15 ECONOMY



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SILVER ₹38,260

SENSEX: 38,672.91 ▲ 127.19 NIFTY: 11,623.90 ▲ 53.90 NIKKEI: 21,205.81 ▲ 172.05 HANG SENG: 29,051.36 ▲ 276.15 FTSE: 7,263.91 ▲ 29.58 DAX: 11,527.32 ▲ 99.16

SECTOR WATCH PHARMACEUTICAL

CDSCO asks state drug regulators to 'keep a strong vigil' on buclizine sales

PRABHA RAGHAVAN NEW DELHI, MARCH 29

INDIA'S APEX drug regulatory body Central Drugs Standard Control Organisation (CDSCO) has issued an advisory to state drug regulators, telling them to "keep a strong vigil" on the manufacture, sale and distribution of a brand of antihistamine and motion sickness medicine buclizine, The Indian Express has learnt.

The move comes after it was found that a government order three months ago prohibiting the sale of buclizine as an appetite stimulant has not been followed and several batches of the drug continue to be sold without mandated disclaimers.

The Health Ministry had issued an order in December 2018, stating that the use of buclizine as an appetite stimulant was "likely to involve risk" to human beings. It had also directed manufacturers to mention "in conspicuous manner" on the drug's package insert and promotional literature that it was "not to be used as appetite stimulant".

"It has been brought to the notice of this office that Longifene ... tablets and syrups continue to be sold in pharmacies without complying with the above labelling requirements," stated Drug Controller General of India Eswara Reddy in a fresh advisory by the CDSCO. Reddy is the head of CDSCO.

"In view of the above, you are requested to direct your inspectorate officials to keep a strong vigil on manufacture, sale and distribution of buclizine and its formulations for use in human beings and in case of contravention of any provision of the said Act (Drugs and Cosmetics Act, 1940) and Rules made thereunder, and take necessary action to ensure that the drug is manufactured, sold and distributed strictly in accordance with the provisions of the said Act and Rules," the advisory added.

CDSCO has also asked its own zonal and sub-zonal of-

Move comes after it was found that a government order prohibiting sale of buclizine as appetite stimulant has not been followed

fices to "take similar action" in coordination with state licencing authorities. The Indian Express has reviewed a copy of this advisory.

Those found manufacturing, selling or distributing buclizine on or after December 13 without adhering to the government's orders is liable for punishment under India's drug regulations, Reddy had earlier said. This includes imprisonment for up to three years and a fine of up to Rs 5,000. Queries sent to Mankind Pharma about this development remained unanswered by press time Friday.

The Indian Express on March 28 reported that a private investigator's survey of over 170 pharmacies in Delhi, Gurgaon and Hyderabad showed that Longifene, Mankind Pharma's buclizine brand, continues to be sold for appetite stimulation without the required label. This had caused public health activist Dinesh Thakur to approach the Delhi High Court last week urging that the government be directed to initiate "criminal proceedings" against Mankind Pharma and its "agents" for not recalling Longifene batches manufactured before December 2018, which did not carry the labels.

Thakur's application is part of his ongoing lawsuit to ban certain medicines sold in India despite government experts having red-flagged them for safety issues since 2012. It adds that the government has not even furnished a copy of the report or findings of an expert committee constituted in March 2013 to "investigate" the manner in which the approval for buclizine as an appetite stimulant was given.

GROSS BORROWING PEGGED AT ₹7.1 LAKH CRORE FOR FY20

Govt to frontload borrowing in FY20, two-thirds in first half

ENSECONOMIC BUREAU NEW DELHI, MARCH 29

THE GOVERNMENT on Friday announced plans to borrow 62.3 per cent of its next year's gross borrowing in the first six months of the fiscal. It will borrow Rs 4.42 lakh crore in the first half (April-September) of the fiscal 2019-20.

The government has been typically borrowing 60-65 per cent of its total requirement in the first half in recent years. This is done as first half of the year has somewhat lower credit demand from private corporate sector. So higher borrowings do not crowd out fund availability for private sector. The fiscal year ending March 31 is an exception as government reduced first half borrowings to contain rising bond yields. This year government borrowed 47.50 per cent of total requirements in first half.

