In a Nutshell

Air Tickets Unlikely to Bear Cancellation Charges

NEW DELHI The DGCA is unlikely to make it compulsory to print cancellation charges on air tickets, with the aviation watchdog suggesting the charges be "indicated prominently" at the time of booking, as per an official document. In a presentation last month to the minister of state for civil aviation, Jayant Sinha, the Directorate General of Civil Aviation (DGCA) suggested that the proposed regulation of "cancellation charges must be printed prominently on the ticket in a conspicuous manner" be replaced.

HPCL's Review Petition on ATF Pipeline Rejected

NEW DELHI Oil regulator PNGRB has rejected HPCL's objections to consultations it had initiated to break the stranglehold of PSUs on the lucrative pipeline supplying jet fuel to the Mumbai airport, saying the refiner will get a formal opportunity to make its case against the move. In a February 21 order, the Petroleum and Natural Gas Regulatory Board (PNGRB) said it had received a request from Reliance Industries seeking the declaration of two pipelines from HPCL and BPCL's refinery as a common carrier.

ACMA Seeks Import Levy on Wheel Imports from China

NEW DELHI Auto part makers have approached the centre seeking the imposition of a minimum import price on aluminium alloy wheels for two-wheelers imported from China, citing difficulties faced by the local industry. The Auto Component Manufacturers Association has written to the centre that "domestic manufacturers are facing difficulties in order to compete and continue a sustainable business model due to subsidy given by the Chinese government and thus making import favourable".

MahaRERA Issues Revised Tender for New Office Space

MUMBAI As the BMC is cracking the whip on defaulters by disconnecting their water supply, MahaRERA, which is scouting for a 'bigger' office space in the tony BKC area, has issued a revised tender seeking bids from only those having no liabilities on them. The Maharashtra real estate regulator, which is currently carrying out its operations from a building belonging to the Slum Rehabilitation Authority, is now scouting for a bigger area of up to 2,000 sq mt.

IN A BOOST TO REALTY

With GST Rate Cut, You Have Another Reason to Buy a Home

Govt slashes GST on under-construction & affordable housing projects to 5% & 1%, respectively

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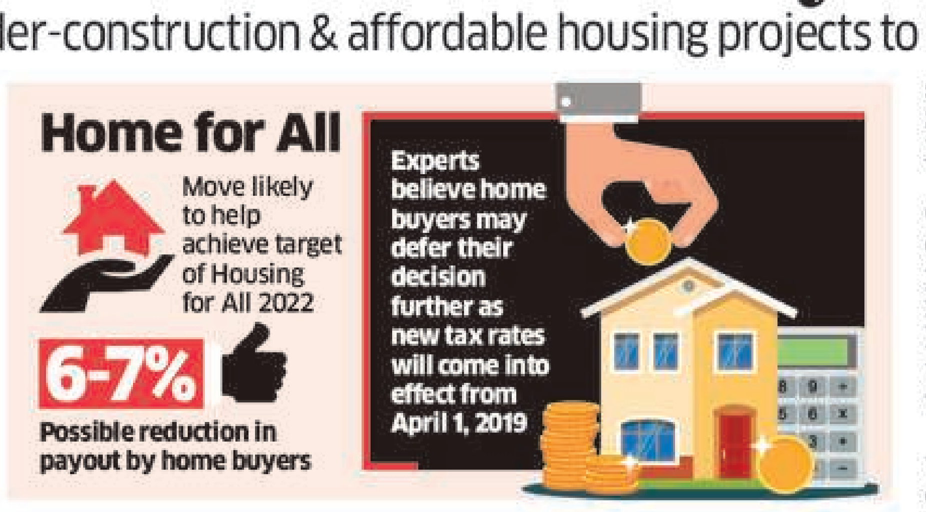

Mumbai: Demand for residential properties is expected to receive a major boost following the government's decision to cut the goods & services tax (GST) rates for under-construction projects to 5% from effective rate of 12%. In a major push to stated objective of 'Housing For All by 2022', the government has reduced GST to marginal 1% for affordable housing while revising the definition of such homes.

