LIVE RICH

FINANCIAL Chronicle

MONDAY | 11 MARCH 2019 | CHENNAI

Retirement planning starts from first salary

Women borrwing more. So why aren't they insuring?

Money

quick BITES

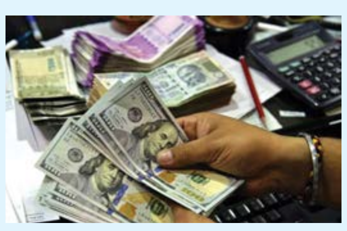
INDICATORS		%
Sensex	36,671.43	-0.15
Nifty 50	11,035.40	-0.21
S&P 500	2,743.07	-0.21
Dollar (₹)	70.15	+0.21
Pound Sterling (₹)	91.10	-0.67
Euro (₹)	78.68	0.03
Gold (10gm)* (₹)	31862▼88	-0.28
Brent crude ($/bbl)*	65.74	-0.56
IN 10-Yr bond yield	7.532	-0.048
US 10-Yr T-bill yield	2.630	+0.000

* As of Friday/Saturday

FinMin eyeing a share of PSU non-core assets

The Finance Ministry is working out a mechanism under which CPSEs will have to part with a portion of the proceeds of non-core asset sales as dividend to the exchequer, an official said. These proceeds will be treated as 'disinvestment proceeds'. The Cabinet had last week approved laying down of procedure for monetisation of non-core assets of CPSEs.

Fund inflows plunge 40% on NGO crackdown



The Centre's crackdown on foreign funding of NGOs has led to a 40 per cent decline in fund flows from external sources for social uplift in the four years to 2017-18. Over 13,000 NGOs have been acted against by the Union home ministry by cancelling their licences, said a report by Bain & Co. As many as 4,800 NGOs lost their licences in 2017 alone.

TCS on high value cars, jewellery to go

In a relief to buyers of high value cars and jewellery, the Central Board of Indirect Taxes and Customs has said that the amount from tax collection at source (TCS) would be excluded from the value of goods for computing GST liability. Under the Income Tax Act, TCS is levied at 1 per cent on vehicles above Rs 10 lakh, jewellery exceeding Rs 5 lakh.

Korean retail brand plans to add 300 outlets

South Korean lifestyle brand Mumuso is aiming at a business turnover of Rs 1,000 crore with over 300 outlets in India by mid-2022, a top official said. The company, which had entered the Indian market in September, 2018 with its stores in Kolkata and Mumbai, plans to expand to other metro and tier-II cities as it is banking on range of affordable products.

Printed & Published by T Venkateswarlu on behalf of Deccan Chronicle Holdings Limited. Printed & Published at Deccan Chronicle Presses situated at SP-3 Developed Plot, Industrial Estate, Guindy, Chennai. Editor: **T.Venkatram Reddy**, RNI Reg. No. TNENG/2008/25473 Air surcharge Re 1.

■ Reply to RTI query on demonetised currencies

RBI has no data on old notes used at pumps

New Delhi, March 10: The RBI in reply to an RTI query said it has no data on the old 500 and 1,000 rupee notes used to pay for utility bills such as fuel at petrol pumps—payments that are anonymous and are believed to have formed a good part of the demonetised currency that returned to the banking system.

After the November 8, 2016 shock decision to ban the use of old 500 and 1,000 rupee notes, the government had allowed the exchange of the junked notes as well as they being used for payment of utility bills for 23 services.

Both 500 and 1,000 rupee notes could be used at government hospitals, railway ticketing, public transport, airline ticketing at airports, milk booths, crematoria/burial grounds, petrol pumps, metro rail tickets, purchase of medicines on doctor prescription from the government and private pharmacies, LPG gas cylinders, railway catering, electricity and water bills, ASI monument entry tickets and highway toll.

On November 25, 2016, the exchange of old notes was stopped and the government allowed the use of only old 500 rupee notes at these utilities till December 15, 2016. The government, however, stopped the use of even this currency at petrol pumps and for the purchase of air tickets at airports abruptly with effect from December 2, 2016, after reports that they were becoming fronts for laundering of old currency notes.

