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**PROXY BATTLES**  
Arch-rivals AIADMK and DMK will cross swords only in eight of 39 Lok Sabha seats in Tamil Nadu **p16**



Ahmedabad Bengaluru Chennai Coimbatore Hubballi Hyderabad Kochi Kolkata Madurai Malappuram Mangaluru Mumbai Noida Thiruvananthapuram Tiruchirappalli Tirupati Vijayawada Visakhapatnam

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### Inside

#### POLITICS

##### Goa CM Manohar Parrikar dead

Panaji, March 17



Goa Chief Minister Manohar Parrikar died at his private residence near here on Sunday. He was 63. Parrikar is survived by two sons and their families. "The Chief Minister passed away at around 6.40 pm on Sunday," a senior State government official told PTI. Sources said the former defence minister had been on a life-support system since late on Saturday night. Parrikar had been unwell since February 2018 when he was diagnosed with a pancreatic ailment. **p16**

#### YOUR MONEY

##### Idling away?



Do you tend to park large sums of money in your savings account? Then, SBI's move to link savings deposit rates to the RBI's repo rate can pinch you even more over the next year. **p10**

#### COMMODITY WISE

##### Aluminium delivery



SEBI has made it mandatory for all commodity derivative contracts to have the option of being settled through physical delivery. With the first physical settlement for aluminium contracts in MCX nearing, here's what you need to know **p11**

Today's issue carries a 32-page **CHANGEMAKER AWARDS** (Tabloid) in select areas

## Terminal illness: How passengers have been hit by flight cancellations

Over two in every 1,000 have been affected by cancellations in 2018, but compensation paid to such passengers has dipped

#### ANAND KALYANARAMAN

BL Research Bureau

Over the past few weeks, the struggle for survival at Jet Airways, shortage of pilots at IndiGo Airlines and the grounding of Boeing 737 MAX 8 planes at SpiceJet have resulted in scores of flights being cancelled. Passengers are vexed by the inconvenience and rising airfares. Things could deteriorate if the proposed financial salvage of Jet Airways fails and IndiGo's operational troubles prolong.

Indeed, 2019 could prove worse than calendar 2018, when there was a sharp spike in the number of domestic air passengers affected by flight cancellations. From about 1.68 lakh in 2017, the number of passengers impacted shot up by more than 80 per cent to 3.08 lakh in 2018, according to data from aviation regulator DGCA.

From about 1 in every 1,000 in 2017, the number of domestic passengers affected by flight cancellations in 2018 rose to more than 2 in every 1,000. This number shot up to 3 in every 1,000 in January 2019 and is certain to have increased in February and March 2019 when the woes at Jet, IndiGo and SpiceJet manifested.

#### IndiGo's dubious distinction

The overall cancellation rate of scheduled domestic airlines has been increasing — from an average of 0.7 per cent in 2017 to 1.1 per cent in 2018 and to 1.81 per cent in January 2019. The sharp jump in

impacted passengers in 2018 was primarily on account of IndiGo, the country's largest airline. From about 52,000 in 2017, the number of passengers affected by IndiGo's cancellations jumped more than three-fold to 1.75 lakh in 2018. Nearly 6 out of every 10 impacted passengers in 2018 were IndiGo customers, up from 3 in 2017.

Among the reasons for this deterioration were the airline's ongoing troubles with its A320neo aircraft and the grounding of some of these planes last year. Also, Air India, AirAsia India and Vistara saw a 50-75 per cent jump in the number of affected passengers. In contrast, Jet Airways, SpiceJet and GoAir improved their performance with the number of impacted passengers 5-30 per cent lower in 2018 compared with 2017.

#### Compensation falls

Surprisingly, despite the near doubling in the overall number of passengers affected by cancellations, the compensation paid to them by airlines dipped about 7 per cent to ₹5.8 crore in 2018 from

#### BIG STORY

##### All about passenger rights

What are your options if your flight is cancelled? The recently released Passenger Charter has laid down the rights of passengers in case of flight disruptions and other incidents. Find out what you are entitled to **p2**