Prior to this, under-construction residential properties attracted rate of 18% and effective rate of 12% after factoring one-third abatement for the value of land. The effective GST rate for affordable housing was 8%. Ready properties that have received occupancy certificate (OC) do not attract GST.

The government is focused on its agenda of pushing affordable homes, which is visible in the decision to reduce GST to a mere 1% for this segment. Lower tax burden on home buyers is expected to push demand in the segment which, in turn, will keep developers committed to build more affordable homes.

The decision is expected to help the government steadfastly move towards achieving its target of Housing for All 2022.

"The reduction of GST on Affordable Housing to 1% is a revolutionary move for Indian real estate. This move is a significant triumph for home buyers and will play a huge role in boosting their sentiments," said Jaxay Shah, National President of realtors' body the Confederation of Real Estate Developers Association of India (CREDAI). The reduction in the GST for under-construction projects is the most decisive move that will stimulate the demand and sales. This move will give the necessary fillip to the demand in under -construction segment, which has been suffering from low sales levels for last many quarters.

"The elimination of input credit tax benefit may hit profitability for the supply side; however, the potential demand generation as a result of this move will far outweigh any negative aspects leading to greater sales numbers and revenues," said Shishir Baijal, CMD, Knight Frank India.

He estimates that the reduction in GST can potentially reduce the buyers payout by 6% - 7% on the overall purchase, depending on the category. The consequent accelerating sales will bring down the unsold inventory which has been afflicting the real estate sector.

"As the definition of affordable housing is widened, more builders can mobilize projects across the country, and aspiring home buyers now have a wider and better range of options to choose from," said Gagan Banga VC and MD, Indiabulls Housing Finance.

According to experts, the reduction in GST rates with expanded definition of affordable housing, coupled with incentives proposed in the budget and the reduction prime lending rates by the Reserve Bank of India, supports the sops for the residential real estate market. The much-awaited reduction in GST has prompted homebuyers to defer their decision for the last two months.

Offline Retailers Begin to Hang Up on Low-margin Realme

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Kolkata: Leading cellphone retail chains, including the largest one Reliance Retail, are thwarting the efforts of the fourth largest and online-focused smartphone maker Realme to enter the brick-and-mortar trade by refusing to sell their handsets due to low trade margins, two senior industry executives said.

This is one of the first fallouts of the margin war between big retail and the consumer electronics industry in India, a phenomenon typically seen in the FMCG space, coming at a time when online-focused brands are trying to step into offline retail. Brands such as Realme have been selling through Flipkart and Amazon at lower margins due to lower cost of distribution, compared with offline trade. The executives said even chains in the South such as Sangeetha, Poorvika and Big C have decided not to sell Realme due to low margins. Realme had entered into a pact with Reliance for sale of their handsets through 600-odd stores last November.

While an email sent to Reliance did not elicit any response till press-time Sunday, Realme India CEO Madhav Seth confirmed that the "collaboration with the Reliance group has been called off" with the brand having expanded its footprint across the country. He said the company works on low margins to "offer real price of the products" to consumers.

Top retail chains such as Reliance Retail refusing to stock Realme phones

Seth said it has been mutually agreed with some of the South chains that collaboration with Realme is not possible since it cannot offer high margins. The executives said Realme offers one of the lowest trade margins at 4%, against 5-6% by Xiaomi and 5-11% by Samsung, depending on models and stores. However, one retailer said it is still profitable to sell Xiaomi and Samsung due to higher sales and faster turnaround of stock.

Seth said that as a policy, Realme does not believe in making profit at the cost of customer.

