# 15 ECONOMY



**RUPEE** 

**⊙** ₹69.67



**SILVER** 

**◎** \$71.11\* ₹38,570 \*Indian basket as on April 19, 2019

-India & The World-SRI LANKA BLASTS

## Short term impact on tourist arrivals from India; travel enquiries decline

With 4 lakh visitors in 2018, India top source for Sri Lanka tourism

**PRANAV MUKUL** NEW DELHI, APRIL 2

FOLLOWING A series of blasts that rocked Sri Lanka on Sunday, travel operators in India have seen a significant hit to tourist enquiries for the island country — for which India is the top source market of international tourism. According to online travel portal ixigo, 41 per cent of bookings made for departures between April 21 and April 27 from various points in India to Sri

Lanka have been cancelled. However, travel experts expect the impact to be only short term and expect normalcy once the situation stabilises. Notably, as per latest available data for 2017, the grounded Jet Airways was the fifth-largest airline flying to Sri Lanka.

In what was the country's worst terror attack, a series of devastating blasts tore through three churches and luxury hotels in Sri Lanka on Easter Sunday, killing 290 people and wounding 500 others, including eight Indians. India is the top source market of international tourists for Sri Lanka.

According to data put out by the Sri Lanka Tourism Development Board, Indian tourist arrivals in Sri Lanka during 2018 stood at 4.25 lakh.

"About four lakh Indians visit Sri Lanka every year and this number has been growing over the past few years. These blasts will have a negative impact in the short term, but things should return to normal if things are peaceful going forward. As of now, we have not seen any immediate cancellations of people who have made bookings, but there has been a slowdown in the new enquiries and bookings that were in process. Airlines continue to operate as normal," said Sharat Dhall, COO (B2C), Yatra.com.

After India, China, the United Kingdom and Germany are the biggest source markets for interna-

**INDIAN TOURIST** 

ARRIVALS IN SRI LANKA:		
2018	4,24,887	
2017	3,84,628	
2016	3,56,729	
2015	3,16,247	
2014	2,42,734	
2013	2,08,795	
2012	1,76,340	
2011	1,71,374	
2010	1,26,882	
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Source: Sri Lanka Tourism **Development Authority** 

tional tourist arrivals in Sri Lanka.

In 2017, Jet Airways was the fifth biggest international carrier to Sri Lanka after Sri Lankan Airlines, Emirates, Qatar Airways and Fly Dubai. During the year, it carried over 70,000 passengers from India. Other Indian airlines flying to Sri Lanka include Air India, IndiGo and SpiceJet.

Following cancellation of Jet Airways' flights, its slots at Colombo airport have been reallocated and these carriers have announced new and additional flights from Delhi and Mumbai to Colombo.

"Sri Lanka has been a popular choice amongst Indian travellers seeking a quick International getaway, especially during long weekends. Our data shows Colombo was a top pick for travellers from cities like Bangalore, this Easter long weekend. Following the attacks, we have seen a 17 per cent dip in enquiring customers for the country. We anticipate current unrest in the region will lead to a temporary slowdown in tourist inflow to Sri Lanka," said Aloke Bajpai, CEO and co-founder, ixigo.

According to ixigo, Chennai is the top Indian city for tourism to Sri Lanka with 32 per cent of the bookings, followed by Bengaluru at 16 per cent, New Delhi at 13 per cent, Madurai at 9 per cent, Mumbai at 7 per cent and Hyderabad at 5 per cent.

## BRENT FUTURES RISE TO \$74.25/BL AS US ENDS IRAN WAIVERS

SENSEX: 38,645.18 ▼ 495.10 NIFTY: 11,594.45 ▼ 158.35 NIKKEI: 22,217.90 ▲ 17.34 HANG SENG: 29,963.26 ▼ 161.42 FTSE: 7,459.88 ▼ 11.44 DAX: 12,222.39 ▲ 69.32

# Oil price rise pulls down Re, Sensex tanks 495 pts

**ENSECONOMIC BUREAU** MUMBAI, APRIL 22

INDIA'S FINANCIAL markets on Monday came under intense pressure following a spike in crude oil prices after the United States announced it will end waivers on Iranian oil imports in May. While the rupee plunged 32 paise to close at a two-week low of 69.67 against the US dollar, the Sensex sank 495 points to end at 38,645 in heavy sell-off in energy and financial stocks.

