IN BRIEF

Govt eyes advance tax mop-up to meet target of ₹12 trillion

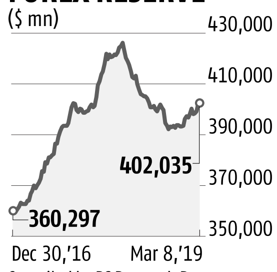
With fiscal math under pressure due to lower buoyancy in tax collection, the Centre is eyeing advance tax payment to meet the revised Budget target of ₹12 trillion for the current financial year. According to sources, efforts are being made to make up for the shortfall in direct tax collection, but the revised target seems to be daunting. The government had earlier estimated ₹11.5 trillion mop-up from direct tax collection. The increase of ₹50,000 crore in the interim Budget 2019-20 has made the task of achieving the revised target a difficult proposition for the Central Board of Direct Taxes (CBDT), sources said adding the shortfall seems to be imminent. However, the clarity on the exact quantum of shortfall would emerge only after the final figure of advance tax collection comes, sources said. PTI

Fintech sector can't deliver if data is kept personal: Garg

It will not be possible for the digital and fintech industry to deliver its services, if financial data is kept personal, said Subhash Chandra Garg, economic affairs and finance secretary of India, at a fintech event in Mumbai. He added that the Supreme Court's Aadhaar judgment was a setback for the fintech and digital space. The government recognises the importance of fintech and had constituted a working group to closely look at all aspects of the fintech industry. BS REPORTER

Foreign exchange reserves rise to $402.04 billion

FOREX RESERVE



Compiled by BS Research Bureau
Source: RBI

Foreign exchange reserves rose to $402.04 billion as of March 8, compared with $401.78 billion a week earlier, the Reserve Bank of India said on Friday. Changes in foreign currency assets, expressed in dollar terms, include the effect of appreciation or depreciation of other currencies held in its reserves. Foreign exchange reserves include India's Reserve Tranche position in the International Monetary Fund. REUTERS

Kotak Bank elevates Manian, Shah as board directors

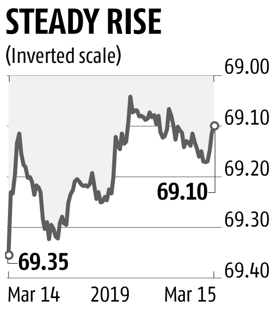
Kotak Mahindra Bank has appointed KVS Manian and Gaurang Shah as whole-time directors for a three-year term effective from the date of approval from the Reserve Bank of India. The appointment of Manian and Shah is also subject to shareholders' approval, the bank informed the BSE. Manian is currently working as the president - corporate, investment bank. Shah is the president- group chief risk officer of the bank. BS REPORTER

Bandhan Bank gets RBI nod for acquiring Gruh Finance

Bandhan Bank on Friday said it has received no objection from the Reserve Bank of India (RBI) for the proposed acquisition of Gruh Finance. "The RBI has by its letter dated March 14, 2019, conveyed its no objection for the voluntary amalgamation of Gruh Finance Ltd into and with Bandhan Bank, subject to compliance with the terms and conditions therein," the bank said in a regulatory filing. Gruh Finance was taken over in January by Bandhan Bank in a share-swap deal. PTI

Rupee rallies 24 paise to 69.10 against dollar

STEADY RISE



Compiled by BS Research Bureau
Source: Bloomberg

Rising for the fifth straight session, the rupee on Friday jumped 24 paise to close at 69.10 against the US dollar on sustained foreign fund inflows and heavy buying in domestic equities. Forex traders said the dollar's weakness against its key rivals overseas and easing crude prices strengthened the market sentiment domestically. PTI

Punjab & Sind Bank to raise equity capital of ₹500 crore via QIP

Punjab & Sind Bank on Friday said it would raise up to ₹500 crore by issuing fresh equity shares through qualified institutional placement. The decision was taken at the extraordinary general meeting of shareholders. The money will be raised in one or more tranches, it said in a regulatory filing. Among others, the bank said it would issue up to 50 million shares to its employees under the Employee Share Purchase Scheme. Such shares under ESPS will be created and allotted in one or more tranches, it added. PTI

Trade deficit narrows, exports up just 2.4%

Deficit figures fell to lowest level in FY19

SUBHAYAN CHAKRABORTY
New Delhi, 15 March

Exports went up by a marginal 2.44 per cent in February and imports of gold and petroleum products contracted, leading to a significant narrowing of trade deficit to $9.6 billion, according to data released by the commerce ministry on Friday.

Trade deficit figures fell to their lowest level in the current financial year, down from $14.73 billion in January.