The Finance Ministry also announced plans to launch a new 7year benchmark government security, in order to provide a variety of debt papers and widen the maturity bucket. As per the Union Budget, the gross borrowing was pegged at Rs 7.1 lakh crore for 2019-20, higher than Rs 5.71 lakh crore in 2018-19. Briefing reporters on the government's borrowing programme for 2019-20, Finance and Economic Affairs EXPLAINED **Higher H1 borrowing** plan likely prompted by softening of bond yields

SOFTENING OF bond yields over the past few months probably prompted the government to go for higher borrowings in the first half. This helps the government to borrow at a lower cost. A front loading also provides states more room to borrow in the second half of the financial year, since the Centre has met bulk of its requirements in the first six months itself. Also, first six months are a lean season for private corporate borrowers, allowing Centre to conduct its debt raising with least disruption. Traditionally, the government has borrowed more in the first half.

Secretary Subhash Chandra Garg said after accounting for repayments, the net market borrowing will be roughly at the same level as in recent years. Net borrowing would be Rs 3.4 lakh crore in the first half of the next fiscal, as rest of the funds will be raised to meet repayments for prior years' debt.

In the second half of FY20, the government plans to raise a total of Rs 2.68 lakh crore. While the Secretary said government will stick to the current year fiscal deficit target of 3.4 per cent of the GDP, it has been facing pressures in the current month of March.

The government is struggling to meet its tax collection targets

with direct tax mop-up at only 85.1 per cent of the revised estimate of Rs 12 lakh crore in addition to a likely shortfall on the indirect taxes front as well. Flagging these concerns, the Central Board of Direct Taxes (CBDT) in a missive to field formations on March 26 termed the negative growth in collections over last week as an "alarming situation which needs immediate attention" and has asked them to "take all possible actions" to achieve the collection targets. According to data released

by Controller General of Accounts

on Friday, fiscal deficit for eleven

months of the current year (April-

February), touched 134.2 per cent

of the revised estimate, mainly due to moderate revenue growth. The CBDT missive states that the government, as on March 23, has collected only Rs 10.21 lakh crore, which is 85.1 per cent of the revised estimate of Rs 12 lakh crore. Garg said the government will

also be announcing a switch calendar for the next year, and bond switches will be done on the third Monday of each month. This is done to better manage repayment obligations, as bonds with shorter maturity can be switched with longer maturity papers or vice versa. He said the maturity bucket of government securities is also being extended from 15-19 years at present to 15-24 years. "This time we will also be announcing a switch calendar. We will not be stating the amount, but will be (stating the calendar)," he said.

The government raises funds from the market to fund its fiscal deficit through dated securities and treasury bills. It will also be raising treasury bills of Rs 20,000 crore every week in Q1. In contrast to government bonds, treasury bills have maturity of less than one year. To ensure that heavy borrowings do not disrupt the bond market, the Centre has also increased reliance on the National Small Savings Fund — shifting a higher proportion of borrowings to the NSSF since this year.

Apr-Feb fiscal deficit at 134.2% of revised estimate

\$66.53

ENSECONOMIC BUREAU NEW DELHI. MARCH 29

FISCAL DEFICIT for April-February the eleven months of financial year 2018-19, touched 134.2 per cent of the revised estimate, mainly due to moderate revenue growth, data released by Controller General of Accounts showed Friday.

In absolute terms, fiscal deficit for April-February 2018-19 stood at Rs 8.51 lakh crore as against the revised estimate of Rs 6.34 lakh crore for the whole year, the data showed. Finance and Economic Affairs Secretary Subhash Chandra Garg said the fiscal deficit target of 3.4 per cent of the GDP stands as of now. "We stick to 3.4 per cent as of now," Garg said. The government while presenting the Union Budget for 2019-20 on February 1 had revised up the fiscal deficit target to 3.4 per cent of the GDP from 3.3 per cent of the GDP.

