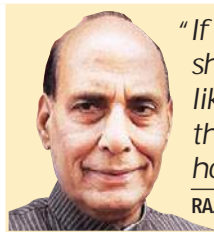


"There is a recent trend of people expecting that everything has to be done by the government. They also seek answers from the government for the works that are not done. This was not a tradition in our country"

NARENDRA MODI, prime minister



"If my Congress friends feel the numbers should be informed to them, then I would like to say that if you want to go to Pakistan, then go, count and ask people there that how many were killed by our jawans"

RAJNATH SINGH, home minister



"BJP chief Amit Shah is arduously making claim that IAF strike had killed over 250 terrorists in Pakistan but why his guru, PM Modi... is silent? Terrorists killed is good news, but what is the secret behind deep silence of PM over it?"

MAYAWATI, BSP chief

RBI to infuse ₹12.5k cr into system via OMOs

PRESS TRUST OF INDIA
Mumbai, 5 March



The Reserve Bank of India (RBI) said on Tuesday it would infuse ₹12,500 crore into the financial system through open market operations (OMO).

The central bank said it has decided to purchase certain government securities under OMO for an aggregate amount of ₹12,500 crore on Thursday through multi-security auction, using the multiple price method.

The decision is based on an assessment of liquidity conditions and also of durable liquidity needs, it added.

"There is an overall aggregate ceiling of ₹125 billion for all securities in the basket put together. There is no security-wise notified amount," RBI said.

It further said the eligible participants should submit their offers in electronic format on RBI Core Banking Solution (E-Kuber) system before noon on Thursday.

The result of the auction will be announced on the same day and payment to successful participants will be made during banking hours on the following day.

IN BRIEF

World Bank to give \$250-mn loan to boost rural income

The World Bank will provide a \$250-million loan for the National Rural Economic Transformation Project (NRETP) to help women in rural households develop viable enterprises for farm and non-farm products. An agreement was signed between the World Bank and the Centre on Tuesday. "A key focus of the project will be to promote women-owned and women-led farm and non-farm enterprises across value chains; enable them to build businesses that help them access finance, markets and networks; and generate employment," the World Bank said. NRETP is an additional financing to the \$500-million National Rural Livelihoods Project (NRLP) approved by the World Bank in July 2011. The \$250 million loan has a 5-year grace period, and a final maturity of 20 years.

Bank of Baroda cuts lending rate by 10 basis points

Bank of Baroda (BoB) on Tuesday cut benchmark lending rate by 0.1 percentage points, a move that would make home, automobile and other loans cheaper. The bank has reduced the lending rate by 10 basis points across all tenors up to one year. The new rates are effective from Thursday, BoB said in a regulatory filing. The Marginal Cost of Funds Based Lending Rate (MCLR) for overnight and one-month tenors would be 8.25 per cent and 8.30 per cent, respectively, it said.

Five banks fined for non-compliance of various norms

Five banks faced a total penalty of ₹10 crore from the Reserve Bank on Tuesday for non-compliance of various directions. Bank of Baroda, ICICI Bank, YES Bank and Canara Bank have been penalised for not complying with directions on global transaction messaging software Swift, according to regulatory filings by the lenders. Allahabad Bank was fined for non-compliance of directions with regard to Nostro accounts.

Icra downgrades Reliance Capital's rating to A1

Reliance Capital on Tuesday said that Icra has revised its rating by one notch to A1 for the short-term debt programme, due to delay in monetising non-core investments. The agency has downgraded the rating with negative implications outlook.

Re spurts 43 paise to close at 70.49 against dollar

The rupee rebounded by 43 paise to close at 70.49 against the dollar on Tuesday, largely driven by positive macro data and easing crude prices. Forex traders said heavy buying in domestic equities and sustained foreign fund inflows also propped up the local unit.

Michel claims CBI asked him to implicate people

Christian Michel, arrested in the ₹3,600-crore AgustaWestland chopper deal, alleged before a Delhi court on Tuesday that CBI had asked him in Dubai to implicate certain persons in the case, failing which he would face problems in jail. The threat was given before he was extradited to New Delhi, he said. Michel made the allegations through his lawyer before the court while opposing Tihar Jail authorities' move to shift him to a high security cell in isolation.