Outbound trade had risen by 3.74 per cent in January, as exports from the same sectors had taken a beating. In February, exports stood at $26.67 billion.

India's performance in the external sector had crashed since November, when growth had reached 0.8 per cent.

Despite contracting only once in FY19, the low growth rates have decimated the government's hope of reaching the $350-billion trade target. Cumulative exports in the first 11 months of the current financial year stand at $ 298.5 billion.

Major exports sputter

In February, 12 of the 30 major product groups were in negative territory. Prime among them was engineering goods. Despite earning one-fourth of foreign exchange through exports, the sector grew at a marginal rate of 1.7 per cent, up from 1 per cent in the previous year.

Another major export earning sector — gems and jewellery — continued to contract. Periodically falling into the negative zone in November, the $3.72 billion worth of exports in the sector contracted by 2 per cent in February, after a growth of 6.67 per cent in January.

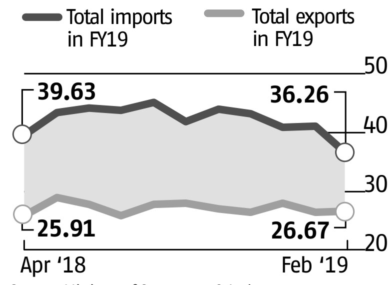
A spin-off effect due to a global trade war between the US and China had also affected India's trade, affecting both imports and exports, Ganesh Kumar Gupta, president, Federation of Indian Export Organisations (FIEO) said. Exporters have reiterated his demand for urgent support, including augmenting the flow of credit and better fiscal support.

However, drugs and pharmaceuticals exports remained steady at 16.11 per cent growth, up from the 15.2 per cent in January. Receipts from processed petroleum exports also remained muted, declining by 7.7 per cent after a 19 per cent fall in January.

While declining oil prices marred the chances of earning the same dollars through exports, it helped India save foreign exchange through a slowdown in imports.

MERCHANDISE TRADE

Figures ($ billion)



Source: Ministry of Commerce & Industry

Imports dive deep

However, the largest component of the import bill, crude oil, saw inbound shipments declined by 8 per cent, up from the 3.59 per cent fall in the previous month. Global crude prices started reducing from early November and a supply glut is expected to stay as sanctions continue to pump out oil, while the US adds fracking capacity.

Gold, the second-largest component of the import bill, also saw a sharp drop in inbound shipments. Imports of the metal fell by 10.81 per cent in the latest month to $2.58 billion. The rate of fall has surprised industry watchers as January had seen a 38 per cent jump in inbound shipments. The industry continues to see volatility as imports had risen in July after remaining in negative territory for six months.

Imports of the metal had remained low since the ₹143-billion Nirav Modi scam earlier this year.

Non-oil, non-gold merchandise imports, showcasing industrial demand saw contraction sharpen in February. It contracted by 3.72 per cent to $ 24.30 billion, as compared to a fall of 0.8 per cent in January.

Reduced NPA to drive solvency of PSBs, says Icra

Credit rating agency Icra says reduced net non-performing assets will drive "considerable improvement" in solvency of public sector banks (PSBs). Slippages will reduce during FY20 and reach levels of 1.9-2.4%, which is acceptable. The government's capital infusion of ₹1.91 trillion into the PSBs during 2018 and 2019 augurs well for their growth, while the total capital requirement to support growth rate of 7-9% by these banks for FY20 would be ₹54-77,000 crore, the rating agency said. Some banks can finance much of their capital needs through sale of non-core assets, whereas lower growth in credit in banks under prompt corrective action can reduce capital requirement for FY20. ANUP ROY

Estimated capital required FY20 (₹crore)

State Bank of India	11,844
Canara Bank	6,754
Central Bank of India	6,433
UCO Bank	5,545
Punjab National Bank	5,542
Indian Overseas Bank	5,400
Union Bank	5,092
IDBI Bank	5,090
United Bank of India	3,217
Dena Bank	3,037
Syndicate Bank	1,915
Bank of Baroda	1,554
Punjab and Sindh Bank	1,188
Oriental Bank of Commerce	915
Bank of Maharashtra	729
Bank of India	605
Vijaya Bank	351

Note: Figures for Allahabad Bank, Indian Bank, Andhra Bank and Corporation Bank were not available
Source: ICRA

