

**SECTOR WATCH**  
**AVIATION**

**Ministry says Jet's slot allocation to others temporary**

**ENSECONOMICBUREAU**  
 NEW DELHI, APRIL 23

**EXPLAINED**  
**E.**  
**Landing slots clarity revives market sentiment**

THE MINISTRY of Civil Aviation on Tuesday tried to put at rest the concerns about the grounded Jet Airways' vacant slots and said they are being allocated to other airlines purely on "temporary basis" and these slots will be returned once the carrier resumes operations.

It also gave assurance to Jet of "protecting" its slots as per the applicable norms and regulations. The SBI-led consortium of lenders and Jet Airways employees unions had on Monday urged the government to secure its international landing slots to protect its valuation.

"To reduce inconvenience of passengers and facilitate induction of additional capacity, it has been decided to allot some of the slots vacated by Jet to other airlines purely on a temporary basis, for a period of three months," the ministry said in a statement.

The abrupt temporary closure of the airline due to cash crunch on April 17 left thousands of passengers in the lurch, forcing the ministry to allot some of the slots across domestic and international airports to other local carriers in a bid to help mitigate inconvenience. The crisis at Jet has caused inconvenience to many air passengers and the ministry is seized of the matter, it said, adding the decision to allot vacant slot to other carriers has been taken to reduce the inconvenience of passengers and facilitate induction of additional capacity.

"The historic rights of Jet Airways, as per extant ministry guidelines for slot allocation will be protected. These slots will be made available to Jet as and when they revive their operations," the ministry said. It said a committee has been constituted by government comprising the Directorate General of Civil Aviation, the

Airports Authority, joint venture/private sector airlines and slot coordinators to ensure slots are allocated in most equitable and transparent manner. This panel would be allocating slots purely on temporary basis for three months only to those airlines which bring additional capacity (aircraft), it added.

Meanwhile, ending a three-day losing streak, Jet shares surged nearly 10 per cent at close of trade on value-buying at lower levels. The scrip jumped 9.90 per cent to close at Rs 169.90 on the BSE. At the NSE, shares advanced 8.30 per cent to close at Rs 167.55. **WITH PTI**

**OVERALL 19 PLANES GROUNDED**

**AI grounds 4 B-777s for lack of funds, looks to lease five of Jet's**

Airline in process of releasing ₹500 cr to make grounded planes airworthy: Official

**PRANAV MUKUL**  
 NEW DELHI, APRIL 23

DEBT-LADEN Air India has approached State Bank of India to lease five Boeing 777 wide-bodied planes owned by Jet Airways, but 19 of its own aircraft, including at least four 777s, have been grounded for months due to lack of funds for maintenance of these planes.

An Air India official told *The Indian Express* that the airline was in the process of releasing Rs 500 crore to make these planes airworthy. "There are 19 aircraft grounded and these include Boeing 777, Boeing 787, Boeing 747 and Airbus A320s. Some of these aircraft are expected to be back in service by August," the official said.

An official with Air India Engineering Services Ltd, the airline's maintenance, repair and overhaul subsidiary, said the company has been cannibalising some of its new aircraft for parts to keep some of the older aircraft airworthy.

**AI MOVING PARTS FROM NEW PLANES TO OLD ONES**

- The company has been cannibalising some of its new aircraft for parts to keep some of the older aircraft airworthy
- Air India has 18 Boeing 777 aircraft, 27 Boeing 787s and four Boeing 747s. These planes are mostly used for international operations
- The day Jet Airways announced its temporary closure, Air India CMD wrote to SBI Chairman that the carrier was exploring the possibility of leasing five of its wide-bodied Boeing 777 aircraft

"We do not have funds to acquire parts for these planes, so we are taking them from newly delivered planes," the official said, adding that the parts in question were small ones such as the microphone used by pilots for in-flight announcements.

In its fleet, Air India has 18 Boeing 777 aircraft, 27 Boeing 787s and four Boeing 747s. These planes are mostly used for medium and long-haul international operations. The Boeing 747 is also used for special Haj flights and for interna-

tional flights of the President and Prime Minister.

The airline also operates 34 narrow-bodied Airbus A320 planes that are mostly used on domestic sectors. According to government data, Air India has inducted six aircraft into its fleet since October 2018.

On April 17, the day Jet Airways announced its temporary closure, Air India Chairman and Managing Director Ashwani Lohani wrote to SBI Chairman Rajnish Kumar that the national carrier was exploring the possibility of leasing five

of its wide-bodied Boeing 777 aircraft that have been grounded and operate them to destinations such as London, Dubai and Singapore.