93% of rural houses now have access to toilets: Govt survey

Around 93 per cent households in rural India have access to toilets and of these, 96.5 per cent use these, a survey commissioned by the Centre has found. The National Annual Rural Sanitation Survey 2018-19, conducted by an independent verification agency under the supervision of the ministry of drinking water and sanitation.

BoB merger likely to create outsourcing opportunity of ₹1k cr

The merger of Bank of Baroda, Vijaya Bank and Dena Bank will create IT outsourcing opportunity of ₹1,000 crore, in terms of integrating the different technology stacks used by these banks. According to several places in the know, while existing vendors Infosys and Hewlett-Packard have a fair chance of clinching this deal, global majors IBM and Accenture are also seen as strong contenders to execute the projects.

Centre launches transport scheme to boost agri exports

The Centre introduced a scheme of financial assistance for transport and marketing of agriculture products, with a view to boosting export. Under the scheme, the Centre would reimburse a certain portion of freight charges and provide assistance for marketing of agricultural produce.

SCRAPPING OF PREFERENTIAL TRADE TREATMENT FOR INDIA

US will end up hurting itself more, say experts

Overall impact of US move expected to be minimal on domestic industry

SUBHAYAN CHAKRABORTY
New Delhi, 5 March



MAJOR EXPORT TO US WITH GSP BENEFITS

| Exports to US in 2017-18* | \$ billion |
|--|------------|
| Machinery and parts | 2.83 |
| Vehicles and parts, apart from tram and trains | 2.21 |
| Iron and steel articles | 1.60 |
| Organic chemicals | 1.58 |
| Electrical machinery and equipment | 1.32 |
| Plastic and articles made from it | 0.72 |
| Aluminium and aluminium products | 0.68 |
| Furniture and bedding | 0.57 |
| Rubber and rubber articles | 0.41 |
| Articles of stone, plaster, cement or asbestos | 0.40 |

*Figures show total exports from sector and not only those with GSP benefits
Source: Commerce Department, Office of the United States Trade Representative

Cutting off duty-free access to Indian products will hurt the domestic industry in the US, which depends on cheaper imported material and goods, said exporters on Tuesday. They added while loss of benefits under the Generalized System of Preferences (GSP) will squeeze margins and compromise competitiveness, the overall impact will be minimal.

"India's exports to the US stood at \$50.57 billion in 2017, with a GSP tariff advantage of only \$190 million. This is less than 0.4 per cent of our exports. Naturally, its withdrawal will have a marginal impact," said Ganesh Kumar Gupta, president of the Federation of Indian Export Organisations (FIEO).

In 2017-18, exports to the US stood at \$47.87 billion, more than a 13 per cent rise over the previous year. It is expected to remain unaffected even if the GSP is removed, said senior commerce department officials, citing in-house research.

Late on Monday, US President Donald Trump had informed the Congress that he intended to end the preferential treatment to India and Turkey under the GSP, adding that New Delhi had not provided the US "equitable and reasonable" access to its markets. This sparked fears of a major setback to bilateral trade ties.

Gupta on Tuesday said India mostly exported intermediate and semi-manufactured goods to the US under the GSP. This helped cost effectiveness and price competitiveness of the US downstream industry. So, GSP withdrawal will also affect the competitiveness of the manufacturing sector. It would affect customers as well.

The import price of most chemicals products, which constituted a large chunk of

India's exports, is expected to increase by about 5 per cent. The withdrawal of GSP benefit will also hit the import-diversification strategy of the US, where it is keen to replace China as the main supplier to other developing countries, according to the FIEO.

There are about 3,700 kinds of items on the list of goods eligible to receive GSP benefits. Of this, India has managed to export only 1,900 kinds of items.

"Since the items are spread across 13 sectors and the gamut of overall trade is so large, we expect little impact," a senior functionary of the Engineering Export Promotion Council said.

However, worries remain about loss of competitive advantage over others, such as Bangladesh, Malaysia and Vietnam.

"I am sure the government will take appropriate action and there will be dialogue between the two governments to make sure that this (GSP) is not withdrawn in case of India," said Federation of Indian Chambers of Commerce & Industry President Sandip Somany.

Irksome policy

However, the policy implications of a major trade partner making a unilateral move like this have irked traders and experts alike. The basic tenets of the GSP dictate that it is provided on a non-reciprocal basis, but the Trump administration has linked it with market access and tariff reduction, issues that are perpetually under discussion.