In reply to the Right to Information (RTI) query, the RBI said: "information on (invalidated) notes used for paying utility bills is not available with us".

As much as 99.3 per cent of the junked Rs 500 and Rs 1,000 notes have returned to the banking system, the RBI had stated in August last year, indicating that just a miniscule percentage of currency was left out of the system after the government's unprecedented note ban aimed at curbing black money and corruption.

Of the Rs 15.41 lakh crore worth Rs 500 and Rs 1,000 notes in circulation on November 8, 2016, when the note ban was announced, currency worth Rs 15.31 lakh crore have been returned.

The RBI also said it did not have information on the number of SBNs used to buy KYC-compliant instruments like insurance policies. The RBI referred a part of the RTI to the IRDAI which also stated that it does not have information on old notes used to pay for insurance. — PTI

IN THE DARK

- Information on (invalidated) notes used for paying utility bills is not available, says the central bank
- As much as 99.3% of the junked ₹500 and ₹1,000 notes had been returned
- RBI did not have information on the number of SBNs used to buy KYC-compliant instruments

Binani, Essar resolutions were within rules: IBBI

Kolkata, March 10: The Insolvency and Bankruptcy Board of India (IBBI) has said that it did not find any contradiction in approvals of resolution for Essar Steel and Binani Cement in the context of "value maximisation". The Ahmedabad bench of NLCT has approved the ArcelorMittal's Rs 42,000 crore resolution plan, rejecting the Ruias settlement offer of Rs 54,389 crore.

Recently, in the case of Binani Cement, the Kolkata bench of NCLT approved the resolution plan of UltraTech which was higher than what the Dalmia Bharat had to offer even after the Committee of Creditors earlier selected them as the higher bidder. The case debated a lot on value maximisation in a corporate resolution plan.

"In Binani, the one which was approved was within the rules. The one which was rejected was because it was not balancing the interest of the stakeholders," IBBI Chairman M S Sahoo told. — PTI

Automatic EPF transfer on cards

New Delhi, March 10: Subscribers of retirement fund body Employees Provident Fund Organisation (EPFO) would not require to file employee provident fund (EPF) transfer claims on changing jobs from the next fiscal as the process would be made automated, according to a labour ministry official.

At present, the subscribers of the EPFO are required to file transfer of EPF claims on changing jobs despite having universal account number (UAN). The EPFO gets about eight lakh EPF transfer claims every year.

"The EPFO is testing the automation of EPF transfer on changing jobs on pilot basis. The facility for all subscribers is expected to be launched any time next year," a senior labour ministry official said.

The official said, "The EPFO had engaged the C-DAC to study its operating systems to achieve the goal of becoming paperless organisation. At present, 80 per cent of the work is being done online.

The automated transfer of EPF on changing jobs is one of the tools to be used to achieve that objective."

The official explained that the moment the new employer would file the monthly EPF return including the UAN of the new employee, the EPF contributions and interest earned on that would be automatically transferred.

This will enable the employee to get the credits of his EPF contribution during his previous tenure with old employer into his or her UAN automatically.

At present after changing job, a subscriber provides his UAN to the new employer, who uses it for depositing his or her EPF contributions. But the UAN account does not reflect the EPF contributions made during the subscriber's previous job and interest accrued on that. — PTI

SEAMLESS SHIFT

- At present, EPFO subscribers are required to file transfer of EPF claims on changing jobs despite having UAN. The EPFO gets about eight lakh EPF transfer claims every year

IDBI Bank for 3-year extension to chief

FC BANKING BUREAU
MUMBAI, MARCH 10

IDBI Bank on Sunday said it is considering appointing current Managing Director Rakesh Sharma for three years as its MD & CEO, besides broad-basing the board to induct professionals and two deputy MDs. "The chairman of LIC has been appointed as the non-executive chairman of the bank," IDBI Bank said in a release.

LIC acquired majority control in IDBI Bank in January this year.

The bank also said it is strategising to be a 'one-of-its-kind' financial conglomerate and plans to bring banking and insurance services under a single platform.

