GOLD	RUPEE	OIL	SILVER
₹33,215	₹69.67	$69.20*	₹38,670

*Indian basket as on April 5, 2019

SENSEX: 38,700.53 ▼ 161.70 **NIFTY:** 11,604.50 ▼ 61.45 **NIKKEI:** 21,761.65 ▼ 45.85 **HANG SENG:** 30,077.15 ▲ 140.83 **FTSE:** 7,454.83 ▲ 7.96 **DAX:** 11,983.87 ▼ 25.88

International market data till 1900 IST

SECTOR WATCH
OIL & GAS

Overlooking pvt firms' weak output, panel asked national oil cos to hand over 66 fields

AMITAV RANJAN
NEW DELHI, APRIL 8

A GROUP of experts recommended handing over 66 producing oil and gas fields of national oil companies (NOCs) to private companies even though its own findings had showed that the latter had performed much worse in both exploration and production in the last five years.

The 'High-powered Committee on Enhancing Domestic Oil and Gas Exploration' concluded that while production of crude oil by NOCs remained "largely stagnant from 2013-14 onwards" at 25.6 million tonnes, output from fields operated by private companies fell by 16.5 per cent during the same period. "Oil production from production sharing contracts (signed with private companies) after reaching the highest production of 12.1 million tonnes in 2013-14 has now reduced to 10.1 million tonnes in 2017-18," says the committee's report.

The private operators' performance was even shoddier in natural gas extraction.

"Whereas production from nomination regime (blocks with national oil companies) has remained almost stagnant at 25-26 billion cubic metres (BCM), production from PSC regime has rapidly declined to 6.8 BCM in 2017-18 which is the lowest since 2004-05," says the findings.

The private companies had touched a peak of 26.8 BCM in 2010-11. The Committee — chaired by Vice-Chairman of NITI Aayog and comprising Cabinet Secretary, Petroleum Secretary, Economic Affairs Secretary, NITI Aayog CEO and Chairman of Oil & Natural Gas Corporation (ONGC) — found the private companies to be below NOCs on recovery of crude oil from in-place reserves. While ONGC's average recovery factor was 29 per cent and that of Oil India Ltd (OIL) was 31 per cent, blocks operated by private companies under the production sharing contract extracted just 22 per cent of the in-place reserves. The latter fared marginally better in natural gas fields, producing 59 per cent of the reserves compared to 57 per cent by ONGC and 56 per cent by OIL.

The expert panel found that profit petroleum — paid by private operators after deducting costs under the production sharing contract regime — nearly halved to Rs 5,960 crore in 2017-18 compared to Rs 11,346 crore in 2013-14.

"The share of profit petroleum in overall revenue of the government during last five years has been to the tune of 2.2 per cent, declining from a high of 4.6 per cent to 1.3 per cent in 2017-18," says the report. However, despite these findings, the expert panel relied more on the capability of the private sector which, it said, required a shift from Business as Usual approach.

It recommended moving from revenue-maximisation to production-maximisation for the private sector as well as NOCs handing over 66 discovered fields to private players. Based on its advice, the Cabinet last February directed ONGC to bid out 64 fields and OIL two fields to "new operators" without charging any past costs for their discovery or development efforts.

HIGH-POWERED PANEL DECISION

A 'High-powered Committee on Enhancing Domestic Oil and Gas Exploration' concluded that while production of crude oil by NOCs remained "largely stagnant from 2013-14 onwards" at 25.6 million tonnes, output from fields operated by private companies fell by 16.5% during the same period

LAST DATE FOR BIDDING IS APRIL 10

Banks seek bids to sell 31.2% to 75% share in Jet Airways

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 8

EVEN AS a consortium of domestic lenders to Jet Airways is tweaking the airline's resolution plan that was announced in accordance to the February 12 circular of the Reserve Bank of India — declared ultra vires by the Supreme Court — they invited bids on Monday from strategic and financial bidders to pick up stake in the airline. The banks have proposed to offer at least 3.54 crore shares of the airline comprising 31.2 per cent of equity share capital of the company and up to a maximum of 8.51 crore shares comprising 75 per cent of the share capital of Jet Airways.

