



GOLD

₹34,650



RUPEE

₹70.72



OIL

\$65.33



SILVER

₹41,475

Indian basket as on February 27, 2019

International market data till 1900 GMT

SECTOR WATCH
AVIATION

Now, even fliers and onlookers can report incidents to aviation regulator

DGCA has introduced voluntary reporting system to plug loopholes

PRANAV MUKUL
NEW DELHI, FEBRUARY 28

TIMEFRAME FOR NOTIFYING: ICAO

As per the norms by ICAO, the global aviation watchdog, individuals and organisations are required to notify incidents within an established time-frame to the regulator

Various regulatory authorities have period between 24-72 hours for notifying

PASSENGERS AND even onlookers can now blow the whistle on aviation-related incidents to the regulator, something of which the full onus was with airlines and other organisations.

The Directorate General of Civil Aviation (DGCA) has introduced a voluntary reporting system, in addition to the mandatory reporting system, to plug the loopholes presented by the latter.

"Though mandatory reporting system is working satisfactorily, yet in spite of safeguards incorporated in the system and considerable efforts made to ensure that it is not used to attribute blame, still the proportion of true human factor occurrences which are being reported still remains small. This is a common drawback with all mandatory reporting systems as experienced worldwide," the DGCA said in an aeronautical information circular.

"Failure to report such occurrence is usually attributed to reluctance in admitting personal errors to an employer or to the Regulatory Authority. In order to encourage the reporting of such occurrences, a voluntary reporting system was introduced by all airlines/organisations. However, to make system more effective and encourage all personnel engaged in aviation related activities for reporting of such incidents, a voluntary reporting system in DGCA has been introduced," the circular added.

The aviation safety regulator said that the system can be used by anyone who witnesses, or is involved, or has knowledge of an occurrence, hazard or situation, which he or she believes possess potential threat to flight safety. It

added that the reporter's identity will be kept confidential.

As per the norms by the International Civil Aviation Organization (ICAO), the global aviation watchdog, individuals and organisations are required to notify incidents within an established time-frame to the regulator. While ICAO has not defined any time-frame, various regulatory authorities have the period ranging between 24 and 72 hours. Countries that are members of the ICAO are also required to have a voluntary incident reporting system in order to "facilitate the collection of safety information that may not otherwise be captured by the established mandatory incident reporting system; and enable the identification of hazards and unsafe conditions that have not yet caused an incident".

A recent investigation report by the regulator into a 2016 incident has showed that a passenger had alerted the crew of an IndiGo A320 aircraft on a taxiway at Mumbai airport, when its wingtip hit another aircraft and sheared off. The pilots on the flight, even though felt the aircraft shake, continued to taxi.

DOMESTIC CURRENCY RECOVERS 52 PAISE TO CLOSE AT 70.72

First signs of de-escalation in Indo-Pak tension spark ₹ rise

Sensex falls marginally by 0.11%; KSE-100 at Karachi Stock Exchange gains 0.94%

ENSECONOMIC BUREAU
NEW DELHI, FEBRUARY 28

MINUTES AFTER Pakistan Prime Minister Imran Khan announced that his country will release captured Indian Air Force Wing Commander Abhinandan Varthaman, on Friday, as a gesture of peace, the Indian rupee jumped by nearly 40 paise in a matter of half an hour, from a level of 71.1 to 70.72 against the dollar. The substantial jump came as investors drew comfort from the announcement and that it would lead to de-escalation in tension between India and Pakistan.

In all, the rupee recovered 52 paise during the day to close at 70.72 on Thursday over Wednesday's closing. The local currency had come under pressure after the Pulwama attack on February 14. The rupee that closed at 70.7 against the dollar on February 13, had stood at 71.24 on Wednesday in the wake of heightened tensions between the defence forces of two nations.

Besides drawing comfort from ease in tension at the border, the rupee also received support from

CURRENCY JUMPS 40 PAISE IN 30 MINUTES

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Indian Air Force Wing Commander Abhinandan Varthaman

The domestic currency had come under pressure after the Pulwama attack on February 14

a marginal decline in crude oil prices. While the Brent crude oil price had climbed to over \$67.1 per barrel on February 22, it was trading at around \$66.1 per barrel on Thursday.

"Indian rupee gained after two days of weakness against American dollar on chances of de-escalation of tension with Pakistan. Beside dollar weakness, the foreign fund inflows in domestic equity and lower crude oil prices bode well for rupee... So far this month, overseas investors have bought \$2.31 billion in domestic equity," said V K Sharma, head-PCG and Capital Market Strategy, HDFC Securities.

However, the stock markets did not see similar movements as

the announcement from Pakistan came after market closing hours. While the benchmark Sensex at the BSE fell marginally by 0.11 per cent on Thursday to close at 35,867, the KSE-100 index at Karachi Stock Exchange jumped significantly towards the end of the trading session to close the day at 39,054, witnessing a gain of 361 points or 0.94 per cent.

