business, says Asim Warsi. • SOMASHEKAR GRN

seen so far. If the market is a healthy double digit growth, for sure we will have very strong double digit growth, Asim Warsi, senior vice president, mobile business, Samsung India told *The*

As per the company's filling with the RoC, it saw a

es maturity of the goal or

gets older, preservation of

the wealth created becomes

more important – so he/she

should reduce allocation to

equity and increase alloca-

What will be the outlook for

■ With a sharp fall in bond

yields over the past few

months, we feel that large

part of the rally in debt mar-

kets is behind us now. We ex-

pect bond yields to be range-

bound, and data-dependant,

so investors in debt funds

can expect steady returns in

2019. We are presently posi-

tive on short to medium

term part of the yield curve.

Why should an investor look

at long-term investment such

as ULIPs for wealth creation?

■ Firstly, with the introduc-

tion of new-age ULIPs, they

have become a very compet-

itive savings/investment veh-

icle, with an added advan-

tage of life cover. Second,

ULIPs being a long-term in-

vestment product (along

with life cover), enjoy va-

rious tax advantages. This

further helps increase the

net return in the hands of

the investor – as compared

to other savings and invest-

ment vehicles. Third, ULIP is

a good avenue for wealth

creation over the long term,

being a long term invest-

As per a ratings agency, most of your funds have been

■ We focus on growth-

at-a-reasonable-price

investment philoso-

phy. With ULIP being

a long-term product,

we also have a long-

term orientation in our investment ap-

rated as five star?

proach.

ment product.

debt funds for 2019?

tion to debt.

bile business in India in FY 2018, to touch ₹37,349 crore.

Customised services

sales growth of 9% in its mo-

"We are geared up for 2019. You will see many more exciting tech, capabilities, app and services... customised services for Samsung device

vious year," he said. To start with, the series would comprise three device priced in the sub-₹10.000 and ₹10,000-₹20,000 segment in "the centre of where the Indian market is.'

Govt. plans technology

According to Sudhir

ing sectors. They have modern tech-

nology machinery and testing equipment and the services are offered to industries at a competitive With the development

these.

trained manpower in virtual reality through the National Small Industries Corporation (NSIC). It has also developed training modules that use virtual reality and these will be launched across the country through the NSIC in a couple of months.

in augmented reality too," he said.

centres for **MSMEs** M. SOUNDARIYA PREETHA

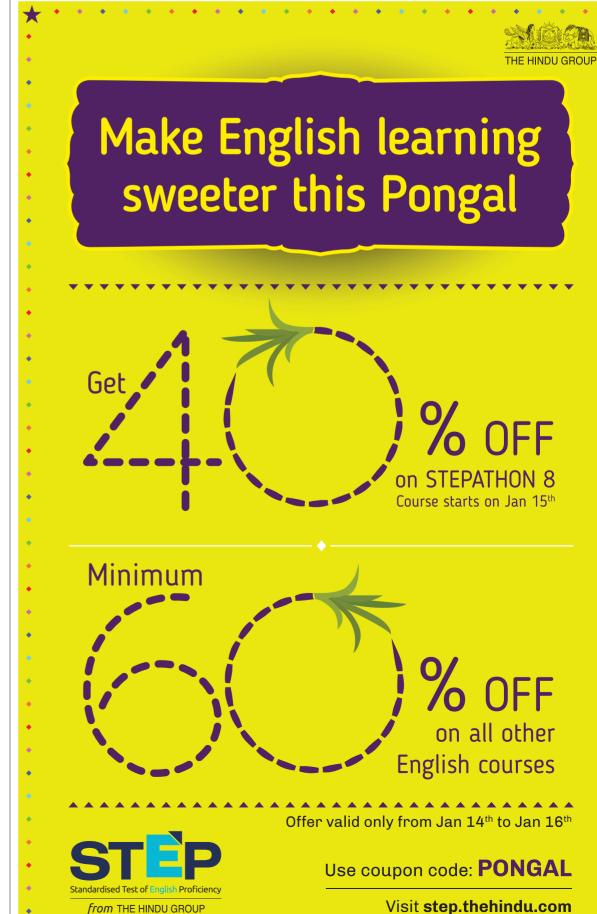
The Ministry of Micro, Small and Medium Enter prises (MSME) will develop 20 technology centres, along with extension centres across the country in another 3-5 years.

Garg, Joint Secretary of the Union Ministry of MSME, these centres would come up at an investment of ₹200 crore each. There are plans to have about 100 extension centres, each at an investment of ₹20 crore. "We are identifying locations. These will come up in the next three to five years. The aim is to ensure that maximum [number of] units are benefited from the facilities," he said.

As many as 18 tool rooms are operational in the country and 15 more are in different stages of development or have started functioning. These tool rooms are specific to electronics, general engineering and high-end engineer-

of technologies such as virtual reality and augmented reality, the manufacturing units in the MSME sector need to have access to The Ministry is creating

"We are training people



growth is all beckoning in suggested a cut in the rate of ing to be the best we have \pm INTERVIEW | SAMPATH REDDY 'Investor must follow goal-based

Rally in debt markets behind us, says Bajaj Allianz Life CIO

What should be the ideal

portfolio contribution for

Other than age of the in-

vestor, two other important

parameters for deciding as-

set allocation for an investor

would be 'investment hori-

zon' and 'risk appetite.' If the

investor has a longer invest-

ment horizon and a reasona-

bly good risk appetite, then

they can consider a higher

allocation to equities. Equi-

ties has been one of the top

performing asset classes ov-

er the long term and helped

in wealth creation for inves-

tors, even though they come

avenue for wealth

creation over the

We feel that that investor

If the horizon for the in-

vestment goal is long, then

they can start off with bulk

or higher allocation to equi-

ties, and gradually

tone down equi-

ty allocation as

proach the

maturity

period of

achieving the goal. Al-

should follow a goal-based

approach for asset alloca-

ULIP is a good

long term

with intermittent volatility.

IT services sector for its at-so, as the investor approach-

approach to asset allocation'

tractive valuation.

investors in such a

challenging scenario?

OOMMEN A NINAN

Sampath Reddy, chief investment officer (CIO), Bajaj Allianz Life Insurance Company, believes that the company's investment philosophy has helped it in protecting downside risk, on a relative basis, and capture market upside reasonably well. Excerpts from an interview:

What is your outlook for

markets in 2019? ■ Earnings growth has been recovering (albeit, slightly below expectations), but we expect it to accelerate from 2HFY19 onwards, and this should be the key driver for markets in 2019. Earnings growth over the past few years was primarily driven by domestic consumption sectors. But we expect that growth will be more broadbased in 2019, and also that the capex cycle (which has been a drag earlier) is now bottoming out, and will see a gradual recovery in FY20.

What are the sectors which, according to you, may do well this year?

■ We continue to like wellrun private sector banks and NBFCs due to their good asset quality and healthy credit growth.

Pharma sector, which was struggling due to USFDA issues and weak pricing for generics, seems to have bottomed out. We are incrementally turning positive on capital goods, on expectations of a capex turnaround – as the industry capacity utilisation levels are inching towards