Jet Airways is currently under the management control of the SBI-led consortium of lenders, which has offered to offload between 32.1 per cent and 75 per cent stake to an eligible investor after evaluating all bids. So far, the lenders have received expression of interest (EOI) from four-five parties. Qualified parties would be asked to submit binding bids, and the process is expected to conclude by May 10.

Air India, which has a debt of nearly Rs 48,000 crore in its books, saw an unsuccessful stake sale process last year when the government put 76 per cent of its stake in the airline on the block. Following temporary suspension of Jet Airways, Air India has become the only Indian carrier to operate on long-haul international routes to destinations in Europe and the US.

**US TO END WAIVER FOR BUYERS OF IRANIAN OIL**

**Robust plan in place for adequate supply of crude oil: Pradhan**

**SUNNY VERMA**  
 NEW DELHI, APRIL 23

WITH THE US government ending sanction waivers for importing oil from Iran, India is planning to step up supplies from countries including the US, Saudi Arabia, UAE, Mexico, Kuwait and Bahrain in order to minimise the impact, government sources said Tuesday.

With oil imports from Iran likely to come to a halt, the government expects volumes to go up from other countries. In the absence of a relatively cheaper source of oil supplies (Iran), prices of crude oil imports are expected to rise. Global oil prices have been rising for the last couple of days after the US said it will stop granting sanction waivers to any country importing Iranian crude or condensate beginning May 2.

The government has "a robust plan in place for adequate supply of crude oil to Indian refineries," Minister of Petroleum and Natural Gas Dharmendra Pradhan said Tuesday. "Government has put in place a robust plan for adequate supply of crude oil to Indian refineries. There will be additional supplies from other major oil producing countries; Indian refineries are fully prepared to meet the national demand for petrol, diesel & other Petroleum products," Pradhan said in a tweet.

India meets nearly 10 per cent of its crude oil requirements through imports from Iran, which was its fourth largest supplier last year. Disruption caused by supplies from Iran have implications for the entire economy — as rising prices can push up current account deficit and put macroeconomic parameters at risk. Iran also offers cheaper freight and 60-day credit facility to Indian refiners, making imports relatively cheaper, sources said, adding it may be difficult to get similar benefits from other countries.

"In 2018-19 (11 months), the total import of POL (petroleum, oil and lubricants) was \$128.7 billion. The main suppliers were Saudi Arabia, Iraq, UAE and Iran which accounted for a little above 50 per cent of the supplies... Iran is the fourth largest supplier of oil to India based on 2018-19 and hence an embargo would mean sourcing the same from other countries which may not provide the same benefits as were provided by Iran

**China protests to US on sanctions threat**

*Beijing:* China has lodged a protest with the US opposing its move to impose sanctions to countries importing Iranian oil. "The normal energy cooperation under the international law between Iran and other members of the international community, China included, is legitimate and lawful; thus it must be respected and protected," its Foreign Ministry spokesman Geng Shuang was quoted by *PTI* as saying.

Meanwhile, OPEC and industry sources were quoted by *Reuters* as saying that Gulf OPEC producers can step in to meet any oil supply shortage, but will first wait to see whether there is actual demand. **AGENCIES**

in the form of price and credit facility," CARE Ratings said in a report. Analysts expect higher imports of oil and shale gas from the US to pick in the coming months. While high transport cost can potentially make such imports costlier, India and the US are expected to work out beneficial terms of trade early next week, sources said. State-owned refineries started importing crude oil from the USA from October 2017 onwards and until February had imported about 30 million barrels of crude oil from US suppliers.

State-owned refineries like Indian Oil Corporation also have the option to increase import volumes from countries such as Saudi Arabia, Kuwait and Mexico as part of long term supply contracts signed with these countries.

On Tuesday, Brent crude futures rose as high as \$74.70, a level not seen since November 1, before paring some gains on expectations that global supply would remain robust. By 1255 GMT Brent futures were at \$74.12, up 8 cents, or 0.11 per cent, from Thursday's close. US West Texas Intermediate crude futures were at \$65.69 per barrel, up 14 cents or 0.21 per cent, having earlier hit their highest since October at \$66.19, as per a *Reuters* report.