Investors in India remained cautious during the day amid concerns over tension between India and Pakistan. Weak cues from other Asian markets and a lower opening of European equities too weighed on markets. Market participants were also cautious ahead of the release of GDP numbers and fiscal deficit data.

The 30-share Sensex took off on a strong footing, advancing to a high of 36,085.85 in early session largely on the back of sustained foreign fund inflows and covering-up of short positions by speculators. However, selling activity re-emerged in line with weak domestic and global cues. The broader Nifty at the National Stock Exchange also fell 15.70 points, or 0.13 per cent, to close at 10,792.50.

"Market continued the range-bound movement due to futures and options (F&O) expiry while mid and small-cap indices outperformed as investors believe that border tensions won't continue for long," said Vinod Nair, head of research, Geojit Financial Services. "Additionally, focus is likely to shift to economic data and possibility of pre-election rally while FII inflow is picking up and rupee is gaining strength," he added. The stock markets, on Friday will open taking into account the weak GDP growth data for the third quarter ended December 2019 and de-escalation of tension between India and Pakistan. Among Sensex components, TCS was the biggest loser by falling 3.38 per cent, while Maruti Suzuki lost 1.77 per cent.

'Naresh Goyal to step down as Jet chairman'

PRESS TRUST OF INDIA
MUMBAI, FEBRUARY 28

JET AIRWAYS' chairman Naresh Goyal has agreed to step down as the lenders gear up to acquire majority stake in the airline under a bailout plan, a source said Thursday. When contacted, Jet Airways vice-president for corporate affairs and public relations Ragini Chopra said she is "not aware" of the developments.

The move comes a day after an urgent meeting of lenders with Goyal and Etihad Airways chief executive officer Tony Douglas to resolve various issues between the two promoters as well as lenders and Etihad.

The Gulf-based carrier holds 24 per cent stake in the Mumbai-based full service airline, founded by Goyal 25 years ago.

State Bank of India is the lead lender of a consortium that has extended loans to Jet Airways, which has been grappling with financial woes and is looking to re-jig debt as well as raise funds.

On February 14, Jet Airways' board had approved a Bank-Led Provisional Resolution Plan (BL-

Jet grounds 6 more planes

Mumbai: Jet Airways Thursday said six more aircraft have been grounded due to non-payment of lease rentals. With this, the total number of aircraft taken out of operations due to severe liquidity crunch in the airline and its subsequent failure to pay rentals to various lessors now stand at 19 so far this month, as per the airline. In a filing to the stock exchanges, the full-service airline said, "An additional six aircraft have been grounded due to non-payment of amounts outstanding to lessors under their respective lease agreements." PTI

PRP), whereby lenders would become the largest shareholders in the airline. Its shareholders have also approved conversion of loan into shares and other proposals during the extraordinary general meeting on February 21.

Core sector growth slows to 1.8% in Jan

Crude oil, refinery products, electricity output falls; Index grew by 6.2% in Jan 2018

ENSECONOMIC BUREAU
NEW DELHI, FEBRUARY 28

GROWTH OF eight core sectors dropped to 1.8 per cent in January — the lowest in the last 19 months — primarily on lower production of electricity, crude oil and refinery products, data from the Commerce Ministry showed on Thursday.

The index of the eight sectors comprising coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity grew by 6.2 per cent in January 2018. The ministry, in a release, stated that these sectors recorded a 4.5 per cent growth rate during April-January 2018-19 against a 4.1 per cent growth in the same period in 2017-18.

Production of crude oil, electricity and refinery products contracted by 4.3 per cent, 0.4 per cent and 2.6 per cent, respectively, in January 2019. In the same period last year, crude oil production had reduced by 3.2 per cent, while electricity and refinery products had grown by 7.7 per cent and 11 per cent, respectively.

Coal and cement output growth also slowed to 1.7 per cent and 1.1 per cent in January, compared with 3.8 per cent and 19.6 per cent for the same month in 2018. At the same time, natural gas, fertilisers and steel production grew 6.2 per cent, 10.5 per cent and 8.2 per cent in January 2019, compared with de-growth of 1.2 per cent and 1.6 per cent and a growth of 1.7 per cent for these sectors in the same period last year. The eight core industries comprise 40.27 per cent of the weight of the items included in the Index of Industrial Production, and the low overall output is expected to impact the index.