Brent crude futures rose \$2.28, or 3.2 per cent, to \$74.25 a barrel by 1704 GMT. The session high of \$74.52 a barrel for the international benchmark was the highest since November 1, raising worries in emerging markets like India. US West Texas Intermediate crude futures climbed \$1.85, or 2.9 per cent, to \$65.85 a barrel. The contract hit \$65.92 a barrel, the highest since October 31.

US Secretary of State Mike Pompeo said that Washington's goal was to bring down exports of Iranian oil to zero and there were no plans for a grace period beyond May 1, according to a *Reuters* report. In November, the US had reimposed sanctions on exports of Iranian oil but granted waivers to Iran's eight main buyers: China, India, Japan, South Korea, Taiwan, Turkey, Italy and Greece. They were allowed to keep making limited purchases for six months.

China and India are currently the largest importers of Iranian oil. If they do not go along with US President Donald Trump's demands, it could cause tensions in both bilateral relationships and spill over into other issues, like EXPLAINED Crude to rise in near term, could be inflationary

WITH CRUDE oil prices being one of the most sensitive factors for Indian Rupee and stock market movement, a sharp rise in Brent crude prices on Monday saw the rupee lose around 32 paise against the dollar (0.5 per cent) and the Sensex and Nifty lose 1.3 and 1.4 per cent, respectively.

With the US announcing to end waiver for countries importing crude from Iran beginning May 2, there is a strong likelihood of a rise in near-term oil prices. Crude oil prices have already been witnessing a rise on account of supply cuts by OPEC and US sanctions on Venezuela. Rise in oil prices in the near term may not only hurt the rupee and stock markets but may also be inflationary as it impacts fuel prices.

trade. During intra-day trade, the domestic currency managed to recover some lost ground after touching 69.88, the lowest in over a month. A fall in domestic equity markets also weighed on the rupee. A weak US dollar against major global currencies capped losses of the domestic currency. If the oil price rises further, the rupee is likely to take further beating as the current account deficit will widen, import bill will rise and inflation will flare up, analysts said.

"The rupee has been under pressure due to a sharp rise in crude oil prices in the international market. Profit booking in the domestic equity also pressurised the rupee," said Rushabh Maru, research analyst – currency and commodity, Anand Rathi Shares and Stock Brokers.

VKSharma, head-PCG&capital markets strategy, HDFC Securities, said, "Oil extended

gains today after the longest weekly winning streak in almost four years as the US government was said to announce that it won't renew waivers, allowing buyers to import Iranian crude. India is one of the countries that enjoy waivers," he said. On Thursday, the rupee had gained 25 paise to 69.35 against the US dollar after three sessions of losses.

Meanwhile, the 30-share BSE index settled 495.10 points, or 1.26 per cent, lower at 38,645.18, while the broader NSE Nifty tumbled 158.35 points, or 1.35 per cent, to close at 11,594.45. Reliance Industries fell 2.76 per cent. In percentage terms, major laggards were Yes Bank, Indusind Bank, RIL, ICICI Bank, HDFC and Axis Bank which fell as much as 6.62 per cent. Sectorally, the BSE energy index slumped 2.72 per cent, tracking developments around US sanctions on Iranian oil imports.

Growth in 2019 so far:

**9.1%** in January

**5.62** in February

Jet Airways crisis loomed large over health of banks and lenders.

Analysts said investors also turned cautious ahead of announcement of results from key index heavy weights including large banks. "Indian markets had a rough day on the back of sharp rise in crude oil price above \$74 per barrel. As a significant importer of crude oil, the high oil price is not good for Indian macros," said Jagannadham Thunuguntla, senior vice-president and head of research (Wealth), Centrum Broking.

Vinod Nair, head of research, Geojit Financial Services, said, "Investors resorted to mild profit booking post the recent rally given truncated week on account of extended holidays and mixed global cues. Investor turned cautious ahead announcement of results from key index heavy weights including large corporate banks. Despite mixed flows from domestic funds, downside was capped by positive flows from FIIs given good start to Q4 results."