The data released on Friday showed that revenue receipts of the Centre stood at Rs 12.65 lakh crore or 73.2 per cent of the revised estimate at the end of February as against Rs 11.77 lakh crore or 78.2 per cent of the estimates in the corresponding period last year. The government's tax revenue stood at Rs 10.94 lakh crore during April-February in this financial year as against Rs 10.35 lakh crore in the year-ago period, while non-tax revenue was recorded at Rs 1.7 lakh crore as against Rs 1.42 lakh crore in the previous year.

Economists said slow pace of tax collection may put pressure on fiscal deficit, though a higher GDP number in Budget will help the Centre in inching closer to the fiscal deficit target. "FY19 (April-

"We stick to (fiscal deficit target of) 3.4% (of GDP) as of now"

SUBHASH CHANDRA GARG FINANCE AND ECONOMIC

AFFAIRS SECRETARY February) fiscal deficit at 134.2 per cent of revised estimate is originat

ing mainly from receipt side. The revenue receipts in FY19 (April-February) were 73.2 per cent of revised estimates. Bharat ETF and PFC buying government's stake in REC has resulted in government over achieving Rs 800 billion disinvestment target. Space available in capital expenditure in March 2019 (Rs 423.48 billion) and Rs 50 billon over achievement of disinvestment will provide some buffer. However, slow pace of tax collection would keep pressure on fiscal deficit. A higher GDP number than the one used in Budget will help government inching closer to FY19 fiscal deficit at 3.4 per cent of GDP, Devendra Kumar Pant, chief economist, India Ratings and Research (Fitch Group) said.

Total expenditure incurred by the government during April-February 2018-19 was Rs 21.88 lakh crore (89.08 per cent of RE), of which Rs 19.15 lakh crore was on revenue account and Rs 2.73 lakh crore on capital account. Out of the total revenue expenditure, Rs 5.01 lakh crore was on account of interest payments and Rs 2.63 lakh crore on major subsidies. The finance ministry said that Rs 5.96 lakh crore has been transferred to states as devolution of share of taxes by the Central government up to February, which is Rs 67,043 crore higher than the corresponding period of last year 2017-18.

'TECHNOLOGY CAN KILL OR TRANSFORM 45 MILLION JOBS GLOBALLY BY 2025'

65 million jobs:

Productivity gains through digital technologies will help create up to 65 million new jobs during the same timeframe

Retraining in focus: Retraining and

redeployment will be essential to help some 10-45 million workers whose jobs could be displaced or transformed, the report said

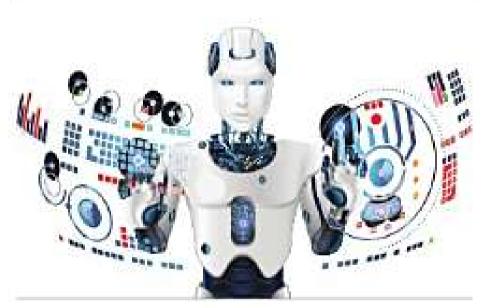
Skillsets under lens: The report comes amid tech industry leaders raising question marks over the skillsets of Indian techies and wondering whether

they will be helpful in

the future.

\$435 billion GDP contribution: Core digital sectors like IT/software and business process

Advent of digital technologies will have an impact on jobs, and up to 45 million jobs can get displaced or transformed by 2025, a report by McKinsey Global Institute has warned



management, digital communication and electronics manufacturing can double their GDP contributions to up to \$435 billion by 2025

Effective response: All stakeholders will need to

respond effectively if India is to achieve its digital potential, it said

Building capabilities: Companies will have to invest in building capabilities, including through partnering with

will have to invest in digital infrastructure and public data that can be used by organisations Gains capturing: To

universities, governments

capture the gains, they will require more ease in creating, scaling and exiting startups as well as policies to facilitate retraining Need aware individuals:

Individuals will have to keep abreast of the changes and keep themselves informed on how the digital economy can impact their work, it recommended

\$150 billion each of benefits can be accrued in sectors, including agriculture, education, energy, financial services, healthcare, logistics and retail if they embrace digital technologies

CAD widens to 2.5% of GDP in Q3 Current account deficit was at 2.1%

of GDP in third quarter of 2017-18

ENS ECONOMIC BUREAU MUMBAI, MARCH 29

INDIA'S CURRENT account deficit (CAD) at \$16.9 billion (2.5 per cent of GDP) in October-December of 2018-19 increased from \$13.7 billion (2.1 per cent of GDP) in Q3 of 2017-18.