*Estimates

Asset quality indicator

Figures (₹ trn)	PSBs '18	PSBs FY19*	PSBs FY20*	Private banks '18	Private banks FY19*	Private banks FY20*
Fresh slippages	**4.3**	**2.5**	**1.3-1.6**	**1.0**	**0.64**	**0.5-0.7**
Fresh slippages rate (%)	8.3	4.5	2.3-2.9	4.7	2.1	1.8-2.2
Gross NPA	**9.0**	**8.1**	**6.8-7.0**	**1.3**	**1.4**	**1.3-1.4**
Net NPA	**4.5**	**3.2**	**2.2-2.3**	**0.6**	**0.5**	**0.4**
Gross NPA (%)	14.6	10.3	8.1-8.4	4.8	4.3	3.7-3.9
Net NPA (%)	8.0	5.3-5.4	3.5-3.6	2.4	1.62	1.2
Credit cost/ advances (%)	4.79	3.75	1.5-1.8	2.11	1.53	0.5-0.6
Provision cover (%)	49.0	63.0	73-75	51.0	65.0	73-75

Redevelopment of railway stations put on fast track

SHINE JACOB
New Delhi, 15 March

STATIONS GIVEN TO EACH COMPANY

Rites	Mecon	NPCC	EPIL	B&R
1. Gurgaon	1. Andheri	1. Jaipur	1. Secunderabad	1. Delhi Cantt
2. Pune	2. Bokaro Steel City	2. Gandhinagar (Jaipur)	2. Udaipur City	2. Faridabad
3. Shivaji Nagar	3. Lokmanya Tilak	3. Bangalore City	3. Adarsh Nagar, Delhi	3. Kalyan
4. Aurangabad	4. Mumbai Central	4. Agra Cantt	4. Hyderabad	4. Abu Road
5. Indore	5. Ranchi	5. Bangalore Cantt	5. Wardha	5. Kanpur Central
6. Borivali	6. Ajmer	6. Delhi Shahdara	6. Coimbatore Jn	6. Asansol
7. Bhusaval	7. Bandra Terminus	7. Yesvantpur	7. Jalandhar Cantt	7. Kolkata Terminal
	8. Egmore, Chennai	8. Allahabad	8. Thiruvananthapuram Central	8. Ambala Cantt
	9. Lonavala	9. Dadar	9. Ludhiana	

To speed up the first phase redevelopment of 42 railways stations under the ₹1 trillion programme, the government has now adopted a cluster approach by making five public sector companies in charge of each cluster.

The companies include RITES, Mecon, National Project Construction Corporation (NPCC), Engineering Projects (India) (EPIL) and Bridge and Roof Company (India) (B&R).

"These companies are in the process of finalising consultants. The stations are pooled in such a way that both land area and potential footfall are equally balanced," said a person close to the development.

This approach is vital for completion of the station redevelopment programme as the project saw a lukewarm response from real estate players in previous tenders.

Apart from these 42 pooled stations, Indian Railway Stations Development Corporation (IRSDC), the nodal agency for station redevelopment, has already taken up 13 stations for redevelopment. A source added that two stations – Habibganj (Madhya Pradesh) and Gandhinagar (Gujarat) – may be commissioned by the end of July. For Gandhinagar, 80 per cent of the work has been completed while almost 70 per cent of the work is over in Habibganj.

On the other hand, the five PSUs are likely to finalise consultants for at least 25 stations by the end of this month. Among the companies, Mecon, NPCC and EPIL are in charge of nine stations each.

However, B&R and Rites will be managing eight and seven stations, respectively. The major stations that are part of the current set include Pune, Aurangabad, Indore, Mumbai Central, Ranchi, Gandhinagar (Jaipur), Allahabad and Bangalore Cantt.

In October 2018, the Union Cabinet had approved a new station redevelopment policy making IRSDC as the nodal agency and allowing a longer lease period of 99 years, as compared to 45 years in the previous policy. The ministry of railways had opted for a revised policy after developers, investors and other stakeholders wanted some key areas to be restructured — including the multiple subleasing part.

The ministry of railways has already zeroed in on 600 stations across the country for redevelopment, for which an overall investment of ₹1 trillion is expected. On the other hand, stations taken up on public-private partnership like Surat, Gwalior, Nagpur and Baiyappanhalli are in the request-for-quotation stage.

Late last year, in order to give more power to IRSDC, it was converted into an equal joint venture of Ircon International and Railway Land Development Authority from being an Ircon subsidiary. Another key change that was brought into the policy was that developers can use 20 per cent of the railway land for housing projects.

Like flying, piloting is becoming the preserve of the rich

ANJULI BHARGAVA
New Delhi, 15 March

In 1979, Shakti Lumba, a former commander and something of an institution in India's flying circles, joined Indian Airlines as a young first officer. Lumba's commercial pilot licence (CPL) from Patiala flying club cost him ₹22,500 and he got his type-rating (certification to operate a particular type of aircraft) at Indian Airlines (on both A320 and B737) for no additional charge.

