ECONOMY

MARKET WATCH

FPIs POUR IN ₹11,012 CR IN APRIL

New Delhi: Overseas investors have pumped in a net sum of Rs 11,012 crore into the Indian capital markets in April so far amid easing liquidity conditions globally. Foreign portfolio investors (FPI) were net buyers for the previous two months as well. **PTI**

PRIVATE INSURERS MARKET SHARE GOES UP TO AROUND 56.34%

Public sector insurers lose market share in premium collection to private players

GEORGE MATHEW
MUMBAI, APRIL 21

THE BANKING sector saga is repeating in the insurance sector with public sector general insurance companies slowly losing market share in premium collection to private players.

Data released by the General Insurance Council shows that the four main public sector insurers — New India Assurance, United India Insurance, National Insurance and Oriental Insurance Company — which have recorded a premium collection of Rs 68,719 crore, up 1.37 per cent, have ceded five per cent of their market share to the private sector insurers (excluding stand alone health insurers) which have mobilised a total premium of Rs 81,600 crore, up almost 25 per cent, during 2018-19.

The merger proposal of three public sector insurers by the government, solvency issues and unfair practices by private players in the motor business are being cited by experts for the erosion in market share by public sector players. The four public sector companies, led by New India Assurance, have a market share of 42.50 per cent at the end of FY 2018-19 as compared to almost 48 per cent in 2017-18. The total private sector market share, including health insurers, has gone up to around 56.34 per cent from 52 per cent last year. The private sector insurers (excluding the stand alone health insurers) led by ICICI Lombard General Insurance, have increased their market share to 50.47 per cent in 2018-19.

Seven stand-alone private sector health insurers, led by Star Health, have mobilised a total premium of Rs 8,314 crore, up 37 per cent, and have expanded their market share from 5.87 per cent to seven per cent in 2018-19.

Insurance experts blamed the government apathy and the merger proposal for the lacklustre performance of public sector players. "The government last year announced the merger of three public sector players (Oriental, National and United India) and kept the companies and employees on tenterhooks. There are solvency issues in these three companies and the government has failed to inject enough capital into these firms," said an official of an insurance company.

"Public sector banks faced similar issues earlier and lost market share. The government was also slow in appointing CEOs in public sector players," he said.

Two of the public sector general insurers – National Insurance and United India Insurance — have recorded a negative growth. Stock market-listed New India Assurance, India's largest general insurer having operations in 28 countries, garnered a global premium of Rs 27,000 crore including Rs 23,910 crore of domestic premium, up 5.25 per cent.

"We are now bouncing back and have recorded a 25 per cent growth in April. By second quarter of this fiscal, we will stabilise our double digit premium growth with healthy profitability," said an official of New India Assurance. Atul Sahai, who took over the reins of the company as CMD in December is focussing on balancing growth and profitability of the company. Industry analysts have pointed out that the public sector companies in general have heavily lost own damage motor business, the largest portfolio in the Indian general insurance industry, which is being cornered by majority of private sector insurers through unfair means.

On the unfair practices by some private players in the motor business, an official of a PSU insurer said, "the issues in motor business have been impacting the PSU general insurance companies… this is something to be taken up at appropriate forums. It is strange that a regulation that has been brought in for protecting the policyholder interest is allegedly not being treated sacrosanct by certain players. We do feel a little disadvantaged to certain extent. We are hoping that necessary corrections take place at the soonest."

Led by the private sector companies, domestic general insurance industry, with a mix of 34 players, has grown by 13 per cent to Rs 170,103 crore in 2018-19. ICICI Lombard General Insurance has mobilised a total premium of at Rs Rs 14,488 crore, up 17.25 per cent and is now the fourth largest general insurer, dislodging the public sector Oriental Insurance Company, in the country.

The other top five private sector general insurers are: Bajaj Allianz General insurance (Rs 11,000 crore, up 17 per cent), HDFC Ergo Genera Insurance (Rs 8,612 crore, up 18 per cent), Tata AIG General Insurance (Rs 7,742 crore, up 43 per cent) and Reliance General (Rs 6,200 crore, up 22 per cent).

SBI General Insurance, which is planning to go for an IPO during the fourth quarter of FY 2019-20, has garnered a total premium of Rs 4,700 crore, up 33 per cent, during 2018-19.

EXPLAINED

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Merger proposal, solvency issue behind eroding market share

PUBLIC SECTOR general insurers lost another 5 per cent market share in 2018-19. The merger proposal of three public sector insurers by the government, solvency issues and unfair practices by private players in the motor business are being cited by experts for the erosion in market share by public sector players.