Under the resolution plan, the board of Jet Airways approved conversion of the lenders' debt into equity by the issuance of 11.4 crore equity shares, in accordance with the RBI Circular of February 12. With this, the consortium of Indian lenders, led by State Bank of India (SBI), were to become the majority shareholders of Jet Airways. However, even though the bankers have floated an expression of interest for the stake sale, it is unclear whether the debt has been converted to equity.

"The company (Jet Airways) has availed of various credit facilities from a consortium of domestic Indian lenders, led by State Bank of India. The company has subsequently come under financial stress and not been able to service its payment/repayment obligations, inter alia, in relation to the facilities. Accordingly, the lenders, pursuant to the guidelines issued by the Reserve Bank of India (from time to time), are in the process of formulation of a resolution plan for resolving stress in the company, inter alia, involving change in control and management of the company," the bid document said.

It further said that the bidders can be strategic investors (SIs) and/ or financial investors (FIs). "SIs may include corporates having experience in similar sectors with domestic or global experience or both. FIs may include private equity funds, investment funds etc," it said.

Potential buyers must submit their interest by April 10, SBICAPS said in the bid document. A strategic bidder should have a net worth of at least Rs 1,000 crore in the preceding financial year, or at least three years of experience in the airline business. Accumulated losses in over the last decade have resulted in Jet Airways delaying payments to banks, lessors and employees, leading to founder Naresh Goyal being forced to give up control of the carrier.

Consortiums submitting bids should have no more than three members, with each holding a share of no less than 15 per cent. After qualified bidders are selected, they will be given access to the company's data and the bid document.

However, it also noted that government promoted funds, quasi sovereign wealth funds shall not be required to meet the qualification criteria, as stated above. Further, it said, such funds shall not be required to respond to expression of interest and would be eligible to directly procure bid document free of cost and submit their bids till the last day announced for submission of bids.

The bid process comprises of two stages. In the first stage, qualified bidders will be selected and this will be followed by bid stage where submission and evaluation of the bids and selection of the successful bidder will be done. Lenders, led by SBI, had said last week that "other options" may be considered if efforts for the stake sale "don't produce the desired result".

Jet Airways' share, on Monday, ended trading at Rs 264.10 — 3.14 per cent higher than Friday's close on the BSE. Sensex closed 0.42 per cent lower.

EXPLAINED
Doubts over airline's ability to meet working capital requirements

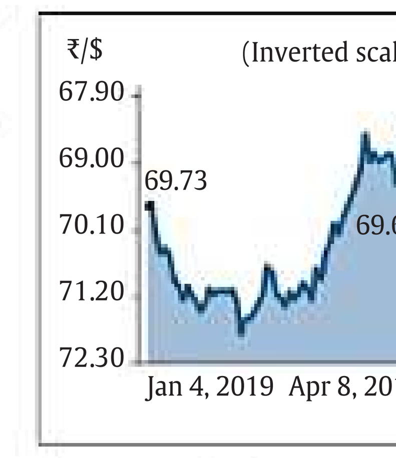
WITH THE banks yet to find a buyer for Jet Airways, question remains over the airline's ability to meet working capital requirements.

This is also because the Rs 1,500 crore proposed to be infused into the airline by its lenders has not yet come in. Till such a time money is injected into Jet Airways, The situation remains fluid. On most domestic routes, Jet has been deploying aircraft that had been leased, which lessors are beginning to repossess now.

Rupee tumbles 44p on rising crude prices, higher USD demand

Currency lost 126p in 3 straight sessions

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 8



HAVING STRENGTHENED significantly in March 2019, on account of strong inflow of funds by foreign portfolio investors (FPIs), the rupee fell 44 paise to close at 69.67 against the US dollar on Monday amid higher dollar demand from importers and rising crude oil prices.

This is the third straight session of loss for the domestic unit, during which it has lost 126 paise. The fall in rupee has been in line with jump in global crude oil prices. On Monday, the Brent crude was trading at $71.08 per barrel, its highest level in the last five months. Experts feel that if crude oil continues to rise, the rupee may come under further pressure as it will lead to a rise in the overall import cost.

With concerns growing over supply from OPEC and US sanctions on Venezuela, Brent crude oil prices have risen over the last 10-days from a level of $66 per barrel on March 28 to $71.08 a barrel at 1656 GMT on Monday.

However, expectations of weakening global growth may limit its rise.