Finance Corporation Limited (DHFL) tumbled nearly 11 per cent following a rating downgrade. The scrip plunged 10.91 per cent to close at Rs 140.05 on the BSE. Jet Airways, which has shut

down operations temporarily, continued to fall for the third day in a row on Monday, closing over 6 per cent lower. The scrip nosedived 19.34 per

cent to Rs 132.20 --- its 52-week low--during the day on the BSE. It closed the day at Rs 154.60, 5.67 per cent lower.

In three days, the scrip has plummeted 40.94 per cent.

## **Electoral Bonds** worth ₹2,772 cr

State Bank issues

**GEORGE MATHEW** MUMBAI, APRIL 22

STATE BANK of India — the only bank authorised to issue and encash Electoral Bonds by the government - has issued bonds worth Rs 2,772.78 crore for funding political parties, since the scheme was launched on March 1 last year.

Almost half of the amount came in March this year when SBI issued Electoral Bonds worth Rs 1,365.69 during the sale window of March 1-15 this year, the bank said in its reply to the Right to Information application filed by *The Indian* Express.

Out of 2,742 bonds which were issued during the 15-day period, 1,264 bonds were valued at Rs 1 crore and above, SBI the country's largest public sector bank — said.

While the government implemented the Electoral Bond scheme as an alternative to cash donations made to political parties as part of its efforts Shares of Dewan Housing to bring transparency in political funding, the Supreme Court had earlier this month directed all political parties to submit details of political funding received so far to the Election Commission of India in "sealed covers" by May 30.

> The apex court was hearing a plea by NGO Association of Democratic Reforms (ADR) challenging the scheme and seeking either a stay on the bonds or the declaration of names of the donor to ensure transparency in the poll process.

The apex court bench, headed by Chief Justice Ranjan Gogoi and comprising Justices Deepak Gupta and Sanjiv Khanna, ordered the parties to furnish receipts of electoral bonds to the Election Commission providing information on the identity of donors and the amount in the account of donors.

The court also directed the Finance Ministry to reduce the window of purchasing electoral

Your Right TO KNOW

AN EXPRESS RTI **APPLICATION** 

bonds from 10 days to five days in April and May.

During the sales window of January 1-10 this year, 937 bonds worth Rs 350.36 crore issued. During the period October 1-10, 2018, SBI sold 733 bonds valued at Rs 401.73 crore ahead of the state elections in Madhya Pradesh, Rajasthan, Chhattisgarh and

Telengana. The Mumbai main branch of SBI issued Electoral Bonds worth Rs 471.30 crore, followed by Rs 179.92 crore in Delhi and Rs 176.92 crore in Kolkata during the period of March 1-15 this year.

Electoral Bonds are valid for 15 days from the date of issue. This means a bond issued on March 1, 2019, will be valid up to March 15, 2019. The bonds can be redeemed

only by an eligible political party by depositing the same in its designated bank account maintained with an authorised bank. The bonds are issued in the

denomination of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh and Rs 1 crore.

The extant instructions issued by the Reserve Bank of India regarding 'know your customer' (KYC) norms of a bank's customer will apply for all applicants of the electoral bonds. "However, SBI as authorised

bank may call for any additional KYC documents, if it deems necessary," SBI has said.

Only political parties registered under Section 29A of the Representation of the People Act, 1951 (43 of 1951) and secured not less than one per cent of the votes polled in the last General Election to the House of the People or the Legislative Assembly are eligible to open current account for redemption of Electoral Bonds.

### Domestic air passenger traffic grows 14.25% in FY19 Domestic air passenger volume grew 14.25% to 171.25 million in fiscal 2019 over the previous year, even as March

posted the lowest growth rate in many years with a paltry 0.14%, according to data from the DGCA

The disappointing March numbers can most be attributed to the troubles that Jet Airways had been facing which in turn resulted in huge capacity reduction. Jet was temporarily grounded last week

scheduled departures: had the dubious distinction of cancelling flights or 8.94% of its

followed by JetLite and

new entrant Star Air

**Jet Airways' woes** 

the maximum number of scheduled departures,

**Most cancellations from** National carrier Air India

**Jet Airways in March 2018** ~10% Market share **15 lakh** Passengers

FIGURES FOR VARIOUS AIRLINES IN MARCH 2019

**INDIGO 46.9%** Market share

**54 lakh** Passengers **SPICEJET** 

13.6% Market share **15.81 lakh** Passengers

**AIR INDIA** 

**13.1%** Market share 15.19 lakh Passengers **JET AIRWAYS** 

**5.37%** Market share **4.6 lakh** Passengers

occupancy: Spicelet continued its spree of highest average seat occupancy across its planes at 93% **Best on-time** 

