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

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

Foreign pilots increase despite govt efforts to reduce dependency

PRANAV MUKUL

NEWDELHI, 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.

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 nonscheduled, 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-incommand/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 tended "for a period of nine 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 pi-

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 exmonths or as decided by Director General subject to the overall policy 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 exporters till October 1 and question in Upper House, Sinha reverse charge mechanism had said last month that keepdeferred till June 30. ing in view the projected requirements of 1,043 aircraft to May 4, 2018: Simplified be inducted by scheduled doreturns filing system mestic airlines over a period of approved that would take a next eight years and air year to come through. crew/aircraft utilisation, there Proposals for sugar cess and will be an anticipated requireincentives for digital transactions referred to ment of about 12,516 pilots in ministerial panels. Nod to

> **July 1, 2018:** One year of rollout of GST

convert GSTN into

government entity.

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

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

April 1 and staggered

of tax exemptions for

implementation at the

valued over Rs 50,000 from

intra-state level. Extension

bottles along with

rationalisation for 54

categories of services.

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

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.

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.

December 22, 2018: Rate cut on 23 goods and services including TV up to 32 inches, movie tickets, digital cameras, video games consoles. Estimated revenue loss Rs 5,500 crore a year. With this round of rate cut, 97.7 per cent of total 1,211 items under GST fell in tax slabs of 18 per cent and below. GST Council decides not to cut rate on cement and auto parts citing revenue concerns.

January 10, 2019: Nod for doubling the exemption threshold to Rs 40 lakh along with raising the turnover limit for composition scheme to Rs 1.5 crore from Rs 1 crore with effect from April 1. Estimated revenue loss by hike in exemption threshold to Rs 40 lakh Rs 5,200 crore, assuming 50 per cent of the taxpayers

will go out of GST.

Also on January 10, 2019: The GST Council allowed composition scheme registrants to pay taxes quarterly and file a single annual return, along with extending the scheme to service providers and suppliers of goods and services up to a turnover of Rs 50 lakh with tax rate of 6 per cent. Kerala allowed to levy disaster cess of up to 1 per cent for a maximum of

two years.

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 11akh crore," he said.

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**

'RBI NET-SELLER OF DOLLARS IN NOV, UNWINDING \$644 MN'

The Reserve Bank remained a net seller of dollars in November 2018, as it sold \$644 million of the greenback on a net basis in the spot market, according to the latest data from the Central bank

RBI, IN November 2017, 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

RUPEE HAD a better run in the past fiscal, while it was one of the worst among its emerging market peers this fiscal year, which explains the reasons for the RBI intervention in the forex market

RBI, IN October 2018, was a net seller of dollars, after it purchased \$945 million and sold \$8.149 billion of the US currency in the spot market



NORMALLY, THE Reserve Bank of India (RBI) sells dollars to contain rupee volatility as it does not officially set a price level for the rupee, which is only partly fully floating as the country does not allow full capital account convertibility

UAE, Saudi Arabia to invest in

IN FIRST FIVE months of this fiscal year, the central bank has sold a whopping \$34 billion as the rupee was on a roller-coaster. plumbing a low of 74 to the American unit

BETWEEN APRIL and November 2108, the central

bank has net sold \$26.51 billion of dollars in the spot market. This compares with a net purchase of \$18.017 billion made in the same period in 2017

RBI HAS, so far, remained a net-seller of the US currency in the current fiscal

IN FY18, the apex bank had net purchased \$33.689 billion from the spot market, taking its total dollar purchase to \$52.068 billion, while selling \$18.379 billion, this helped the country for the first time scale a lifetime peak of \$426.028 billion for the week to April 13, 2018 in forex reserves.

