

HASSLE-FREE DIGITAL INSURANCE

NEW INDIA'S MOBILE APP

WITH 10% DISCOUNT

Available now

Google Play App Store

NEW INDIA ASSURANCE

दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड

The New India Assurance Co. Ltd

www.newindia.co.in | Toll free 1800-209-1415

TAX COLLECTION

GST revenue in Dec drops to ₹94,726 cr

Gross GST revenue (in ₹ cr)

1,05,459 94,016 95,610 96,483 93,960 94,442 1,00,710 97,637 94,726

Apr May Jun Jul Aug Sept Oct Nov Dec

2018

Avg monthly revenue

89,885 96,783

Jul-Mar 2017-18 Apr-Dec 2018-19

Full report on Page 2

Special Features

Digital delight awaits life insurance customers in 2019

What the life insurance industry will see going ahead is the holy trinity of life insurance — protection power, consultative selling stars and digital delight

■ Personal Finance, P13

Panasonic leads computing ruggedised market in India

Known for its Toughbook laptops and tablets, Panasonic is now foraying into the hand-held devices market, targeting logistics, retail and intelligent warehousing segments

■ eFE, P13

Quick Picks

NCLT allows ministry of corp affairs to reopen IL&FS books

THE NATIONAL COMPANY LAW Tribunal on Tuesday allowed the corporate affairs ministry to reopen the books of the crippled IL&FS group and its subsidiaries for the past five years under Section 130 of the Companies Act to ascertain whether there was any financial mismanagement or not, reports PTI. For the first time, the government on December 21, 2018, invoked the powers under Section 130 of the new Companies Act of 2013 to reopen the books of a company. PAGE 6

Value of UPI transactions exceeds ₹1-lakh crore mark

The value of monthly transactions made using the Unified Payments Interface (UPI) crossed the ₹1 lakh crore-mark for the first time in December 2018, reports FE Bureau in Mumbai. According to National Payments Corporation of India data, the UPI channel recorded 620 million transactions worth ₹1.02 lakh crore in December, up from 525 million transactions worth ₹82,232 crore in November and 145 million transactions worth ₹13,144 crore in December 2017. PAGE 10

Domestic passenger vehicle sales in slow lane in December

DESPITE BEING offered fairly hefty discounts of between 20% and 25%, higher than in previous years, customers were not enthused to buy cars in December, reports fe Bureaus in Mumbai/New Delhi. Wholesale volumes during the month stayed by and large flat possibly because discounts notwithstanding, car prices remained high thanks to higher insurance premium. The growth for the country's top five car makers was only 2% year-on-year. PAGE 7

PM ON RAM TEMPLE

Let judicial process end first, govt ready for all efforts

Modi reveals Urjit Patel had written to him about wanting to resign, citing personal reasons, months before stepping down

EXPRESS NEWS SERVICE New Delhi, January 1

THREE DAYS BEFORE the Supreme Court fixes a date for hearing of appeals challenging the Allahabad High Court order in the Ram Janmabhoomi-Babri Masjid title suit, Prime Minister Narendra Modi, responding to a question on bringing an ordinance for the construction of a Ram temple at the disputed site, said Tuesday that “after the judicial process is over, wherever our responsibility as a government begins, we are ready to make all efforts”.

In an interview to news agency ANI, the PM suggested that the judicial process was being slowed down by Congress lawyers who were creating hurdles in the Supreme Court. “Nobody can deny that those

On demonetisation, the PM said no one could deny there was a parallel economy in the country earlier and there was a need for the formal economy

in governments in the 70 years since Independence tried their best to stall a solution to this (Ayodhya) issue...Don't weigh it in political terms...I especially beseech colleagues in the Congress, for the sake of peace, security and amity, to stop their lawyers from creating hurdles in court... Let the judicial process take its own course...All lawyers

should try for an early verdict,” he said.