Unless the government steps in and strengthens govt-owned insurers, they will continue to lose market share to private players.

Banks, other lenders woo IT talent with fat pay packages as focus on digital increases

SHUBHRA TANDON
MUMBAI, APRIL 21

AS THEY go increasingly digital, banks and other lenders are trying to attract the best tech talent with fat pay packets. Hikes of 25 per cent, together with ESOPs thrown in, are not unusual for a top-class techie with a flair for analytics, Anshul Lodha, who is the regional director (BFSI), Michael Page India, said.

Smaller lenders or fintechs are even offering a partnership in the business with an equity stake if the candidate is top class. Zairus Master, CEO, Shine.com, said demand for professionals in the banking and NBFC spaces was rising exponentially, given every aspect of the business — from assessing creditworthiness to providing services — now needs knowledge of technology.

"The NBFC space is looking to add around 35-40 per cent more of these professionals in the next six months," Master added.

Axis Bank is among the lenders seeing significant hiring in technology-allied roles. Rajkamal Vempati, HR head of the bank, said generally tech hiring contributes 2-4 per cent of the lender's annual recruitment number.

"The hiring mix is significantly shifting towards tech this year owing to the increased focus on technology which is directly linked to our growth in digitised offerings," he said.

Vempati added that with the increasing focus on artificial intelligence (AI), blockchain and internet of things (IoT), the bank is setting up skill-specific teams as part of creating agile solutions for customers. "In this area, we are looking to double the number of hires compared with previous years," he said.

Siddhartha Gupta, CEO, Mercer Mettl, pointed out that there has been a three-fold increase in the number of cognitive assessments taken by the insurance industry — the highest in the BFSI space, indicating the demand in hiring processes.

Banks and insurers are also scouting for financial analysts as evident from a 2018 Mettl study which found that the maximum assessments were done for financial analysts.

Next in line were loan officers, financial managers, brokers and sales agents. The study showed there has been a sharp rise in the recruitment of coders, software architects, system engineers and system programmers. The hiring and talent assessment tests taken for these positions nearly doubled in 2017 from 2016.

"The tops skills for which assessments were made include sales, data analysis, communication, and finance and accounts," Gupta said. NBFCs are looking for young talent with anywhere between 8 and 10 years of experience; large firms want slightly older people who have put in 12-15 years. **FE**

BANKS ALSO SCOUTING FOR FINANCIAL ANALYSTS

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- Hiring mix is significantly shifting towards tech this year owing to the increased focus on technology which is directly linked to our growth in digitised offerings, Axis Bank's HR head Rajkamal Vempati said

BRIEFLY

Jan Dhan deposits to cross ₹1 lakh cr

New Delhi: The total deposits in bank accounts opened under the Jan Dhan scheme, which was launched about five years ago by the Modi-government, are set to cross Rs 1 lakh crore soon. The total balance in the Jan Dhan accounts, which has been steadily rising, was at Rs 97,665.66 crore as on April 3, as per the latest government data.

205 railway projects report cost overrun

New Delhi: National transporter Indian Railways account for nearly three-fifths of 344 central sector projects that are facing huge cost overrun due to delay in implementation for various reasons, as per a report of Statistics and Programme Implementation Ministry.

Torrent recalls drug's bottles from the US

New Delhi: Drug firm Torrent Pharmaceuticals Inc is recalling over 10.78 lakh bottles of hypertension treatment tablets from the US and Puerto Rico on account of deviations from current good manufacturing norms, as per a report of the US health regulator. **PTI**

'FOREX KITTY ADDS ANOTHER $1.1 BILLION'

India's foreign exchange reserves continued its northward push, increasing by $1.105 billion to touch $414.886 billion in the week to April 12, according to the Reserve Bank data

$413.781bn In the previous week, reserves had increased by $1.876 billion to $413.781 billion

$1.458bn Special drawing rights with the International Monetary Fund was up to $1.458 bn

$646.4mn In the reporting week, foreign currency assets, which are a major component of the overall reserves, rose by $646.4 mn to $386.762 bn

$411.905bn The reserves had surged by $5.237 bn to $411.905 bn in the week to March 29, helped by the dollar-rupee swap conducted by the RBI

Foreign currency assets: Expressed in US dollar terms, foreign currency assets include the effect of appreciation/depreciation of non-US currencies like the euro, pound and the yen held in the reserves

Life-time high: The forex kitty had touched a life-time high of $426.028 billion in the week to April 13, 2018

Gold: The yellow metal reserves also increased by $77.4 million to $23.303 billion, according to the data

Reserve position with IMF: The country's reserve position with the Fund also increased by $378.1 million to $3.362 billion, the apex bank said

India must complete its reform process in next five years, says Panagariya

YOSHITA SINGH
NEW YORK, APRIL 21

INDIA MUST focus on growth of labour-intensive sectors to create decent jobs for the masses as well as give "serious thought" to privatising the public sector banks (PSBs), eminent economist Arvind Panagariya has said, emphasising that the reform process must be completed in coming five years.