**'7-7.5 GW SOLAR POWER CAPACITY ADDITION EXPECTED IN FY20'**

**11GW** of projects awarded in 2018: Tendered project awards for solar PV (photovoltaic) projects during CY 2018 stood at about 11 GW against 4.5 GW in CY 2017, providing a healthy pipeline for capacity addition over the next two years

**6-6.5GW** capacity addition in FY19: Solar capacity addition is estimated to have remained subdued at around 6-6.5 GW in fiscal 2018-19, due to weak trend in award of solar projects in calendar year (CY) 2017

**56%** projects under central agencies: The report said 56% of the capacity auctioned in 2018 has been accounted for by central agencies, such as Solar

Rating agency Icra has that it has estimated 7-7.5 giga watt (GW) solar power capacity addition in the current financial year, which includes 1 GW of rooftop solar

**1GW** capacity addition via other routes: Apart from the projects awarded through the bid route, about 1 GW is likely to be added through open access or group captive route and grid-connected rooftop

**₹2.73** a unit average solar bid tariff: With a decline in PV module price level in 2018 and aggressive bidding by independent power producers, weighted average solar bid tariff last year remained at Rs 2.73 a unit as against Rs 3.01 a unit in 2017 and Rs 5.01 a unit in 2016

**30-90** days of receivable cycle: Receivable cycle for majority of the Icra-rated portfolio remains within 30 to 90 days except for IPPs with exposure to utilities in Telangana and Tamil Nadu

Energy Corporation of India and NTPC Ltd, with the balance by state nodal entities and discoms under various state-level programmes

**RBI mops up \$5 bn in second forex swap auction**

**ENSECONOMICBUREAU**  
 MUMBAI, APRIL 23

THE RESERVE Bank of India on Tuesday executed its second \$5 billion forex swap auction in order to improve liquidity in the banking system.

The central bank bought the targeted \$5 billion as part of the long term dollar/ rupee swap auction with a three-year tenor, the RBI said in a statement. In turn, the Reserve Bank infused Rs 34,874 crore into the banking system.

Indicating the system is flush with dollars, the RBI received \$18.65 billion in bids for the auction and accepted 5 offers. The cut-off for the auction was set at

**RBI to conduct purchase of g-secs under Open Market Operations for an aggregate amount of Rs 12,500 cr on May 2**

change swap is to infuse the rupee liquidity through an alternate channel, there could be other collateral benefits at the same time.

The decline in forward premia (especially at the longer tenor) will lower dollar hedging cost for importers.

This also juxtaposes well with the recent relaxation in ECB limits, especially for state owned oil companies, which have un-

hedged dollar exposures, and can now consider prudential hedging operations, analysts said.

India's foreign exchange reserves continued its northward push, increasing by \$1.05 billion to touch \$414.88 billion in the week to April 12, the Reserve Bank data showed last week.

"Based on an assessment of prevailing liquidity conditions and also of the durable liquidity needs going forward, the Reserve Bank has decided to conduct purchase of government securities under Open Market Operations for an aggregate amount of Rs 12,500 crore on May 2, 2019 through multi-security auction using the multiple price method," the Reserve Bank said.

Meanwhile, the rupee on

Tuesday recovered from the day's lows to close higher by 5 paise at 69.62 against the US dollar on some dollar selling by banks and exporters.

However, subdued equity market sentiment and a stronger dollar against its key rival currencies limited the rupee's gain, forex dealers said.

The currency erased its gains and dropped to a low of 69.83 as crude oil prices extended their Monday's rally, triggering inflationary and fiscal slippage concerns. Crude oil prices rose to multi-month highs on Monday after the Trump administration decided not to renew waivers that let countries like India buy Iranian oil without facing US sanctions.

**INDIA'S TARIFFS ON ICT GOODS**  
**US, Singapore and Taiwan seek to join consultations in WTO dispute**

**PRESS TRUST OF INDIA**  
 NEW DELHI, APRIL 23

THE US, Singapore and Chinese Taipei have Tuesday expressed their interest to join consultations sought by the European Union under the World Trade Organization's (WTO) dispute settlement mechanism against India's import duties on certain ICT products, including mobile phones.

In the first week of this month, the European Union (EU) dragged India into the WTO's dispute settlement

mechanism over imposition of import duties on these products, alleging breach of global trade norms.

The EU has challenged introduction of import duties on a wide range of information and communications technology (ICT) products, for instance, mobile phones and components, base stations, integrated circuits and optical instruments.