Patel resignation

Former Reserve Bank of India governor Urjit Patel had personally written to the Prime Minister about wanting to resign, citing personal reasons, several months before stepping down from the office in Decem-

ber, Modi said.

“The governor himself requested (to resign) because of personal reasons. I am revealing for the first time, he was telling me about this for the past 6-7 months before his resignation. He gave it even in writing. He wrote to me personally.”

Continued on Page 2

CAPTIVE COAL MINES

Finmin questions plan to sweeten bidding norms

India's coal production (MT)

609 639 658 677 740

FY15 FY16 FY17 FY18 FY19*

*Annualised, based on y-o-y growth of 10.4% in H1

Captive coal output (MT)

43 12 15 16 22

FY15 FY16 FY17 FY18 FY19*

*Annualised

ANUPAM CHATTERJEE New Delhi, January 1

THE FINANCE MINISTRY has questioned the key proposals in a cabinet note moved by the coal ministry that seek to promote investor interest in captive coal mines, the latest round of auction for which have come a cropper. In a draft cabinet note prepared in this connection, the coal ministry had proposed allowing the bidders for captive coal mines to sell up to 25% of the production in the open market, without any premium chargeable on such sales.

In an office memorandum reviewed by FE, the finance ministry, however, pointed out a series of omissions in the coal ministry's note and stated it (finance ministry) hasn't “understood” why a successful bidder would need to resort to

producing coal beyond what is required to meet his specified end-use. It, however, went on to suggest, rather at odds with this basic objection, that “it is desirable to put an additional premium on the proposed open-market sales” to safeguard the government's revenue interest and establish an audit trail for such open market sales. “Otherwise, in times of scarcity, these (companies) may earn super-normal profits without any share being passed on to the government,” the finance ministry wrote. It also argued that the coal ministry's proposal would lead to multiple prices for the same grades of coal, leading to market distortion, inefficiencies and cartel formation, thereby adversely affecting the spot market and Coal India.

Continued on Page 2

BAD LOANS

RBI plays catch-up on NPA forecasts, gets it wrong consistently

SHRITAMA BOSE Mumbai, January 1

THE ACTUAL GROSS non-performing asset (GNPA) ratio of the banking system overshoot the quarter-ahead projections made by the Reserve Bank of India (RBI) for scenarios of severe stress five out of six times since FY16, shows an analysis of the past editions of the central bank's Financial Stability Report (FSR).

Between June 2015 and December 2017, the actual

GNPA ratio of scheduled commercial banks (SCBs) came in below the RBI's severe-stress projection for the quarter ahead only in March 2017. GNPA as a share of bank loans stood at 9.6% at the end of March 2017, well below the RBI's baseline projection of 9.8% in the December 2016 edition of the FSR.

The June 2018 edition of the report contained no projections with respect to asset quality by the end of September 2018. Under the baseline scenario, it

Poor forecasting

RBI forecast vs actuals, NPA as % of loans

Projection for

Sept '15 5.1 Mar '16 7.6 Sept '16 9.1 Mar '17 9.6 Sept '17 10.2 Mar '18 11.6 Sept '18 10.8

June Dec June Dec June Dec June Dec

2015 2016 2017 2018

Baseline Medium stress Medium stress

Gross NPA ratio of scheduled commercial banks

Source: RBI

TIMELY SUPPORT

RBI allows one-time recast of standard MSME accounts

The move signals a thaw in the relations between the government and the central bank under new governor

FE BUREAU Mumbai, January 1

THE RESERVE BANK of India (RBI) on Tuesday offered a new year gift to micro, small and medium enterprises (MSMEs) by allowing a one-time restructuring of existing loans that are in default but “standard” as on January 1. The facility could provide a timely support to scores of MSMEs hit by the double whammy of note ban and GST.