Panagariya, who had served as the first Vice Chairman of the NITI Aayog from January 2015 to August 2017, was responding to a question on what the priorities should be of the government that comes into power when India's mammoth and crucial general elections end next month. "My personal view is that India must complete its reform process in the coming five years," Panagariya, Director at the Raj Center on Indian Economic Policies at Columbia University, told *PTI* here.

Panagariya said that India needs a clear focus on the growth of labour-intensive sectors such as apparel, footwear, furniture, kitchenware and other light manufactures to create decent jobs for the masses.

"We need firms in these sectors that are globally competitive and capture the space in export markets that China has been quitting due to its high wages. This requires flexible labour and land laws and an ecosystem that is yet friendlier to large firms," he said. Panagariya elaborated that one way to achieve this is to create Shenzhen-style Coastal Employment Zones (in China) that create zones of 500 square kilometers or more along the coast that are characterized by highly entrepreneur-friendly regime with respect to land, labour and international trade.

"Eventually, we must extend this regime to other parts of the country as well," he said.

He stressed that it is also time that "we gave a serious thought to privatising public sector banks (PSBs). "Experience has shown that public sector ownership creates perverse incentives that have repeatedly manifested themselves in episodes of accumulation of non-performing assets (NPAs) in PSBs while the same has not been a problem in private and foreign banks," he said. **PTI**

The country needs a clear focus on the growth of labour-intensive sectors such as apparel, footwear, to create decent jobs for the masses, he said

Air India Express mulls leasing some Jet Airways' Boeing 737s

PRESS TRUST OF INDIA
MUMBAI, APRIL 21

AIR INDIA Express, the international budget arm of Air India, is examining the possibility of leasing some Boeing 737 aircraft of grounded carrier Jet Airways, which are parked at different airports due to non-payment, through a firm decision is yet to be taken, a top company official said Sunday. Before halting operations temporarily mid-last week due to severe cash-drought, the private carrier was forced to ground 69 planes owing to non-payment of rentals to lessors.

Later, on April 16, it grounded the rest of the planes in its fleet, when it decided to temporarily suspend all its domestic and international services. Air India Express parent, Air India, is already discussing a proposal to lease five of Jet Airways wide-body planes, Boeing 777s.

"We are looking at leasing (B737 of Jet Airways) aircraft but there is no firm decision on this issue so far. As a matter-of-fact, there are a lot of other things that have to be looked at, like slots, sectors and timings, among others," Air India Express chief executive officer Shyam K Sunder told PTI over phone from Kochi, the airline's headquarter.

'HPCL continues not to recognise ONGC as promoter'

PRESS TRUST OF INDIA
NEW DELHI, APRIL 21

HINDUSTAN PETROLEUM Corp Ltd (HPCL) has for the fifth consecutive quarter listed its majority shareholder ONGC as a public shareholder and not its promoter, but it will face a real test when the vacant posts of directors on the company board are filled.

Oil and Natural Gas Corp (ONGC) in January last year bought the government's entire 51.11 per cent stake in HPCL for Rs 36,915 crore. HPCL thereafter became its subsidiary but HPCL management has continuously refused to recognise ONGC as its promoter.

In a regulatory filing on shareholding pattern at the end of March quarter, HPCL on April 18 listed "President of India" as its promoter with "zero" per cent shareholding. ONGC was listed as "public shareholder", owning "77.88 crore" shares or "51.11 per cent" shareholding of the company. Sources said HPCL may be taking shield of technicalities to not list ONGC as its promoter but it will face a real test when interviews to fill the post of Director (Finance) are conducted.

The chairman of ONGC, as a result of the company being the holding company of HPCL, should by rules be on the interview panel to select the directors and that would in a way end all the wrangling over promoter issue, they said.

HPCL Director (Finance) J Ramaswamy retired on February 28 but interviews for the post haven't been done yet by the government headhunter Public Enterprise Selection Board (PESB). For selecting a director of a company where the government or its controlled company has more than 50 per cent stake, a PESB panel holders interview from among shortlisted candidates.