Seeking consultation is the first step of dispute settlement process as per the WTO rules. If the consultations requested with both India and EU do not result in a satisfactory solution,

the EU can request that the WTO sets up a panel in the case to rule on the issue raised.

The US, Singapore and Chinese Taipei in separate communications to the WTO have said that they have substantial trade interest in these consultations as they are major players in the ICT sector.

The US said it is a significant exporter of goods in the ICT sector in the categories of products mentioned in the EU's request.

It said the US exports of these goods to India were valued at about \$490 million in the year 2018.

**INTERVIEW WITH ONEPLUS CEO**

**'5G is an opportunity as our community of users are technologically aware'**

ONEPLUS HAS been able to make a big impact in the premium smartphone segment where it has been a market leader for a few quarters now. As the company gears up for its next flagship launch in a few weeks, **NANDAGOPAL RAJAN** caught up with its founder & CEO **PETE LAU** to discuss the road ahead for his company, his product vision, challenges and opportunities. Excerpts:

**What is your plan for this year?**

We haven't set a specific goal. But the task is to look at the premium segment and how we can broaden the kind of impact that has been created.

We want to enable in the minds of the community that when they think of the best premium offering, they think of OnePlus.

**At MWC you also showed a 5G phone. Is 5G an opportunity or a compulsion... or a combination of both?**

It's an opportunity, first and foremost because our community of users is very much those who are technology aware and would want to take up the newest technology first.

On the 5G front, we started taking our own planning and deployment early starting in 2016 with pre-R&D and are certainly among the first and leading companies in the 5G space. In 2019 and 2020, this is very much a transition time from 4G to 5G and it's an opportunity for us, a very good opportunity.

**What will be the big user benefit from moving to 5G?**

5G is very much a long-term approach and trajectory. If we look at it over the next 10 years

and the impact, it has to be separated into three phases.

The first phase being that three years when you will see a speed increase and increase in cloud functionality and capability. What that speed will ultimately enable or be able to create is network ability to work with the cloud, ensuring that having storage on the cloud is the same as having the experience of storage on the device in the hard disk. That will not be only in smartphones but across products and will enable across connected products and lead to a whole host of possibilities.

Phase two, say 2021 to 2025, is very much about significance of cloud capability plus AI and 5G in combination and what they can create as a result. In terms of the device, that will mean an experience that's way smarter and much



more capable than what we have currently. So much better ability to understand and anticipate what you need, what your behaviour is.

And the third phase, 2025 to 2030, is the kind of full unleashing of the Internet of Things. So each person will have their account. And then devices can all connect into that account through the cloud. So you have

**"As user demand for functionality increases it causes the cost of a device to increase. But that's equal across the industry"**

**PETE LAU,**  
 FOUNDER & CEO, ONEPLUS

not only a smartphone device, but the entire ecosystem that can kind of learn from your behaviour, from your actions, and therefore create a very customised individual connected internet experience.

**Is rising customer expectation a major challenge to deal with?**

Our business model has

been very much Internet centric. That is a unique business model in terms of both reach and the inherent costs of the business model versus other companies.

With that as a prerequisite, an expectation is we make the best possible product and the best product experience possible. But because we have this unique business model, able to go direct to consumers, less of an approach on kind of what traditional companies would do, where they would have spent or where they would have channels it allows us to have cost savings that can be passed on to the end user.

As user demand for functionality increases it causes the cost of a device to increase. But that's equal across the industry. So our business model advantage remains proportional.

From the start OnePlus has been very much a company that's been built around word of mouth and 60 or 70 per cent of people will find out about the company this way. It's a very efficient model for business if executed well, based on a great product.

**Is there a constant fight between Pete Lau the CEO and Pete Lau the customer? Is there something that you would like to add as a customer, but the CEO in you doesn't want to put it in?**

It looks like it should be a constant conflict... yeah, a constant conflict in that what the CEO perspective is to make the business successful, and the consumer must be focused on what's best for the consumer. But actually, Pete the CEO needs to have the constant ability to stand in the shoes of Pete

the consumer, and that will ultimately make him better as a CEO. After five years, what we've learned is that what's demanded by the users and what's best for the users is a unique opportunity for us to deliver the best possible product. So we have this unique ability to work hand-in-hand with them.

Then approaching product pricing in a way that creates a sustainable business rather than always trying to be limited by pricing like creating a certain pricing segment that you go after and then limiting yourself and putting profits very thin it's not sustainable. It's about first creating the best possible product and then a pricing that creates a sustainable business model.

(For full interview visit indianexpress.com)