Besides, a continued rise in inflow of FPI money will provide some support to the rupee. FPIs remained net buyers in the capital markets, putting in Rs 329.60 crore on a net basis Monday, as per provisional data.

Crude prices are a big determinant of rupee movement as India imports more than two thirds of its fuel requirements. In October 2018, the rupee had fallen to its all time low of 74.34 against the dollar in line with the rising crude oil prices. Brent crude had hit a level of $86 per barrel in October, putting pressure on rupee and India's current account deficit.

However, as the crude oil prices declined over the following months to levels of around $52 per barrel by the end of December 2018, it offered a much needed relief to the rupee and the economy.

At the Interbank Foreign Exchange (forex) market, the rupee opened lower at 69.40 and fell further to touch the day's low of 69.71. The dollar index, which gauges the greenback's strength against a basket of six currencies, fell 0.21 per cent to 97.19. Continuation of foreign fund inflows in April has been supporting rupee. Sharp surge in flows last month led to appreciation in the local currency.

The FPI inflow in March alone amounted to Rs 33,980 crore — the largest monthly inflow in the stock market's history — resulting in over 8 per cent jump in Sensex since March 1, 2019.

The previous high of foreign flows was Rs 30,906 crore in March 2017. After taking into account Rs 13,000 crore investment in the debt market, the total FPI inflow for March was at Rs 43,450 crore. Appreciating rupee also increases returns on foreign investors pumping money in Indian markets, as it helps boost their returns in dollar terms.

Sensex, Nifty end lower in volatile trade

Mumbai: Equity benchmarks Sensex and Nifty Monday faced high volatility and closed with losses as investors turned cautious ahead of the start of corporate earnings season and polling for the general elections. The BSE gauge Sensex ended lower by 161.70 points at 38,700.53, while the NSE Nifty lost 61.45 points to settle the day at 11,604.50. **PTI**

'INVESTMENT IN EQUITY MUTUAL FUNDS DOWN 35% TO ₹1.11 LAKH CRORE IN FY19'

Investors pumped in more than Rs 1.11 lakh crore in equity-oriented mutual fund schemes in 2018-19, a decline of 35% compared to Rs 1.71 lakh crore inflows in 2017-18, according to Association of Mutual Funds in India (AMFI) data

High market volatility: Markets were on a roll in 2017-18, but in 2018-19 they were volatile due to various factors, including border tensions with Pakistan

Correction in stocks: There was also a steep correction in small and mid-cap stocks which, combined with the volatility, pulled down net inflows into equities

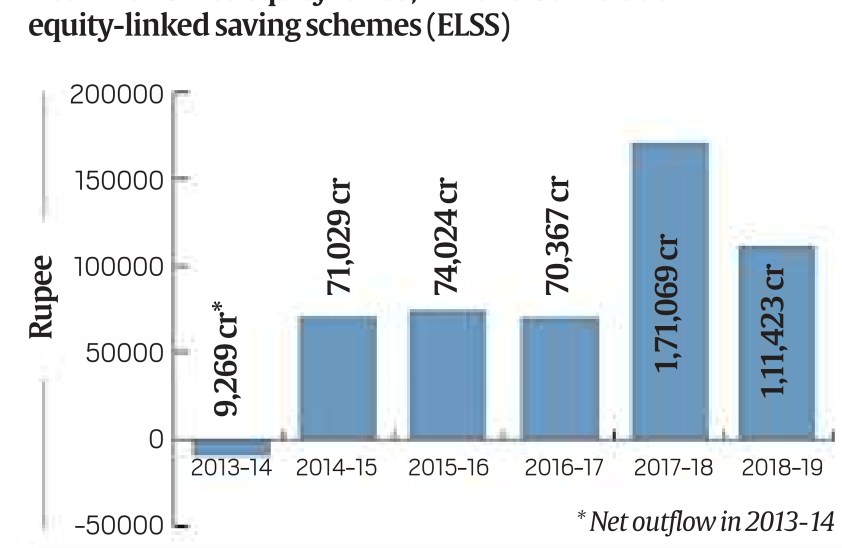
AUM of equity mutual funds: The assets under management (AUM) of equity MFs stood at a record high of Rs 7.73 lakh crore at the end of March 2019 as against Rs 7.50 lakh crore in March 2018, an increase of 3%