PM Launches KISAN Scheme, Transfers ₹2,021 cr in a Day

First instalment of ₹2,000 each put into bank accounts of 1.01 cr farmers

Our Bureau

New Delhi: Prime Minister Narendra Modi on Sunday launched the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme at Gorakhpur, transferring the first installment of ₹2,000 each directly to the bank accounts of 1.01 crore farmers, saying the rest would get their money in the next few weeks. "Every year, our government will give ₹6000 each to 12 crore small and marginal farmers who own land up to 5 acres in three equal installments. We have budgeted ₹75,000 crore for this. The process has started, and those who haven't got the money will get their first installment of ₹2000 in the next few weeks," he said

The PM said the government has transferred ₹2,021 crore (total), benefiting 1.01 crore farmers across 21 states and Union territories in a single day.

He appreciated BJP-ruled states of Uttar Pradesh, Bihar, Maharashtra, Uttrakhand and Gujarat for swift action on sending details of beneficiaries to the Centre. "There are many states which are still sleeping -- they should not play politics with farmers. They should send details as soon as possible. If farmers of such states are deprived, their (farmers') curse will destroy their politics," he said.

ET had earlier reported that non-BJP ruled states such as Rajasthan, Madhya Pradesh, Chhattisgarh, Odisha and West Bengal are lagging in updating the names of beneficiaries on PM KISAN portal created exclusively for rolling out this scheme. The government has announced to transfer the first installment of ₹2000 each to 12 crore farmers by March 31.

Modi said that the scheme is fully funded by the central government. "The state governments have nothing much to do. They just have to send us the list of farmers and we will deposit money in their accounts without any role of middlemen," he said. The PM also interacted with a select group of farmers from different states through video-conferencing. He said that the Opposition remembers the farmers once in 10 years, just before elections and distribute loan waivers as 'revati' to get votes. "Loan waivers would have been easy and convenient for us too. We could have also distributed 'revati' for political and election benefits, but we can't commit such a sin. Loan waiver benefits only a select few," he said.

A Channel Must Appear Only at One Place: Trai to Distributors

Press Trust of India

New Delhi: Acting on complaints, sector regulator Trai has directed distributors of TV channels to make sure that channels belonging to the same genre are placed together and one channel appears only at one place as prescribed under its rules, failing which it will take action against the erring distributor.

Trai's directive is important from a subscriber viewpoint as not placing same genre channels together results in consumer difficulty in locating channels. On the other hand, appearance of channels in more than one place can influence its visibility and ratings.

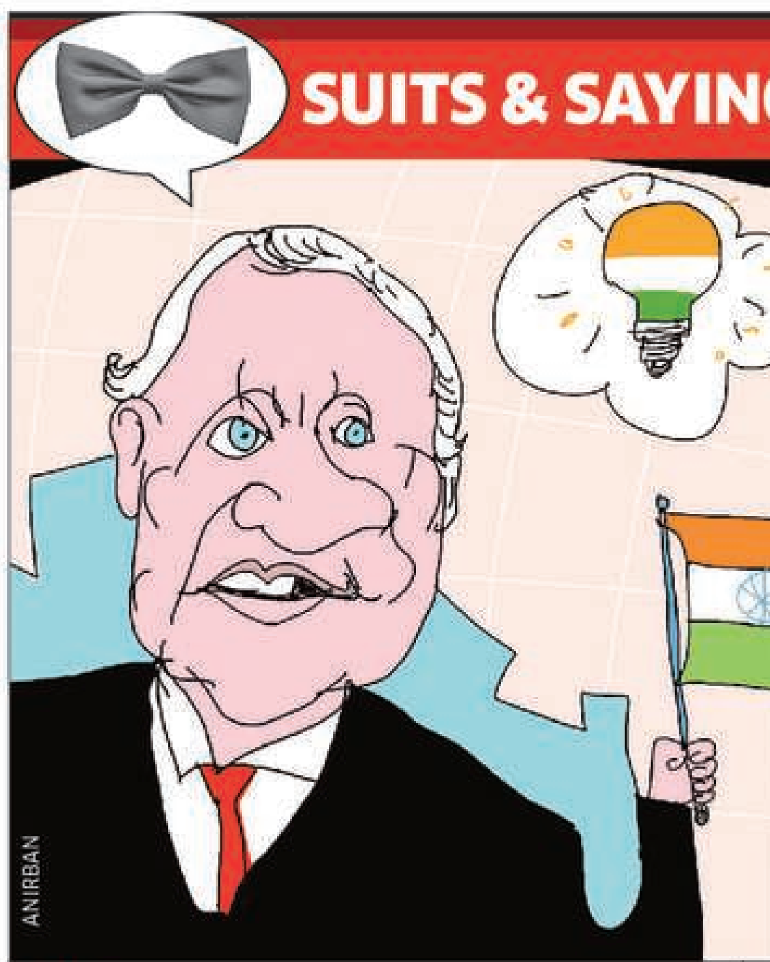
Directive is significant from a subscriber viewpoint as not placing same genre channels together results in consumer difficulty in locating channels