Highest average seat

GoAir topped the on-time performance chart for the sixth consecutive month at 11.59 mn

performance:

#### Cumulative air traffic of 11 domestic airlines stood at 11.59 million in March, as against 11.58 million

passengers a year ago

## **ELECTORAL BOND ISSUES**

SALE PERIOD	BONDS	AMOUNT
March 1-10	520	222.00
April 1-10	256	114.90
May 1-10	204	101.40
July 2-11	82	32.50
October 1-10	733	401.73
November 1-10	339	184.20
January 1-10	937	350.36
March 1-15	2,742	1,365.69
	March 1-10 April 1-10 May 1-10 July 2-11 October 1-10 November 1-10 January 1-10 March 1-15	March 1-10       520         April 1-10       256         May 1-10       204         July 2-11       82         October 1-10       733         November 1-10       339         January 1-10       937         March 1-15       2,742

## Ghosn hit with fresh charge, files for bail

REUTERS TOKYO, APRIL 22

JAPANESE PROSECUTORS indicted Carlos Ghosn on Monday on another charge of aggravated breach of trust, a Tokyo court said, the fourth charge against the former Nissan Motor Co Ltd chairman, which his lawyers met immediately with a bail request.

The charge came on the day Ghosn's latest detention period was set to expire. Ghosn had been out on bail when authorities arrested him for a fourth time on April 4 on suspicion he enriched himself at a cost of \$5 million to the automaker.

"We are confident that we have the evidence to successfully prosecute all four cases," an official from the prosecutor's office said at a briefing after the indictment was announced. Ghosn has denied all four of the charges, which include understating his income, and said he is the victim of a boardroom coup. He has accused former colleagues of "backstabbing", describing them as selfish rivals bent on derailing a closer alliance between Nissan and France's Renault SA.

## SBI to recruit 8,904 junior staff; No Maharatna status for HPCL without BoB, IDBI Bank too on a lookout ONGC consent: DPE to Petroleum Ministry

**ENS ECONOMIC BUREAU** MUMBAI, APRIL 22

STATE BANK of India (SBI) is set to hire nearly 9,000 junior associates for its customer support and sales function as part of its clerical cadre over the course of the next few months.

In a public notice, the bank said it intends to fill 8,904 vacancies, including 251 backlog vacancies for Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Class (OBC) candidates.

Much of the hiring happening at public-sector banks now is on a contract basis for specialised roles. Bank of Baroda (BoB) currently has 1,047 openings for such roles. Earlier this month, IDBI

Bank had called for applications for nearly 950 positions, many of them in specialised roles, after the bank was taken over by Life Insurance Corporation (LIC) of India.

The recruitment by SBI will be done for deployment across 17 circles of the bank, covering all states and union territories as well as Delhi NCR. "Candidates can apply for vacancies in one state only," SBI's central recruitment and promotion department said in the

### **ROBUST HIRING PLANS**

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**MUCH OF** the hiring happening at public-sector banks now is on a contract basis for specialised roles.

Bank of Baroda (BoB) currently has 1,047 openings for such roles

**EARLIER THIS** month. IDBI Bank had called for applications for nearly 950 positions, many of them in specialised roles, after the bank was taken over by LIC

notice.

It added: "Candidates can appear for the test only once under this recruitment project. The candidates applying for vacancies of a particular state, should be proficient (reading, writing, speaking and understanding) in the specified opted local language of that state."

Only 3,211 new employees had joined SBI during 2017-18, according to its annual report for the year. The bank's overall staff strength had declined by 15,672 during the year as a result of 18,973 employees leaving due to retirement and other reasons.