SIP accounts: As of March 2019, the SIP (Systematic Investment Plans) accounts stood at 2.62 crore, up by 51 lakh from 2.11 crore in March 2018

SIP contribution: SIP contribution to the industry surged to Rs 92,693 crore in 2018-19, from Rs 67,190 crore in the preceding fiscal

What Are Mutual Funds: Mutual funds are investment vehicles made up of a pool of funds collected from a number of investors

FUND FLOW:
Net inflows into equity funds, which also include equity-linked saving schemes (ELSS)



* Net outflow in 2013-14

NCLAT to decide over RCom insolvency plea

PRESS TRUST OF INDIA
NEW DELHI, APRIL 8

THE NATIONAL Company Law Appellate Tribunal (NCLAT) on Monday said it would decide on the insolvency of debt-ridden Reliance Communications (RCom). RCom has pleaded the tribunal to go ahead with insolvency proceedings against it as it is unable to pay dues to its lenders.

Ericsson, which received its unpaid dues of Rs 550 crore from RCom last month following a Supreme Court order, is opposing the move. A two-member bench headed by Chairman Justice S J Mukhopadhaya also observed that if insolvency proceedings against RCom are allowed, then Ericsson would have to return Rs 550 crore. "Why one party will take amount and let the financial creditors suffer," said the NCLAT, adding that either it may quash RCom bankruptcy proceedings in NCLT or allow case to proceed.

The appellate tribunal also said that it would consider the reply filed by the Department of Telecom (DoT) over RCom's plea against show cause notice issued by it over spectrum charges due on April 30, the next date of hearing.

NCLAT seeks details about 4 IL&FS entities

Mumbai: The NCLAT has directed IL&FS to submit information over investment made by pension and provident funds in 4 group firms. The firms are — Hazribagh Ranchi Expressway, Jharkhand Road Project Implementation Company, Moradabad Bareily Expressway & West Gujarat Expressway. **PTI**

World Bank projects India's GDP to expand 7.5% in 2019-20

LALIT K JHA
WASHINGTON, APRIL 8

INDIA'S GDP growth is expected to accelerate moderately to 7.5 per cent in fiscal year 2019-20, driven by continued investment strengthening, particularly private-improved export performance and resilient consumption, the World Bank has said.

The real GDP growth is estimated at 7.2 per cent in FY18-19, the World Bank said in its latest report on South Asia ahead of the spring meeting of the World Bank and the International Monetary Fund.

Data for the first three quarters suggest that growth has been broad-based. Industrial growth accelerated to 7.9 per cent, making up for a deceleration in services.

Meanwhile, agriculture growth was robust at four per cent. On the demand side, domestic consumption remained the primary growth driver, but gross fixed capital formation and exports both made growing contributions. Over the last quarter, growth is expected to remain balanced across sectors, the report said.

Inflation dynamics have been subdued over most of FY18-19, the report said.

India's GDP growth is expected to accelerate moderately to 7.5 per cent in FY19-20, driven by continued investment strengthening-particularly private - improved export performance, and resilient consumption, the World Bank said

The World Bank said India's GDP growth is expected to accelerate moderately to 7.5 per cent in FY19-20, driven by continued investment strengthening-particularly private — improved export performance, and resilient consumption.

With robust growth, and food prices poised to recover, inflation is expected to converge toward 4 per cent, it said, adding that both the current account and the fiscal deficit are expected to narrow.

"On the external front, improvements in India's export performance and low oil prices should bring about a reduction in the current account deficit to 1.9 per cent of GDP," it said.

"On the internal front, the consolidated fiscal deficit is projected to decline, albeit slowly (to 6.2 and 6.0 per cent of GDP in FY19-20 and FY20-21 respectively). As the centre's deficit is budgeted to remain unchanged at 3.4 per cent of GDP in FY19-20, the burden of adjustment will rest on the states," the World Bank said.

A sustained decline in food prices since July 2018, subsequently complemented by the softening of oil prices and concomitant appreciation of the rupee, has led to a steady decline in inflation, it noted.

Observing that the headline inflation stood at 2.6 per cent in February 2019, and the average for FY18-19 so far at 3.5 per cent, well below the Reserve Bank's target-midpoint of 4 percent, the report said that as a result, the RBI reduced the policy rate by 25 basis points (to 6.25 percent) in February 2019.

However, the report said that the current account deficit widened in FY18-19.