However, CAD has moderated from \$19.1 billion (2.9 per cent of GDP) in the preceding quarter.

According to Reserve Bank data, the widening of the CAD on a year-on-year (YoY) basis was primarily on account of a higher trade deficit at \$49.5 billion as compared with \$44 billion a year ago. The RBI said net services receipts increased by 2.8 per cent on a YoY basis mainly on the back of a rise in net earnings from telecommunications, computer and information services and financial services. "Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to \$18.7 billion, increasing by 6.3 per cent from their level a year ago," it said. In the financial account, net foreign direct investment at \$7.5 billion in Q3 of 2018-19 increased from \$4.3 billion in Q3 of 2017-18, the RBI said.

However. portfolio investment recorded net outflow of \$2.1 billion in Q3 of 2018-19 - as compared with an inflow of \$5.3 bil-

In Q3 of 2018-19, there was a depletion of \$4.3 bn of the forex reserves (on BoP basis) as against an accretion of \$9.4 bn in Q3 of 2017-18

lion in Q3 last year - on account of net sale in the equity market.

Net inflow on account of external commercial borrowings increased to \$ 2.0 billion in Q3 of 2018-19 from \$ 0.3 billion a year ago. According to the RBI, in Q3 of 2018-19, there was a depletion of \$4.3 billion of the foreign exchange reserves (on BoP basis) as against an accretion of \$9.4 billion in Q3 of 2017-18. CAD increased to 2.6 per cent of GDP during April-December 2018 from 1.8 per cent April-December 2017 on the back of widening of the trade deficit.

According to the RBI, trade deficit increased to \$145.3 billion in April-December 2018 from \$118.4 billion in April-December 2017. It said net invisible receipts were higher in April-December 2018 mainly due to increase in net services earnings and private transfer receipts.

Meanwhile, net FDI inflows in April-December 2018 increased to \$24.8 billion from \$23.9 billion in April-December 2017.

Small savings schemes: Rates unchanged for Apr-June quarter

PRESSTRUSTOFINDIA NEW DELHI, MARCH 29

THE GOVERNMENT has kept the interest rates on small savings schemes, including NSC and PPF, unchanged for the April-June quarter. Public Provident Fund (PPF) and National Savings Certificate (NSC) will continue to carry an annual interest rate of 8 per cent, while Kisan Vikas Patra (KVP) will give a yield of 7.7 per

cent and mature in 112 months. Interest rates for small savings schemes are notified on a quar-

Rates for small savings schemes are notified on a quarterly basis

terly basis. "The rates of interest on various small savings schemes for the first quarter of the financial year 2019-20 starting April 1, 2019, and ending on June 30, 2019, shall remain unchanged from those notified for the fourth quarter of financial year 2018-19," the finance ministry said in a notification issued Friday.

Interest rate for the five-vear

Senior Citizens Savings Scheme has been retained at 8.7 per cent. The interest on the senior citizens' scheme is paid quarterly. Interest on savings deposits has been retained at 4 per cent annually. The girl child savings scheme Sukanya Samriddhi Yojana account will offer 8.5 per

of the next fiscal. Term deposits of 1-5 years will fetch interest rate in the range of 7-7.8 per cent, to be paid quarterly, while the five-year recurring deposit is pegged at 7.3 per cent.

cent rate during the first quarter

PNB to sell PNB Housing stake in General Atlantic, Varde Partners for ₹1,851 cr

PRESSTRUSTOFINDIA NEW DELHI, MARCH 29

PUNJAB NATIONAL Bank (PNB) Friday said it will sell its partial stake in PNB Housing Finance to global private equity firm General Atlantic Group and alternative investment firm Varde Partners for Rs 1,851.6 crore.