#### Sharp contrast

	Spike in cancellation-affected passenger numbers...			...But dip in compensation		
	2018	2017	Increase y-o-y (%)	2018	2017	Increase y-o-y (%)
Air India	52,511	35,925	46	197.5	190.4	3.7
Jet Airways	15,758	18,071	-13	15.5	29.9	-48.1
SpiceJet	37,525	39,149	-4	191.5	230.3	-16.8
GoAir	2,492	3,422	-27	-	-	0.0
IndiGo	175,379	52,489	234	6.1	4.9	25.3
AirAsia	4,434	2,646	68	42.2	45.3	-6.8
Vistara	15,229	8,618	77	42.9	7.1	507.9
TruJet	2,736	4,870	-44	61.8	73.5	-15.9
Others	1,828	2,773	-34	23.2	43.6	-46.7
<b>Total</b>	<b>307,892</b>	<b>167,963</b>	<b>83</b>	<b>580.7</b>	<b>624.9</b>	<b>-7.1</b>

₹6.25 crore in 2017. That happened for two reasons: one, airlines that did better on cancellations in 2018 such as Jet and SpiceJet paid less compensation than in 2017.

More importantly, the increase in compensation paid by most airlines that fared badly on cancellations was far lower than the increase in their affected passenger numbers. For instance, IndiGo paid just 25 per cent more compensation in 2018 compared with 2017, against a three-fold jump in affected passenger numbers. Also, Air India paid just 4 per cent more in compensation despite a 50 per cent jump in the number of affected passengers.

A possible explanation for this is that the airlines may be, in most cases, informing passengers

about flight cancellations at least 24 hours in advance — in which case, per DGCA rules, the airlines can avoid paying compensation. Or it could be that fliers are unaware of their compensation rights (up to ₹10,000 per ticket) and airlines are not volunteering on their own to pay even in the case of last-minute cancellations. IndiGo did not respond to queries.

An Air India spokesperson said that the modest increase in the compensation payout in 2018 despite a sharp jump in passengers affected by cancellations was due to many factors, including scheduled cancellation of flights and force majeure reasons.

He also added that at times passengers do not claim any compensation from airlines.

## Tata Realty set to acquire Tata Sons' stake in housing arm for ₹3,000 cr

Move aimed at streamlining internal shareholding structure

#### PALAK SHAH

Mumbai, March 17

Tata Realty and Infrastructure (TRIL) will acquire Tata Sons' stake in Tata Housing (THL) for about ₹3,000 crore. Both TRIL and Tata Housing are 100 per cent subsidiaries of Tata Sons. The two real estate firms were competing for projects in the same cities in the past, which is a factor behind the integration.

This is part of Tata Sons' overall plans to restructure group companies to streamline the internal shareholding structure and businesses.

#### Rights issue

To raise funds for the real estate deal, TRIL will first come up with a rights issue, which will be subscribed by Tata Sons. TRIL will then pick up Tata Sons' stake in Tata Housing. A Tata Sons spokesperson did not comment on the restructuring.

The plan is to integrate TRIL's commercial real estate division with Tata Housing's residential business. Both TRIL and Tata Housing have overlapping business interests due to planned residential projects in Delhi, Pune and other cities.

Tata Housing's project portfolio mainly comprises housing in various income group segments, ranging from low-cost to premium/luxury projects. These are spread across metros and tier-1 cities, including Mumbai, Delhi NCR, Bengaluru, Kolkata, Chennai and Pune.

Going forward, Tata Housing plans to focus only on premium and luxury projects, while low-cost and affordable projects will be undertaken by its wholly owned subsidiary Tata Value Homes.

Henceforth, all of TRIL's housing projects will be implemented by Tata Housing. TRIL will focus on large mixed-development retail or commercial developments along with its current portfolio of special economic zones, logistics parks, airports and road and highway projects.

Tata Group may also look to monetise the real estate and infrastructure assets for which the integration was even more important. It may look at listing a public real estate investment trust (REIT) or a private REIT in which an institutional investor may acquire a strategic stake. A REIT is an entity that owns, operates or finances income-producing real estate.

According to information available with the Registrar of Companies, Tata Housing had a loss of ₹81 crore in 2016-17, while its revenue from operations stood at ₹277 crore. In fiscal year 2015-16, the company had posted a net profit of ₹27 crore and revenue of ₹790 crore.

## Asset monetisation: IL&FS to receive first set of bids today

#### PRESS TRUST OF INDIA

New Delhi, March 17

The cash-strapped IL&FS Group will receive the first set of bids under its asset monetisation plan on Monday as part of the resolution process, according to sources.

The company's board will later consider bids for ₹8,000 crore renewable energy business that was put on the block in November 2018, the sources said.

This will be the first set of bids that will be opened under the asset monetisation process as part of resolution process by government-appointed and Uday Kotak-led new board, they added.