India's external position worsened significantly in the first half of FY18-19, as large portfolio outflows were triggered by US monetary policy and fears of contagion from stress in some emerging market economies. The nominal exchange rate depreciated, and foreign reserves declined by over eight percent over January to October 2018.

However, since then, the decline in oil prices and the United States Federal Reserve signaling a slower pace of normalisation than initially anticipated led to a partial reversal.

Portfolio outflows have reversed, and the rupee has appreciated by about four percent vis-a-vis the USD since October 2018. **PTI**

AUTOMOBILE SECTOR

High prices, liquidity crunch slow passenger vehicle sales growth to 2.7% in FY19

Despite new launches, sales failed to revv up during H2 of FY19, which had prompted SIAM to lower sales forecast

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 8

SALES OF passenger vehicles (PVs) in India rose by a mere 2.7 per cent in 2018-19, with weak consumer sentiment along with high prices, liquidity crunch and uncertainty over the upcoming elections put a roadblock on the segment's sales growth.

Data released by the Society of Indian Automobile Manufacturers (SIAM) on Monday showed that domestic PV sales for FY19 rose to 33,77,436 units, as against 32,88,581 units for 2017-18. However, despite new product launches, sales failed to accelerate in the second half of last fiscal, which had even prompted SIAM to reduce the sales forecast for PVs from its previous estimate of 8-10 per cent to 6 per cent. At 2.7 per cent, the final figure is even lower.

SIAM president Rajan Wadhera told reporters, "If we look at the positive side then we have continued to grow, though not in high single-digit or double-digits, but low single-digit. Also, it is the highest-ever sales and production in a financial year."

Domestic car sales grew by 2.05 per cent, with 22,18,549 units sold in FY19 compared to 21,74,024 units in FY18.

Sales of utility vehicles (UVs) were at 9,41,461 units last fiscal, as against 9,22,322 units in 2017-18 — a growth of 2.08 per cent.

However, exports of PVs in 2018-19 fell by 9.64 per cent to 6,76,193 units, as against 7,48,366 units in 2017-18.

"In the year gone by, we faced many challenges. The biggest being high commodity prices during the year which prompted companies to hike vehicle prices which impacted demand. Further issues like compulsory insurance, liquidity crunch at funding companies impacted the sales," the SIAM president said.

Amid challenges including general elections in the first quarter and transition to BS VI-compliant products later in this financial year, the industry body said it expects PV sales to grow between 3-5 per cent this fiscal. "We expect some pre-buying to happen before the transition to BS VI emission norms. Hope it leads to some growth. We firmly believe in India growth story," Wadhera said.

During FY19, market leader Maruti Suzuki India (MSI) sold 17,29,826 units of PVs, growing by 5.25 per cent. Rival Hyundai Motor India came a distant second selling 5,45,243 units, rising 1.68 per cent.

Mahindra & Mahindra's PV sales were at 2,45,351 units, growing 2.21 per cent, as per SIAM data. Across categories, sales increased 5.15 per cent to 2,62,67,783 units in FY19 from 2,49,81,312 units in FY18.

In March, PV sales dropped 2.96 per cent, making it the eighth decline in eight months. The sales stood at 2,91,806 units during the month from 3,00,722 units in the year-ago period. **WITH PTI**

DOMESTIC SALES IN APRIL 2018-MARCH 2019

	2017-18	2018-19	% change
Passenger Cars	2,174,024	2,218,549	2.05
Utility Vehicles (UVs)	9,22,322	941,461	2.08
Vans	1,92,235	217,426	13.1
Total Passenger Vehicles (PVs)	3,288,581	3,377,436	2.7
M&HCVs	340,781	390,740	14.66
LCVs	516,135	616,579	19.46
Total Commercial Vehicles	856,916	1,007,319	17.55
Three Wheelers	635,698	701,011	10.27
Two Wheelers	20,200,117	21,181,390	4.86
Total of All Categories	24,981,312	26,267,783	5.15

SIAM urges govt to reduce GST on automobiles to 18%

New Delhi: Auto industry has approached the government to cut GST on passenger vehicles and two-wheelers from 28 per cent to 18 per cent to compensate the sector, which is expected to see price hike of 10-15 per cent with the new emission and safety regulations. The industry fears that with the increase in prices, demand would be impacted. **PTI**