

ECONOMY

324 EXPATRIATES FLYING FOR AIRLINES AS OF DEC 2018, AGAINST 298 IN AUGUST

Foreign pilots increase despite govt efforts to reduce dependency

PRANAV MUKUL
NEW DELHI, JANUARY 13

DESPITE THE government asking all domestic airlines to reduce their dependency on foreign pilots, the number of expatriates flying for Indian carriers increased during the year 2018, data from the Ministry of Civil Aviation show. The total number of foreign pilots hired by scheduled and non-scheduled Indian airlines rose to 324 as of December 15, 2018, against 313 as of January 1, 2018. The number dipped to 298 as of August 9, 2018. This is despite a majority of airlines reducing their strength of foreign pilots during the period.

India's largest carrier IndiGo, which now has more than 200 narrowbody aircraft employed the highest number of foreign pilots at 93, higher from 59 in August and 87 in January last year. The only other carrier that saw a rise in number of expatriate pilots on its roster during the 12-month period was Air India's regional subsidiary Alliance Air at 66 in December, compared with 45 as of January 2018.

BRIEFLY

J&K Bank profit rises 43% in Q3 of 2018-19

Mumbai: J&K Bank has posted a 43 per cent increase in net profit at Rs 103.75 crore for the third quarter ended December as compared to Rs 72.47 crore in the same quarter of last year. Parvez Ahmed, Chairman & CEO, J&K Bank, "the bank has been able to maintain consistency in its growth rate and earnings." The bank's total business as on the close of December 2018 stood at Rs 157,279 crore. **ENS**

Ficci for cut in corporate tax rate in Budget

New Delhi: Ficci on Sunday recommended the government to cut corporate tax rate across the board to 25 per cent irrespective of turnover in the forthcoming Budget to spur economic growth and increase overall tax collections. It also suggested revision in tax slabs for the individual taxpayers with the top 30 per cent rate to be applied beyond Rs 20 lakh annual income. **PTI**

US warns German cos of sanctions

Berlin: The United States has warned German companies involved in the Russian-led Nord Stream 2 gas pipeline that they could face sanctions if they stick with the project. US President Donald Trump has accused Germany of being a "captive" of Moscow because of its reliance on Russian energy and urged it to halt work pipeline. **REUTERS**

Sushil Modi to head GoM on GST revenue shortfall

PRESS TRUST OF INDIA
NEW DELHI, JANUARY 13

BIHAR DEPUTY Chief Minister Sushil Modi will head the seven-member committee to look into revenue shortfall being faced by the states after the GST roll-out, and suggest steps for augmenting collections, a GST Council notification said.

The GST Council, headed by Finance Minister Arun Jaitley and comprising state ministers, had on December 22, 2018, decided to set up a group of ministers (GoM) to analyse reasons for shortfall in

NUMBER OF FOREIGN PILOTS IN AIRLINES

| Airline | As of Dec 15, 2018 | As of Aug 9, 2018 | As of Jan 1, 2018 |
|-------------------|--------------------|-------------------|-------------------|
| AirAsia India | 15 | 17 | 16 |
| Air India Express | 16 | 21 | 25 |
| Alliance Air | 66 | 56 | 45 |
| Blue Dart | 2 | 2 | 6 |
| GoAir | 31 | 23 | 53 |
| IndiGo | 93 | 59 | 87 |
| Jet Airways | 37 | 41 | 40 |
| SpiceJet | 19 | 18 | 36 |
| Vistara | 3 | 2 | 5 |
| Total | 324* | 298* | 313 |

Source: Ministry of Civil Aviation
**Includes that of TruJet, Zoom Air, Air Odisha, Deccan Charters and non-scheduled operators*

In his answer to a question in the Rajya Sabha last month, Minister of State for Civil Aviation Jayant Sinha said: "All airlines, scheduled and non-scheduled, have been advised to develop their own in-house strength to reduce the dependency on the foreign pilots. Airlines are required to submit their phase out plan of foreign pilots periodically. Further, the government has extended the

use of foreign pilots by Indian carriers upto December 31, 2020 in view of shortage of type rated pilot-in-command/instructor/examiner in the country".

Even as the number of foreign pilots has increased, it still comprises only a small part of the total pilot strength hired by Indian carriers. As of September 2018, IndiGo hired 2,697 Indian pilots, compared

with 81 foreign pilots. Jet Airways, India's second largest airline, had 28 foreign pilots as of September against 1,620 Indian pilots.