The latest directive issued to distributors of TV channels -- which includes the likes of DTH operators and multi-system operators -- came in response to specific complaints received by Trai alleging transmission of TV channels on dual 'Logical Channel Number', or placement of TV channels by distributors out of the genre or category declared by the broadcaster.

Failure to comply, will result on action being taken against such distributors, under the provision of TRAI Act, it added.

SUITS & SAYINGS

ET's weekly roundup of the wackiest whispers and murmurs in corporate corridors & policy parlours



In India, for India

Global businesses have long been using their innovations at India captives for global markets. Contrary to this practice, Jeff Immelt, former CEO of GE and chairman of US-based Athenahealth, recently said MNCs should focus on more in-country work to be successful. Immelt recalled his India days with GE saying even if ideas initially failed here, the next ideas turned successful. "To be successful in this country, it's the one place that MNCs should be doing more in-country for country work. But I failed (in) doing more work in India for India," he said.

Flying High

Ratan Tata may have vetoed the group's plans to buy Jet Airways, but aviation is in his blood. No, we are not talking about the group's exposure in two airlines but Tata's presence at the Aero India show, where he impressed everyone, including defence minister Nirmala Sitharaman, with his knowledge, passion and insight into fighter planes.

Lutyens Liability

Just the other day, a young Delhi-based industrialist bumped into a scion from one of the top business families of Ahmedabad. After exchanging pleasantries, one asked the other why was he avoiding visits to the corridors of power where they would often end up meeting. To that the Delhiwala said being a Lutyens insider can be a double-edged sword. Clearly elections are in the air.

Palatial Wedding

Neeraj Singhal may have lost his steel business to the Tatas under the bankruptcy process but a doting dad can still hold a glittering wedding. A gaggle of his Delhi buddies flew to Udaipur to attend his daughter's wedding with Aditya Munjal of the next generation at Hero Cycles. Brothers Sajjan and Naveen Jindal with their families and the Bijlis of PVR among others let their hair down as Marut Sikka cooked up a gourmet storm. Those who remember Singhal's big Bollywood birthday bash in 2008 would recall his love for the splash.

India Shinning

The recent India Conference at MIT's sprawling campus in Cambridge, Massachusetts, was a star-studded event. From former RBI governor Raghuram Rajan to Farhan Akhtar, Sourav Ganguly and HUL boss Sanjiv Mehta, everyone spoke about India's competitive edge -- from the demographic dividend to labour. Among the speakers that many were curious to hear was Mansi Kirloskar, a young entrepreneur from the storied business family that's one of the pioneers of manufacturing in India.

Humane Touch

The investigative agencies were ready to arrest a top former IL&FS boss last week, a little bird tells us. After Chanda Kochchar's lookout notice, this was to be next such event. But in the end it turned out to be a damp squib. Why? Apparently, the top boss was to undergo chemotherapy on the day the arrest was to be made, so at the last moment the hardnosed sleuths decided not to go ahead with it.