Jati Dhillon, another senior commander and trainer, qualified as a pilot with the Indian Navy. In 1992, he paid about ₹2,000 to get a airline transport pilot certificate by doing hours on the Cessna 152 and then joined Jet Airways, where he got his type-rating at no extra cost.

In 1967-70, Mohan Ranganathan, a former commander and industry stalwart, obtained his flying licence for a princely sum of ₹5,600 from the Madras Flying Club. He got type-rated on the Dakota DC3 and subsequently, on the B737-200 with Indian Airlines and later with SilkAir.

That was then. Today, the cost of training as a pilot in India has reached stratospheric levels. Even though the country is one of the fastest growing aviation markets in the world, piloting an airplane is becoming the preserve of the rich and many youngsters are simply not able to afford the expense of training for this career.

The Indira Gandhi Rashtriya Udaan Academy, which is one of the better flying schools in the country, charges ₹42 lakh for the training (inclusive of boarding and lodging). With quality flying schools in India being few and far between, many aspiring pilots go abroad to train, where a licence costs anywhere between ₹15 and ₹25 lakh (living costs are extra). Pilots say the cost of acquiring a CPL overseas works out to ₹25 to ₹50 lakh, depending on which country one goes to for the training.

That's not all. After getting the CPL, all pilots now have to pay for their own type-rating — either to an external trainer or to the airline which has hired them. They also have to pay for the further training requirements that the Directorate General of Civil Aviation stipulates, which includes six landings with an empty aircraft to be executed with a trainer.

External type-rating can cost anywhere between ₹18 and 25 lakh. Some domestic airlines like Go Air only hire type-rated pilots. Others like SpiceJet, IndiGo and even Air India have various options for training. For instance, a CPL holder who joins SpiceJet has to pay ₹45 lakh to be type-rated and inducted as a first officer. IndiGo's induction plan from training to cockpit can set the aspirant back by almost ₹1 crore.

Air India too charges for type-rating and the empty aircraft landings required as per the DGCA stipulations. A former DGCA official says that one doesn't know if what airlines are charging new pilots amounts to the actual training costs or if they are profiting from this scenario.

With quality flying schools in India being few, many aspiring pilots go abroad to train, where a licence costs anywhere between ₹15 lakh and ₹25 lakh (living costs are extra) PHOTO: SANJAY SHARMA

In the West type-rated pilots often work for a few years in business aviation, flying smaller aircraft before they are considered by the larger carriers. Since India does not have much of business aviation, here pilots go directly from getting type-rated to joining a narrow-body fleet. This is the reason the DGCA has certain training requirements which give a pilot some experience of take-offs and landings before he or she is put in charge as first officer on a narrow body aircraft.

As a result of all this, a large proportion of the costs of finally finding oneself in the cockpit are borne by the aspirant.

Senior commanders and trainers say that the rising costs of becoming a professional pilot is a worrying trend for the industry as the youngsters joining the profession seem more focused on how to repay their loans and mortgages and living the high life than on their passion for flying. Unlike the older generation of pilots, some of who know all there is to know about an airplane, the newer crop seems totally consumed with the monetary aspect of their profession.

"We are seeing a growing disconnect between the senior commanders and the first officer within the cockpit," says Dhillon. With the youngsters so fixated on the returns on what they have invested on their training, Dhillon feels that there has been a lowering of respect between the two generations of professionals, which could lead to disciplinary problems in the future.

Airbus estimates that India will need 25,000 additional senior pilots over the next two decades. That may be a tall order if the current situation persists. Between 1986-87 and 2008, the IGRUA produced around 700 pilots. In 2008, the training was outsourced to CAE Inc (a Canadian manufacturer of simulation technologies and training services) and another 900-odd pilots were produced by IGRUA in the next decade.

Today, a few are also trained at a flying academy in Gondia. Set up under the watch of former aviation minister Praful Patel, this academy is acting as an in-house training ground for IndiGo.

In addition, every year around 200 pilots come with a CPL from overseas and get it converted through the DGCA here. The irony is that while there is a shortage of commanders, there is a glut of CPL holders in India with many of them looking for jobs or trying to get type-rated through other sources.

The bottom line is that unless more quality flying schools come up in India and the costs of training come down, fewer youngsters will manage to become pilots. And piloting will be the prerogative of the rich — just as flying continues to be.

Next: Aiming for the sky