IRDAI issues norms on conflict of interest

SANGEETHA G
CHENNAI, MARCH 10

If a conflict of interest arises when insurance companies have common directors, they should not be allowed to participate in the day-today activities of the company, proposes IRDAI.

IRDAI has proposed a few guidelines to address conflicts of interest arising out of the appointment of common directors between insurance companies, insurance company and insurance intermediaries and common promoters of health and general Insurers,

A director or officer shall eliminate the conflict of interest or resign from office within thirty days after he / she becomes aware that a material conflict of interest exists.

When the insurer becomes aware of the conflict of interest situation, immediate steps shall be taken to ensure that the powers / authority delegated to such a director or officer is ceased and he / she is not allowed to participate in the day-to-day activities of the company. Also, an enquiry, headed by an independent director, shall be conducted on such a director or officer. The person found guilty shall no more be "fit and proper".

As per the guidelines, it is the responsibility of board of directors of the insurance companies to formulate policy to address conflict of interest situations that may arise when insurers have common directors or officers.

Where a promoter of a general insurance company wants to be a promoter of a health insurance company or vice versa, the promoter should file an application for issuance of requisition of registration of certificate. This should be accompanied with a note duly approved by board of directors on the manner in which the segregation of business between the two companies shall take place.

However, no permission is required where the person proposed to act as the common director is an independent director in both the companies under the same group and the remuneration payable to such a director does not exceed Rs 10 lakh per annum. Permission for common non-executive director of an insurance company and insurance intermediary is required where the insurance company and insurance intermediary are part of the same group.

If an insurance company and insurance intermediary are not part of the same group, they cannot have a common director

FPIs stay bullish on equity

RAVI RANJAN PRASAD
MUMBAI, MARCH 10

The fall in domestic inflows into equity mutual funds is getting compensated by good inflows from the foreign portfolio investors (FPIs) and this has helped the equity market break out from the four-month narrow trading range.

The Nifty-50 raced past the 11,000-mark last week on the back of strong FPI inflows and closed at 11,035.40 on Friday.

FPIs are pricing in the outcome of the forthcoming general elections.

The Indian equity market has underperformed the global markets this year so far owing to rising oil prices and political uncertainty, but these two issues might have hit their peak in terms of negativity, believes foreign brokerage Morgan Stanley.

Ridham Desai and Sheela Rathi, Equity Strategist at Morgan Stanley, said, "The events of the past eight weeks on the political front, including various pre-poll alliance formations, the farmer cash transfer scheme and the military action across the border may cause polarisation in the forthcoming general elections and increase the probability of a stronger government."

FPIs pumped in Rs 5,621 crore in the first week of March 2019. In February, too, FPIs invested Rs 17,720 crore in equities, the biggest single month inflow after November 2017.

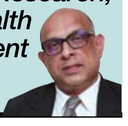
According to depositories data, FPIs put in a net amount of Rs 5,621 crore in equities during March 1-8.

But inflows into equity mutual funds dipped to a 25-month low in February to Rs 5,122 crore, a far cry from over Rs 10,000 crore of average monthly inflows seen in the previous 32 months.

Joseph Thomas, Head of Research, Emkay Wealth Management, said, "The market looks fairly well-supported with resolution of the US-China tariff war within sight, and also as some money from FIIs/FPIs have started moving back into the domestic market."

VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services, said, "FPI inflows into India has clearly turned positive since the end of January this year. The flows in February at Rs 17,720 crore is the highest since November 2017. The trigger for this inflows is the dovish statement that came from the US Federal Reserve at the end of January."

> The market looks fairly well-supported with resolution of the US-China tariff war within sight
>
> — **Joseph Thomas** *Head of Research, Emkay Wealth Management*



Nifty faces strong resistance

ASHWIN J PUNNEN
MUMBAI, MARCH 10

OPENING BELL PROJECTION FOR TODAY

The market may enter into a consolidation mode even as the investors closely monitor the Fed stand on interest and global fund flows into the domestic market.