#### Myriad assets

The group, which is sitting on debt of about ₹94,000 crore, had decided to sell assets in various verticals, including

roads, education, renewable energy, and broking in November last year.

The renewable assets of the group include operating wind power plants with an aggregate capacity of 873.5-MW, and under-construction ones such as plants with 104 MW capacity. It also includes the solar power business, under which it has around 300-MW of under-construction projects.

Japan's Orix is the joint venture partner in the wind-power business and the completion of sale of this business is expected to reduce IL&FS' debt of about ₹5,000 crore.

When contacted, an IL&FS spokesperson declined to comment on the same.

According to sources, nearly two dozen firms had participated in the expression of interest sought by the company, which ended on December 10,

2018. Several companies, sources said, have completed their due diligence of the underlying assets.

However, the completion of the entire process and shortlisting of the final bidder will take a few weeks as multiple processes are involved.

#### Stakeholders

LIC is the single largest shareholder with a stake of over 25 per cent in IL&FS, while Orix Corp owns a little over 23 per cent.

IL&FS Employees Welfare Trust holds 12 per cent in the company. The Abu Dhabi Investment Authority, HDFC and Central Bank of India hold 12.56 per cent, 9.02 per cent and 7.67 per cent, respectively, in the cash-strapped company. The country's largest lender SBI has a stake of around 7 per cent in the company. **Details p16**

## Steel firms seek clampdown on Iranian exports through UAE

#### SURESH PIYENGAR

Mumbai, March 17

Steel companies have urged the government to stop the dumping of steel by Iran through the United Arab Emirates at a much lower price.

In a letter written to Binoy Kumar, Secretary, Ministry of Steel, the Indian Steel Association (ISA) said it is alarming that steel imports to India from the UAE are growing at a fast pace and are expected to go up by over three times to 2.34 lakh tonnes (1.18 lt) this fiscal year.

Imports from the UAE, at 1.75 lt in the first nine months of this fiscal, have already surpassed imports during the whole of last year. On the other hand, direct shipments from Iran have come to a standstill from 34,330 tonnes in FY18.

## Former SC judge Ghose tipped to be India's first Lokpal

#### PRESS TRUST OF INDIA

New Delhi, March 17

Retired Supreme Court judge Justice Pinaki Chandra Ghose is being considered for appointment as the country's first Lokpal (anti-corruption ombudsman), officials said on Sunday.

Justice Ghose, who retired from the Supreme Court in May 2017, is a member of the National Human Rights Commission. His name is understood to be under active consideration by the Lokpal selection panel headed by Prime Minister Narendra Modi, the officials said.

There was, however, no official announcement on his appointment by the government.

His appointment, if made by the government, may trigger a controversy as Congress leader Mallikarjun Kharge had boycotted the selection panel's meet on Friday.

## IDBI Bank's 'private lender' tag a bolt out of the blue for staff

#### GNAGA SRIDHAR

Hyderabad, March 17

"It's like throwing the baby out with the bath water." That's how an officer of IDBI Bank, the first public sector bank to have been privatised in the country, sums up the mood among its employees.

The RBI, on March 14, categorised IDBI Bank as a private sector bank for regulatory purposes, with effect from January 21.

This was in the wake of Life Insurance Corporation of India (LIC) acquiring 51 per cent of the total paid-up equity share capital of the bank.

While LIC acquiring a stake is not new, the labelling of IDBI as a private bank came as a surprise to the lender's 17,500 employees. The average age of the staff is 30 years, and many have 20 to 30 years of service left. "We



feel cheated. If I were to join a private bank, I would have done it long back. I was one of 150 officers to get selected out of 1.5 lakh who competed for posts in a top PSB in 1999. Then moved over to IDBI Bank in 2008, which I regret now," an Assistant General Manager now working in Gujarat told BusinessLine.

"It was a major move and employees should have been kept in the loop," said a senior executive of the bank in Hyderabad. He joined IDBI in 2001 after leaving a lucrative job at a multinational.

The top management sent a message to staff a few days ago stating that "there was nothing to worry" and that the bank would "benefit" as an entity owned by LIC. There are fears among some employees about possible transfers and side lining of present staff by LIC. A few LIC officers have already been appointed in key managerial roles.

#### Transfers sought

Some want the option of being transferred to other public sector banks. "There is a precedent for this. When Industrial Investment Bank of India was wound up, employees were allowed to switch over to various nationalised banks, protecting their salary and service," said AV Vithal Koteswara Rao, General Secretary, All-India IDBI Officers' Association.