PNB has entered into agreements in relation to the said transactions Friday, the public sector bank said in a regulatory filing. As per the agreement, PNB will sell

1,08,91,733 equity shares held in PNB Housing Finance Ltd (PNBHF) to General Atlantic Group at a price of Rs 850 per share, aggregating to Rs 925.80 crore. PNB has also entered into an agreement to sell 1,08,91,733 equity shares held in PNBHF to Varde Partners at a price of Rs 850 per share, aggregating to Rs 925.80 crore.

Post these transactions, PNB said it would continue to hold strategic stake of 19.78 per cent of the paid up capital of PNBHF and shall continue as a promoter and strategic shareholder of PNBHF.

Cardif sells 5 cr shares in SBI Life Insurance for ₹2,889 crore

New Delhi: BNP Paribas Cardif, the foreign partner of SBI Life Insurance, on Friday sold 5 crore shares of the company for Rs 2,889 crore. The sale was done at average price of Rs 577.93 per equity share.

Meanwhile, Canada Pension Plan Investment Board has bought 2 crore shares at an average price of Rs 577.50 per shares, as per the regulatory filing.

The transactions were carried out as bulk deal from one investor to another. PTI

GLOBAL TARIFF WAR

US, China hold 'candid and constructive' trade talks in Beijing: White House

Experts anticipated the scope of talks, which wrapped up in 24 hours after the US delegation arrived, to be narrow

REUTERS BEIJING, MARCH 29

THE US and China said they made progress in trade talks that con-

cluded on Friday in Beijing that Washington called "candid and constructive" as the two largest economies try to resolve a bitter, nearly nine-month trade war. "The two parties continued to

make progress during candid and constructive discussions on the negotiations and important next steps," the White House said in a statement, adding that it looked forward to the visit to Washington next week by a Chinese delegation led by Vice Premier Liu He.

The statement gave no other details on the nature of the progress. US Treasury Secretary Steven Mnuchin and US Trade Representative Robert Lighthizer were in the Chinese capital for the first face-to-face meetings between the two sides since President Donald Trump delayed a scheduled March 2 hike in tariffs on \$200 billion worth of

Chinese goods, citing progress in

negotiations. China's state news agency Xinhua said the two sides discussed "relevant agreement documents" and made new progress in their talks, but did not

elaborate in a brief report. "@USTradeRep and I concluded constructive trade talks in Beijing," Mnuchin said on social media network Twitter.

Earlier, Mnuchin told reporters that US officials had a "very productive working dinner" on Thursday. Trump imposed tariffs on \$250 billion of Chinese imports beginning last July in a move to

force China to change the way it does business with the rest of the world and to pry open more of its economy to US companies. Though his blunt-force use of

tariffs has angered many, his push to change what are widely viewed as China's market-distorting trade and subsidy practices has drawn broad support. Details of where the two sides made progress were not clear. Going into the talks, people familiar with the negotiations had said there were still significant differences on an enforcement mechanism and the sequence of when and how US tariffs on Chinese products would be lifted.

Mnuchin and Lighthizer greeted a waiting Liu at the



China's Vice Premier Liu He (centre) and Yi Gang, Governor of the People's Bank of China (right) with US Treasury Secretary Steven Mnuchin and US Trade Representative Robert **Lighthizer (left) in Beijing.** *Reuters*

two brief appearances before Diaoyutai State Guest House just journalists, the three mingled and before 9 am (0100 GMT), and in

ioked with members of the opposite teams.

Observers had anticipated the scope of this round of talks, which wrapped up about 24 hours after the US delegation arrived, to be quite narrow, but that both countries hoped to signal they were

working hard toward a resolution. A US administration official told Reuters earlier this week that Lighthizer and Mnuchin were "literally sitting there going through the texts", a task typically delegated to lower-level deputies.

One person with knowledge of the talks said "translation is definitely an issue", referring to discrepancies between the Chinese and English-language versions.

Trade talks going 'very well': Trump Washington: Trade talks with

China are progressing "very well", US President Donald Trump said, as top negotiators met to resolve their tariff war. "We're doing very well with our trade talks with China, and our trade talks and other talks with other countries. Our country is doing great," Trump told reporters. **PTI**