"India is well within its rights to lodge a complaint at the World Trade Organization (WTO). It has already been established earlier that GSP benefits cannot be held ransom and retaliatory demands made. India had won a case at the multilateral platform after the European Union initiated a similar policy," trade expert Abhijit Das, head of the Centre for WTO Studies, said.

NBFCs looking at offshore funds to diversify borrowing sources

SUBRATA PANDA
Mumbai, 5 March

To diversify borrowing sources and reduce dependence on traditional funding avenues like banks, mutual funds and insurance companies, non-banking financial companies (NBFCs) and housing finance companies (HFCs) are looking to tap into the offshore credit market via masala bonds, external commercial borrowing (ECB) and foreign currency bonds.

"So far, NBFCs had no appetite. But since the appetite is coming back, all the HFCs and NBFCs are looking at various avenues of funding like retail bond issue, foreign institutional investor's (FIIs) money and offshore issuances," said Ajay Manglunia of Edelweiss Securities.

The RBI, in January, reduced the maturity tenor of ECB, increased borrowing limits and removed qualification restrictions for firms wanting to borrow from abroad



The relaxation in the ECBs and masala bonds norms has made it attractive for the NBFCs and HFCs to tap into the offshore credit market for funds.

The Reserve Bank of India (RBI), in January this year, reduced the maturity tenor of ECB, increased borrowing limits and removed qualification restrictions for companies wanting to borrow funds from abroad. Industry experts

are of the opinion that the overseas route for funding will not have much bearing on the cost of funds as it will depend largely on the timing and dollar-rupee hedge costs. But, this will certainly help in diversifying the liabilities of these NBFCs and HFCs.

According to Karthik Srinivasan of rating agency Ica, "Since the rupee cost of funds for NBFCs has gone up in the recent times, at this point in time, if NBFCs get an opportunity to raise funds from overseas route, it will be to diversify their borrowing sources. But, the investor and lender appetite will remain the key. Also, availability of funds and cost of funds will be points of consideration."

More on business-standard.com

Services PMI rises, gives boost to jobs

INDIVJAL DHASMANA
New Delhi, 5 March



The services sector, the dominating area of India's economy, gathered moderate pace in February due to new work orders, showed the Nikkei purchasing managers' index (PMI). This resulted in job creation gaining momentum.

PMI for services rose from 52.2 in January to 52.5 in February, showing acceleration in the growth rate. A print above 50 means expansion, while a score below that denotes contraction.

Despite rising cost burden, the overall inflation rate softened. New business received by services companies rose to a great extent in February amid strengthening underlying demand, the PMI survey said, adding the upturn in new orders in the services sector was domestically driven since there was renewed contraction in external sales.

Upbeat demand conditions in the domestic market fed through to the labour market, with services sector jobs expanding at the same solid rate that was registered at the start of 2019.

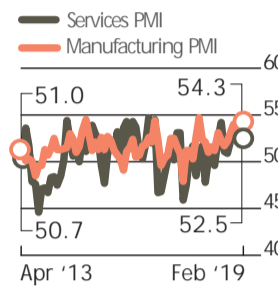
Pollyanna De Lima, principal economist at IHS Markit, compiler of PMI and author of the report, said, "Faster increases in new work and business activity supporting one of the best upturns in jobs for eight years."

The earlier data had shown that PMI for manufacturing had grown to a 14-month high figure of 54.3 in February, up from 53.9 in January.

As such, composite PMI output index rose from 53.6 in January to 53.8 in February, indicating acceleration in private sector activity in the country.

"Indian economic growth strengthened halfway

TRACKING NUMBERS



Note: A figure above 50 shows expansion while one below shows contraction
Source: IHS Markit

through the final quarter of 2017-18 to the second-fastest since last July. The acceleration was driven by a thriving manufacturing sector, where production growth hit a 14-month high," Lima said.

Lima further noted that manufacturing new export orders rose at a sharp rate against a backdrop of weakening global demand and trade friction. When looking at other emerging markets, the PMI data showed that the Indian goods-producing industry outperformed those in Brazil, Russia, and China by a sizeable margin.

Meanwhile, price pressures waned, as almost 97 per cent of panellists reported no change in their selling prices.