In May last year, the Directorate General of Civil Aviation issued amendments to rules for licensing of foreign pilots by domestic airlines, and as per the norms, the regulator asks the air operators to state the number of expatriate pilots phased out by them.

While the foreign aircrew temporary authorisation (FATA), for which the new rules were published, is issued temporarily to overcome the shortage of trained senior pilots in the country, the government is also moving towards reducing the dependency of foreign pilots.

As per the previous rules, initially, a FATA was issued to a pilot for a period of three months, after which, if an extension was required, the foreign pilot was required to pass Air Regulations examinations, and upon passing that exam, the authorisation was extended "for a period of nine months or as decided by Director General subject to the

overall policy of the Government".

The new regulations amended the nine-month extension provision to "a maximum period of one year at a time or as decided by Director General subject to the overall policy of the Government".

While airlines in India hire expatriate pilots to meet the shortage of trained senior pilots, it is considered to be an expensive proposition for the companies, considering foreign pilots are paid more than their local counterparts.

The DGCA norms also stipulate each airline a limited number of foreign pilots on their roster for a limited period, till such a time they are able to train and upgrade the Indian pilots to replace the expats.

In an answer to a different question in Upper House, Sinha had said last month that keeping in view the projected requirements of 1,043 aircraft to be inducted by scheduled domestic airlines over a period of next eight years and air crew/aircraft utilisation, there will be an anticipated requirement of about 12,516 pilots in the country.

SECTOR WATCH

LIC's MARKET SHARE FALLS TO 69%

New Delhi: Life Insurance Corporation's (LIC) market share fell to 69.36 per cent in 2017-18 from 71.81 per cent in 2016-17 as private insurers get more aggressive, said the annual report of Insurance Regulatory and Development Authority of India (Irdai). **PTI**

GST: Easing compliance burden, mounting revenue concerns

With the government aiming for easing compliance burden for small businesses and taxpayers under the Goods and Services Tax (GST) regime, it has undertaken several rounds of rate reductions and relaxations, especially after one year of completion of the rollout of the indirect tax regime. The measures, however, come amid concerns of declining revenues, which has also been highlighted by several state finance ministers.

January 18, 2018: Rate cuts on items such as used medium and large cars, diamonds and precious stones, biodiesel buses for use in public transport and packaged water in 20 litre bottles along with rationalisation for 54 categories of services. Estimated revenue loss of Rs 1000-1200 crore per year.

March 10, 2018: Nod for e-way bill system for inter-state movement of goods valued over Rs 50,000 from April 1 and staggered implementation at the intra-state level. Extension of tax exemptions for exporters till October 1 and reverse charge mechanism deferred till June 30.

May 4, 2018: Simplified returns filing system approved that would take a year to come through. Proposals for sugar cess and incentives for digital transactions referred to ministerial panels. Nod to convert GSTN into government entity.

July 1, 2018: One year of rollout of GST

July 21, 2018: Rate cuts/clarifications for about 88 consumer centric items like perfumes, cosmetics, refrigerators, washing machines, small screen televisions and exemption for marble/stone idols,

HERE'S A LOOK AT THE TIMELINE OF RELIEF MEASURES TAKEN UNDER GST IN LAST ONE YEAR

rakhis, sal leaves and sanitary napkins. Nod to quarterly return filing and monthly tax payments for businesses with annual turnover threshold of upto Rs 5 crore versus Rs 1.5 crore earlier. Estimated annual revenue loss of Rs 12,000 crore.

August 4, 2018: Ministerial panel headed by MoS Finance Shiv Pratap Shukla formed to look into issues of MSMEs along with nod for pilot digital incentives as cashback of 20 per cent of GST paid on B2C transactions using RuPay and BHIM platforms subject to a cap of Rs 100.

September 28, 2018: GoM headed by Bihar's Deputy CM Sushil Kumar Modi formed to examine the modalities for revenue mobilisation in case of natural calamities and disasters such as the recent floods in the state of Kerala.

December 8, 2018: Last date for filing annual GST returns extended by three months to March 31, 2019.

Finance Minister Arun Jaitley on Friday in a Facebook post stated that the estimated loss due to these measures is now close to Rs 1 lakh crore. "The GST is the single most important 'consumer friendly measure' in India... commodities have been made cheaper, even though the revenue sacrificed now after the rates revision, would be close to Rs 1lakh crore," he said.