IN FY17, the RBI had bought \$12.351 billion on a net basis

Q3: Revenue growth pace could be slower, margins under pressure **ENS ECONOMIC BUREAU** Flat growth likely NEW DELHI, JANUARY 13 for consumer

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 exportoriented 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. 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 is, 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 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-onyear. 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 dullest in many vears. 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 sub-

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 lio'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**

Indian agriculture sector: Prabhu the valedictory session of the twotries in Latin America, Africa, **ENS ECONOMIC BUREAU** day CII Partnership Summit. "In the export policy, we have MUMBAI, JANUARY 13

UNION MINISTER for Commerce & Industry and Civil Aviation Suresh Prabhu on Sunday said the UAE and Saudi Arabia have evinced interest in investing in India's agricultural sector.

"UAE and Saudi have decided to use India as a base for food security... Exports have been identified. India produces 290 million tonnes of foodgrain and 305 to 310 million tonnes of horticulture. So there is huge potential to export and we will be working with the state governments for this. Investment in Indian logistics sector is expected from Saudi Arabia, the UAE and 15-20 countries from other parts of the world," Prabhu said.," he said while addressing

decided to remove all restrictions on organic products and processed products. Both the UAE and Saudi want to invest in both organic as well as food processing industries. This will be a win-win situation for the UAE, Saudi and other GCC countries but also for us, particularly for our farmers, who want better prices to their produce," he said.

Prabhu said the government is keen on developing bilateral trade relations with more nations. "We as a country are supporting open trade with all the countries... but we also want to develop bilateral trade agreements with many countries. For each of the geographies we are keen to have free trade agreements with the coun-

Southeast Asia," he said. There has been an ongoing discussion with Sri Lanka for a Comprehensive Economic Partnership Agreement "There is huge potential for agriculture exports... the Agriculture Export Policy approved by the Union Cabinet recently will give a boost not only to agriculture but also to horticulture, plantation, fisheries and dairy sectors. The policy will help fetch good price for agricultural produce, he said.

He said districts possessing potential for particular industries and items will be identified and they will be developed as clusters for the development of that sector. In pilot project to be launched, six districts from five states will be developed. "These would include Sindhudurg and Ratnagiri from Maharashtra," he said.

He said that Global Aviation Summit 2019, to be held in Mumbai on January 15, will announce the maiden air cargo policy. He said it will promote air connectivity to export perishable agricultural goods. More than 1000 delegates from around 46 countries, including politicians, leaders in various industries, multilateral agencies, UN organizations and businesses attended the Partnership Summit. "The response has been extremely good. The summit will ensure continued partnership, investment, and bilateral trade," Prabhu said.

Ramesh Abhishek, Secretary, Department of Industrial Policy & Promotion, said, "Our performance on the Ease of Doing Business index itself is evidence of the journey we have embarked on in the past few years.

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

PRESSTRUSTOFINDIA

NEW DELHI, JANUARY 13

BIHAR DEPUTY Chief Minister Sushil Modi will head the sevenmember 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 notifi-

cation 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

revenue collections by the states since July 2017.

Sushil Modi to head GoM

on GST revenue shortfall

Several states are facing revenue shortfall following the implementation of goods and services tax (GST). These states are facing revenue shortfall in the range of 14-37 per cent in the April-November period. As per terms of reference (ToR) of the GoM, the committee will undertake data analysis using econometric and statistical tools and suggest "suitable measures/policy intervention" for course correction for revenue augmentation, particularly for the states suffer-

ing high revenue shortfall.

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 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 landownfarmers get Rs 8,000/acre/year), which has recently been emulated by Odisha and Iharkhand. 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

34.58 crore acres). The cost could be some Rs 58,000 crore if the succour is restricted to 'small and marginal' farmers (with holdings up to 2 hectare) who cultivate on 45 per cent of the country's net sown area and if the 'medium' farmers (holdings between 2-10 hectares) are also included, then the cost could be roughly double that amount. Large farmers (those with land holdings above 10 hectares) account for just 10 per cent of the total sown area in the country. "The planned scheme is much more broadbased and rational than loan waivers as most farmers don't take loans from the banking system," one of the sources said. **FE**

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

PRESSTRUSTOFINDIA 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 yearago 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.