According to experts, the signs of easing inflationary pressures indicate that the Reserve Bank of India (RBI) is likely to adopt an accommodative monetary policy stance.

SC to start hearing plea against RBI Feb 12 circular from today

AASHISH ARYAN & SHREYA JAI
New Delhi, 5 March

The Supreme Court will start hearing on the power, sugar, and shipping companies' challenge to the Reserve Bank of India's (RBI) February 12 circular from Wednesday.

With a total exposure of nearly ₹2 trillion in the power sector alone, companies, hoping for a verdict in their favour, may have to face some disappointment, experts said.

"Value maximisation is the main purpose of the Insolvency and Bankruptcy Code (IBC) and that has been upheld by the Supreme Court time and again via various judgments. If the petitioners limit themselves to this line

of argument, there is some hope for them. It is going to be tough otherwise," Saurav Kumar, Partner at law firm IndusLaw said.

Essar Power, GMR Energy, KSK Energy, and Rattan India Power, as well as The Association of Power Producers (APP) and Independent Power Producers Association of India, had in August moved the court, challenging the constitutional validity of the circular of the RBI.

On February 12 last year, the RBI had asked banks and other lenders to either execute a resolution plan for big stressed accounts or file insolvency petitions against them in the National Company Law Tribunal (NCLT).

Railway stations will soon be housing 'mini secretariats'

Odisha, Madhya Pradesh and Uttarakhand show interest in the redevelopment project

SHINE JACOB
New Delhi, 5 March

The Railway Board has initiated discussions with several state governments to have mini secretariats and offices at stations, as part of the Indian Railways' station redevelopment programme. Odisha, Madhya Pradesh (MP), and Uttarakhand have already expressed interest in the project.

"States have expressed interest to set up government offices at stations in Bhubaneswar (Odisha), Ujjain (Madhya Pradesh), and Dehradun (Uttarakhand)," said a railway official close to the development.

The ministry of railways had announced it would redevelop 600 stations with an investment of ₹1 trillion, making railway land available to private players for commercial and real estate.

Another source in the railways said of this, only 44 stations will be taken up during the initial stage, that too in clusters. "These stations will be taken up in cluster approach so that the developer can balance footfall, revenue, and land availability of various stations," he added.

The Indian Railway Stations Development Corporation (IRSDC), the nodal agency, is currently working on two projects at Habibganj (Madhya Pradesh) and Gandhinagar (Gujarat).

For Habibganj, the investment by Bansal Group is ₹450 crore, of which ₹100 crore would be spent on redevelopment and ₹350 crore on commercial development.

About ₹4,000 crore would be spent on the Gandhinagar station. To increase interest of private developers, a new policy approved last year had allowed them to use 20



per cent of the redeveloped area on the station premises for residential purposes. The remaining 80 per cent would be utilised for commercial purposes.

Bids were invited for two other stations, Bijwasan and Anand Vihar in Delhi. But it had to be stalled because of a tussle between the railway ministry and the urban development ministry.

The Delhi Development

Authority (DDA) had raised objection to land given to the Railways being used for commercial purposes.

"We are in the final stages of coming up with a new revenue-sharing model," the railway official quoted above said.

The IRSDC is already entrusted with development of 11 more stations at Chandigarh, Shivaji Nagar in Pune, Surat, Sabarmati,

THE ROAD MAP

15 stations already taken up by IRSDC Chandigarh, Habibganj (Bhopal), Shivaji Nagar (Pune), Bijwasan (New Delhi), Anand Vihar (Delhi), Surat, Sabarmati, Gandhinagar (Gujarat), Gandhinagar (Jaipur), Amritsar, Gwalior, Nagpur, Baiyappanahalli (Bengaluru), Thakurli (Mumbai) and Kanpur Central

| | | |
|--------------------------------------|---------------------------------|---|
| 600 total number of stations planned | -1 trillion expected investment | 44 stations on cluster model in first phase |
|--------------------------------------|---------------------------------|---|

and Gandhinagar in Gujarat, Gandhinagar in Jaipur, Amritsar, Gwalior, Nagpur, Baiyappanahalli in Bengaluru, Thakurli in Mumbai, and Kanpur Central.

For Gandhinagar and Surat, the IRSDC has already formed a joint venture with Gujarat government bodies. The official said such a joint venture or a special purpose vehicle with the DDA was unlikely to happen.