To be eligible for the scheme, the aggregate exposure, including non-fund based facilities of banks and NBFCs, to a borrower should not exceed ₹25 crore as of Tuesday, the central bank said in a statement. The restructuring has to be implemented by March 31, 2020. “A provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under this

NPA profile in micro & SME segments - as a percent of relative exposures

12 (%)

11.5 9.8 7.9 8.7

Mar '16 May '18

Source: TransUnion CIBIL

HELPING HAND

Loans to MSMEs that are in default but “standard” as on Jan 1 can be restructured once

Aggregate exposure to an MSME borrower must not cross ₹25 crore as on Jan 1

Restructuring has to be implemented by March 31, 2020

Each bank/NBFC should bring in a policy for viability assessment of stressed accounts and regular monitoring of restructured accounts

scheme,” the RBI said.

The move signals a thaw in the relations between the government and the central bank under new governor Shaktikanta Das.

Facilitating greater and smoother credit to MSMEs was one of the contentious issues between the government and the RBI under former governor Urjit Patel.

“MSMEs form an important component of the Indian economy and contribute significantly to the country's GDP, exports, industrial output, employment generation,” the central bank said. “Considering the importance of

MSMEs in the Indian economy, it is considered necessary at this juncture to take certain measures for creating an enabling environment for the sector,” the RBI said.

The issue of restructuring of MSME accounts was discussed in the meeting of the central board of the RBI on November 19, 2018. The matter was also discussed during RBI's recent interactions with the banks and other stakeholders.

The Narendra Modi government is keen to salvage the crisis in the MSME sector.

Continued on Page 2

Fuel prices

It's cheaper to fly than drive

ATF, the fuel for aeroplanes, has been cheaper than auto fuels for most part of this fiscal; thanks to a 3-pps excise reduction in October and a 14% price cut effective January 1, the difference has now widened. Also, even non-PDS kerosene could soon become at par with ATF.

Fuel prices in Mumbai (₹/litre)

82.94 71.49 67.72 74.30 65.56 59.53 58.02

Petrol Diesel Non-PDS kerosene

July 1 Aug 1 Sept 1 Oct 1 Nov 1 Dec 1 Jan 1

Tax content* 38 26 16

*Excise+VAT, ₹/litre in Mumbai as on Jan 1

Research by SAURABH KUMAR

Off the field

Australia's Prime Minister Scott Morrison and his wife Jenny meet Indian cricket captain Virat Kohli and his wife Anushka Sharma in Sydney on Tuesday

Estimated GNPA ratio at the end of March 2019 at 12.2%, up from 11.6% at the end of March 2018. The December 2018 edition, released on Monday, revised the number downwards to 10.3% for March 2019 under the baseline scenario and 10.8% in a scenario of severe stress — at par with the September 2018 GNPA ratio.

The widest divergence during the period under review was for the quarter ended March 2016, when at 7.6%, the actual GNPA ratio came in a full 250

basis points (bps) higher than the central bank's projection for a scenario of severe stress. The December 2015-March 2016 period coincided with the RBI's asset quality review (AQR), a system-wide exercise that led to improved recognition of bad loans and a massive spurt in slippages at banks.

According to the latest edition of the RBI's half-yearly report, the baseline scenario assumes specific rates in future.

Continued on Page 2

DEBT RECOVERY

Banks mull Guj genco offer to take over GVK Gautami

MITALI SALIAN Mumbai, January 1

BANKERS ARE CURRENTLY mulling an offer from a Gujarat government-owned genco to take over the 469-mw gas-based GVK Gautami Power, senior bankers aware of the developments told FE.

The bankers said the genco's offer includes a payment of 50% of outstanding amount. At the end of March, 2016, the outstanding loans were ₹1,188.90 crore, according to Capitaline.

They added the GVK Group's offer to settle their debt through a one-time settlement appeared to be unattractive.

One banker said, “the one-time settlement offer involves getting a sanction from every lender in the consortium before they approach the discom to take over the debt, most certainly at a discount. Irrespective of the repayment involved, even the third-party taking on debt will have their own due diligence process, which means longish timelines, which does not appeal to us at this moment.”

Continued on Page 2