However, the merger of five associate banks and Bharatiya Mahila Bank with SBI pushed up the headcount to 2.64 lakh at the end of March 2018 from

2.09 lakh as on March 31, 2017. The number of associates rose to 1.1 lakh from 92,979 over the

same period. The positions for associates are in addition to the 2,000 probationary officer (PO) positions SBI has advertised. In FY19, it has also advertised for positions of over 260 specialist cadre officers on contract basis, some of whom have already been recruited.

Apart from assistant managers, specialist cadre officers, executives on contract and chartered accountants, IDBI Bank is also looking for executives to take up the roles of chief compliance officer, chief risk officer, treasury head, chief technology officer, human resources head and data analytics head. **FE** 

#### **AMITAV RANJAN** NEW DELHI. APRIL 22

CITING PROCEDURES and antecedents, the Department of Public Enterprises (DPE) has thrown a spanner at Petroleum Minister Dharmendra Pradhan's push to grant more autonomy to refining and marketing company Hindustan Petroleum (HPCL).

Through a letter dated February 12, the DPE has insisted that the Ministry of Petroleum & Natural Gas (MoPNG) should first obtain consent of HPCL's holding company Oil and Natural Gas Corp (ONGC) before resubmitting a revised proposal on giving Maharatna

status to HPCL. "The views/approval of ONGC, holding company of HPCL, on the proposal for grant of Maharatna status to HPCL is not available in the proposal," said the DPE Letter. The Ministry, after obtaining

Pradhan's approval, had routed HPCL's request for the status to the DPE on January 22 without consulting ONGC — which last year bought the government's 51.11 per cent share in HPCL for Rs 36,915 crore. The DPE has also asked the Ministry to give reasons for providing the exalted

#### **DPE LETTER INSISTS ON CONSENT FROM ONGC**

■ Through a letter dated February 12, the DPE has insisted that the Ministry of Petroleum & Natural Gas should first obtain consent of HPCL's holding company ONGC before resubmitting a revised proposal on giving Maharatna status to HPCL

status to HPCL considering that ONGC was already a Maharatna company.

"There is no previous instance of grant of Maharatna status to a subsidiary Central public sector enterprise. The Ministry is requested to furnish the reasons for proposing grant of Maharatna status to HPCL, now a subsidiary of ONGC which is itself a Maharatna company," the letter said.

Moreover, the DPE advised that the revised proposal be based on HPCL's performance for the fiscal 2018-19 rather than on the basis of fiscal 2017-18.

"Since more than 10 months of the current financial year 2018-19 are already over, it would be appropriate that the performance of HPCL for 2018-19 is taken into consideration while processing this proposal,"

■ Despite DPE's position, **Petroleum Minister** Dharmendra Pradhan continues to rally behind HPCL and issued a directive to Petroleum Secretary M M Kutty advising him to provide all inputs to the DPE for speedy approval

the DPE advised.

Despite DPE's position, Pradhan continues to rally behind HPCL. He issued a directive more than a week later to Petroleum Secretary M M Kutty advising him to immediately provide all inputs to the DPE for speedy approval.

"... HPCL meets all the qualification criteria as defined for Maharatna status and there is nothing in the guidelines which prohibits grant of Maharatna status to them. MoPNG has already recommended the proposal to DPE after approval of the competent authority," he wrote on February 22.

"I suggest that all the necessary clarifications be provided to DPE immediately, keeping in view the background, the matter may be actively pursued with DPE so that the process of grant

of Maharatna to HPCL can be completed expeditiously,' he added.

ONGC and HPCL have been in a slugfest since the share acquisition, with the latter refusing to acknowledge ONGC as its promoter. HPCL continues to list 'President of India' as its promoter with 'zero' shareholding. ONGC is listed as 'public shareholder' owning '51.11 per cent' share.

HPCL has repeatedly blocked ONGC's attempts to assert its authority: ONGC chief cannot chair the HPCL board, as he does in other subsidiaries, or intervene in HPCL matters. The cold relations between the two has also pushed the HPCL-MRPL merger plan to the backburner.

A Maharatna tag will potentially curtail ONGC's powers to take business decisions for HPCL as the status bestows greater freedom from government control as well to incur capital expenditure on projects and purchases without any monetary ceiling. It also provides significant

autonomy to pump equity in joint ventures and float subsidiaries, raise debt, undertake mergers and acquisitions without seeking ONGC's approval which has only one member on HPCL's board of directors.