"Declining trend in core sector

EXPLAINED

Continued sluggishness in industrial activities

THE GROWTH of core infrastructure industries slipping to a 19 month low in January 2019 was triggered by a visible contraction in crude oil, refinery products and electricity. The contraction in the electricity sector growth in January (-0.4 per cent) was despite this winter being unusually cold in north India. Cement, fertiliser, steel and natural gas bucked the broader trend. Analysts say the declining trend in core sector growth from October 2018 points to continued sluggishness in industrial activities and a weak second half economic growth.

growth from October 2018 suggests continued weakness in industrial activities and a weak second half economic growth. Expect a low industrial growth in the month of January 2019," Devendra Kumar Pant, chief economist, India Ratings and Research was quoted by a PTI report as saying.

'COMPANIES SPEND ₹50,000 CR FROM FY15 TO FY18'

Rs 50,000 crore was spent cumulatively towards corporate social responsibility (CSR) from FY15 to FY18, according to a report by rating agency Crisil

12% rise in spending by listed companies in fiscal 2018 to Rs 10,000 crore

₹5,100 cr spent by unlisted companies for the year, taking the total for the year to Rs 15,100 crore

51 energy companies opened their purse the widest, accounting for 23% of the overall spending

26% jump in the quantum of spend in Tamil Nadu, followed by Maharashtra with 22% and Karnataka 19%

HOW MANY IN THE LIST?

Overall, 1,913 firms met the eligibility criteria, of which, 667 were unable to spend for various reasons. Of the balance 1,246, over two-thirds spent 2% or more of their profits, compared with 57% in fiscal 2017. And 12%, or 153 companies, spent 3% or more

WHO GOT THE MONEY?

While education & skill development and healthcare & sanitation remained top spending heads, two areas grew at a fast clip — spending on national heritage protection tripled and that on promotion of sports has more than doubled since fiscal 2015

THE RULE SAYS: The Companies (Amendment)



Act, 2017, saying eligibility criteria would now be based on financials of the 'immediately preceding financial year' rather than the earlier stipulation of 'any three preceding financial years'. This can shrink the universe a little in years to

come, in terms of both number of companies and their total spend

LISTED AND UNLISTED: Assuming the same rate of growth, spending by unlisted companies is estimated to be Rs 5,100 crore for the year

CABINET DECISIONS

Ordinance to allow voluntary use of Aadhaar as ID proof for banks, SIM

ENSECONOMIC BUREAU
NEW DELHI, FEBRUARY 28

THE UNION Cabinet on Thursday gave its approval for promulgation of an Ordinance that would allow voluntary use of Aadhaar as identity proof for opening new bank accounts and procuring mobile phone connection, and also clarified that anyone not offering it cannot be denied any service.

The Ordinance was necessitated as a Bill, passed by the Lok Sabha on January 4 but pending in the Rajya Sabha, would have lapsed with the dissolution of the current Lok Sabha. After a Cabinet

PM Kisan: Aadhaar seeding not must for 2nd instalment

New Delhi: Seeding of Aadhaar with bank accounts will not be compulsory for small and marginal farmers to avail the second instalment of Rs 2,000 due on April 1 under the PM-KISAN scheme. However, Aadhaar number would be required for release of second instalment, government said. PTI

meeting, Law and IT Minister Ravi Shankar Prasad said the Cabinet

has approved the promulgation of an Ordinance to give effect to the Aadhaar and Other Laws (Amendment) Bill. The amendment provides for stiff penalties for violation of norms set for the use of Aadhaar and violation of privacy. It bans storing of core biometric information as well as Aadhaar number by service providers. The Cabinet also gave its "ex-post facto approval" for the creation of a special purpose vehicle for the disinvestment of Air India and its subsidiaries and joint ventures. It also cleared a Rs 10,000-crore programme under the FAME-II scheme with an eye on promoting e-vehicles. WITHPTI

OTHER DECISIONS

₹10,540 cr soft loan for sugar mills

The Centre announced a soft loan of up to Rs 10,540 crore to the sugar industry to help mills clear arrears to cane growers.

Vodafone Idea's up to ₹25K cr rights issue

The government cleared an FDI proposal of Vodafone Idea Ltd ahead

of its proposed up to Rs 25,000 crore rights issue.

National Mineral Policy 2019 cleared

The Cabinet approved National Mineral Policy 2019.

Monetising CPSE non-core assets

The Cabinet approved laying down procedure for monetisation of non-

core assets of CPSEs and immovable enemy properties assets.

National policy for software products

The Cabinet Thursday approved a national policy on software products that aims to position India as a hub for software products development and creating 65 lakh jobs by 2025. PTI

FINANCE MINISTER ARUN JAITLEY AT THE LAUNCH OF 'EASE' REPORT

'Stronger banks: Following amalgamation policy for PSBs'

ENSECONOMIC BUREAU
NEW DELHI, FEBRUARY 28

FINANCE MINISTER Arun Jaitley Thursday said the government is following the policy of amalgamating public sector banks to create stronger lenders. With five public sector banks exiting the RBI's Prompt Corrective Action framework, he said the remaining six banks under PCA will try to improve their performance and the government will support them. Non-performing assets of banks have come down in the last few quarters, as banks made provisions for bad loans and stepped up recovery, he said.