Analysts are seeing the Nifty to face strong resistance at 11,100 mark. Despite all Asian bourses correcting brutally on the last Friday, the markets managed to close above the crucial 11000 and many see it as strength in the market.

Nagaraj Shetti, Technical Analyst, HDFC securities, said, "The Nifty shifted into a consolidation near the 11K mark and closed on a slightly positive note. A small body negative candle has been formed at highs, with long lower shadow. This is indicating nervousness at the highs."

"The formation of long lower shadows in the last two sessions however indicating an emergence of buying interest at lows, but the Nifty is currently facing stiff resistance at 11,100 mark Further consolidation or higher level weakness is likely for the next session," he said.

Many analysts see the recent support levels of 10583 and 10585 as the base, with a higher trend line extended towards 11300 - 11350. Hence, a move towards this important junction cannot be ruled out in the days to come. Traders are advised to trade with a positive bias and expect 10994 - 10840 to act as a strong support zone now.

According to Angel Broking, barring IT and FMCG, all other sectors contributed in this rally and are poised for extended moves; providing credence to the up move.

"The Mid-Cap which has been oscillating within the boundaries of a 'Triangle' pattern since September, has finally confirmed its breakout and is set to continue the upward trajectory," Sameet Chavan, Chief Analyst-Technical and Derivatives, Angel Broking said.

Domestically, macros have improved in terms of lower inflation, possibility of further cut in interest rates by RBI, easing off of oil prices as well as expectations of healthy growth in profits for FY20. Globally, easing off of the US-China trade spat, FOMC stance on balance sheet normalisation, Brexit and oil prices will be deciding factors for market movement.

"We feel the froth and over valuation in the Mid-Cap space has come off sharply due to the underperformance vis-à-vis Nifty. We feel there is very high probability of Mid & Small Caps outperforming the Large Caps in CY19. For this...we need earnings recovery and a clear mandate at the Centre," Teena Virmani, Vice-Presdient-Research, Kotak Securities, said.

Taxation pulls back cruise industry

SANGEETHA G
CHENNAI, MARCH 10

The cruise industry rues that high GST and customs duty are hobbling its growth and holding it back from realising its potential to generate Rs 35,000-crore revenue and two-and-a-half lakh jobs.

A study done by global consultancy Bermello & Ajamil and commissioned by the Shipping Ministry found the cruising industry has tremendous business potential. The number of ships making a port of call can go up from 158 to 955 and the number of passengers these ships bring in can grow multifold from 2 lakh to 40 lakh. This will help the cruising industry revenues grow from Rs 712 crore to Rs 35,500 crore and in turn provide jobs to 2.5 lakh people from the current employment of 5,000.

"This target can be achieved in a span of 5 to 10 years, provided some of the impediments that make the business unviable are removed. One of the main issues is taxation and once that become industry-friendly, infrastructure issues will naturally get resolved,' said Varun Chadha, Chief Operating Officer of Tirun Travel Marketing, an India Representative of Royal Caribbean Cruises.

Currently, the tickets and earnings come under the 18 per cent GST bracket, while the average tax across the leading cruising destinations globally is closer to zero. Further, every item consumed carries a 5 per cent customs duty while in other countries it is nil, he said. This is making Indian ports less competitive in the international cruising map.

"It would be prudent to incentivise the almost non-existent cruise tourism sector. It is recommended that cruise ship travel in India, including auxiliary activities be zero-rated or taxed at the lowest rate for a period of five to ten years," said the B&A study.

The government has reduced the port charges by 30 to 40 per cent over a year back and made it comparable with global standards. It had also brought in a standard operating procedure for different stakeholders of the industry.

The berthing infrastructure and the capacity to handle large ships that carry over 5,000 passengers are very limited at Indian ports. But the industry finds that once the taxation issues are resolved and more number of ships come calling, investments will pour in and this will help the country develop necessary infrastructure.

POTENTIAL BEING WASTED

- A study done by Bermello & Ajamil and commissioned by the Shipping Ministry found the cruising industry has tremendous business potential
- Industry potential to generate ₹35,000-crore revenue and two-and-a-half lakh jobs