Privy to the whispers in power corridors or juicy tips on India Inc? Do share with us at etsuits.sayings@gmail.com

347 Infra Projects Show Cost Overruns of Over ₹3.2 l crore

Press Trust of India

New Delhi: As many as 347 infrastructure projects, each worth ₹150 crore or more, have shown cost overruns to the tune of over ₹3.2 lakh crore owing to delays and other reasons, a Ministry of Statistics and Programme Implementation report said. The ministry monitors infrastructure projects worth ₹150 crore and above.

"Total original cost of implementation of the 1,443 projects was ₹18,30,362.48 crore and their anticipated completion cost is likely to be ₹21,51,136.69 crore, which reflects overall cost overruns of ₹3,20,774.21 crore (17.53% of original cost)," the ministry's latest report for November 2018 said. Of these 1,443 projects, 347 reported cost overruns and 360 time escalation. According to the report, the expenditure incurred on these projects till November 2018 is ₹7,97,496.44 crore, which is 37.07% of the anticipated cost of the projects. However, it said the number of delayed projects decreases to 302, if delay is calculated on the basis of latest schedule of completion.

For 710 projects neither the year of commissioning nor the tentative gestation period has been reported.

Britannia Plans to Give a Salty Twist to Time Pass Brand

May launch the product next month as part of expansion into non-biscuit segments

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Mumbai: Britannia Industries, India's biggest biscuit maker, plans to enter the ₹24,000 crore per annum salty snacks market, which is dominated by Haldiram's and Pepsico. It plans to launch salty snacks under its existing brand Time Pass by next month as part of a strategy to expand to non-biscuit segments.

"It will be a differentiated product range and we will leverage on the fact that we have about 80 factories making our products. In snacking segment, transportation is the biggest cost but with our manufacturing footprint, our costs will remain tight and efficient," said Varun Berry, managing director at Britannia Industries, without divulging product range or details on variants.

In India, biscuits, snacks and dairy are the three largest categories in packaged consumer products and account for a third of the nearly ₹3.4 lakh crore market. In its effort to become a "total foods company" the maker of Good Day and Nutri Choice biscuits has identified opportunities in all three segments. In the past few months, it launched swiss rolls, layer cakes, creme wafers, croissants and milk shakes in tetra packs.

But unlike in biscuits, where large players such as Britannia, Parle and ITC control more than 80% of the market, snacking segment has seen regional and state-specific players with lower priced products eating away shares of large companies. Regional snack brands offer 30% higher volume for similar price points, especially highest selling packs of ₹5 and ₹10.

The ₹10,000 crore Kolkata-headquartered company had earlier entered snacks category but exited after a few months. However, Berry said, "This time, the outlook in the segment, our capabilities and the product characteristics are completely different."

In the past few years, the market has seen a shift towards traditional snacks as both multinationals and home-grown companies have launched namkeen products. A year ago, Haldiram's displaced Pepsi as the country's largest snacking firm. Britannia Industries will compete mainly against PepsiCo and ITC that operate largely in western snacking segment such as potato chips, riblon and gathia, with brands such as Kurkure and Bingo's Tedhe Medhe, and extruded, which includes cheese balls.

"If we take three years' average, then Britannia's volume growth is the best in industry. The company's journey towards becoming a total foods company is gaining flavour with entry into new categories and geographies and rising share of premium products that will keep the company in good stead," said a recent Edelweiss report.

Berry, a former head of Pepsi Foods, took charge as Britannia Industries CEO nearly five years ago, a time when the consumer market was slowing and the company had a portfolio of mostly premium products even as many consumers were cutting back spends on discretionary items. Since then, he has more than doubled the company's distribution reach, especially in the Hindi heartland where it was traditionally weaker, with the result that the company now directly reaches more than two million outlets.