"In order to make them (banks) sound, whether it is legislative steps or important steps like creating healthy large banks, which can be globally competitive, the government is also gradually following the policy of amal-

gamation..." Jaitley said at event organised by the Indian Banks' Association (IBA) to launch a report on EASE (Enhanced Access & Service Excellence)-index for public sector banks.

Speaking at the same event, State Bank of India Chairman Rajnish Kumar said the successful "three banks are already in the process (of merging) and April 1 is the date. The success of this merger will determine the future course." In January, the Cabinet had approved the merger of Vijaya Bank and Dena Bank with Bank of Baroda (BoB). The EASE Index report said public sector banks have shown improvement in recovery of loans, even as the rising NPA trend is now reversing.

Since 2014-15, PSU banks have recovered Rs 2.87 lakh crore bad loans up till December 2018. In the first nine months of current fiscal, the amount recovered by state-owned banks stood at Rs 98,493



Finance Minister Arun Jaitley at an event of Indian Banks' Associations in New Delhi on Thursday. PTI

crore, a 100 per cent growth over the previous year, as per the EASE Index report. Since 2014-15, the government has infused nearly Rs 2.5 lakh crore in PSBs till February 2019. Punjab National Bank has been ranked first among public sector banks in the implementa-

tion of reforms agenda, followed by Bank of Baroda and State Bank of India, according to the report.

The report EASE Reforms for Public Sector Banks, prepared by Boston Consulting Group, measures performance of each PSB on 140 objective metrics across 6 themes, including customer responsiveness, credit off-take and digitalisation, among others. PNB with a score of 78.4 out of 100 has been ranked first in the EASE-index, followed by BoB (77.8), SBI (74.6), Oriental Bank of Commerce (69), Canara Bank (67.5) and Syndicate Bank (67.1). Dena Bank has the lowest score at 53.8.

This index will be published every year to monitor performance of public sector bank. After recovering from the Rs 14,000 crore worth of loan fraud last year, Punjab National Bank showed improved performance in the parameters like customer respon-

siveness, responsible banking, credit off-take and financial inclusion. Jaitley said release of these rankings brings about competitiveness and encourages banks to perform better than peers.

The six PSU banks, which continue to be under the RBI's prompt corrective action (PCA) framework, too have been ranked in the report. These are Indian Overseas Bank (66.7), UCO Bank (64.1), United Bank of India (60.8), IDBI Bank (60.2), Central Bank of India (55.7) and Dena Bank (53.8).

Department of Financial Services Secretary Rajiv Kumar said the stress in the public sector banks have gone down following a series of reforms by the government which provided a complete "system reboot". Clean banking will be the new normal, he said.

The reform agenda is now institutionalised as the EASE Index will be published every year, he said.

Franchise agreement: Future Group to manage 7-Eleven stores in India

ENSECONOMIC BUREAU
NEW DELHI/MUMBAI, FEB 28

THE world's largest convenience store chain, 7-Eleven, on Thursday signed a master franchise agreement with Kishore Biyani's Future Group, which will open and manage the former's brand stores in the country.

Future Retail's subsidiary SHME Food Brands will open new stores as well as convert existing locations to the 7-Eleven brand, beginning this year. With over 67,000 stores worldwide, this partnership with Future Retail marks 7-Eleven's first entry into the country.

Kishore Biyani, founder & group CEO, Future Group, said the maiden store will be opened in Mumbai, where the enterprise is headquartered.

The maiden store will be opened in Mumbai, said Kishore Biyani, founder & group CEO, Future Group

The Japanese-owned, US-headquartered 7-Eleven generates almost a third of its sales in the Asian countries.

"7-Eleven Inc is among the most iconic global brands in the food retail landscape. We are proud to bring this globally trusted convenience store to India and build new pathways together that will offer Indian customers greater convenience and choices, within their own neighbourhood," Biyani said in a statement.

He said the 7-Eleven convenience store is all "about offering

fresh foods, lot of category around beverages, chocolates, confectionery, ice-creams, tobacco." With cafe also being part of the stores, breakfast, lunch and dinner will be in the offering for customers at affordable prices, Biyani added.

Through this partnership, the strategy is to leverage India's growing young population that seeks convenience, Biyani said that it is distinct from Future Group's small-store strategy which focuses on adding more members. "This (7-Eleven) is a different strategy, it is a convenience store. The category overlap is very minimal. This (7-Eleven) is more about fresh food and that (Easyday and Nilgiris) is more about ingredients which goes into your homes. That (Easyday and Nilgiris) sells grocery, home and personal care. This (7-Eleven) store does not sell," Biyani said. FE