Q3: Revenue growth pace could be slower, margins under pressure

ENSECONOMIC BUREAU
NEW DELHI, JANUARY 13

THE OCTOBER–December earnings season could turn out to be a forgettable one for India Inc. While revenues should grow in double digits, the pace could be substantially slower than seen in the last few quarters, coming in at around 12-13 per cent year-on-year. Aggregate sales will be propped up by better revenues of export-oriented businesses like IT and pharmaceuticals; the rupee weakened a little over 10 per cent y-o-y during the quarter.

The base effect — Q3FY18 was a good quarter thanks to the demonetisation impact in Q3FY17 — will impact some sectors. However, with costs elevated and companies possessing little pricing power, margins are likely to be under pressure. Kotak Institutional Equities (KIE) expects the net income for the universe of stocks that it tracks to remain flat in Q3FY19. The net income for the 50 companies in the Nifty-50 index, however, tipped to fall 3 per cent y-o-y.

The profits of banks should see a rebound as should those of companies that make capital goods; both benefit from a base effect. However, the festive season — entirely in Q3 this time around —

EXPLAINED Flat growth likely for consumer facing companies

THIRD QUARTER results of companies do not present a very optimistic picture if one were to look at their estimated net profits, according to analysts.

While sectors like IT and airlines are expected to perform well, the overall net income for the 50 companies in the Nifty-50 index is, however, tipped to fall 3 per cent year-on-year. Stress in farm sector means consumer facing companies would be experiencing near flat growth in earnings and slowdown in sales momentum with as well.

was one of the dulllest in many years. Sales of automobiles in particular were very subdued following a rise in prices driven by changes in insurance norms and also higher interest rates on loans. The rise in revenues for auto firms is expected to be around 4-5 per cent y-o-y.

Given the distress in the farm sector, it is possible consumer goods companies might see some slowdown in sales momentum; also, volumes of tractors sold in the December quarter was subdued.

However, retailers are expected to have done fairly well during the festive season and airlines too should have benefitted

from better seat occupancies since travel is typically high at this time of the year.

One sector which is expected to continue to report modest numbers is telecom, where both Bharti Airtel and Vodafone-Idea continue to suffer from Reliance Jio's competitive tariffs.

Prices of some commodities remained elevated during the October-December period so companies in sectors such as petrochemicals and steel should have earned better realisations. Volumes for cement and steel companies would have been driven up by demand from the government-sponsored infrastructure sectors. **FE**

Discoms' outstanding dues to power generators rise 24% to ₹39,498 crore

PRESS TRUST OF INDIA
NEW DELHI, JANUARY 13

AMID STRESS in the power sector, woes of electricity generating firms have increased further as their outstanding dues on state distribution companies (discoms) rose to Rs 39,498 crore in October 2018, up 24.7 per cent from a year-ago levels, official data showed.

"If the outstanding dues on discoms of the past 60 days get added, the figures would rise to

over Rs 50,000 crore," a senior official of a thermal power company said. In October 2017, the discoms' dues to power-producing companies stood at Rs 31,676 crore, the data available on the PRAAPTI (Payment Ratification And Analysis in Power Procurement for Bringing Transparency in Invoicing of Generators) website showed.

The website was launched by the government in May last year to bring transparency in payments.

Sources said transfer of Rs 4,000 per acre in a year by the Centre for land-owning farmers appears to be the proposal that has gained most traction

transfer of Rs 4,000/acre in a year by the Centre for land-owning farmers appears to be the proposal that has gained the most traction.

Although whether this is to be open-ended to include all farmers or restricted to small & marginal and medium farmers, is still to be decided. The states are expected to make a matching contribution to make the combined cash transfers to be substantial.

The scheme is modelled on the Telangana's Rythu Bandhu scheme (under which landowning farmers get Rs 8,000/acre/year), which has recently been emulated by Odisha and Jharkhand. The annual cost of such a move for the Centre is seen at a whopping Rs 1.3 lakh crore or thereabouts if no exclusion criterion is employed and all farmers are beneficiaries (given the country's net sown area of

Centre's cash transfer to cover 90% of sown area

PRASANTA SAHU
NEW DELHI, JANUARY 13

THE CENTRE is weighing a host of options to provide income support (cash transfers) to farmers and other low-income population with an underlying notion that the huge financial resources for the venture will be shared between it and the state governments. The fiscal burden will shift to the next fiscal year, giving room for the Centre to simultaneously rework some subsidies being given to farmers such as that on fertilisers and crop loans.

According to official sources privy to the discussions, cash