Tax Sleuths Uncover ₹650 Crore Fake Invoice Scam in Maharashtra

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ALLEGED PAYMENT

GST payment of ₹110 crore allegedly created in favour of shell cos to claim input tax credit

Mumbai The Raigad wing of the Central GST and Central Excise Commissionerate unearthed ₹650 crore tax evasion scam involving fake invoices showing supply of goods and GST payment of about Rs 110 crore were allegedly created in the favour of accused firms to enable them to claim input tax credit (ITC), sources in the know told ET.

Anand Mangal was arrested and sent to judicial custody until March 8 by a local court in Panvel, a satellite town of Mumbai, while another accused, Rakesh H Garg, is absconding. Garg is a director with Surya Ferrous Alloys Private Ltd, a Navi Mumbai based company involved in the manufacture of basic iron and steel. Tax sleuths have recovered ₹17 crores of cash.

"The duo has been booked under Section 132 of the CGST Act. While Mangal has been arrested, Garg is absconding", Shrawan Kumar, Commissioner, CGST, Raigad, told **ET**. Section 132, CGST Act deals with the punishment for various CGST related violations including availing input tax credit by raising fake invoices. Sources said fake invoices were allegedly raised by floating a number of shell companies in the name and style of M/s Moksha Alloys Pvt Ltd, M/s Latisha Sales Agencies Pvt Ltd, M/s Cumong Ispat Pvt Ltd, M/s Aahan Ispat Pvt. Ltd, and M/s Tilibandha Sales Agencies and others.

"These firms do not exist and were created on paper only. There has been no actual supply of goods by these companies, but only invoices showing supply of goods worth ₹650 crore and showing GST payment of about ₹110 crore have been created in the favour of above accused firms with a view to enable availment of input tax credit (ITC) on the basis of these fake purchases," an official in know of the development told ET.

"Garg, through his various companies, availed ITC of about Rs 110 crores. Thus, he claimed ITC on the supply of goods that never occurred. He then, through his companies, issued invoices worth more than ₹650 crore without an actual supply of goods, thereby enabling the purported buyers to avail the inadmissible ITC credit of about ₹ 110 crores," added the official.

Carmakers Rejigging Portfolio

▸▸ From Page 1

On the contrary, the compact or sub-4 metre sedan segment grew 13% and the sub-4 metre SUV segment expanded 16%.

The past year also saw a sedan, the Maruti Suzuki Dzire, leading the sales chart after several decades. The car that it dethroned was the long-time favourite Alto.

Maruti Suzuki and Hyundai didn't respond to **ET's** request for comment. Experts said rising aspiration levels, growing awareness, easy access to finance and a plethora of choices in the mid and premium hatchback space were making people skip the entry segment.

"People want a little more than the entry-level hatch today," said Jeffry Jacob, an industry analyst and partner at strategy consulting firm Roland Berger. "People who buy an entry-level hatch are usually people who are upgrading from a two-wheeler and buying their first car."

Given the shift, manufacturers are adjusting their products to cater to the evolving needs of consumers. Hyundai has already phased out its most affordable offering Eon, making the more expensive and feature-rich Santro the entry point into the brand. Tata Motors is very close to producing its last Nano, the cheapest car in the world. Maruti Suzuki and Renault are, meanwhile, considering mid-life updates for the Alto and Kwid. Maruti Suzuki is exploring also an opportunity with Toyota to launch a Suzuki-badged Corolla, a premium sedan which could be the most expensive car from Maruti yet.

Gaurav Vangaal, country lead for production forecasting at IHS Markit, said lack of choice was also hurting demand for entry-level cars. However, he expects sales to improve in the segment this year on the back of new launches. "The entry segment should grow because of the multiple launches expected this year and the base coming from the Santro. This year, you will see more action in the sub-Rs5 lakh market than in premium hatchbacks, where only one launch is expected which will be from Tata," he said.

"Also, in the premium segment, diesel contributes a significant share and diesel purchases are going down."