Aramco to buy Shell's stake in Saudi refining JV

REUTERS
DUBAI, APRIL 21

SAUDI ARAMCO will acquire Royal Dutch Shell's 50 percent stake in their Saudi refining joint venture SASREF for $631 million, the two companies said on Sunday.

The purchase, which is part of Aramco's strategy to expand its downstream operations, will be completed later this year, they said in a joint statement.

Saudi Aramco Shell Refinery Co (SASREF), based in Jubail Industrial City in Saudi Arabia, has a crude oil refining capacity of 305,000 barrels per day (bpd).

"Saudi Aramco will take full ownership and integrate the refinery into its growing downstream portfolio. SASREF will continue to be a critical facility in our refining and chemicals business," Abdulaziz al-Judaimi, Aramco's senior vice president of downstream, said in the statement.

AIRCRAFT MAKER'S 737 MAX GROUNDED IN SEVERAL COUNTRIES AFTER ETHIOPIAN AIRLINES CRASH

'Claims of shoddy production draw scrutiny to a second Boeing jet'

THE NEW YORK TIMES
NORTH CHARLESTON, APRIL 21

WHEN BOEING broke ground on its new factory near Charleston in 2009, the plant was trumpeted as a state-of-the-art manufacturing hub, building one of the most advanced aircraft in the world. But in the decade since, the factory, which makes the 787 Dreamliner, has been plagued by shoddy production and weak oversight that have threatened to compromise safety.

A *New York Times* review of hundreds of pages of internal emails, corporate documents and federal records, as well as interviews with more than a dozen current and former employees, reveals a culture that often valued production speed over quality. Facing long manufacturing delays, Boeing pushed its work force to quickly turn out Dreamliners, at times ignoring issues raised by employees.

Complaints about the frenzied pace echo broader concerns about the company in the wake of two deadly crashes involving another jet, the 737 Max. Boeing is now facing questions about whether the race to get the MAX done, and catch up to its rival Airbus, led it to miss safety risks in the design, like an anti-stall system that played a role in both crashes.

Safety lapses at the North Charleston plant have drawn the scrutiny of airlines and regulators. Qatar Airways stopped accepting planes from the factory after manufacturing mishaps damaged jets and delayed deliveries. Workers have filed nearly a dozen whistle-blower claims and safety complaints with federal regulators, describing issues like defective manufacturing, debris left on planes and pressure to not report violations. Others have sued Boeing, saying they were retaliated against for flagging manufacturing mistakes.

Joseph Clayton, a technician at the North Charleston plant, one of two facilities where the Dreamliner is built, said he routinely found debris dangerously close to wiring beneath cockpits.

"I've told my wife that I never plan to fly on it," he said. "It's just a safety issue."

A Boeing 787-9 Dreamliner of Etihad Airways lands at Munich international airport in Germany. *Reuters file photo*

In an industry where safety is paramount, the collective concerns involving two crucial Boeing planes — the company's workhorse, the 737 Max, and another crown jewel, the 787 Dreamliner — point to potentially systemic problems. Regulators and lawmakers are taking a deeper look at Boeing's priorities, and whether profits sometimes trumped safety. The leadership of Boeing, one of the country's largest exporters, now finds itself in the unfamiliar position of having to defend its practices and motivations.

"Boeing South Carolina teammates are producing the highest levels of quality in our history," Kevin McAllister, Boeing's head of commercial airplanes, said in a statement. "I am proud of our teams' exceptional commitment to quality and stand behind the work they do each and every day."

All factories deal with manufacturing errors, and there is no evidence that the problems in South Carolina have led to any major safety incidents. The Dreamliner has never crashed, although the fleet was briefly grounded after a battery fire. Airlines, too, have confidence in the Dreamliner. But workers sometimes made dangerous mistakes, according to the current and former Boeing employees, some of whom spoke on the condition of anonymity because they feared retaliation.

Faulty parts have been installed in planes. Tools and metal shavings have routinely been left inside jets, often near electrical systems. Aircraft have taken test flights with debris in an engine and a tail, risking failure.

On several planes, John Barnett, a former quality manager who worked at Boeing for nearly three decades and retired in 2017, discovered clusters of metal slivers hanging over the wiring that commands the flight controls. If the sharp metal pieces — produced when fasteners were fitted into nuts — penetrate the wires, he said, it could be "catastrophic."

Barnett, who filed a whistleblower complaint with regulators, said he had repeatedly urged his bosses to remove the shavings. But they refused and moved him to another part of the plant.